



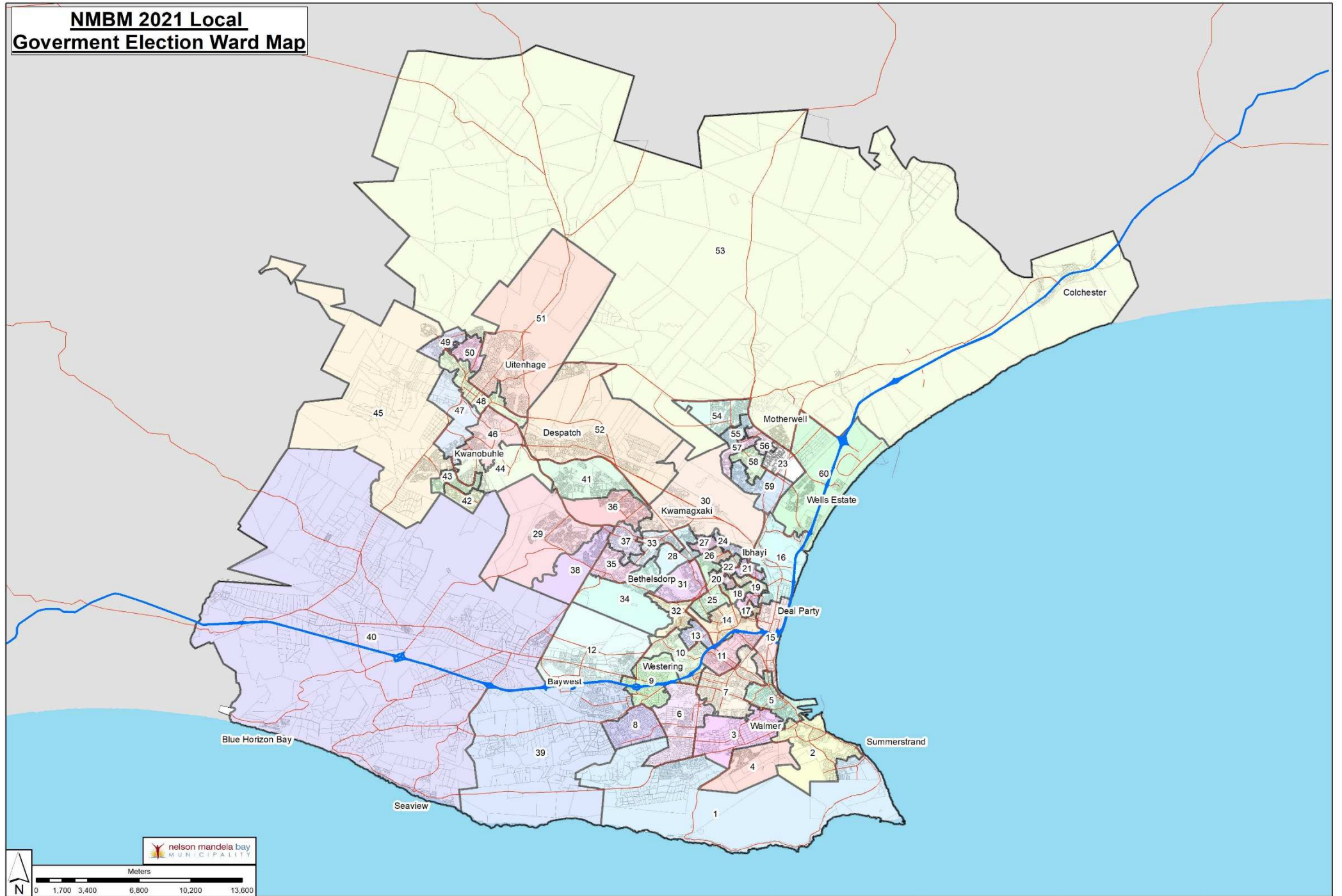
**nelson mandela bay**  
M U N I C I P A L I T Y

# **2022/23 - 2026/27 INTEGRATED DEVELOPMENT PLAN EDITION II**



# **EXECUTIVE SUMMARY**

**NMBM 2021 Local  
Government Election Ward Map**





# 1

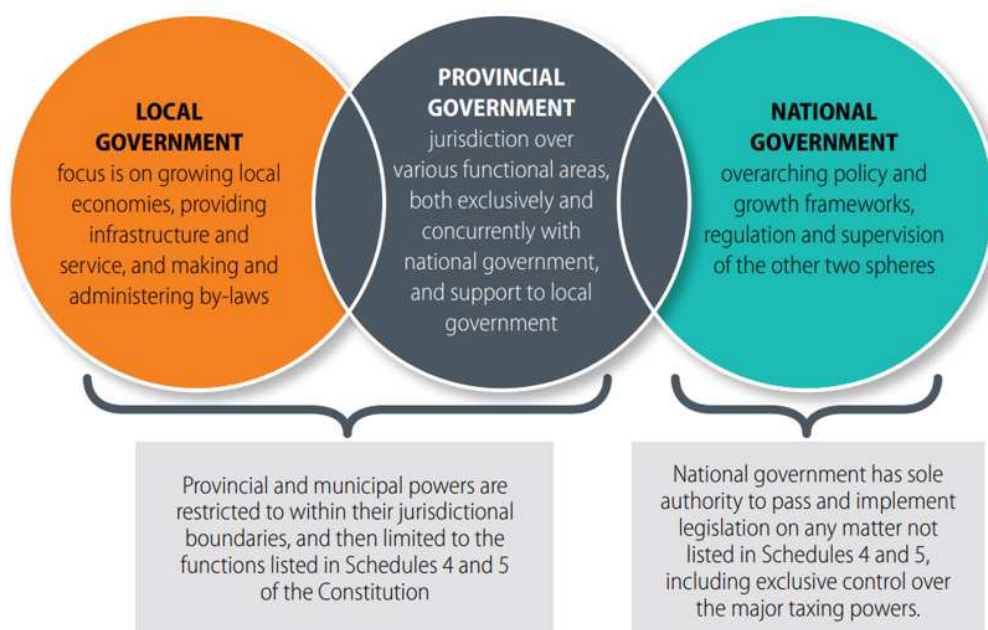
## CHAPTER 1: INTRODUCTION

In order to understand how the Municipality functions as a sphere of government, one must understand the relationship between the local government sphere and the provincial and national sphere. Each sphere has different functions and powers, however, all three spheres are required to operate together and in so doing, ensure the well-being of the people of South Africa. The cooperation between these three spheres of government is what makes South Africa a constitutional democracy.

The role of the Department of Cooperative Governance and Traditional Affairs is to enhance the working of the three spheres of government together.

The South African Cities Network in its 2016 State of the Cities Report – People’s Guide, illustrates the role of the three spheres of government as follows:

**FIGURE: Three spheres of government**



*Source: 2016 State of Cities Report - People’s Guide*

## 1.1 CONTEXT AND OVERVIEW

In fulfilling their developmental mandate, municipalities are required by the Constitution of the Republic of South Africa to prepare five-year Integrated Development Plans (IDPs). These serve as strategic plans that indicate where and how Cities should allocate their resources in line with their vision and mission, which are embodied in their long-term plans inclusive of provincial and national government strategies.

### What is an IDP?

The IDP is the five-year strategy for the term of office of a Metropolitan Council. It is the Business Plan of a City for a period of five years and a road map showing direction to which the City is going.

### PHASES OF THE IDP

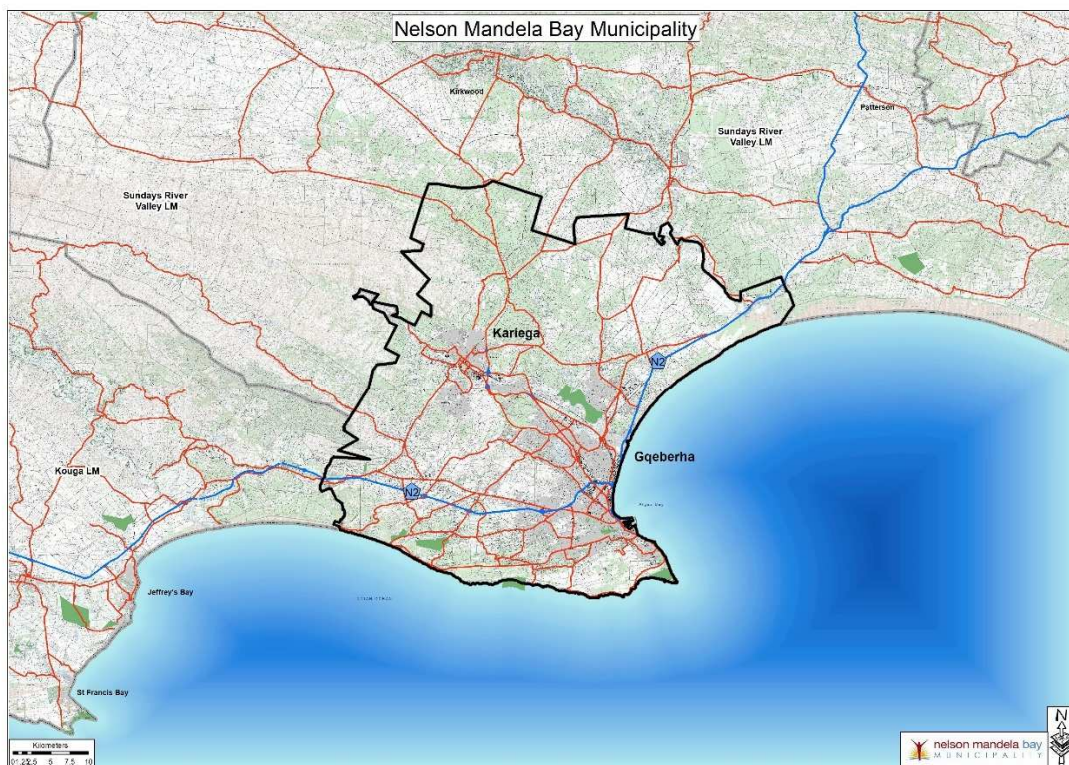
The IDP planning process has five phases, the phases are as follows:

1. ANALYSIS PHASE	<ul style="list-style-type: none"><li>• Assessment of existing level of development</li><li>• Priority issues or problems</li><li>• Information on causes of priority issues / problems</li><li>• Information on available resources</li></ul>
2. STRATEGIES	<ul style="list-style-type: none"><li>• The Vision</li><li>• Objectives</li><li>• Strategies</li><li>• Identified projects</li></ul>
3. PROJECTS	<ul style="list-style-type: none"><li>• Performance indicators</li><li>• Project outputs, targets, location</li><li>• Project related activities and time schedule</li><li>• Cost and budget estimates</li></ul>
4. INTEGRATION	<ul style="list-style-type: none"><li>• 5-year financial plan</li><li>• 5-year capital investment programme (CIP)</li><li>• Integrated Spatial Development Framework</li><li>• Integrated sectoral programme (LED, HIV, Poverty Alleviation, Gender Equality etc.)</li></ul>

	<ul style="list-style-type: none"> <li>• Consolidated monitoring / performance management system</li> <li>• Disaster Management Plan</li> <li>• Institutional Plan</li> <li>• Reference to sector plan</li> </ul>
5. APPROVAL	<ul style="list-style-type: none"> <li>• The output of this phase is an approved IDP for the municipality</li> </ul>

## 1.2 ABOUT NELSON MANDELA BAY

Nelson Mandela Bay Municipality (NMBM) is the largest of two Category A Metropolitan Municipalities located on the Southern coast of the Eastern Cape Province with 60 wards



With a population of 1,251,575 (STATS SA GHS 2020), the NMBM has approximately 19% of the population of the Eastern Cape Province and is a major economic role player in the Province with two ports – the Port of Port Elizabeth and the Port of Ngqura located in the Coega Special Economic Zone (SEZ).

Nelson Mandela Bay is a friendly, windy City that experiences stable weather conditions throughout the year. The mild climate attracts several tourists who prefer this kind of weather conditions.

The economy of Nelson Mandela Bay Municipality is diverse and includes industries such as automotive manufacturing, agriculture, tourism, and healthcare. The municipality is home to the largest automotive assembly plant in Africa, which produces cars for several major brands.

There is a vast variety of informal businesses that contribute immensely to job creation, the economy, and rates base of the City.

### **1.3 STRATEGIC OBJECTIVES, RISKS AND KEY PRIORITIES**

The strategic objectives of the Municipality for the five-year IDP relate directly to the major risks and opportunities facing the Council within the next five years. The following strategic objectives respond to the risks and opportunities:

- (a) Prioritise a drought response and recovery to mitigate against the impacts of the drought and ensure water security in the future.
- (b) Prioritise climate change and resilience in order to secure the long-term sustainability of the City.
- (c) Continue to mitigate the impacts of COVID-19 including the economic recovery associated with the pandemic.
- (d) Prioritise the growth of the local economy and increase employment.
- (e) Accelerate the provision of basic services for all communities.
- (f) Ensure that the municipality is staffed with a motivated, committed and capable workforce within available resources.
- (g) Ensure financial prudence and transparent governance and work towards eradicating corruption.
- (h) Sustainable provision of energy and water.
- (i) Ensure financial stability and fiscal management and control to stabilise the financial situation of the Municipality.

- (j) Develop an effective and integrated public transport system that promotes access to opportunity through mobility.
- (k) Deliver well-resourced and capacitated disaster management, policing and emergency services to ensure the safety of communities and visitors.
- (l) Improve public confidence and trust in the leadership of the City through institutional accessibility, stability and effective communication channels.
- (m) Provide a built environment that promotes integration, inclusivity and accessibility.
- (n) Deliver on transformation objectives, promote redress and foster social cohesion.
- (o) Provide for the health, well-being and social needs of communities and empowerment of vulnerable people through provision of access to social services, social development, and indigent support.
- (p) Provide dignified housing and sanitation and accelerate access to improved services to indigent households to create safe and decent living conditions for all residents.
- (q) Ensure proactive planning for sustainable city development, conservation of resources and natural and built environment.
- (r) Ensure implementation of a spatial transformation agenda which addresses the spatial disparities of the past.
- (s) Drive human development and socio-economic transformation and well-being of sport, recreation, arts and cultural services through the provision of world-class sport, recreation, arts and cultural infrastructure.
- (t) Ensure that planning, budgeting and development, both internal and external to the Municipality is done by taking into consideration all dimensions of sustainability.
- (u) Promote the SMART City initiative and prioritise an effective and responsive Information Communication Technology (ICT) environment to cater for the internal and external needs of the Municipality.

The following strategic risks inform the review of the IDP:

- Energy crisis, associated load shedding and its impact on the business sector and communities
- Dilapidated sanitation infrastructure
- Supply Chain Management challenges
- Declining revenue and collection rate
- MSCOA compliance
- Financial Instability due to Decline in Revenue Collection Rate
- Drought and water shortages
- Inadequate project management resulting in inability to spend funds from conditional grants
- Possible disruption to services due to ICT failure and IT Security breaches
- Vandalism of municipal assets
- Negative audit outcomes
- Possible theft, fraud and corruption
- Poor service culture resulting in dissatisfied customers
- Fragmented Municipal Planning
- Ease of doing business
- Increase in unauthorized, fruitless, and wasteful expenditure
- Inadequate management of municipal fleet
- Leadership instability
- Delay in the Review of the Municipal Spatial Development Framework (MSDF)

## **KEY PRIORITIES**

The following are the most important priorities which the Municipality will focus on during the remainder of the IDP term to deliver against the strategic objectives, whilst simultaneously mitigating against strategic risks facing the City.

- Electricity supply and mitigating against the impact of load shedding
- Sustainable Energy



- Sanitation infrastructure
- Water supply and mitigating against the impact of the drought
- Eliminating theft & corruption

# 2

## CHAPTER 2: SITUATIONAL ANALYSIS

This section identifies important information for decision-making.

### 2.1 DEMOGRAPHIC BACKGROUND

#### 2.1.1 Current situation

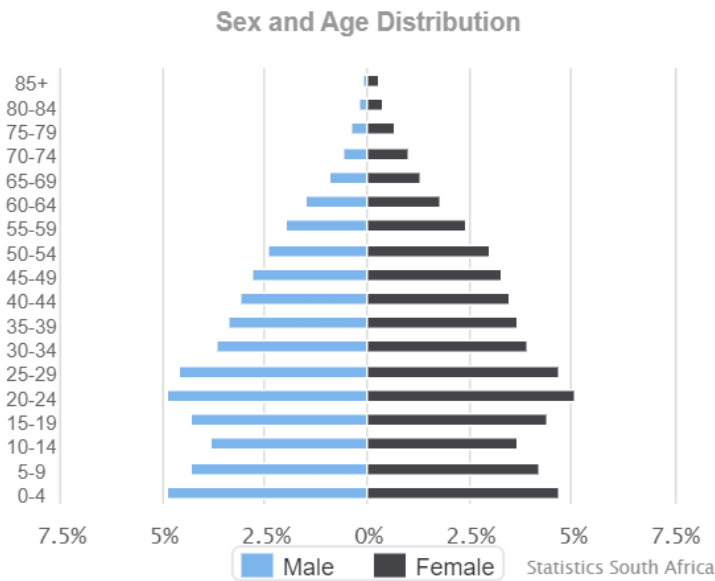
The following statistics are relevant:

Population	1 263 861 (StatsSA GHS 2021)
Households (total)	366 341 (StatsSA GHS 2021)
Households (formal)	338 167 (StatsSA GHS 2021)
Households (informal)	28 174 (Source: StatsSA GHS 2021)
Number of informal settlements	156
Area covered	1 959 km <sup>2</sup>
Unemployment rate	34.4% (STATS SA Quarterly Labour Force Survey Q4/2022)
Capital Budget – 2023/24	R1 871 042 billion
Operating Budget – 2023/24	R17 193 949 billion

#### 2.1.2 Population and demographics

The following population pyramid shows the gender and age distribution of the population in Nelson Mandela Bay in 2011 when the last Census was undertaken:

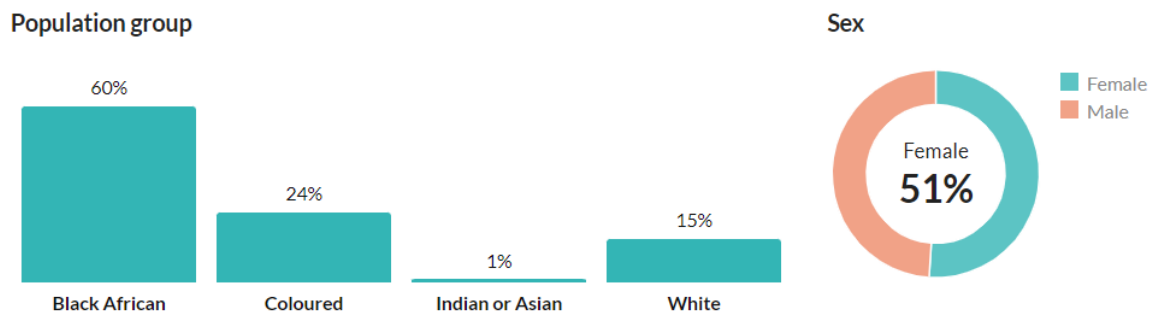
**FIGURE: Population pyramid**



Source: Census, 2011

Since 2011, the Community Survey has permitted an update to figures at Metro level to 2016 and the following diagram shows the population by age range:

**FIGURE: Population by race and gender**



Source: Wazimap.co.za (using Community Survey 2016)

A national government census is being undertaken in 2022 and this will update the available statistics to enable a more accurate understanding of the current situation, particularly at ward level.

### **2.1.3 Poverty and income**

According to STATS SA General Household Survey (2021), 27,2% of households in Nelson Mandela Bay listed grants as their main source of income.

### **2.1.4 Education**

In Nelson Mandela Bay, 3.5% of persons older than 20 years with less than Grade 7 education are literate (STATS SA, GHS, 2021).

### **2.1.5 Health**

In respect of health, 26% of persons have medical aid cover against a Metro average of 22,4%. 60,6% of households have their usual place of consultation as a public facility in Nelson Mandela Bay compared to a Metro average of 63,3% (STATS SA GHS, 2021).

## **2.2 ACCESS TO SERVICES AND AMENITIES**

### **2.2.1 SERVICES**

#### **(a) Water**

According to STATS SA General Household Survey (2021), 98,1% of households in all Metros have access to piped or tap water in dwellings, off-site or on-site. Nelson Mandela Bay has 100% whilst Cape Town has 99,8% of households with access to tap water followed by Johannesburg with 99,5%.

#### **(b) Sanitation**

Nelson Mandela Bay has the highest household access to improved sanitation of all Metros in the country (99,9%). Buffalo City has 93,7% and Ekurhuleni has 93,6% (STATS SA GHS, 2021).



**(c) Waste management (refuse removal)**

According to STATS SA General Household Survey (2021), refuse is removed at least once per week and Nelson Mandela Bay is at 90,8%.

**(d) Electricity and energy**

According to STATS SA General Household Survey (2021), households that used conventional electricity meters were slightly more common in metros (19%) than nationally (12,3%). Pre-paid meters were, by contrast, most common in Nelson Mandela Bay (96,9%) and Mangaung (93,5%).

**(e) Housing**

The 2020 demand for subsidised housing as captured in the Housing Needs Database is calculated at 124 342 shown below.

**TABLE 2: Estimated Housing Demand**

Female	74 690
Male	49 652
TOTAL	124 342

*Source: NMBM, 2023*

The housing delivery function is back on track and the NMBM has been given a green light to deliver houses. To that end, in the 2022/23 financial year, plans are in place for the municipality to deliver approximately 800 houses.

# 3

## CHAPTER 3: INSTITUTIONAL OVERVIEW

The municipal structure is made up of both political and administrative structures. These are discussed in detail below.

### 3.1 POLITICAL STRUCTURE

Since the Local Government Elections held on 1 November 2021, the following political parties are represented in the Council of Nelson Mandela Bay Municipality:

- Abantu Integrity Movement
- African Christian Democratic Party
- African Independent Congress
- African National Congress
- Defenders of the People
- Democratic Alliance
- Economic Freedom Fighters
- Good
- Northern Alliance
- Pan Africanist Congress of Azania
- Patriotic Alliance
- United Democratic Movement
- Vryheidsfront Plus

The political structure of the Nelson Mandela Bay Municipal Council comprises the Executive Mayoral Committee, the Portfolio Committees, the Municipal Public Accounts Committee (MPAC) and the Rules and Ethics Committee.

The NMBM is run by a coalition government comprising the following parties:

African Independent Congress, African National Congress, Northern Alliance, Patriotic Alliance and the Pan Africanist Congress of Azania

### 3.1.1 Council

The Council comprises 120 Councillors, elected through a mixed-member proportional representation system. 60 of the Councillors were elected through a voting process in the 60 wards that make up Nelson Mandela Bay. The remaining 60 Councillors were selected from party lists, on the basis that the total number of party representatives must be proportional to the number of votes received. The Speaker of Council is supported by the Chief Whip.

POLITICAL PARTY OF SEATS	ALLOCATION GENDER DISTRIBUTION	GENDER DISTRIBUTION	
		MALE	FEMALE
		1	
Abantu Integrity Movement	1	1	1
African Christian Democratic Party	2	1	
African Independent Congress	1	35	13
African National Congress	48	1	1
Defenders of the People	2	33	15
Democratic Alliance	48	4	4
Economic Freedom Fighters	8	1	
Good	1	3	
Northern Alliance	3	1	
Pan Africanist Congress of Azania	1	1	1
Patriotic Alliance	2	1	
United Democratic Movement	1	2	
Vryheidsfront Plus	2	<b>87</b>	<b>33</b>

### 3.1.2 The Executive Mayoral System

The Executive Mayor oversees the delivery of services by the administrative structure of the Municipality. The Executive Mayor is supported by the Deputy Executive Mayor and the Mayoral Committee, comprising ten members, each chairing a portfolio committee.

## **MEMBERS OF THE MAYORAL COMMITTEE**



**CLLR GARY VAN NIEKERK**  
EXECUTIVE MAYOR



**CLLR BABALWA LOBISHE**  
DEPUTY EXECUTIVE MAYOR





**Cllr Bassie Kamana**  
**Sport, Recreation**  
**Arts and Culture**



**Cllr Bradley Murray**  
**Roads and Transport**



**Cllr Buyelwa Mafaya**  
**Budget and Treasury**



**Cllr Khanya Ngqisha**  
**Infrastructure and**  
**Engineering**



**Cllr Shuling Lindoor**  
**Economic Development,**  
**Tourism and Agriculture**



**Cllr Stag Mitchell**  
**Safety and Security**



**Cllr Thembinkosi Mafana**  
**Human Settlements**



**Cllr Thsonono Buyeye**  
**Public Health**



**Cllr Yoliswa Pali**  
**Corporate Services**



**Cllr Zanele Sikawuti**  
**Electricity and Energy**

### **3.1.3 Office of the Chief Whip**



#### **CLLR WANDISILE JIKEKA**

CHIEF WHIP

The primary role of the Chief Whip of Council is to maintain discipline amongst Councillors. The Office of the Chief Whip serves as the contact point between the executive and legislative spheres of the Municipality.

### **3.2 ADMINISTRATION**

The City Manager (appointed by Council) is the Accounting Officer and the administrative head of the Municipality. There is an Executive Management Team to assist the City Manager in running the administration. The Executive Management Team comprises 10 senior managers as follows:

- Chief Operating Officer
- Chief Financial Officer
- Executive Director: Corporate Services
- Executive Director: Economic Development, Tourism and Agriculture (Vacant)
- Executive Director: Electricity and Energy
- Executive Director: Human Settlements

- Executive Director: Infrastructure and Engineering (Vacant)
- Executive Director: Public Health
- Executive Director: Sport, Recreation, Arts and Culture (Vacant)
- Executive Director: Safety and Security (Vacant)

# 4

## **CHAPTER 4: METHODOLOGY AND STAKEHOLDER ENGAGEMENTS**

The IDP Strategy aims to ensure that the people of Nelson Mandela Bay are at the centre of planning and development in the City. The IDP recognises that the Administration and its systems need to be effective in order to achieve optimal service delivery and grow the economy.

In preparing an IDP, it is important that the voice of all stakeholders is taken into account. From the 17 November to 12 December 2022 and 11 April to 03 May 2023 respectively, the Nelson Mandela Bay Municipality undertook IDP/Budget public participation with various stakeholders in the metro. This Chapter deals with the issues and priorities that have arisen because of consultation with communities and other stakeholders within Nelson Mandela Bay.

### **4.1 STAKEHOLDERS**

The COVID-19 pandemic taught the Municipality to re-evaluate its approach to stakeholder consultation and public participation. In this regard, the Municipality introduced a number of alternative mechanisms for stakeholders and community members to register their input.

The Municipality's approach now includes the following additional mechanisms for participation:

- The use of an IDP APP for contributions and comments from the public and organisations.
- The use of live interactive radio broadcasting (KQ FM, PE FM, Kingfisher FM, and Bay FM) for politicians to engage communities regarding the IDP and Budget development and review processes.



- 30 Seconds live reads in these community Radio Stations
- Use of a number of Print Media
- Live on Municipal Facebook Page.
- Live on YouTube.
- The use of social media platforms as well as a WhatsApp number (084 800 4335) to receive contributions and comments and for responses from the Municipality.
- Daily Twitter uploads promoting the IDP meetings using social media infographics
- Daily updates on Outlook for internal stakeholders
- The use of the Interactive Voice Response (IVR) account holder database for communication on the IDP via SMS and email.
- Press releases.
- Explanatory video clips on IDP processes posted on social media platforms.
- Use of zero rated MBDA Website in which communities could make an input in the IDP/Budget review processes without use of airtime or data
- Municipal Website.

There are six participation Clusters in the Metro with different levels of development. They are as follows:

- Molly Blackburn (Suburbs including Walmer Township and Kuyga)
- Lilian Diedericks (Northern Areas)
- Champion Galela (Zwide Area including Soweto on Sea)
- Govan Mbeki (New Brighton and KwaZakhele Areas)
- Alex Matikinca (Motherwell and Wells Estate Areas)
- Zola Nqini (Kariega and Despatch Area)

A number of key recognised stakeholders participated in the process and made inputs in various platforms made available.

### **4.3 WARD PRIORITIES**

During this round of public meetings, the top 10 frequently raised issues across the metro are listed below:

1. Provision of houses and attending to backyard dwellers.
2. Provision and maintenance of streetlights and high mast lights.
3. Tarring of roads, construction of speed humps and potholes.
4. Provision of security and visibility of SAPS and Metro Police
5. Attend to water leaks.
6. Upgrade and maintenance of sewerage and drain water systems
7. Construction and upgrade of Sport fields, Parks and Playgrounds.
8. Provision of sidewalks
9. Electrification of informal settlements and
10. Creation of job opportunities for the youth

### **4.4 SPECIFIC INPUT FROM STAKEHOLDERS**

Various Sector Departments and State-Owned Enterprises made valuable input and submissions for inclusion in the 2023/24 IDP to create awareness on planned programmes and projects to be implemented by them in the NMB. These amongst others included Transnet, Airport Company South Africa (ACSA), PRASA, Coega IDZ, Nelson Mandela University (NMU), TVET Colleges, South African Property Owners Association (SAPOA) and the Cultural and Creative Industries Federation of South Africa (CCIFSA).

# 5

## **CHAPTER 5: SECTOR PRIORITIES**

The Municipality is comprised of a number of directorates / sectors that perform specific functions within the Municipality.

These include the following:

### **5.1 DISASTER MANAGEMENT**

The Municipality is required to prepare a Disaster Management Plan for the City according to the prevailing circumstances and within the ambit of its Municipal Disaster Management Framework. The Disaster Management Plan of the City must meet the criteria set out in Act.

### **5.2 BUDGET AND TREASURY**

The process of developing the Budget is impacted by a number of influences. This section highlights some of the main influences on the Budget.

- Due to the severity of the drought, the budget is oriented towards drought mitigation projects as a priority. Climate change mitigation will be an ongoing requirement.
- The decline on the average collection rate. Consequently, there is less funding available and prioritisation is important.
- There has been a recent increase in unemployment. This directly affects the ability of households to pay municipal accounts. It also creates greater pressure on the Assistance to the Poor Programme of the Municipality, which subsidises poorer households with basic services.

- There are external factors that affect the Budget and these include the escalating cost of bulk purchases for electricity and water. The Municipality has no influence on these costs.

### 5.3 INFRASTRUCTURE AND ENGINEERING

This section deals with water and sanitation, roads, stormwater and transportation, which includes the design and implementation component. Since the exacerbation of the drought and the impacts of COVID-19, water and sanitation has come into sharp focus due to the need to ensure adequate water supply and sanitation.

#### 5.3.1 Water and Sanitation

The responsible delivery of water and sanitation services to residents of Nelson Mandela Bay is a key mandate of the institution. These services are provided through managing the supply of water, treatment of water, bulk supply of water, distribution of water, wastewater collection and treatment of wastewater.

The following intervention projects, their timing and capacity for water delivery are being implemented:

– Boreholes	15 MI/d	July 2022
– Coegakop WTW	15 MI/d	Sept 2022
– Nooitgedagt	40 MI/d	June 2022
– Coega Desalination	15 MI/d	December 2022
– NMBM Desalination	<u>30 MI/d</u>	2025

TOTAL = 115 MI/d

#### Water Losses

Reducing water losses remains key to the provision of an effective and efficient service. Losses contribute negatively to the drought situation and affect the income of the Municipality.

## Bucket Eradication

The Municipality has reduced the number of sanitation buckets being serviced in the City from approximately 16 000 in 2016 to 5 800 in February 2022.

### **7.3.2 Impact of Drought**

Dam levels have receded to below 16% and severe water restrictions are in place. Although 67% of the water for the City comes from the Gariep Dam via the Nooitgedacht pipeline, this water cannot be distributed to all areas of Nelson Mandela Bay. Water consumption remains too high for the supply.

### **5.3.3 Roads, Stormwater and Transportation**

The Municipality must provide safe, affordable, sustainable and accessible multi-modal transport services and infrastructure that promote integrated land use development and ensure optimal mobility for the residents and users of the transport system in the municipal area.

### **5.4 Roads Backlogs**

The following backlogs are experienced with regard to the provision of roads and sidewalks:

- (a) Roads backlogs amount to approximately R7 billion for 750 km.
- (b) Roads and non-motorized transport projects are required for safety efficiency and accessibility.

### **5.5 INTEGRATED PUBLIC TRANSPORT SYSTEM**

An integrated Public Transport System is a Public Transport System that comprises multiple modes, (e.g. train, bus, taxi) and is integrated into the development fabric of the City in such a way that it supports and is supported by other land uses/facilities.

## **5.6 ELECTRICITY AND ENERGY**

The Municipality has to provide a safe, reliable, environmentally friendly, sustainable and cost-effective electricity supply to its users.

## **5.7 HUMAN SETTLEMENTS**

The Human Settlements function is dedicated to address inequality experienced *inter alia* through housing delivery, informal settlements management and upgrading, social housing facilitation and the release of land.

### **5.7.1 Diversity in Housing**

The Provincial Department of Human Settlements is responsible for the allocation of funding for housing development in the Nelson Mandela Bay area. This influences what can be achieved by the Municipality.

### **5.7.2 INFORMAL SETTLEMENTS UPGRADING OUTCOMES**

The upgrading policy and strategy seeks to achieve the following outcomes:

- Proactive and flexible policy for re-blocking of informal settlements.
- Promote the socio-economic integration of informal settlements into the local urban fabric.
- Improve control and management of the informal settlement.
- Promote partnerships with a range of stakeholders.

## **5.8 PUBLIC HEALTH**

The Public Health services of the Municipality include the following:

- Municipal Health Services
- Waste Management
- Environmental Management

- Parks and Cemeteries
- Occupational Health Services for Employees
- HIV/AIDS Response

## **5.9 SPORTS, RECREATION, ARTS AND CULTURE**

The Sport, Recreation, Arts and Culture (SRAC) mission within the Municipality is to drive the social cohesion, economic development, sustainable social infrastructure, and wellness of Nelson Mandela Bay's citizens through the strategic, well-aligned management of the City's sport, arts, culture, heritage, libraries, beaches, resorts and recreational infrastructure.

## **5.10 ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE**

The Economic Development, Tourism and Agriculture function of Nelson Mandela Bay Municipality ensures that Local Economic Development helps communities to realise a lively, resilient and sustainable local economy to improve the quality of life of residents. This will be achieved by growing and diversifying the local economy through the attraction of new investment, skills development and the facilitation of an enabling environment for small business growth and job creation.

## **5.11 SAFETY AND SECURITY**

The Safety and Security function of Nelson Mandela Bay Municipality is responsible for rendering safety and security to all residents, business community, tourists and municipal properties of the Municipality. The services provided include:

- Metro Police Services
- Traffic and Licencing Services
- Security Services
- Fire and emergency services
- Disaster Risk Management Services

In fulfilling the abovementioned responsibilities, the Municipality must comply with applicable legislation that ensures the maintenance of a secure and safe environment.

## **5.12 CORPORATE SERVICES**

Corporate Services could be considered to be a supporting and enabling function to all municipal directorates. This is achieved by:

- Labour Relations
- Human Resources Management Services
- Corporate HR
- Facilities Management
- Asset Management
- Administration and Records Management
- Skills Development and Employment Equity
- MIS

An important aspect that the Corporate Services function is dealing with is the new organisational structure for the Municipality. The structure needs to comply with the Municipal Staff Regulations promulgated by the Minister of CoGTA on 20 September 2021. It is anticipated that the process of approval of the macro structure will be finalised in due course. Thereafter the microstructure will be attended to.

## **5.13 OFFICE OF THE CHIEF OPERATING OFFICER**

The Office of the Chief Operating Officer is an extension of the Office of the City Manager. It is responsible for providing strategic support services to ensure that the Municipality delivers on its mandate in an integrated and coordinated manner.

The Office ensures good corporate governance through its various Sub-directorates, namely Integrated Development Planning; Strategic Planning and Coordination, Legal Services; Monitoring and Evaluation; Policy, Strategy and Research; Risk Management, International and Intergovernmental Relations,



Expanded Public Works Programme and Mandela Bay development Agency (MBDA).

### **5.13.1 Mandela Bay Development Agency (MBDA)**

The Mandela Bay Development Agency (MBDA) is a wholly owned municipal entity of Nelson Mandela Bay Municipality and it implements several programmes and projects designed to stimulate socio-economic growth and prosperity. The objectives of the MBDA include:

- Enabling social, spatial and economic transformation, the MBDA Way, which puts people first. Implementing projects, programmes and events which are aligned with plans of the Municipality.

# 6

## CHAPTER 6: BUDGET, AUDIT AND PERFORMANCE MANAGEMENT

The Budget for the 2023/24 financial year is reflected below:

Operating Budget	R17 193 949 billion
Capital Budget	R 1 871 042 billion
<b>Total Budget</b>	<b>R19 064 991 billion</b>

### 6.1 AUDIT REPORT

The NMBM received its tenth consecutive qualified audit report. The 2020/21 Audit Report reflects an improvement on the prior three financial years.

The basis for the qualification for the past 4 financial years is reflected below:

**TABLE: Basis for audit qualification (2017/18 – 2020/21)**

2017/18	2018/19	2019/20	2020/21
<ul style="list-style-type: none"> <li>• <b>Exchange revenue – service charges</b> <ul style="list-style-type: none"> <li>○ The Municipality did not bill for and record all revenue owing to it for services rendered, as required by SA Standard of GRAP 9, Revenue from exchange transactions.</li> </ul> </li> <li>• <b>Property, plant and equipment</b> <ul style="list-style-type: none"> <li>○ The Municipality did not adequately assess whether there were any indications that its expectations on the useful lives of PPE (moveable and immovable assets) had changed as required by the SA Standard of GRAP 17, Property, plant and equipment.</li> <li>○ Insufficient evidence to confirm land registered in the Municipality’s name nor physical verification of moveable assets due to inadequate accounting records.</li> </ul> </li> <li>• <b>Intangible assets</b> <ul style="list-style-type: none"> <li>○ The Municipality did not adequately assess whether there were any indications that its expectations on the useful lives of intangible assets had</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Trade and other payables</b> <ul style="list-style-type: none"> <li>○ The municipality did not recognise all outstanding accruals meeting the definition of a liability in accordance with GRAP 1.</li> </ul> </li> <li>• <b>Irregular expenditure</b> <ul style="list-style-type: none"> <li>○ The municipality has a lack of adequate systems in place to identify and disclose all irregular expenditure incurred during the year, as required by Section 125 (2)(d)(i) of the MFMA.</li> <li>○ The municipality did not have proper systems in place to identify and record all irregular expenditure incurred in prior years.</li> </ul> </li> <li>• <b>Property, plant and equipment</b> <ul style="list-style-type: none"> <li>○ The municipality did not appropriately account for and disclose property, plant and equipment in accordance with GRAP 17 and furthermore did not adequately disclose work-in-progress in accordance with GRAP 17.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Property, plant and equipment</b> <ul style="list-style-type: none"> <li>○ Insufficient evidence that the Municipality had appropriately accounted for and disclosed property, plant and equipment due to the status of the accounting records.</li> <li>○ The Municipality did not adequately assess whether there were any indications that the expectations on the useful lives of property, plant and equipment had changed in accordance with GRAP 17. Completed assets were misclassified contrary to GRAP 17.</li> </ul> </li> <li>• <b>Investment property</b> <ul style="list-style-type: none"> <li>○ Insufficient evidence for investment property due to incomplete records to determine ownership.</li> </ul> </li> <li>• <b>Unauthorised expenditure</b> <ul style="list-style-type: none"> <li>○ Insufficient audit evidence for authorised expenditure.</li> </ul> </li> <li>• <b>Exchange revenue – service charges</b> <ul style="list-style-type: none"> <li>○ Insufficient audit evidence that service charges revenue had been properly accounted for</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Property, plant and equipment</b> <ul style="list-style-type: none"> <li>○ The municipality did not adequately assess each reporting date whether there were any indication that expectations of the useful lives of property, plant and equipment had changed in accordance with GRAP 17. Insufficient evidence to account for infrastructure assets to the value of R12,9 billion disclosed in Note 9 to consolidated and separate financial statements.</li> </ul> </li> <li>• <b>Trade receivables – exchange transactions</b> <ul style="list-style-type: none"> <li>○ The Municipality did not have adequate systems in place for recording and accounting for indigent debtors. Some indigent subsidies were provided to consumers that did not qualify for indigent subsidies and supporting evidence could not be provided for indigent subsidies of some consumers.</li> </ul> </li> </ul>

2017/18	2018/19	2019/20	2020/21
<p>changed, as required by the SA Standard of GRAP 31, Intangible assets.</p> <ul style="list-style-type: none"> <li>○ Insufficient audit evidence to physically verify intangible assets due to inadequate accounting records.</li> </ul> <ul style="list-style-type: none"> <li>● <b>Irregular expenditure</b> <ul style="list-style-type: none"> <li>○ No proper systems in place to identify and record all irregular expenditure.</li> <li>○ Expenditure resulted from payments made in contravention of SCM requirements.</li> <li>○ The audit was unable to confirm amount of irregular expenditure and extent of understatement of irregular expenditure.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Intangible assets</b> <ul style="list-style-type: none"> <li>○ The municipality capitalised an application system that was still under development contrary to GRAP 31. The municipality did not adequately assess whether there were any indications that its expectations on the useful lives of intangible assets had changed, as required by this standard.</li> </ul> </li> <li>● <b>Investment property</b> <ul style="list-style-type: none"> <li>○ The municipality did not maintain adequate records to determine ownership for its investment properties.</li> </ul> </li> <li>● <b>Exchange revenue – service charges</b> <ul style="list-style-type: none"> <li>○ The municipality did not have adequate internal controls to maintain records for service charges.</li> </ul> </li> <li>● <b>Unauthorised expenditure</b> <ul style="list-style-type: none"> <li>○ The municipality was unable to provide sufficient appropriate audit evidence that the municipality correctly calculated unauthorised expenditure in the current year.</li> </ul> </li> </ul>	<p>due to inadequate internal controls to maintain records for service charges.</p>	

In order to address the 2020/2021 report findings by the Auditor General, the Municipality developed an Audit Improvement Plan aimed at addressing all the findings raised by the Auditor General.

## **6.2 PERFORMANCE MANAGEMENT**

The implementation of the IDP and Budget is monitored through specific predetermined key performance indicators and targets outlined in the Municipality's SDBIP and cascaded to the performance agreements of senior management and reporting staff.