



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

IDP

INTEGRATED DEVELOPMENT PLAN

2017/18 - 2021/22 (Third Edition)

EXECUTIVE SUMMARY



Nelson Mandela Bay Municipality



www.nelsonmandelabay.gov.za

CHAPTER 1: INTRODUCTION

The Constitution of the Republic of South Africa requires local government to be developmental in nature. The Nelson Mandela Bay Municipality therefore has a responsibility to structure and manage its administration, budgeting and planning processes to give priority to the basic needs of local communities and to promote residents' social and economic development.

Statistics South Africa indicates that the unemployment rate (26.7%) in the country remained unchanged over the first quarter of 2018, compared to the fourth quarter of 2017. Unemployment in South Africa is especially prevalent among the youth. This remains a global trend: worldwide, the International Labour Organisation recorded approximately 71 million unemployed youth (aged 15 – 24 years) in 2017. This also means that many youth face long-term unemployment.

In South Africa, 38.2% of citizens aged between 15 – 34 years are unemployed, which means more than one in every three young people in the labour force did not have a job in the first quarter of 2018. Approximately 3.3 million (32.4%) of the 10.3 million young South Africans aged 15 – 24 were not in employment, education or training. This implies that close to one in three young South Africans between the ages of 15 and 24 years were disengaged from the labour market in the first quarter of 2018.

1.1 Context and overview

South African municipalities are compelled by the Constitution to prepare five-year Integrated Development Plans (IDPs), which serve as strategic plans that indicate where and how these institutions should allocate their resources. Its vision and mission, as well as its long-term plans, inclusive of provincial and national government strategies, guide the Nelson Mandela Bay Municipality's IDP outlook.

The institution's IDP is reviewed annually, in line with Chapter 5 of the Local Government Municipal Systems Act 32 of 2000. The IDP is a strategic planning instrument that requires the participation and input of all Mandela Bay residents, because it has the potential to change the situation of local communities and meet their needs.

The following role-players and stakeholders are annually consulted and participate during the IDP and Budget development and review processes of the Municipality:

- Communities of Nelson Mandela Bay
- Organised stakeholder groupings, e.g. Chambers of Commerce, NGOs, civic groupings, unions and ratepayers' associations
- NMU and government sector departments
- Neighbouring municipalities
- Special sectors (youth, women, elderly people, traditional leaders, children and people with disabilities)
- Economic sectors
- Creative arts and heritage organisations
- Municipal Councillors and officials
- Ward Committees and other spheres of government

1.2 About Nelson Mandela Bay

The City is home to the Port Elizabeth International Airport, the only international air access point in the Eastern Cape Province. Engagements between the Nelson Mandela Bay Municipality, the Airports Company South Africa, Nelson Mandela Bay Tourism and local business saw the development of an Airlift Project, aimed at deliberately growing air traffic in the region.

The City's maritime entry point displays its monumental developmental aspirations and capabilities, boasting the most modern deep-water port in the Southern Hemisphere, the Port of Ngqura.

1.3 Location

Nelson Mandela Bay is located on the southern coast of South Africa, on the shores of Algoa Bay. The Nelson Mandela Bay Municipality is one of two metropolitan municipalities in the Eastern Cape Province. It incorporates Port Elizabeth, Uitenhage and Despatch, with their surrounding agricultural areas, and has an area of 1959,02 km².

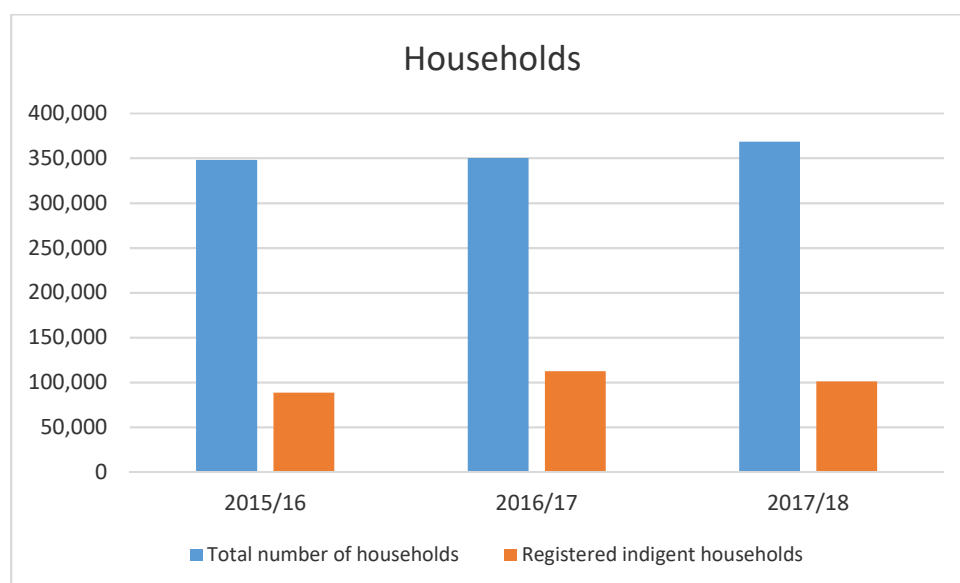
1.4 Population and Human Development

The current population of Nelson Mandela Bay is estimated at 1 263 051 (Community Survey, 2016), with a growth rate of 1.54% (IHS, 2017), which is lower than that of other metropolitan areas in South Africa, such as Ekurhuleni (2.1%) and Tshwane (2.6%). The Municipality has 368 518 households, with an average size of 3.6 persons per household (CS 2016).

Female-headed households constitute 41.6% of the total number of households in the Municipality (Community Survey, 2016). Altogether 640 000 people (representing about 49.6% of the total population) live in poverty in the Nelson Mandela Bay Metropolitan area (ECSECC, 2017).

During the 2017/18 financial year, 100% of qualifying households earning less than R3 200 per month (two state pensions) had access to free basic services offered by the Municipality through its Assistance To The Poor Programme (ATTP).

FIGURE 1: Proportion of registered indigent households



The life expectancy of Nelson Mandela Bay residents is 59.3 years for females and 53.7 years for males (SACN, 2016). Table 1 compares the life expectancy in Nelson Mandela Bay to those in other Metros in South Africa.

TABLE 1: Life expectancy – Comparing with other Metropolitan Areas

| METROPOLITAN AREA | LIFE EXPECTANCY | |
|--------------------|-----------------|------|
| | FEMALE | MALE |
| Nelson Mandela Bay | 59.3 | 53.7 |
| Cape Town | 70.1 | 64.2 |
| Mangaung | 52.7 | 49.6 |

Source: SANC, 2016

1.5 Council



Speaker of Council:
Cllr Buyelwa Nancy Mafaya

Council is headed by the Speaker. The role of a council in local government is that of lawmaker and, as such, it focuses on legislation, participation and oversight. In addition, municipal councils facilitate political discussions and debate in order to assist in planning and decision-making.

TABLE 2: Political party seat allocation and gender distribution

| POLITICAL PARTY | ALLOCATION OF SEATS | GENDER DISTRIBUTION | |
|------------------------------------|---------------------|---------------------|-----------------|
| | | MALE | FEMALE |
| Democratic Alliance | 57 | 43 | 14 |
| African National Congress | 50 | 32 | 18 |
| Economic Freedom Fighters | 6 | 3 | 3 |
| United Democratic Movement | 2 | 1 | 1 |
| Cope | 1 | 0 | 1 |
| African Christian Democratic Party | 1 | 1 | 0 |
| African Independent Congress | 1 | 1 | 0 |
| Patriotic Alliance | 1 | 1 | 0 |
| United Front Eastern Cape | 1 | 1 | 0 |
| TOTAL | 120 | 83 (69%) | 37 (31%) |

Source: Nelson Mandela Bay Municipality Corporate Services Directorate

1.5.1 Executive Mayoral Committee



Executive Mayor:
Cllr Mongameli Ellcotte Bobani



Deputy Executive Mayor:
**Cllr Thsonono Christopher
Solomon Buyeye**

1.5.2 MAYORAL COMMITTEE MEMBERS WITH THEIR PORTFOLIOS



**MMC for
Economic Development, Tourism &
Agriculture:**
Cllr Marlon Daniels



MMC for Corporate Services:
Cllr Makhi Feni



MMC for Human Settlements:
Cllr Andile Castle Ganners Mfunda



MMC for Constituency Services:
Cllr Itumeleng Felicity Ranyele



MMC for Budget & Treasury:
Cllr Mkhusele Justice Mtsila



**MMC for Infrastructure,
Engineering, Electricity & Energy**
Cllr Andile Weah Lungisa



MMC for Public Health:
Cllr Yolisa Margeret Pali



MMC for Roads & Transport
Cllr Rosie Daaminds



**MMC for Sports, Recreation, Arts &
Culture**
Cllr Lehlohonolo Mfana



MMC for Safety & Security
Cllr Noluthando Queenie Pink

Office of the Chief Whip



Chief Whip:
Cllr Pumelele Stanley Ndoni

1.6 Vision, Mission and Brand Promise

VISION

‘To be a globally competitive and preferred Metropole that works collectively with the people to improve lives, boost the economy, advocating zero corruption, and to have a transformed administration aimed at enhancing service delivery.’

MISSION STATEMENT

‘Nelson Mandela Bay Municipality is a global city that is governed by an inclusive and innovative administration, focused on sustainable service delivery, socio-economic development, infrastructure development, local and regional integration through comprehensive initiatives.’

BRAND PROMISE

Collectively we can achieve more.

CHAPTER 2: SITUATIONAL ANALYSIS

The development of this IDP took into consideration the results of the recently undertaken NMBM Customer Satisfaction Survey. Table 3 below reflects the results of the customer satisfaction survey.

TABLE 3: Results of 2017/18 Customer Satisfaction Survey

| Satisfaction Surveys Undertaken during: Year -1 and Year 0 | | | | |
|---|--|-----------------------|---|--|
| Subject matter of survey | Survey method | Survey date | No. of people included in survey | Survey results indicating satisfaction or better (%)* |
| Overall satisfaction with: | | | | |
| (a) Municipality | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 60% |
| (b) Municipal Service Delivery | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 60% |
| (c) Mayor | N/A | N/A | N/A | N/A |
| Satisfaction with: | | | | |
| (a) Refuse Collection / Waste Management | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 64% |
| (b) Road Maintenance | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 59% |
| (c) Electricity Supply | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 62% |
| (d) Water Supply / Water and Sanitation | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 65% |

| Satisfaction Surveys Undertaken during: Year -1 and Year 0 | | | | |
|---|--|-----------------------|---|--|
| Subject matter of survey | Survey method | Survey date | No. of people included in survey | Survey results indicating satisfaction or better (%)* |
| (e) Information supplied by Municipality to the public / Governance | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 51% |
| (f) Opportunities for consultation on municipal affairs / Governance | Face-to-face interviews with selected households per Ward | April-May 2018 | 9932 | 51% |

2.1 Health levels and conditions in Nelson Mandela Bay (HIV & AIDS / TB / STIs – Multi-Sectoral Approach for 2019 / 2020 Mainstreaming)

One of the key Millennium Development Goals (MDGs) for 2015, as set by the UNDP, was to combat HIV/AIDS, malaria and other diseases and reduce child mortality. Within Nelson Mandela Bay, strides were combating the spread of HIV/AIDS and ensuring that treatment is made available. One of the key priorities for the 2015/16 review should be concerted efforts on the implementation of the HIV/AIDS Strategy in Nelson Mandela Bay and the capacitation of the Unit responsible for this programme.

2.2 Economy

The Nelson Mandela Business Chamber Plan, initiated in 2017, identifies four priority clusters (sectors), namely the Automotive Sector; Light Manufacturing; Tourism and Hospitality; and Agro-processing. The report identifies key interventions which could help these sectors grow and that are within the capacity of the Metro to influence.

The following is the result recorded in respect of Nelson Mandela Bay in relation to the three municipal indicators:

- **Dealing with construction permits** - Analysis has shown that the cost of building plans needs to be re-evaluated to bring the City in line with other local authorities.
- **Registering property** – In terms of this indicator, the Nelson Mandela Bay Municipality performed above average and was rated fifth best in the country. The Municipality will, however, need to address the time taken to issue rates clearance certificates in order to perform better.
- **Getting electricity** –The Municipality requires five procedures to be completed (which is average), but these procedures take 330 days to complete. Cost is also a factor that could be improved.

The 2018 survey undertaken by the World Bank Team revealed a significant improvement in the three indicators measured in the Nelson Mandela Bay Municipality. In 2015, the Getting Electricity indicator measured, revealed that it took 330 days to finalise electricity connections, which period has since been reduced to 190 days.

2.3 Poverty

The unemployment rate in the Metro is at 36.8% (CS, 2016) - up by 4.2 % from the same period last year (31.8%). The number of unemployed in the Bay increased from 159 000 to 202 000. The impact of high unemployment remains a great concern to residents and all key stakeholders in the Metro.

2.4 Safety

The safety and security of local communities, residents, visitors, tourists and holidaymakers is a key focus area of the Municipality. To make the city safer, the institution provides a broad spectrum of services. The emergency services that are provided to ensure the safety of all communities and visitors include Disaster Management, Fire and Emergency and Security Services, as well as Traffic and Licensing Services.

2.5 USDG

The NMBM is performing very well in respect of USDG spending, which resulted in the Municipality receiving an amount of R200 million. The USDG is allocated to metropolitan municipalities for urban development purposes only. Due to poor performance in certain metropolitan municipalities, National Treasury resolved or gazetted the amendment of the USDG allocation from poorly performing metropolitan municipalities to best performing municipalities - and thus the NMBM became one of the beneficiaries of this allocation.

2.6 The 2017/18 Annual Report achievements

- Provision of integrated and sustainable human settlements:
 - 359 state subsidised housing units provided.
 - 144 social housing units provided.
 - 3 009 erven provided with permanent water and sanitation services.
 - 910 households relocated from stressed informal settlements and other servitudes to Greenfield development areas.
- Provision of quality potable water and reliable water supply:
 - 100% of households (both formal and informal) have access to a basic level of water supply (including households within a 200 m radius of a standpipe).
- Provision of sanitation services:
 - 98% of households (both formal and informal) have access to a basic level of sanitation.
- Provision of electricity and energy:
 - 1 581 electricity connections provided.
- Provision of solid waste management services:
 - 100% households within the urban edge are receiving a weekly domestic waste collection service (excluding informal areas on privately owned erven and erven not earmarked for human settlements development).

- Provision of recreational facilities and public amenities:
 - Two beaches upgraded through the provision of either revetments / parking areas / walkways / security cameras / picnic facilities and/or dune stabilisation.
 - 64 public open spaces upgraded through the provision of either outdoor gym equipment / fencing / pathways / benches and/or playground infrastructure.
 - Six cemeteries upgraded through either the construction of berms / installation of cameras / upgrade of the sewerage system and/or the provision of fencing.
 - 60% completion of the Main Library Restoration / Upgrade.
- Response time to emergencies:
 - 7 minutes and 29 seconds average response time to traffic emergencies within Nelson Mandela Bay (from Control Centre receiving notification of emergency to dispatched officer arriving at the scene).
 - 12 minutes and 16 seconds average response time to fire emergencies within Nelson Mandela Bay (from Control Centre receiving notification of emergency to dispatched officer arriving at the scene).

2.6.1 Some of NMBM, Sector Departments and State-owned Enterprises' Strategic Projects implemented

2.6.1.1 Nelson Mandela Bay Municipality

(a) Drought Responsive initiatives

- Nooitgedagt Low Level Scheme (Drought Mitigation Project) - Phase 1 of the project was completed in 1993. Phase 2 was completed in July 2017 and Phase 3 is due for completion in November 2019.
- Groundwater Exploration - Exploratory drilling to locate groundwater has been completed. One production hole has been completed. A water treatment works is required to remove iron and manganese.

- Water Conservation and Water Demand Management - The new water loss contractor commenced work in the 2017/18 financial year. A supporting leak repair contractor is in the process of being appointed.
- Return Effluent Scheme - Designs and Environmental Impact Assessments have been completed. A reservoir is being constructed at Coegakop, as part of Phase 1. The total project cost is R600 million.
- Sundays River return flows pre-feasibility study on the desalination of seawater.

(b) Public Health Initiatives

- The Municipality is committed to ensuring that all stakeholders mainstream HIV/AIDS, Tuberculosis (TB) National / Provincial Strategic Plan (2017-2021) objectives externally and internally.
- Environmental impact challenges and the effects of climate change.
- Illegal dumping.
- Institutional Occupational Health and Safety Act legal compliance.
- Proliferation of food safety risks, food fraud and counterfeit foodstuffs, including foodborne diseases.

(c) Electricity and Energy

- Ensure universal access to safe and reliable electricity supply for all the residents of Nelson Mandela Bay.
- Provide support to social and economic activities through capable and reliable electricity infrastructure.

- Provide public lighting to all the areas in the Metro in order to improve the overall safety of the city.
- Implement renewable energy and alternative energy technologies in order to ensure future sustainability.
- Support and implement Smart City programmes to enable universal digital connectivity between all devices and communities, smart metering, measuring, monitoring of all municipal infrastructure and the future of electric vehicles.

(d) Sports, Recreation, Arts and Culture (SRAC)

- Updating the maintenance programme to make sure that public sport and cultural facilities are in a safe and healthy state, for the benefit of all the residents who use such facilities.

2.6.1.2 Provincial Department of Public Works

TABLE 4: Provincial Department of Public Works - Repairs

| No | Details of Projects / Programme to be undertaken in 2018/19 | Overall Budget Provision per project/programme | Areas targeted for implementation |
|-----------|--|---|--|
| 1. | Jubilee Park | R77 460 900,00 | Uitenhage |
| 2. | David Livingstone | R 71 460 900,00 | Port Elizabeth |
| 3. | Bhongweni | R 39 989 440,76 | Port Elizabeth |
| 4. | Mfesane | R 80 755 357,06 | Port Elizabeth |
| 5. | Bethelsdorp | R 80 025 172,80 | Port Elizabeth |
| 6. | Dora Phase 1 | R 99 851 315,06 | Port Elizabeth |
| 7. | Dora phase 11 | R 119052000,6 | Port Elizabeth |

Source: Provincial Department of Public Works

2.6.1.3 Airport Company South Africa (ACSA)

Mandate and Key Strategic Objectives:

- Cooperation between the NMBM and ACSA around development planning and Airport Master Plan and precinct planning to ensure alignment.
- Manage and align developments to ensure maximum economic and social beneficiation for the region.
- Leverage Airport as an economic engine and connectivity node – Airlift Project.
- Positioning Port Elizabeth International Airport as an Airport City to leverage for economic growth.

2.6.1.4 Passenger Rail Agency of South Africa (PRASA)

TABLE 5: PRASA Planned Projects until 2022

| Motherwell Passenger Rail Corridor Project | FY 2019/20 | FY 2020/21 | FY 2021/22 |
|--|------------|--------------|-------------|
| | R5 618 733 | R168 106 292 | R22 417 823 |

Source: PRASA (2018)

2.6.1.5 Provincial Department of Human Settlements

TABLE 6: Human Settlements Pipeline Projects

| Pipeline Projects | Project Size | Status |
|-------------------------|--------------|--|
| Doornhoek | 40 | Approved – 08/0818 |
| Dikiza Street | 8 | Approved – 08/0818 |
| Ntswahlana Street | 10 | Approved – 08/0818 |
| Kabah Langa PH 6 | 54 | Approved – 08/0818 |
| Kabah Langa PH 6 | 54 | Approved – 08/0818 |
| Pola Park | 50 | Approved – 08/0818 |
| Motherwell NU 12 | 350 | Item submitted to Technical Evaluation Committee |
| Mandela Rholihlahla | 4 | Approved – 08/0818 |
| Uitenhage Erf 8228 | 111 | Approved – 08/0818 |
| Motherwell High Density | 117 | Approved – 08/0818 |
| Uitenhage Blikkiesdorp | 731 | Busy with beneficiary survey |

| Pipeline Projects | Project Size | Status |
|--------------------------|---------------------|-----------------------------|
| Bethelsdorp North Area C | 6500 | Approved – 113 Units |
| Uitenhage Rosedale Ph 2 | 299 | No application in place yet |
| Jagtlakte PH 1 | 353 | No application in place yet |
| Despatch Florida Heights | 639 | No application in place yet |

Source: Department of Human Settlements (2018)

2.6.1.6 Roads and Transport

The development of a maintenance plan for road networks in partnership with relevant Provincial and National Departments.

2.7 Key Performance Areas (KPAs) of Local Government

- (a) Basic Service Delivery and Infrastructure Development.
- (b) Spatial Development Framework.
- (c) Local Economic Development.
- (d) Municipal Transformation and Organisational Development.
- (e) Good Governance and Public Participation.
- (f) Financial Sustainability and Viability.

2.8 Strategic Objectives

The strategic objectives of the Municipality's IDP *inter alia* include the following:

- (a) Transform institutional systems, processes and organisational structure to high performance to effectively deliver basic services.
- (b) Ensure financial prudence and transparent governance.
- (c) Grow and diversify the local economy through the attraction of new investments, skills development and the facilitation of an enabling environment for small business growth and job creation.
- (d) Facilitate and promote infrastructure led growth, development and tourism.

- (e) Develop an effective and integrated public transport system that promotes access to opportunity through mobility.
- (f) Deliver well-resourced and capacitated Metro policing and emergency services to ensure the safety of communities and visitors.
- (g) Provide infrastructure that improves the safety of communities and visitors.
- (h) Spatial and built developments that promote integrated neighbourhoods, inclusive communities and a well-connected Nelson Mandela Bay.
- (i) Promote the health and well-being of all communities through the spatially equitable provision of social infrastructure.
- (j) Provide effective general environmental and public health services.

2.9 Results of the Provincial Assessment of the 2018/19 IDP by COGTA (EC)

The IDP is subjected to provincial assessment on an annual basis in line with Section 31 of the Municipal Systems Act 32 of 2000. Included are the outcomes of such a process for the last three financial years.

TABLE 7: NMBM IDP Ratings (Dept. of Local Government & Traditional Affairs)

| KPA | 2016/17 | 2017/18 | 2018/19 |
|--|---------|---------|---------|
| Spatial Development Framework | High | High | High |
| Service Delivery | High | High | High |
| Financial Viability | High | High | |
| Local Economic Development | High | High | High |
| Good Governance and Public Participation | Medium | Medium | Medium |
| Institutional Arrangement | Low | Low | Low |
| Overall Rating | High | High | High |

Source: Eastern Cape COGTA (2018)

CHAPTER 3: METHODOLOGY AND STAKEHOLDER ENGAGEMENTS

Chapter Seven (7) of the Constitution of the Republic of South Africa, Act 108 of 1996, Chapter Four (4) and Five (5) of Local Government Municipal Systems Act, 32 of 2000 and Chapter Four (4) of the Municipal Finance Management Act Number 56 of 2003 compel municipalities to engage communities through public participation programmes.

The summary below outlines some of the initiatives implemented to make inputs in the review of the 2018/19 IDP and Budget:

- An IDP App was developed and implemented alongside an IDP Input form on the municipal Website (www.nelsonmandelabay.gov.za).
- Attendance of organized public participation meetings to make inputs throughout the Metro.
- Councillors were requested to inform their constituencies/communities about the meetings.
- The Religious Desk in the Speaker's Office assisted by encouraging their congregants to participate in the planned meetings.
- Newspapers adverts were published.
- Radio slots and live radio reads were used.

TABLE 8: Priorities with highest frequency in Wards during IDP / Budget Review (August 2018 to May 2019)

| PRIORITIES RAISED | WARDS |
|---|---|
| 1. Upgrade and maintenance of sewerage system | 4, 10, 12, 13, 15, 16, 18, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 31, 36, 41, 44, 45, 47, 49, 53, 55, 56, 57 & 60 (29) |
| 2. Skills development | 4, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 24, 25, 27, 28, 31, 33, 34, 36, 41, 42, 43 & 44 (23) |

| PRIORITIES RAISED | WARDS |
|---|--|
| 3. Rectification of houses | 3, 4, 10, 15, 18, 21, 24, 25, 26, 27, 28, 30, 31, 33, 34, 35, 36, 37, 53, 54, 55 & 60 (22) |
| 4. Rectification of pre-1994 houses | 3, 4, 10, 15, 18, 21, 24, 25, 26, 27, 28, 30, 31, 33, 34, 35, 36, 37, 54, 55 & 60 (21) |
| 5. Provision of street lights and high mast lighting | 4, 10, 11, 13, 14, 15, 18, 21, 24, 27, 28, 29, 30, 31, 32, 33, 34, 35 & 36 (19) |
| 6. Construction of sport fields and upgrading / maintenance | 4, 11, 13, 14, 15, 18, 20, 21, 22, 23, 24, 28, 31, 32, 33, 34, 36, 53 & 59 (19) |
| 7. Visibility of Metro Police and SAPS | 4, 10, 12, 13, 14, 15, 18, 20, 27, 29, 31, 32, 33, 34, 35, 41, 57 & 60 (18) |
| 8. Attend to Illegal dumping | 12, 15, 18, 20, 24, 26, 28, 30, 31, 32, 34, 36, 43, 44, 45, 46, 47 & 53 (18) |
| 9. Provision of houses | 4, 11, 12, 13, 15, 18, 24, 25, 27, 30, 31, 32, 33, 34, 36 & 53 (16) |
| 10. Tarring of roads and construction of speed humps | 4, 11, 12, 13, 14, 15, 24, 29, 30, 31, 32, 33, 34, 35, 36 & 53 (16) |

Source: IDP Office - Ward Priorities (2019)

CHAPTER 4: Financial Sustainability and Viability

4.1 Introduction

The Municipality has stabilised its finances and significantly improved its cash holdings. The Budget and Treasury team continues to strive to improve the financial position of the institution by focusing on core principles, that is, the collection of all outstanding debt from those that can afford to pay for their municipal services.

4.2 Long-Term Financial Sustainability Plan (LTFSP)

Long-term financial planning forms a key element of the Integrated Development Plan (IDP), which enables local government to set priorities, aligned to achieving the strategic objectives of Council. The Long-Term Financial Sustainability Plan (LTFSP) must be constructed over a minimum period of 10 years and will be instrumental in indicating the financial sustainability of the Nelson Mandela's Bay Municipality over the short, medium and long term.

TABLE 9: Financial targets for the period 2018/19 to 2023/24

| | 2018/19 (Baseline) | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--|-----------------------|---------|---------|---------|---------|---------|
| Income | % | % | % | % | % | % |
| Fines, Penalties and Forfeits | 20.0 | 7.0 | 7.5 | 7.8 | 7.9 | 7.9 |
| Interest, Dividend and Rent on Land | 8.95 | 6.5 | 6.8 | 7.0 | 7.2 | 7.5 |
| Licences or Permits | 6.00 | 7.0 | 7.5 | 7.8 | 7.9 | 7.2 |
| Operational Revenue | 8.5 | 7.0 | 7.5 | 7.8 | 7.9 | 7.9 |
| Property Rates | 5.0 | 7.77 | 9.52 | 9.56 | 7.25 | 7.25 |
| Rental from Fixed Assets | 8.95 | 7.0 | 7.5 | 7.8 | 7.9 | 7.9 |
| Sales of Goods and Rendering of Services | 6.0 | 7.0 | 7.5 | 7.8 | 7.9 | 7.9 |

| | 2018/19 (Baseline) | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--|-----------------------|---------|---------|---------|---------|---------|
| Water tariff increase | 8.5 | 7.5 | 9.5 | 9.8 | 9.9 | 9.9 |
| Waste Water Management tariff increase | 8.5 | 7.5 | 9.5 | 9.8 | 9.9 | 9.9 |
| Waste Management tariff increase | 7.5 | 7.5 | 9.5 | 9.5 | 9.5 | 9.6 |
| Electricity tariff increase | 5.84 | 13.07 | 13.07 | 13.07 | 13.07 | 13.07 |
| Revenue collection rates | 95.00 | 94.0 | 94.5 | 94.5 | 94.5 | 95 |
| | | | | | | |
| Expenditure | | | | | | |
| Bulk purchase of power costs (subject to determination by NERSA) | 7.30 | 15.67 | 15.67 | 15.67 | 15.67 | 15.67 |
| Bulk purchase of water costs | 6.0 | 8.5 | 9.0 | 7.5 | 7.5 | 7.5 |
| Contracted Services | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Employee Related Costs (subject to Three Year Agreement re Salary Negotiation currently in progress) | 9.0 | 9.5 | 9.7 | 9.8 | 9.8 | 9.9 |
| Inventory Consumed | 6.0 | 4.5 | 5.5 | 4.5 | 4.5 | 4.5 |
| Operating Leases | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Operational Costs | 6.0 | 4.5 | 5.5 | 4.5 | 4.5 | 4.5 |
| Remuneration of Councillors | 5.0 | 5.5 | 6.0 | 6.1 | 6.2 | 6.3 |
| Transfers and Subsidies | 6.0 | 5.5 | 5.5 | 4.5 | 4.5 | 4.5 |
| Depreciation and Amortisation | 6.0 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Repairs and Maintenance (consists of Contracted Services, Inventory Consumed and Other Expenditure relating to the maintenance of capital assets) | 6.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |

4.3 Credit Rating

A credit rating is an evaluation of the credit risk of a prospective debtor, predicting its ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting.

Moody's Investors Services confirmed the long-term global scale ratings of ten (10) South African regional and local governments with stable outlooks. In addition to the long-term global scale rating of Baa3 with stable outlook assigned to the Nelson Mandela Bay Municipality, Moody's Investors Services also upgraded the national scale rating to Aaa.za from the previous rating of Aa1.za, based on the persistently low debt levels and strong liquidity profile. This was done also taking into cognisance the intention of the NMBM to borrow R750 million over the next three (3) years.

4.4 Revenue Enhancement and Improvement of Debt Recovery

A Revenue Enhancement Strategy was developed by the service provider and handed over to the Municipality for implementation. The Municipality adopted a phased approach in respect of the roll-out of the Strategy, in collaboration with relevant directorates within the institution. The results of the success or failure of the Strategy will present themselves in financial years to come.

4.5 Funding of Capital Expenditure

The table below reflects the historical reliance on government grants to fulfill the mandate of providing services to the community:

TABLE 10: SOURCES OF FUNDING FOR THE NMBM

| Sources of funding | 2015/16 | % | 2016/17 | % | 2017/18 | % |
|---------------------------|----------------|----------|----------------|----------|----------------|----------|
| Government grants | 760,841 | 56,28% | 849,241 | 59,74% | 1,114,353 | 67,80% |
| Other grants | 16,671 | 1,23% | 5,170 | 0,36% | 19,479 | 1,19% |
| Public contributions | 47,757 | 3,53% | 107,513 | 7,56% | 52,479 | 3,19% |
| Internal funds | 526,641 | 38,96% | 459,589 | 32,33% | 457,147 | 27,82% |
| Total Capital funding | 1,351,900 | 100% | 1,421,512 | 100% | 1,643,458 | 100% |

4.6 Capital and Operating Spending Results

TABLE 11: CAPITAL AND OPERATING SPENDING BY THE NMBM

| | 2015/16 | | | 2016/17 | | | 2017/18 | | |
|--------------------------------|---------------|---------------|----------------|------------------|------------------|-----------------|-----------------|----------------|----------------|
| R thousand | Budget | Actual | Audited | Budget | Actual | Audited | Budget | Actual | Audited |
| Operating Revenue | 9 388 921 | 8 797 972 | 8 797 972 | 9 401 671 | 8 991 343 | 8 815 336 | 9 651 844 | 9 753 191 | 9 542 116 |
| % Operating Revenue | | 93.71% | | | 95.64% | 93.76% | | 101.05% | 98, 86% |
| Operating Expenditure | 9 321 591 | 8 765 724 | 8 765 724 | 9 823 533 | 9 292 077 | 8 864 815 | 9 676 868 | 8 862 049 | 8 830 004 |
| % Operating Expenditure | | 94.04% | | | 94.59% | 90.24% | | 91.58% | 91, 25% |
| Net Surplus / (Deficit) | 67 330 | 32 248 | 32 248 | (421 861) | (300 734) | (49 479) | (25 024) | 891 142 | 712 112 |
| | | | | | | | | | |
| | | | | | | | | | |
| Capital Expenditure | 1 573 441 | 1 352 298 | 1 351 900 | 1 552 012 | 1 421 512 | 1 430 912 | 1 669 909 | 1 643 457 | 1 643 457 |
| % Capital Expenditure | | 85.95% | | | 91.59% | 92.20% | | 98.42% | 98, 42% |
| | | | | | | | | | |

CHAPTER 5: OVERSIGHT, REPORTING, MONITORING AND EVALUATION

This Chapter outlines the important aspects of oversight, reporting, monitoring and evaluation in the institution in order to ensure accountability and delivery of the Integrated Development Plan and its strategic objectives.

5.1 The key offices, role-players and structures listed below:

- Executive Mayor
- Municipal Public Accounts Committee
- Rules and Ethics Committee
- City Manager
- Office of the Auditor-General
- NMBM Audit Committee
- NMBM Internal Audit and Risk Assurance
- Risk Management Committee
- Performance Management and Monitoring and Evaluation
- Supply Chain Management
- Ward Committees

5.2 The top ten key risks of the NMBM are:

1. Insufficient bulk water and sanitation infrastructure
2. Delays in providing basic services to communities
3. Pollution of rivers
4. Inability to package, develop and avail municipal land
5. Illegal electrical connection/major hazards installation
6. Misapplication of internal procurement processes
7. Safety of employees and assets compromised
8. Inability to provide an efficient, reliable, safe, affordable and accessible public transport system
9. Perpetuation of fraud, corruption and irregularities within the institution
10. Ineffective coordination of internal and external stakeholder engagements

5.3 Ward Committees

All sixty (60) Wards in the NMBM have functional Ward Committees. The main function of a Ward Committee is to act as the formal communication channel between Council and the community. In the NMBM, Ward Committees were inaugurated on 21 June 2017. A number of training and capacitation programmes were presented to them.

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