

## SECTION A: EXECUTIVE SUMMARY

### 1.1 Locality

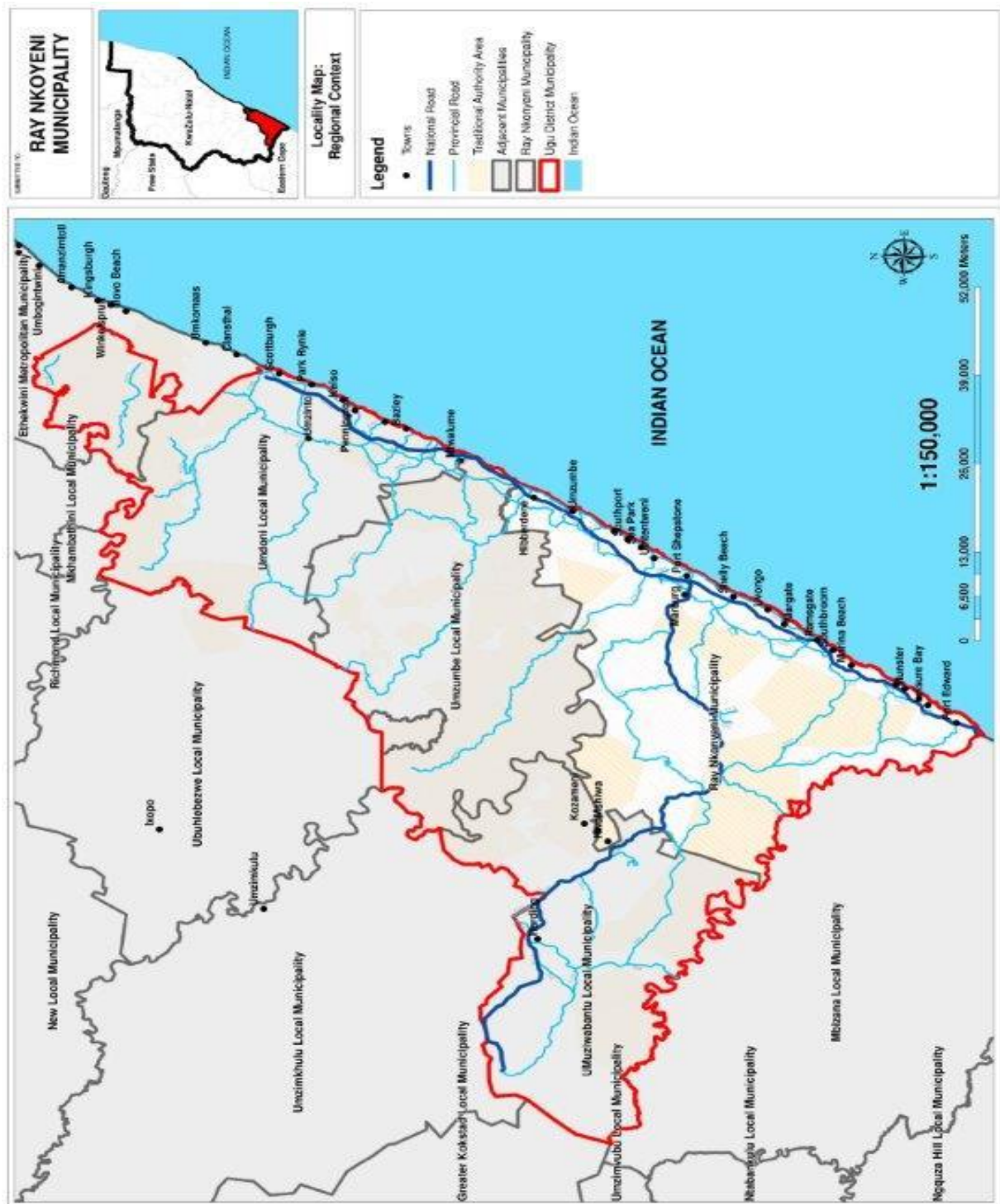
Ray Nkonyeni Municipality is a category B municipality and falls within Ugu District (DC21) found on the southern part of KwaZulu-Natal (KZN). Its administrative seat is in Port Shepstone. The municipality borders the Indian Ocean on its eastern part while the far southern part of the municipality runs Umtamvuna River which is the boundary between KwaZulu Natal (KZN) and the Eastern Cape. The north-western part is bordered by Umuziwabantu Municipality while Umzumbe municipality borders the northern part and Umdoni Municipality is on its north-eastern boundary. Its boundary extends further to the hinterland which is basically rural and is administered under traditional authority. The coastal belt stretches from Hiberdene to Port Edward and covers approximately 72 km.

The coastal belt is characterised by urban formal development and is more developed while the interior has sparsely populated housing typologies with less development. The hinterland is further characterized by steep topography which is one reason probably of less development and this has further affected the settlement patterns. The furthest northern part of the municipality is largely characterized by protected and conservation worthy areas. There are no economic nodes in the hinterland except for one small town, Izingolweni, with a few retail shops. Also in the hinterland is the breathtaking Oribi Gorge which serves. The gorge also serves as a tourist attraction as well as home to a number of rare species and indigenous forests. On the contrary, the coastal belt is completely dotted by economic nodes of different hierarchies. There are also conservation areas dotted along the coastal belt.

The municipal area covers approximately 1594km<sup>2</sup> in geographic area. Privately owned land constitutes approximately 26 500 hectares. The spatial location of the municipality is an advantage as the National Road (N2) runs through it providing accessibility and linkage with both Ethekwini metropolitan area and beyond as well as the Eastern Cape. The distance from the City of Durban (Ethekwini Municipality head office) to Port Shepstone (RNM headoffice) is 120km. It must be noted that Durban is the main commercial center of KZN and one of the seven metropolitan cities of the Republic of South Africa. Our municipality's close proximity to this sole metropolitan city of the province is a locational advantage.

Below is a locality map of the municipality.

### Map 1: RNM Municipality Locality map



SOURCE: RNM GIS 2016

## 1.2 Settlements

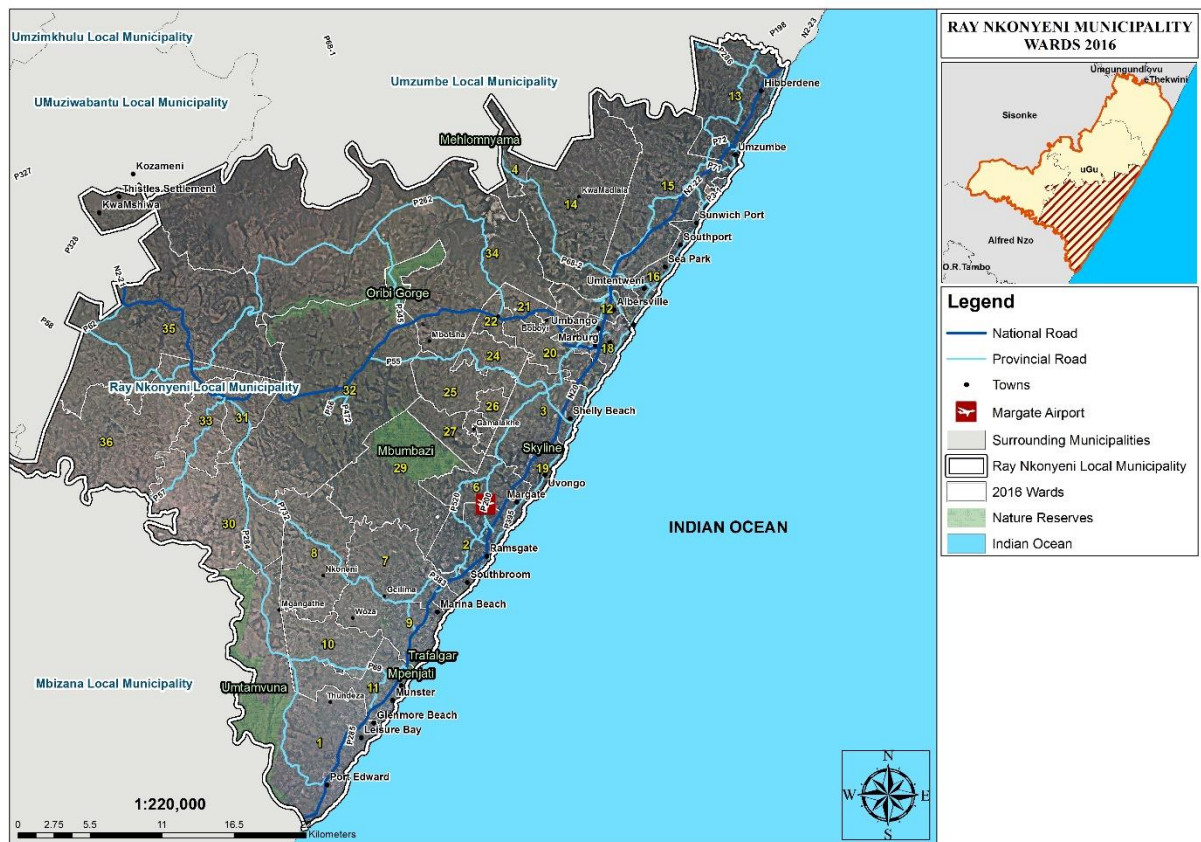
The main urban centres are found along the coast. The inland region of the municipality as indicated earlier on has more land under the leadership of tribal authorities. Following is a table indicating towns and traditional settlements of the municipality.

Table1: Town Centres and Traditional Settlements

<b>Town Centers</b>	<b>Traditional Settlements</b>
Hibberdene	KwaXolo
Port Shepstone	KwaNzimakwe
Shelly Beach	KwaNdwalande
Uvongo	KwaMadlala
Margate	KwaMavundla
Ramsgate	Oshabeni
South Broom	Kwa Nyuswa
Port Edward	KwaMthimude
Ezingolweni	KwaVukuzithathe

On the following page is a map indicating the Traditional Authority boundaries. It can be noted also that these traditional authority lands vary in size. For an example, traditional areas near urban areas seem to have dense population as compared to those in furthest hinterland. This is due to the proximity of towns where people are either employed or seek job opportunities on daily basis.

Map 2: Traditional Authority Map



### 1.3 Housing/ Settlements typology

Ugu has an urban development bias. Ray Nkonyeni Municipality land area is characterised by developed urban coastal strip, commercial farming immediately stretching in land and dispersed rural settlements where there is little subsistence farming taking place. Most land furthest inland has commercial agriculture. Naturally, most of the developed human settlements is along the coastal belt as this is where main economic activities take place and land competition has intensified in these areas which is contrary to urban formal settlement. Settlements in rural areas are not yet controlled through land use management scheme and as a result is largely disorderly. However, rural land use management scheme is underway and soon controls will be introduced. Building in rural areas is not controlled using building regulations standards, posing challenges on safety of structure.

## **1.4 Population**

Ray Nkonyeni Municipality has a population of approximately 348 553. The population within the municipality has been growing rapidly throughout the years. There has been a constant racial pattern as well, with Africans being dominant by a huge margin (82%) and followed by Whites (11%). The African population is distributed throughout the municipal 36 wards. Wards along the coastal belt are densely populated due to economic reasons. Compared to the other three sister local municipalities within the district, RNM has the highest population. Since 1996 to date, there has been a steady increase in the population mainly due to immigration given the better socio-economic opportunities in RNM compared to other place in the district and neighboring northern part of Eastern Cape Province. Although there was overall increases across races, Indians fluctuated.

The highest population category of the municipality is young people between the ages of 14 and 35. The entire district youth population is 434 080, with RNM alone accounting for just over 50% of this figure.

Consistent with the national trend, the municipality has less males than females. This is attributed to socio-economic factors. In as much as RNM has a thriving economy, due to the steady influx of people from other neighboring municipalities and other areas over the years, there has been a steady rise of unemployment. This has resulted in many people migrating to in search of greener pastures. Another contributing factor of why the number of males is lower is the social factor. According to the district's Department of Health, statistical information, many men succumb to diseases early in life compared to women.

## **1.5 Economic development**

Ray Nkonyeni is the ultimate economy booster of the entire district due to its location. Commercial agriculture and other numerous companies successfully export products to some of the exclusive areas around the country. The improvement of its infrastructure, education, health and recreational facilities contribute immensely to its appeal. Ray Nkonyeni is the most developed as compared to the other three local municipalities within the District and thus functioning as a regional center. It is also the most densely populated municipality. The Provincial Growth and Development Strategy and the National Spatial Development Framework show that one of the primary development corridors has extended from Durban into Ugu District, RNM specifically. The corridor recognizes existing economic activities

and aims to enhance them. Further, it should be noted that most business activities take place along the coastal belt.

The main features of the local economy are tourism, services, agriculture and some limited manufacturing. To grow the economy and broaden ownership, there is some concerted effort to support Small, Medium, Micro Enterprises (SMME's) and have recently supported establishment of their association. Through its Extended Public Works Programme (EPWP), the municipality provides gap job opportunities to many unskilled especially young people and this is implemented mainly through its infrastructure development and services programme. The Previously Disadvantaged Individuals, the youth and disabled members of the municipality are given first preference in job opportunities as a way of redress and equity. The EPWP has projects has been focusing on street cleaning, verge cutting and refuse removal.

### **1.6 Opportunities and Development Strengths**

Ray Nkonyeni Municipality provides an attractive destination with wide range of amenities and facilities of good quality as well as public infrastructure making it attractive and conducive for its residents and tourists alike. However, like many areas in the country, the municipality is faced with a challenge of two-worlds in one community divided along rural/urban split. The urban part is where most good quality amenities, facilities, infrastructure and services is enjoyed with the rural portion still having at least facilities and infrastructure and only to a limited extent. As a result, yearly, the municipality strives to innovatively find a balance between keeping the existing urban infrastructure, facilities, amenities and services being of good quality and also expanding such to rural side. Great efforts are being made to reduce backlogs by prioritising basic needs to improve the quality of life of the citizens as per the principles set out in the NDP.

Ray Nkonyeni Municipality's success lies in its current stable economic activities. Further economic opportunities and development can be explored through for example, economic development corridors, Izotsha economic corridor is one such example. There is a potential for eco- tourism in both rural and urban areas due to the natural assets and beautiful scenery. For instance also, there is the Red Dessert in Port Edward, Petrified Forest in Trafalgar, the ancient rock art is found at KwaXolo area which is an indication that this area was once inhabited by the Khoi-Sans, Impenjathi Resort, as well the rocks at Shelly Beach which are said to be from the volcanic eruption, brought to the beach from Antarctica. The Oribi Gorge on the North Eastern part of the municipality is another tourist attraction and serves as an eco-

tourism corridor. Tourism is expanding on a large scale in the lower Oribi Flats area, specifically from D251 and this is here the only 5 star hotel in the region is located.

On mainstream economy, there is a growing potential for the growth of the economy judging by recent performance of Margate Airport which was reopened in November 2013. According to the airline operator, over the last years almost 5000 passengers have used the airline flying between OR Tambo International Airport in Johannesburg and Margate. While this was initiated as a one return flight scheduled for selected dates per week, this has grown tremendously. It started as one flight about three times a week to now having at least a flight daily and in fact two flights on Sunday, Monday and Fridays. Further, during peak periods, there are more flights. The redevelopment of the airport and related infrastructure therefore will give the area breath of fresh air.

## **1.7 Tourism**

Ray Nkonyeni Municipality is a strong tourist attraction place, boasting of well-developed products. Added to that is the climate which is humid and subtropical all year-round, thus a leading tourist destination in KZN. Margate and Port Shepstone are two main centres with public infrastructure, beautiful coastline with blue flag beaches and other tourism the latter mainly playing administrative role while the former is more of tourism attraction point with most tourism products developed in and around this town.

Margate is the main holiday resort throughout the year. The town is also the economic center for the strip of coastline almost completely made up of accommodation, holiday homes and tourist-related establishments. The regional airport is also located in Margate. The coastline of the municipality is also dotted with small towns, many of which serve as seasonal recreational hubs, such as Hibberdene, Shelly Beach, Uvongo, Ramsgate, Southbroom and Port Edward. These towns feature a wide range of tourist-oriented businesses, including restaurants, bars, clubs, movie houses, golf courses, clothing shops, museums and hotels, lodges and Bed and Breakfast.

Further inland of the municipality, an agri-tourism corridor has been identified and further investigated to include the entire P262 as it traverses the landscape. It is believed that this extended tourism corridor is vital for development in the northern portions of the municipality.

The municipality boasts of beaches with international standards accreditation called the blue flag beach managed in South Africa by WESSA. This international recognition uses stringent criteria focusing on critical aspects such as excellence in terms of safety, amenities, cleanliness and environmental standards. The following beaches have been identified with Blue Flag

Status along the Hibiscus Coastline:

- Hibberdene Beach
- Lucien Beach
- Marina Beach
- Southport Beach
- Trafalgar Beach
- Umzumbe Beach
- Ramsgate Beach

### **1.8 Agriculture**

The municipality is generally characterized by good potential agricultural land that needs to be preserved for food production. There is mixed agricultural practice. Commercial farming is dominated by sugar cane farms and banana plantations along the coastal strip. Sugar cane and bananas are grown at a large scale while cattle rearing, macadamia nuts and vegetable growing are in small holdings. Subsistence farming (maize growing, amadumbe, beans and sweet potatoes) is practiced mainly in the hinterland where by families grow for consumption. There is a small scale growth of sugar cane farming in the interior, practiced mainly by emerging Black farmers. Seasonal rains, steep topography, poor infrastructure and lack of new scientific methods of ploughing are some of the shortfalls these farmers experience.

The status quo depicts that much land in the interior is dedicated to sugar cane production within the service area of the Umzimkhulu Sugar Mill. The two mills that service the Municipality are Umzimkhulu Mill near Port Shepstone, and Sezela Mill situated next to the coast between Pennington and Bazely Beach.

The Umzimkulu Sugar Mill receives deliveries and processes cane from a large area. Due to the closeness to the sea, and commercialisation and urbanisation of the coastal belt, the growing area is now mainly inland from the mill, stretching as far as Harding and with some areas in the former Transkei (cane deliveries have dramatically reduced from this region). Cane deliveries now occur mostly from areas situated more or less within a 30-35 km radius from the Mill.

### **1.9 Urbanisation, Development and upgrades**

Ray Nkonyeni Municipality has experienced enormous pressure in development over the past year. This is in line with the municipality's urban renewal policy. It is notably

that the municipality experiences, in line with international trends, the highest level of urbanisation. There is rapid and growing urbanization within the municipality. There is also a lot of development activities in a form of residential as well as beaches upgrade. A number of catalytic projects are also taking place which many people have found employment. This is line with the Ugu District Growth Strategy.

The municipality is a business licensing authority and policies have been developed to encourage more businesses into the municipality, more especially the private sector. The CBD in Port Shepstone is quickly reviving its appearance as more establishments are being developed.

### **1.10 Investment Opportunities (Catalytic Projects)**

To achieve the its long term vision, the municipality is aligned to the National Development Plan 2030 and Local Government policy outcome 9 which states that there should be locally driven public employment programmes. The municipality has catalytic projects which have potential to significantly alter the unemployment challenge faced by the area and grow the economy of the municipality.

These are projects seen as having potential irrespective of powers and functions and affordability of Council and only use need and desirability/impact as the criteria.

Furthermore, these projects are defined by their ability of to have high impact in the economy in terms of the Gross Domestic Product (GDP) of the municipality and will have ability to create permanent and sustainable jobs. Listed below are projects that are regarded as catalytic projects, being and are in different stages of implementation.

Table 2: Catalytic Projects

NAME OF PROJECT	INITIATOR	STATUS
<b>Justice Park in Port Shepstone</b>	RNM/	It is an essentially a development of a high court and more magistrate courts and office block to accommodate the Department of Justice needs. Total project value is estimated at R360m. RCM made land available for the project and the Department of Public Works is currently packaging the entire project which is to complete in due course.
<b>Intermodal Public Transport Facility</b>	RNM/KZN DoT	To be developed at the current Port Shepstone taxi rank. This project will be a public transport ranking, facility with high order commercial mix. The facility in essence will be a bus and taxi rank and a mall.
<b>Regional Technology Hub</b>	RNM/KZN TREASURY	To be developed at Izotsha. This initiative is funded by the Premiers office. The main attributes of the Technology hub include, specialised business park with tenants focused on technology and scientific research, closed alignment to tertiary institutions and their academic staff and partly linked to a wider research system. Phase one is under construction currently.
<b>Public Sector Investment</b>	RNM RNM/DAC RNM/NDPW	Port Shepstone library under construction  Port Shepstone Museum currently under construction. The Municipality signed the Memorandum of Understanding with the National Department of Public Works.  Small craft Harbours at Hibberdene  PortShepstone and  Port Edward

		MoU signed between the municipality and the NDPW and are all at a conceptualization stage
<b>Margate Beach front redevelopment</b>	RNM	It is underway and funded by Cogta to give a new look to the beach. First southern phase development of promenade has been completed. Plans are underway for main beach area and Northern portion. The approved budget was R30M.
<b>Margate Airport</b>	RNM	The upgrade of Margate Airport has made it easier for tourists to access the district once they are in the province, as well as making it significantly easier and simpler for the tourists to remain in the province for longer periods, due to the expanded range of tourism product in keeping with the tourists' needs. In addition, the area around Margate airport presents substantial potential for future industrial development. The Department of Co-Operative Governance and Traditional Affairs, (COGTA) financed this operation to the tune of R10m for the upgrade of the Margate Airport and the project bore fruit in November 2013 when the first airline landed. It is a commercial airliner and is operating between OR Tambo and Margate respectively until more lines are opened. The Provincial Treasury has a project to revitalize all the regional airports. Flights are between Margate and OR Tambo and there has been demand thus more flights have been added, and then more destinations would be added. Scheduled flights initially were to fly on certain days per week between the two destinations, but due to demand the flights are daily. The Municipality is working towards ensuring that the airport is sustainable and marketing campaigns will be done to improve awareness of it.
<b>Tourism and Ecotourism development</b>	SCDA	Tourism Development Strategy for Ugu South Coast Tourism Region completed recently introduces a sector specific vision and the associated long-term goals. The goals are developed in alignment to the national responsible growth objectives. Both the tourism and eco-tourism of Hibiscus Coast seeks to deliver a welcoming world class visitor experience. The projected budget value is R158.5m per annum.
<b>Marine Drive corridor and craft market:</b>		Village tourism should not be developed as a separate route, but an integral part of the products available to the tourists visiting the area. The municipality has identified a set of activities such as arts and craft market taking place in some areas and have package them into a unique product that appeals to the

		tourists, particularly international tourists. These are showcased in arts and crafts markets as well as flea markets. Marine Drive corridor is where this potential growth is taking place. A range of businesses are found along this drive, starting at Port Shepstone to Ramsgate. It is a stretch that is approximately 20km.
<b>Parking block in Dick King's Parking</b>	RNM	-The Port Shepstone CBD does not have enough parking and no parking block open for public ever built. Businesses are negatively affected in terms of getting more clients and optimal profit. Port Shepstone is experiencing massive development as a result of Justice Park; Department of Education Offices; extension of Port Shepstone Library and building of Maritime Museum. While these developments are adding value to the town, it will put more strain on businesses as the demand for the parking will be increasing exponentially. The idea is to then avail a municipal property strategically located for this purpose to a private developer and developed property without losing ownership. -Market for informal traders
<b>Municipal Office Precinct</b>	RNM	A Council Resolution has been obtained and currently finalizing the Municipal Financial Management Act/Supply Chain Management issues
<b>Ocean Upmarket Restaurant</b>	RNM	Conceptualizing stage
<b>Uvongo Hotel and Conference</b>	RNM	Conceptualizing stage
<b>Rural Tourism</b>	RNM/SCDA/CoGTA  RNM/TSC  RNM	1. KwaXolo Caves. Phase one has been completed and the SCDA is taking over the project 2. Nyandezulu Water Fall. Conceptualizing stage 3. Spatial Planning
<b>LOT 19 &amp;20 Light Industrial Development</b>	RNM	A resolution has been obtained from council for utilization of the property. Lay out has been completed as well as the zoning, however, layout and marketing still needs to be done and infrastructure funding application has been lodged with DTI

<b>Marburg Industrial Park</b>	RNM/SCDA	This project has been delegated to the South Coast Development Agency whereby the platform and design have been built and completed.
<b>R61 upgrade</b> <b>R102</b>	SANRAL  DoT	The design from South Broom to Umthamvuna has been completed and expropriation of land has started  To widen the road and sidewalks from the Oribi Plaza to the far bottom side of the Provincial hospital
<b>Formalization of Ezinqoleni Town</b>	KZN CoGTA	Public consultation has started. Lay out plan has been done. CoGTA is starting with subdivision and initiating controls.
<b>Light house sub-precinct</b>	RNM/TRANSNET/PRIVATE SECTOR	New pier  Restaurants and picnics facilities  Upgrade the feeder road to the sub precinct  Upgrade the lighthouse  Outdoor gym
<b>Station sub precinct upgrade</b>	TRANSNET	
<b>Port Shepstone Beach redevelopment</b>	RNM/PUBLIC WORKS/PRIVATE SECTOR	Proposed hotel  Active edge  Improved access to the beach  Periodic markets  Water world facility

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### **1.11 Infrastructure**

The municipality is fairly covered with sound soft and physical infrastructure and as a result most services are easily accessible to all residents albeit at varying scales with rural residents struggling to some extent. The point is that, compared to other rural areas in the region and the other sister municipalities of Ugu, accessibility of RNM rural population fairs well. However, the maintenance of such infrastructure is what is posing most challenges. There is quite good telecommunication network coverage although more still needs to be done to reach world standards. However, it must be noted that in the furthest rural northern part of the municipality, telecommunication network coverage is poor. There is also a serious problem of aging infrastructure especially on roads manifests itself in too much potholes. However, effective programmes to ensure all roads are in safe driving conditions are underway. The railway infrastructure linking RNM to Umdoni is non-functional. Also the Banana express rail linking the southern part along the coastal belt to Ezingoleni town is dysfunctional considering that this used to be a big tourist attraction more especially over the festive season, but proved very expensive to maintain.

## 1.12 Municipal Governance

Council consists of seventy one (71) Councillors and is led by Her Worship, Madam Mayor, Cllr NCP Mqwebu and Cllr D.H. Njoko as the Speaker. In addition, there is a Deputy Mayor, Chief Whip, MPAC chairperson and further 08 Executive Committee members as indicated below:

### Executive Committee (EXCO) members



Cllr NCP Mqwebu



Cllr Y Nair Cllr



Cllr DH Njoko



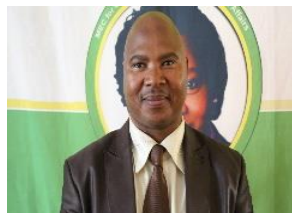
Cllr ZG Maphumulo



Cllr D Rawlins



Cllr AM Mpsi



Cllr AS Dlamalala



Cllr H Craig



CllrJS Ndovela



Cllr MT Lubanayana



Cllr L Ntanzu




Cllr S WNdwalane

## 1.13 Municipal Administration

The Municipality's administration is headed by the Municipal Manager, Mr SM Mbil assisted by seven Heads of Departments who administer the seven departments. The municipality comprises of seven portfolio committees providing oversight for each of the seven departments. The table on the following page lists the departments and their portfolio committees as well as their respective Heads of Departments.

Table 3: Portfolio Committees and their Departments

Portfolio Committee	Department	Head of Department
Community Services Portfolio Committee	Department of Community Services (DCOMMS)	Mr M Ndwalane 
Corporate Services Portfolio Committee	Department of Corporate Services (DCS)	 Ms N Thabatha
Governance and Special Programmes Portfolio Committee	Department of Strategic Planning (DSPG)	 Mr KJ Zulu
Technical Services Portfolio Committee	Department of Technical Services (DTS)	 Mr S Dlamini
Development Planning Portfolio Committee	Department Development Planning Services (DDPS)	 Mr S Zama
Public Safety Portfolio Committee	Department of Public Safety (DPS)	

		Mr S Nziimande
Finance and Budget Portfolio Committee	Department of Treasury	 <p>Ms N Gqola</p>

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## 1.14 Vision and Mission Statement

### Vision



### Mission



## 1.15 Goals and Objectives

During the Strategic Planning Session held, the municipality identified nine goals, namely:

- Eradicating poverty and hunger
- Creating a conducive environment for inclusive
- Promoting healthy lives and equitable access to educational and learning opportunities
- Developing a capable, equitable and financially viable institution
- Ensuring universal access to reliable basic services
- .Ensuring universal access to reliable basic services
- Enhancing and protecting the quality of the natural environment and halting the loss of diversity
- Enhancing and protecting the quality of the natural environment and halting the loss of diversity
- Facilitating spatial integration and development of sustainable and resilient settlement.

To address these goals, the municipality then came up with a number of objectives which can be summarised as follows.

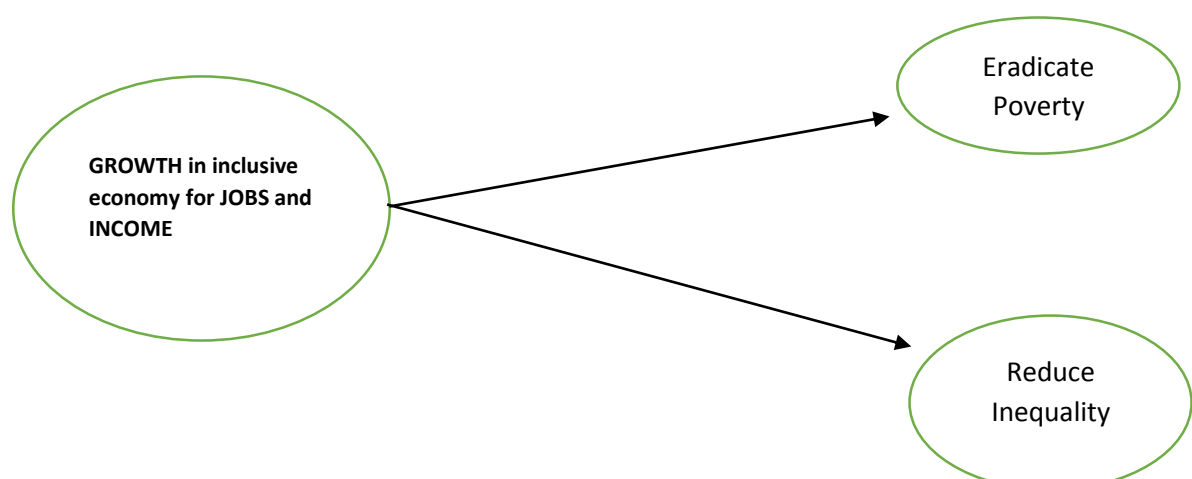
- Prioritizing women as beneficiaries of Government programmes

- Development of home, school and clinic gardens
- Facilitation of funding for rural farming
- Establishment of needs in terms of essential services
- Strengthening the IGR and IDP forums
- Facilitating access to essential services
- Integrating the LUMS
- Adhering to NEMA and ensuring protection of biodiversity species
- Eradicate invasive alien species
- Promoting tourism infrastructure
- Enhancing town and rural nodes
- Facilitating the process of granting title deeds

### 1.16 Key Challenges

One of the National Development Plan 2030 outcomes and mechanisms is on eradicating poverty and reducing inequality. This requires increasing growth in a more inclusive economy, which creates jobs and incomes. RNM'S long term vision formulated ensured that it aligns to this outcome to ensure that all its citizens are sustainable in terms of eradicating poverty by having an economy that is growing and job opportunities. This will be carried out by ensuring that its economy is inclusive and all programmes to enhance poverty alleviation are carried out effectively. Following is a diagram illustrating the NDP 2030 outcomes and mechanism.

Diagram 1. 2030 outcomes and mechanism



In as much as RNM is the leading local municipality under Ugu District in terms of its striving economy, it must be noted that there are high levels of poverty.

Below is a list of other the key challenges faced by the municipality.

- High unemployment rate amongst the youth
- Poverty
- Inequality
- Access to clean water, housing backlog and electricity
- Informal settlements
- Emerging small commercial farmers with no capital and expertise
- Urban biased development

These key challenges are unpacked below per KPA summarily and will be further discussed in detail in the document under each Key Performance Area and the municipality's intervention.

Table 4: Challenges and interventions

<b>NATIONAL KEY PERFORMANCE AREA</b>	<b>KEY DEVELOPMENT CHALLENGE</b>	<b>STRATEGY TO UNLOCK CHALLENGES</b>
<b>Basic Service Delivery</b>	1.Strategic infrastructure <ul style="list-style-type: none"> <li>- Bulk water</li> <li>- Electricity to unlock investment potential</li> <li>- Poor maintenance of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Using of MIG grants</li> <li>- The maintenance of municipality assets</li> <li>- Developing business plans, to attract potential funds or investors</li> </ul>
<b>Local Economic Development And Social Development</b>	2. Unemployment, poverty and inequality	<ul style="list-style-type: none"> <li>- Promoting economic development through trainings</li> </ul>

	<p>3. Unsustainable LED projects in the hinterland</p> <p>4. Lack of monitoring and evaluation for cooperatives</p> <p>5. Very limited or no municipal land for urban expansion</p> <p>6. Informal settlements</p> <p>7. Emerging small commercial farmers with no capital and expertise</p>	<ul style="list-style-type: none"> <li>- Monitoring and evaluation of LED projects</li> <li>- Attracting investors</li> <li>- Establishment of local LED forum</li> </ul>
<b>Good Governance and Public Participation</b>	<p>8. Equal representation between the races and all stakeholders within the municipality</p> <p>9. Poor participation of makhosi</p>	<ul style="list-style-type: none"> <li>- Conducted through mediums such as Mayoral Izimbizo, Operation Sukuma Sakhe and public meetings</li> <li>- Liaise with KZN COGTA-traditional affairs unit to assist</li> </ul>
<b>Municipal Financial Viability And Management</b>	<p>10. Debt collection</p>	<ul style="list-style-type: none"> <li>- Effective revenue enhancement strategy</li> </ul>
<b>Municipal Transformation And Institutional Development</b>	<p>11. Lack of office space</p>	<ul style="list-style-type: none"> <li>- Budget for office space</li> <li>- Increase capacity</li> </ul>

<b>Cross Cutting</b>	12. Rural schemes and Environmental unresolved issues	- Unlocking of land for development - Developing policies
	13. Urban biased development	Establish agreement with Amakhosi/Ingoyama Trust

### 1.17 How the IDP was formulated

Section 28 of the Municipal Systems Act of 2000 (MSA) stipulates that the Municipal Council must adopt a process to guide the planning, drafting, adoption and review of its IDP. RNM adhered to this Act as its 2016/2017 IDP Process Plan was adopted in August 2016 by Council and submitted to Cogta and this process has informed the current draft IDP.

The IDP has an action plan that has timeframes. Each phase has a budget allocated to it as well as deliverables. Responsibilities are assigned per phase to relevant officials, Representative Forum and Council.

Invitations via the media for members of the public to register their interest to participate as different interest groups as well as give direction in terms of Institutional Arrangements, Mechanisms and Procedures for Participation and Alignment, IDP Review Action Programme and break down the Roles and Responsibilities are practiced. The approach adopted in the preparation of the Draft IDP 2017/2018 is strongly guided by the guidelines prepared by KZN COGTA as set out in the IDP guide packs and the IDP simplified format. The IDP is in line with the Department of Co-operative Government and Traditional Affairs Guideline for IDP's 2007 / 2008 and beyond.

### 1.18 Organizational Performance Management Framework

The municipality has developed its SDBIP to fulfill both the requirements of the Municipal Systems Act and the Municipal Finance Management Act. The Framework provides indicators, under each focus area that an IDP must respond to. Importantly,

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this analysis to strategic programmes and project development, also presents a discussion about the importance of linking planning, budgeting, and implementation, monitoring and reporting. It also outlines a process to be followed to ensure proper linkage of these processes to ensure effective implementation.

### **1.19 How Will Performance Be Measured**

The Municipal Planning and Performance Management Regulations stipulate that a municipality's Organizational Performance Management System (OPMS) must entail a framework that sets out how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.

In line with the said legal requirement, this framework should be seen as a policy document that sets out:

- The requirements that RNM's OPMS will need to fulfill;
- The principles that must inform its development and subsequent implementation;
- The preferred performance management model of the municipality;
- The process by which the system will work;
- The delegation of responsibilities for different roles in the process; and
- A plan for the implementation of the system

Additionally, the municipality will ensure that all section 57 employees sign performance contracts aligned to the municipal IDP and objectives. The municipality will also ensure that employees reporting directly to Heads of Departments have performance plan to enable a focused performance of the municipality.

### **1.20 SWOT Analysis**

Central to key challenges mentioned earlier on is the realization by the municipality and all stakeholders involved that although these have had negative effects on development within the municipality in the hinterland, a number of opportunities still exist though. Following is a table with summary key strengths, weaknesses, opportunities and threats:

Table 5: SWOT ANALYSIS

	<b>SWOT ANALYSIS</b>	
INTERNAL	<b>STRENGTHS</b>	<b>WEAKNESSES</b>
	Municipal insights into rural dynamics and livelihood strategies	Small business catchments due to dispersed settlements in the hinterland
	Upcoming Retail Development to create job opportunities and access to market for agricultural products produced locally	Low disposable incomes
	The N2 which traverses the municipal area provides opportunities for development in the form of passing thresholds	Under-representation of big business in the area
	Local FET(Ezingoleni) College which can be used to enhance skills development for the youth (e.g. film making)	Low skills base
	Labour force readily available across the rural areas	Steep topography making service provision costly
	Oribi Gorge tourism attraction and other natural attractions	Lack of bulk infrastructure e.g. electricity
	Strong IGR - cordial relations between stakeholders	Limited funding to implement LED projects in deep rural
	Abundant wildlife (e.g. warthogs [bush pigs]) that could be harnessed to establish businesses such warthog abattoir & processing	Grant dependency
		Low debt recovery rate

	<b>SWOT ANALYSIS</b>	
	Abundant natural resources (e.g. catchments & water bodies) that could be utilized for the following: <ul style="list-style-type: none"> <li>•Sand mining</li> <li>•Brick making</li> <li>•Glass factory</li> <li>• Fish farming</li> </ul>	Lack or limited revenue generation
	Abundant under-utilized land	Lack of land for the expansion of Ezingoleni CBD
	Cordial relations between the municipality and South Coast Tourism	Difficulty to attract investors
	Untapped agricultural potential	Brain drain (emigration of skills)
	LED officer post now filled	Lack of IT infrastructure
	Sound financial management as witnessed by the clean audit	Inadequate office space for the municipality
	100% expenditure of Grants in the previous financial year	Municipal officials working in silos
	Effective public participation programme	Limited employment opportunities within the municipal area
	Functional statutory and ad hoc committees	Privately owned land not available for development in some wards
	Skills Development Plan which meets LGSETA standards	Slow delivery rate of "approved" housing projects
	Adopted and implemented municipal policies	Limited community facilities and public social & recreational amenities
	Enhanced institutional capacity to spend grants	Lack of maintenance for the aforementioned facilities

	<b>SWOT ANALYSIS</b>	
	Almost 100% provision of VIP toilets	Lack of funding to provide all-weather local access roads e.g. tarred & gravel roads
	80% water provision	Lack of monitoring and evaluation for cooperatives
	Provision of free basic services to indigent households	Lack of skills development for cooperatives
	Disaster Management Plan in place & implemented e.g. Fire truck & ambulance on stand-by full time	Unsustainable LED projects
	Enhanced Institutional Capacity:	Lack of support infrastructure for informal businesses
	Decreased new HIV/AIDS infections	Poor workmanship ("project snags") in infrastructure project outputs
	Political tolerance	Lack of Agriculture Sector Plan
	Improved Job Creation through EPWP	
	Readiness of existing trained cooperatives to function efficiently	
EXTERNAL	OPPORTUNITIES	THREATS
	National Government resolves to grow rural economies	Natural disasters e.g. floods, veldfires

SWOT ANALYSIS		
	Growing buying power of the African population in general	Hostile legislative framework to business
	Expansion of the social security net for vulnerable groups across the country	Crime and substance abuse
	Resilience of the informal markets, vibrant & complicated rural livelihoods which cannot be measured in traditional economic terms	Volatile economic conditions in the financial markets and the associated unpredictable inflation
	BEE legislation provides an opportunity of using government procurement spend to uplift SMMEs	

## SECTION B: PLANNING AND DEVELOPMENT PRINCIPLES AND GOVERNMENT POLICIES IMPERATIVES

### 2.1 Aspects informing the Integrated Development Plan

The preparation of the IDP is a continuous process providing a framework for development in the municipal area. The development and preparation of the IDP is to allow for a changed and renewed development outlook to be taken into account particularly new priorities and where development backlog has been closed or narrowed to reflect accordingly. The MEC for CoGTA after all municipalities submit their respective IDPS, assesses them and provides feedback. This is then taken into account during an annual review by each municipality.

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## 2.2 Sustainable Development Goals

The Sustainable Development Goals (SDGs), officially known as Transforming Our World: the 2030 Agenda for Sustainable Development is a set of seventeen goals with 169 targets between them. SDGs are replacing the Millennium Development Goals (MDGs). The Millennium Development Goals (MDGs) were the world's time-bound and quantified targets for addressing extreme poverty in its many dimensions-income poverty, hunger, disease, lack of adequate shelter, and exclusion-while promoting gender equality, education, and environmental sustainability. They were adopted at the United Nation's Millennium Summit in September 2000 by world leaders, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets, with a deadline of 2015. The SDGs are therefore acting as the Post 2015 Development Agenda (successor to the Millennium Development Goals). They are to guide the global action on sustainable development until 2030. The 17 SDGs are listed in table below with a column showing how this IDP is aligned to them.

Table 6: Sustainable Development Goals Alignment

GOAL	SDG	RNM's RESPONSE
<b>1</b>	No poverty	<ul style="list-style-type: none"><li>• Develop LED strategies to create jobs and incomes</li><li>• Increase access to women and other valuable groups to economics opportunities</li><li>• Increase participation in War Rooms and Sukuma Sakhe , to identify poverty ridden households</li><li>• Develop networks of collaboration with NGOs and other stakeholders</li></ul>
<b>2</b>	Less hunger	<ul style="list-style-type: none"><li>• Develop food security programs</li><li>• One home, one garden project</li><li>• Increase participation with merging farmers</li></ul>
<b>3</b>	Good health and wellbeing	<ul style="list-style-type: none"><li>• Increase health awareness campaigns</li></ul>
<b>4</b>	Quality education	<ul style="list-style-type: none"><li>• Mobile libraries that will provides access to learning to all</li></ul>

<b>5</b>	Gender equality	<ul style="list-style-type: none"> <li>• University registration funding and bursary for scarce skills.</li> <li>• Create an enabling environment to attract educational SETA programs and learner ships</li> <li>• Formulation of gender forum</li> <li>• Create an enable environment for disadvantaged groups</li> <li>• Gender forum to include the previously disadvantage LGBT</li> </ul>
<b>6</b>	Clean water and sanitation	<ul style="list-style-type: none"> <li>• Populate all new households , so that sanitation facilities can be in place</li> </ul>
<b>7</b>	Affordable and clean energy	<ul style="list-style-type: none"> <li>• Create awareness campaigns</li> </ul>
<b>8</b>	Decent work and economic growth	<ul style="list-style-type: none"> <li>• create jobs</li> <li>• Unlock land for development</li> <li>• Form partnership with the informal sector</li> <li>• Attract foreign and local investors</li> </ul>
<b>9</b>	Industry, innovation and infrastructure	<ul style="list-style-type: none"> <li>• Create an environment for investment</li> <li>• Attract potential industries</li> <li>• Zoning and unlocking of land for development</li> <li>• Create business incentives , in attracting industries</li> </ul>
<b>10</b>	Reduce inequalities	<ul style="list-style-type: none"> <li>• Support through the indigent support program</li> <li>• SMME support and information sharing days</li> </ul>
<b>11</b>	Sustainable cities and communities	<ul style="list-style-type: none"> <li>• Development of the land use management scheme</li> <li>• Decrease service back logs</li> </ul>
<b>12</b>	Responsible consumption and production	<ul style="list-style-type: none"> <li>• Shorten the supply chain system by employing companies in a close radius</li> <li>• Create awareness for sustainable development</li> </ul>

<b>13</b>	Climate action	<ul style="list-style-type: none"> <li>• Develop mitigation and adaption strategies</li> <li>• Develop disaster awareness and prevention campaigns</li> </ul>
<b>14</b>	Life below water	<ul style="list-style-type: none"> <li>• Create sustainable awareness campaigns in regards to rivers and streams, as rubbish thrown in pollutes the water endangering sea species</li> </ul>
<b>15</b>	Life on land	<ul style="list-style-type: none"> <li>• Effective solid waste management system</li> <li>• Conduct a Spatial Environmental Assessment</li> </ul>
<b>16</b>	Peace, justice and strong institutions	<ul style="list-style-type: none"> <li>• Involve stakeholders such as Amakhosi, South African Police and the community in Operation Sukuma Sakhe</li> </ul>
<b>17</b>	Partnerships for goals set	<ul style="list-style-type: none"> <li>• Strengthen IGR</li> </ul>

## 2.3 National Development Plan: 2030

President Jacob Zuma appointed the National Planning Commission in May 2010 to draft a vision and national development plan. The Commission's Diagnostic Report, released in June 2011, set out South Africa's achievements and shortcomings since 1994. It identified a failure to implement policies and an absence of broad partnerships as the main reasons for slow progress, and set out nine primary challenges:

- Too few people work;
- The quality of school education is poor;
- Infrastructure is poorly located, inadequate and under-maintained;
- Spatial divides and hobble inclusive development;
- The economy is unsustainably resource intensive;
- The public health system cannot meet demand or sustain quality;
- Public services are uneven and often of poor quality;
- Corruption levels are high; and,
- South Africa remains a divided society.

South Africans from all walks of life welcomed the diagnostic report as a frank, constructive assessment. Building on the diagnostic, the plan added four thematic

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areas: rural economy, social protection, regional and world affairs, and community safety. The National Development Plan aims to eliminate poverty and reduce inequality by 2030. The plan comes from the belief that South Africa has the potential and capacity to eliminate poverty and reduce inequality over the next two decades. This requires a new approach – one that moves from a passive citizenry receiving services from the State to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to develop people’s capabilities to lead the lives they desire.

## **2.4 Back to Basics**

Our National Development Plan makes it clear that meeting our transformation agenda requires functional municipalities and a capable machinery at a local level that can create safe and healthy and economically sustainable areas where citizens and people can work, live and socialise. The Goal is to improve the functioning of municipalities to better serve communities by getting the basics right, as per the NDP and through the B2B Programme. It is therefore important to understand where we are, where we could be and what needs to be done to improve performance. Back to Basics Programme recognizes that the core services that local government provides is about our Constitution and Bill of Rights. The country’s vision of developmental local government was that it would be the building block on which the reconstruction and development of our country and society was built, a place in which the citizens of our country could engage in a meaningful and direct way with the institutions of the state. Local government is where most citizens interface with government, and its foundational ethos must be about serving people.

Local government has been a primary site for the delivery of services in South Africa since 1994. Tremendous progress has been made in delivering services and infrastructure including the excluded and marginalised. Yet despite these achievements, it is clear that much needs to be done to support, educate and where needed, enforce implementation of local government’s mandate for delivery. The transformation of the local government sector remains a priority for the current administration. The goal of the Back to Basics Programme is to improve the functioning of municipalities to better

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serve communities by getting the basics right. It aims to achieve the developmental state of local government and ensure that each sphere of government commits itself to address the challenges faced by local government.

The programme recognizes that we need to do things differently if we want different solutions. It argues that we must change our paradigm to focus on serving the people rather than the extractive elites. To be noted is that the programme draws from the National Development Plan.

5 pillars of the back to basics approach which are principles for action are depicted below



Ray Nkonyeni Municipality aims to fulfilling the Back to Basics program and pillars by:

- Training and awareness of Ward committee members, about the program
- Holding of public feedback session with Councillors or Mayor , report back to the public
- Training of staff and councilors
- Continuing of sound financial management and strengthen it, within the municipality
- Continuing with the efficient structure of War rooms and Operation Sukhuma Sakhe
- Continuing with the roll out of essential government services

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## **2.5 State of the Nation Address**

During the 2017 State of the Nation Address, the President stated that the government aims at continuing with the government's nine point plan and it must be noted that our municipality is completely upholding itself for adhering to these points and will continue doing so. Following are the points the President mentioned and they are unpacked in each KPA later in the document:

- Operation Phakisa aimed at growing the ocean economy;
- Further curtailing irregular and wasteful expenditure in all government spheres;
- Drought relief;
- Intensively implement the Back to Basics programme
- Encouraging investment
- Implementation of Industrial Policy Action Plan
- Revitalization of agriculture, agro processing and agri parks

## **2.6 State of the Province Address**

The 2016 State of the Province Address' main points by the Premier are;

- Improve basic education;
- Rural development, food security and land reform;
- Job creation and sustainable livelihoods for inclusive growth;
- Fighting crime and corruption; and,
- To implement the nine point plan to grow the economy.

It should be noted that the above State of the Province address by the Premier, Ray Nkonyeni Municipality will ensure that it adheres and will strive to do its best in aligning with the Address to ensure better livelihoods for all within the municipality.

## **2.7 PGDS Nodes and Corridors Hierarchy**

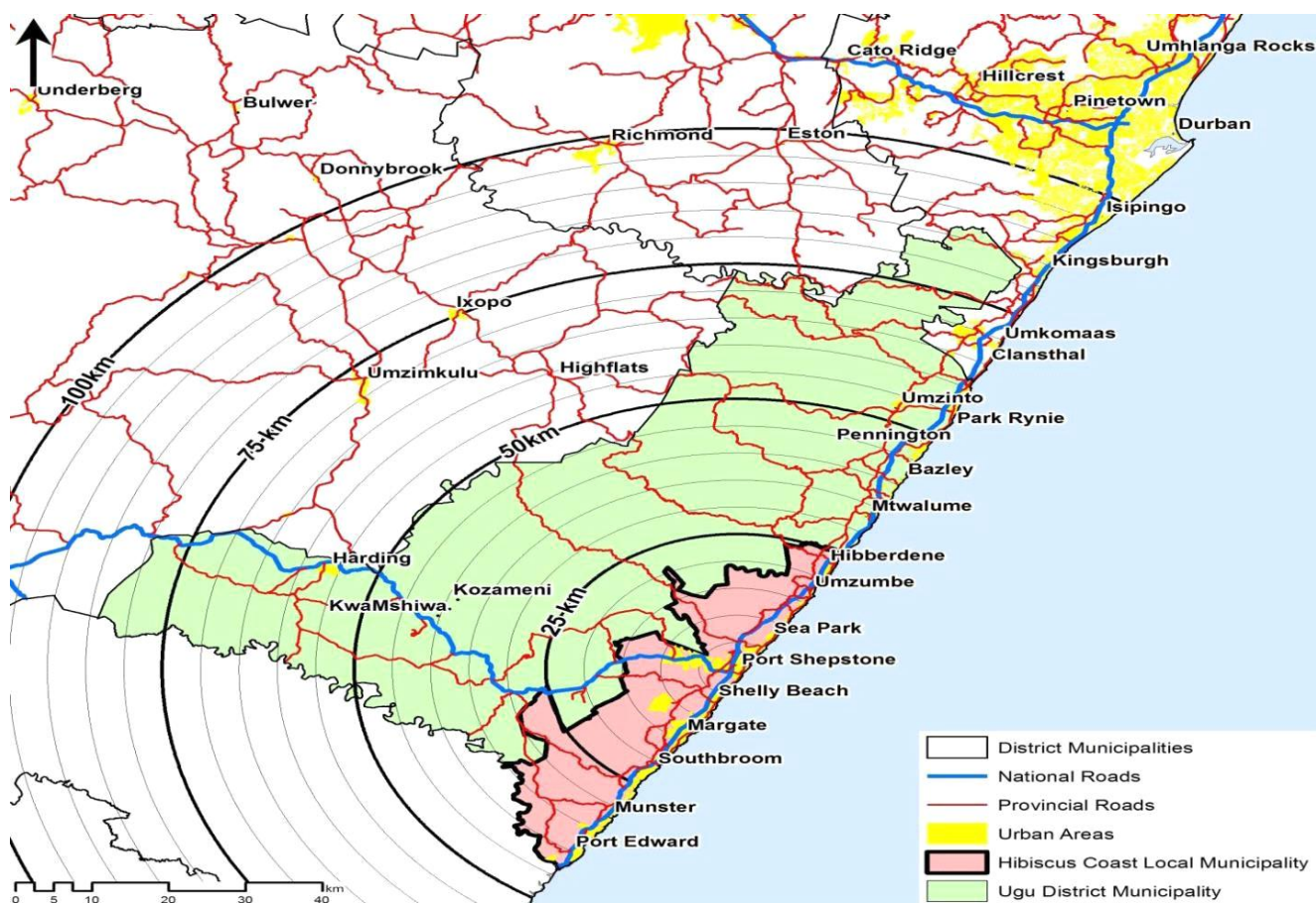
The provincial government has developed its own Growth and Development Strategy which is closely aligned to both the Millennium Development Goals and national development goals. The PGDS is essentially a tool through which the provincial government can address the legacies of the apartheid space economy, promote

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sustainable development and ensure poverty eradication and employment creation' (PSEDS; 2007). A number of primary, secondary and existing corridors have been established along the KwaZulu-Natal southern coast a combination of which merge within Ray Nkonyeni Municipality. The corridors are complimented by a series of nodes identified as Primary, Secondary, Tertiary, Quaternary and 5th level nodes. The KwaZulu-Natal south coast contains a combination of these nodes. A single primary node is located within the Durban CBD, a secondary node is located within RNM at Port Shepstone, four tertiary nodes identified in Ixopo, Umzinto, Hibberdene and Margate, and seven quaternary nodes scattered throughout the south coast within one falling within the study area at Port Edward. It is evident on the plan that most of the major nodes are located along the coast with very few inland key nodes.

On the following page is a map showing these corridors and nodes. It must be noted that all the corridors and nodes mentioned above are in former Hibiscus Coast Municipality, and due to the fact that the SDF has not been adopted, the logo still remains.

### Map 3: PGDS NODE



The 2011 KwaZulu-Natal Provincial Growth and Development Strategy (KZN PGDS) bolsters the Province's commitment to achieving the vision of KwaZulu-Natal (KZN) as a **"Prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the world"**. The PGDS aims to build this gateway by growing the economy for the development and the improvement of the quality of life of all people living in the Province. Below is a table highlighting alignment of PGDS goals and that of RNM IDP interventions

Table 7: PGDS and RNM IDP Alignment

PGDS Strategic Goal	Applicability to RNM
Job Creation	<ul style="list-style-type: none"> <li>A substantial % of the total population currently lives in poverty.</li> </ul>
Human Resource Development	<ul style="list-style-type: none"> <li>Skills development identified as one of the key interventions</li> </ul>

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Human and Community Development	• Skills development identified as one of the key interventions
Strategic Infrastructure	• Provision of infrastructure to unlock investment potential identified
Responses to Climate Change	• Environmental management
Governance and Policy	• Skills development identified as one of the key interventions
Spatial Equity	• More focus of land management issues

## 2.8 Ugu District Growth and Development Plan

The Ugu Growth and Development Strategy (GDS) commits all stakeholders (public, private and civil society) to achieving a shared vision that by 2030 the Ugu district will be a leading tourism destination and manufacturing and agricultural hub where jobs are created and everyone benefits equally from socio-economic opportunities and services. This intent is based on a shared understanding of the inter-relationships amongst communities and the challenges facing the district economy as a whole. It is based on a commitment to working collaboratively to achieve the most beneficial outcomes for all.

The vision of the Ugu's GDS is that "By 2030 the District will be a leading tourism destination and manufacturing and agricultural hub where jobs are created and everyone benefits equally from socio-economic opportunities and services". It has six economic drivers which are:

- Strategic infrastructure investment
- Education & skills development
- Institutional development
- Strategic sector engagements
- Environmental Sustainability
- Safety Nets & Civic empowerment

## 2.9 Strategic Development Alignment Matrix

Below is a tabular form the document provides summarised analysis of the strategic development alignment matrix. It addresses how the municipality's IDP is aligned to the National Vision 2030 (National Development Plan), the Provincial Growth and Development Plan and District Growth and Development Plan.

Table 8: Strategic Development Alignment Matrix

<b>NDP PRIORITIES</b>	<b>PDGDP GOALS</b>	<b>UGU DGDP</b>	<b>RNM STRATEGIC GOALS</b>
Job Creation	Job Creation	Sectoral Development and Support	Creating Employment Opportunities
			Establish a conducive environment to attract and grow businesses and cooperatives and ensure creation of jobs for local community
			Grow the economy of RNM by attracting investments and fostering partnerships with private and public sector
Expanding Infrastructure	Strategic Infrastructure	Strategic Infrastructure Development	Improve delivery of capital projects through investment in infrastructure development
Provision of Quality Health Care	Human and Community Development	Safety and Empowerment of Communities	Alleviate Poverty and Promote Socio Economic Development
			Promote and enhance the fight against poverty and ensuring

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			support to child/female/elderly headed households
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## 2.10 SPLUMA Principles

### 2.10.1 Preparation of SDF

- I. The nation and provincial spheres of government and each municipality must prepare Spatial Development Frameworks that-
  - a) Interpret and represent the spatial development vision of the responsible sphere of government and competent authority) Are informed by a long term spatial development vision statement and plan;
  - c) Represent the integration and trade-off of all relevant sector policies and plans
  - d) Guide planning and development decisions across all sectors of government;
  - e) Guide a provincial department or municipality in taking any decisions or exercising any discretion in terms of this Act or any other law relating to spatial planning and land use management systems;
  - f) Contribute to a coherent, planned approach to spatial development in the national, provincial and municipal spheres;
  - g) Provide clear and accessible information to the public and private and provide direction for investment purposes;
  - h) Include previously disadvantaged areas, areas under traditional leadership, rural areas, informal settlements, slums and land holdings of state-owned enterprises and government agencies and address the inclusion and integration into the spatial, economic, social and environmental objectives of the relevant sphere;
  - i) Address historical spatial imbalances in development;
  - j) Identify the long term risks of particular spatial patterns of growth and development and the policies and strategies necessary to mitigate those risks;
  - k) Provide direction for strategic developments, infrastructure investment, promote efficient, sustainable and planned investments by all sectors and indicate priority areas for investment in land development;
  - l) Promote a rational and predictable land development environment to create trust and stimulate investment;

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- m) Take cognisance of any environmental management instrument adopted by the relevant environmental management authority;
  - n) Give effect to national legislation and policies on mineral resources and sustainable utilization and protection of agricultural resources; and
  - o) Consider and, where necessary, incorporate the outcomes of substantial public engagements, including direct participation in the process through public meetings, public exhibition, public debate and discourses in the media and any other forum or mechanisms that promote such direct involvement
- II. The national government, a provincial government and the municipality must participate in the spatial planning and land use management processes that impact on each other to ensure that the plans and programmes are coordinated, consistent and in harmony with each other.
  - III. A Spatial Development Framework adopted in terms of this Act must guide and inform the exercise of any discretion or of any decision taken in terms of this Act or any other law relating to land use and development of land by that sphere of government.
  - IV. The National Spatial Development Framework must contribute to and give spatial expression to national development policy and plans emanating from the various sectors of national government and may include any regional spatial development framework
  - V. A provincial spatial development framework must contribute to and express provincial development policy as well as integrate and spatially express policies and plans emanating from the various sectors of the provincial and national spheres of government as they apply at the geographic scale of the province
  - VI. A municipal's SDF must assist in integrating, coordination, aligning and expressing development policies emanating from the various sectors of the spheres of government as they apply within the municipal area
  - VII. SDFs must outline specific arrangements for prioritizing, mobilizing, sequencing and implementing public and private infrastructural and land developments investment in the priority spatial structuring areas identified in the SDFs

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## SECTION C: DEVELOPMENT STRATEGIES

### 3.1 Strategic Framework

RNM held its Strategic Planning Session in November 2017 whereby the vision, mission statement as well as Strategic objectives were drafted. The strategic objectives are aimed at helping to provide guidance on how an organization can fulfil or move towards its aimed goals. This chapter there for seeks to address how key problems mentioned in the situational analysis are being addressed using strategies identified during the Strategic Planning and how the IDP has been informed and aligned to the Strategies as well as National and Provincial Strategic objectives ;

- Provincial Growth and Development Strategy
- Municipal Turnaround Strategy
- National Delivery Outcome Agreements(especially outcome 9 in relation to local government and municipalities
- Millennium Development Goals

#### 3.1.2 Organisational Goals and Vision and Mission Statement

##### Organisational Goals

The realisation of the municipality's vision and mission requires the setting of goals that need to be achieved. These give further to the vision. It must be noted that the municipality's goals are relevant to those of the Sustainable Development Goals (SDG) and those of the Provincial Growth and Development Strategy Goals (PDGS). The municipality identified nine preliminary goals and are as follows:

GOALS	Strategic Objectives
1.Eradicating poverty and hunger	<ul style="list-style-type: none"> <li>• Prioritizing women as beneficiaries of Government programmes</li> <li>• Development of home, school and clinic gardens</li> <li>• Facilitation of funding for rural farming</li> <li>• Extention of EPWP and CWP</li> <li>• Universal access to primary health care and basic education</li> <li>• Resuscitation of HIV/AIDS programmes</li> <li>• Establishing of open/outdoor gym in every 5km radius</li> <li>• Availability of mobile clinics in every Thusong centre</li> </ul>
2.Creating a conducive environment for inclusive and diverse economic growth and development	<p><i>ENHANCING SECTORS OF ECONOMY</i></p> <ul style="list-style-type: none"> <li>• <i>Tourism</i></li> <li>• <i>Agriculture</i></li> <li>• <i>Services</i></li> <li>• <i>Mining</i></li> <li>• <i>Manufacturing</i></li> </ul> <p><i>ENVIRONMENT</i></p> <ul style="list-style-type: none"> <li>• <i>Wetland preservation</i></li> <li>• <i>Water conservation</i></li> <li>• <i>Protection of indigenous species</i></li> </ul>
3.Promoting healthy lives and equitable access to educational and learning opportunities	
4.Developing a capable, equitable and financially	<p><b><i>A CAPABLE MUNICIPALITY</i></b></p> <ul style="list-style-type: none"> <li>• Skills development</li> </ul>

viable institution	<ul style="list-style-type: none"> <li>• Appointment of competent staff</li> <li>• Strong organizational culture with ethical conduct</li> <li>• Meaningful oversight played by politicians</li> <li>• <i>EQUITABLE SHARING OF RESOURCES</i></li> <li>• <i>FINANCIAL VIABLE MUNICIPALITY</i></li> </ul>
5.Ensuring universal access to reliable basic services	<p>Establishment of needs in terms of essential services</p> <p>Strengthening the IGR and IDP forums</p> <p>Facilitating access to essential services</p>
6.Promoting peaceful, tolerant, safe and inclusive society	
7.Enhancing and protecting the quality of the natural environment and halting the loss of diversity	<ul style="list-style-type: none"> <li>• Integrating the LUMS</li> <li>• Adhering to NEMA and ensuring protection of biodiversity species</li> <li>• Eradicate invasive alien species</li> <li>• Ensuring legal compliance with environmental laws</li> <li>• Promoting green economy</li> </ul>
8.Ensuring good and sound governance	<ul style="list-style-type: none"> <li>• Ensuring effective communication</li> <li>• Implementing and following what is stipulated in the IDP and other sector plans</li> <li>• Strengthening IGR structures and strategic coordination thereof</li> </ul>
9.Facilitating spatial integration and development of sustainable and resilient settlement	<ul style="list-style-type: none"> <li>• Ensuring provision of sustainable housing development with supporting social and economic facilities</li> <li>• Promoting tourism infrastructure</li> <li>• Enhancing town and rural nodes</li> <li>• Facilitating the process of granting title deeds</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensuring appropriate location of human settlements</li> <li>• Promoting housing development that includes sound basic infrastructure</li> </ul>
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## VISION

## MISSION

The focus primarily is on tourism as the leading sector serving as the engine for our economic growth and development. On the provision of infrastructure and services, the municipality believes that it should ensure that the existing infrastructure is maintained properly and improved and that basic services is accessed by all.

Strategies have been developed to promote economic and social development aiming to provide job opportunities and reduce poverty levels. Generally, RNM is the most concentrated economic hub within Ugu District Municipality with the main economic sectors being tourism and agriculture with some manufacturing occurring in Port Shepstone. As an economic hub, RNM has advantage of influencing the Ugu Regions economic potential, policies and development programmes. The municipality has set the following strategic goals in order to guide the process of moving progressively towards the attainment of the long-term vision:

- Creating employment opportunities
- Alleviate poverty and promote socio economic development
- Create opportunities for youth and women empowerment

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- Support cooperatives and SMMEs, create opportunities for growth
  - Provide direct strategic support to key economic sectors while promoting new economic sectors
  - Promote township and rural development through nodal developments especially for commerce and industries.
  - Improve delivery of capital projects through investment in infrastructure development

### **3.3 Strategic Objectives**

#### **A. Municipal Transformation and Organisational Development**

- i. To foster effective and efficient Inter-Governmental Relations (IGR)
- ii. To improve and develop skills and capacity whilst also attracting and retaining skilled employees
- iii. To improve organisation's performance through enhanced productivity and achievement of service delivery

#### **B. Service Delivery**

- i. To ensure existing infrastructure projects are maintained and improved
- ii. To provide access to basic services
- iii. To grow the RNM rural area/households that have full access to basic services
- iv. To improve delivery of capital projects through investment in infrastructure development
- v. To facilitate the provision of housing

#### **C. Local Economic Development**

- i. To grow the economy of RNM by attracting investments and fostering partnerships with private and public sector
- ii. To establish a conducive environment to attract and grow businesses and cooperatives and ensure creation of jobs for local community
- iii. To promote township and rural development through nodal developments especially for commerce and industries
- iv. To promote RNM as a tourism and investment destination

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- vi. To promote sustainable livelihoods by assisting communities through various social programmes
  - vii. To promote and enhance the fight against poverty and ensuring support to child/female/elderly headed households

#### **D. Good Governance and Public Participation**

- i. To promote a culture of participatory democracy and social cohesion
- ii. To have reviewed and up to date organisational policies in line with current national and provincial agenda
- iii. To develop an ethical organisation which is fraud and corruption free
- iv. To promote and uphold principles of good governance and legal compliance
- v. To ensure a safe and crime free municipality by reducing crime through law and by-law enforcement.
- vi. To promote human rights and social upliftment of vulnerable groups and address moral regeneration need

#### **E. Municipal Financial Viability and Management**

- i. To ensure efficient and effective management of leases/council assets and disposal of Municipal owned properties/assets.
- ii. To ensure sound and effective financial management and compliance with policies
- iii. To improve debt management and ensure value is derived
- iv. To implement revenue enhancement projects and cost reduction measures
- v. To ensure expenditure on long-term capital infrastructure project plans

#### **F. Cross Cutting Issues**

- i. To promote a healthy and hygienically safe environment, which supports sustainable utilisation of natural resources and creates an environmentally educated society
- ii. To support access to land and land tenure improvement
- vi. To promote and enhance development planning, spatial planning and land use management
- vii. To promote green economy

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## SECTION D: SITUATIONAL ANALYSIS

### 4.1 DEMOGRAPHIC CHARACTERISTICS

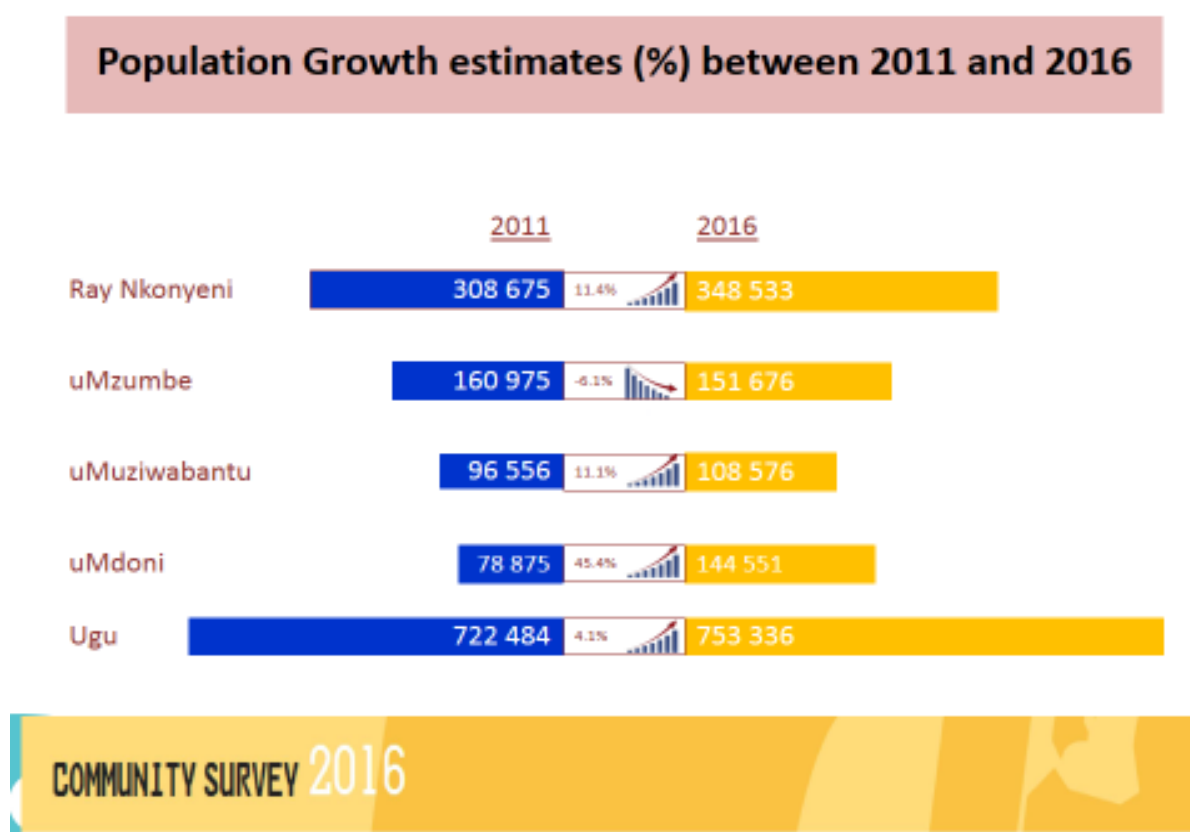
#### 4.1.1 (a) Population Profile

The combined population of Ugu is 753 336. Out of this total, Ray Nkonyeni Municipality's population is 348 533. With this population, RNM is the highest populated municipality in the District, making 45% of the entire district's population. Africans are still dominant within the municipality by a huge margin, which is more than 82% followed by Whites at 11%. Indians make a lower percentage than those for whites followed by Coloureds.

With this kind of population, there are bound to be socio-economic issues that the municipality will encounter, like in any society with similar issues. In that regard, the municipality has put responsive programmes and policies which will ensure that such issues are addressed and further enhance livelihoods for its entire communities. These programmes and policies will be unpacked in detail in the document under each Key Performance Areas (KPAs).

On the following page is a graph showing the Ugu Local Municipalities' population estimates in 2011 and 2016 respectively. It must be noted that some local municipalities experienced a population growth in 2016 while some experienced a decline. Those with a population increase are Ray Nkonyeni, Umdoni and Umuziwabantu Local Municipalities while Umzumbe local municipality's population declined. The population growth was due to the amalgamation while the decline factor was due to the fact that a portion of Umzumbe was demarcated to Harry Gwala District Municipality.

Graph 1: Population Growth estimates



There was a population growth of (11%) 39 881 in 2016 for Ray Nkonyeni Municipality, while Umuziwabantu's population increased by (11.1%) 12 020 and Umdoni experienced the highest increase of (45.4%) 65 676. On the other hand Umzumbe municipality (4.1%) declined by 9 299. According to Provincial standards, these are quite huge growths and normally, when there is a population growth, there is bound to be socio-economic issues arising. It is therefore crucial for any municipality to have proper planning to ensure service delivery sustainable.

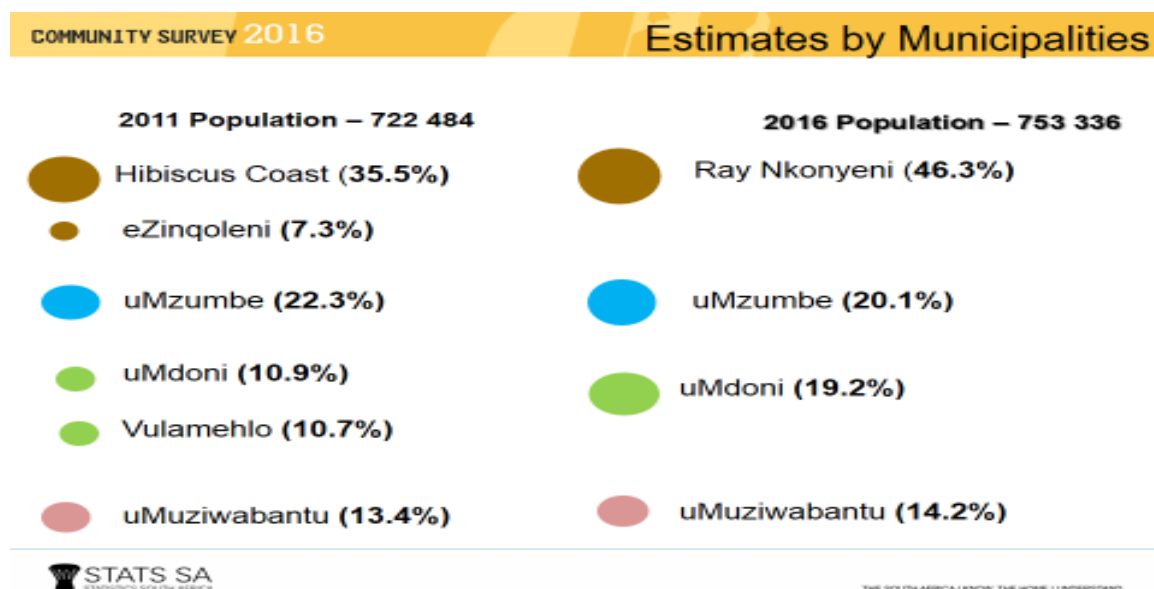
#### 4.1.1(b) Population by percentage

In as much as Ray Nkonyeni Municipality did not experience a highest population percentage growth amongst the other Ugu local municipalities, it has the highest population percentage in the entire Ugu District, followed by Umzumbe, Umdoni and lastly Umuziwabantu. This is due to the fact that prior to the amalgamation of former HCM and ezingoleni Municipality, HCM had the highest population percentage in the

entire district, so it makes sense to have such a high percentage even though former Ezingoleni had the lowest population percentage.

Below is a graph showing each Ugu Local Municipality population percentage.

Table 9: Population percentage per Local Municipality



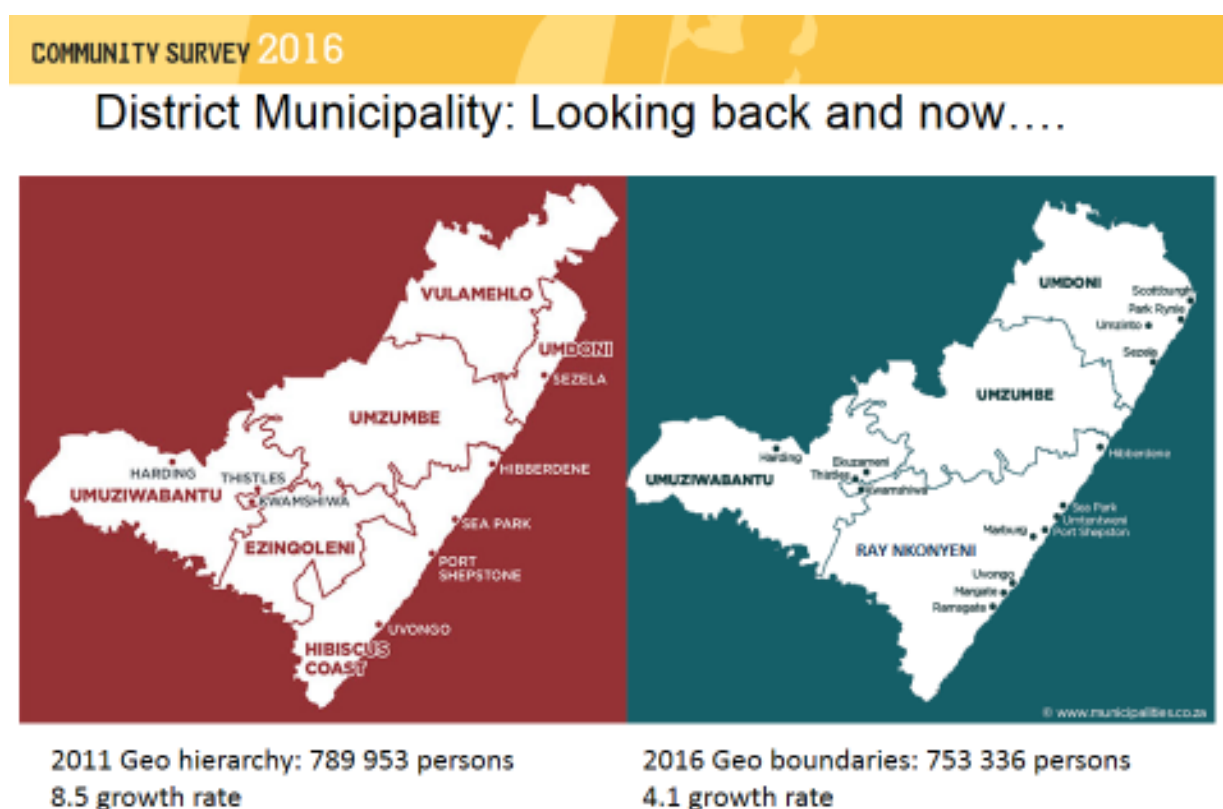
#### 4.1.1 (c) Ugu local municipalities 'boundaries after the 2016 Demarcation

Most of Ugu's Local Municipalities' boundaries were affected after the demarcation, except for Umuziwabantu. After the disestablishment and incorporation of Vulamehlo, incorporated into Umdoni Municipality, the boundary of the latter changed.

The newly established Ray Nkonyeni Municipality had a new boundary, there after boasting the largest in square kilometers in the entire District. Umzumbe municipality's boundary was affected as well since a small portion in its northern part was demarcated to Harry Gwala District. Umuziwabantu's boundary was not affected.

Below are two maps showing boundaries before and after the demarcation of the Ugu District Municipality and its local municipalities.

#### Map 4: District Boundary



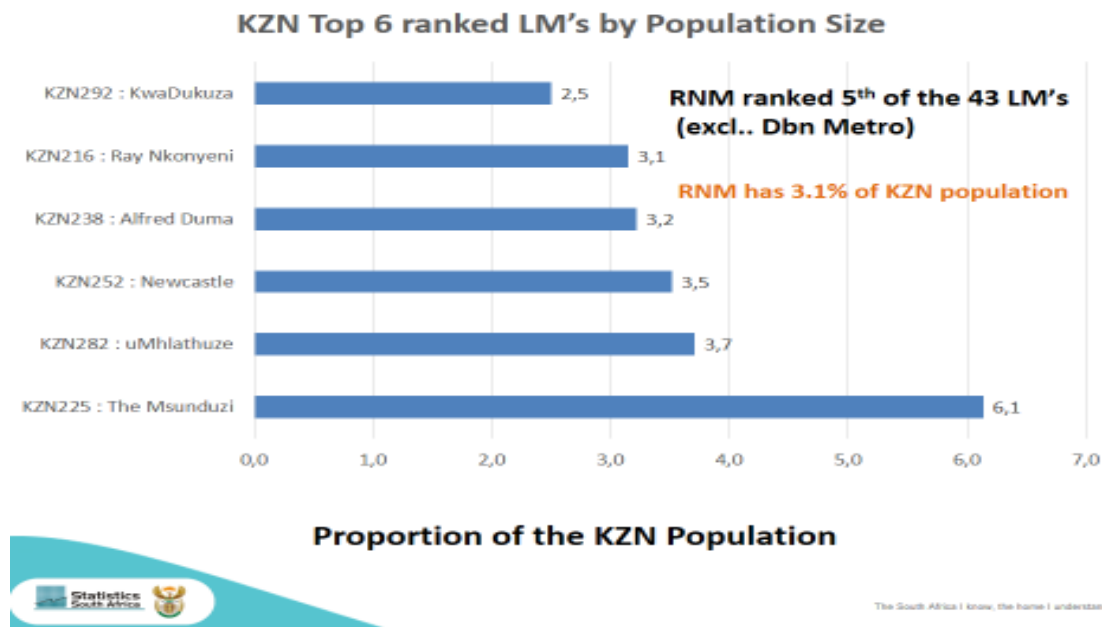
#### 4.1.1(d) RNM compared to the KZN local Municipalities

In terms of population, RNM is ranked number five out of the 43 local municipalities in KZN. The highest populated local municipality is Umsunduzi with a total population of 679 039, followed by Umhlathuze Local Municipality with a population of 410 465. There is a slight population difference between Alfred Nzo Municipality and Ray Nkonyeni Municipality. Alfred Nzo Municipality has a population of 3.2% and is ranked number four while Ray Nkonyeni Municipality has a population of 3.1%. On the other hand, Impendle Local Municipality has the lowest, with a population of 29 526. The other Ugu District Municipality locals are ranked as follows:

- Umzumbe Local Municipality is ranked number 18 with 151676 total population
- Umdoni Local Municipality is ranked number 19 with 144551 total population
- Umuziwabantu is ranked number 32 with 108576 total population.

Below are statistics of the top six KZN local municipalities in terms of population size.

Graph 2: Top six KZN LMs



#### 4.1.2 Population Growth

In terms of population percentage growth amongst Local Municipalities within Ugu District Municipality Umdoni municipality experienced the highest, which is 45.4%, followed by RNM with 11.4%, Umuziwabantu with 11.1% and lastly by Umzumbe with -1%.

Former Hibiscus Coast Municipality has always had a high population as compared to the rest of the Ugu locals and further seen as the economic hub for all its neighboring municipalities. It must be noted, however, that other than the amalgamation of former Hibiscus Coast Municipality and Ezinqoleni Municipalities, the increase is also due to more child births and steady influx of people from outside the municipality. Throughout the years to date, this influx has had both negative and positive repercussions economically and socially. The negative part being that, due to housing shortages, a number of informal settlements have sprang up on the main towns' peripheries resulting in overcrowding, high crime and more health issues. The positive side is that due to the population growing, the economy of the municipality has been growing steadily as well. Businesses are growing and booming.

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According to the State of the Nation Address, 2016, the President voiced out that a high population is a threat to growth and development and results in extreme poverty. In this light then, when a population grows, there is bound to be problems in terms of socio-economic factors are concerned. More people in one area mean less job opportunities resulting in extreme poverty. It there for lies within the municipality to ensure that its vision and strategies addresses this aspect.

#### **4.1.3 Population density**

Most rural areas in many parts of KZN areas are sparsely populated, and this is no exception to RNM, however, it has been noted that few of its thirty six wards have such a character. Density is evenly distributed in most wards within the municipality. Those wards experiencing low density may be attributed by the urban sprawl taking place rapidly. This information draws attention to the service provision needs linked to population density. It must be noted though that dense population is mainly along the coastal towns where most economic activities take place.

It must be further noted that in rural wards inland, the population is denser on flat plains as public infrastructure including roads, health centres, schools, etc tend to be. Therefore, the contributing factor to a fairly distributed population is mainly good topography as this tends to be associated with better access to public infrastructure.

The Population Density Map below shows the population distribution throughout the municipality per square kilometer in each ward.

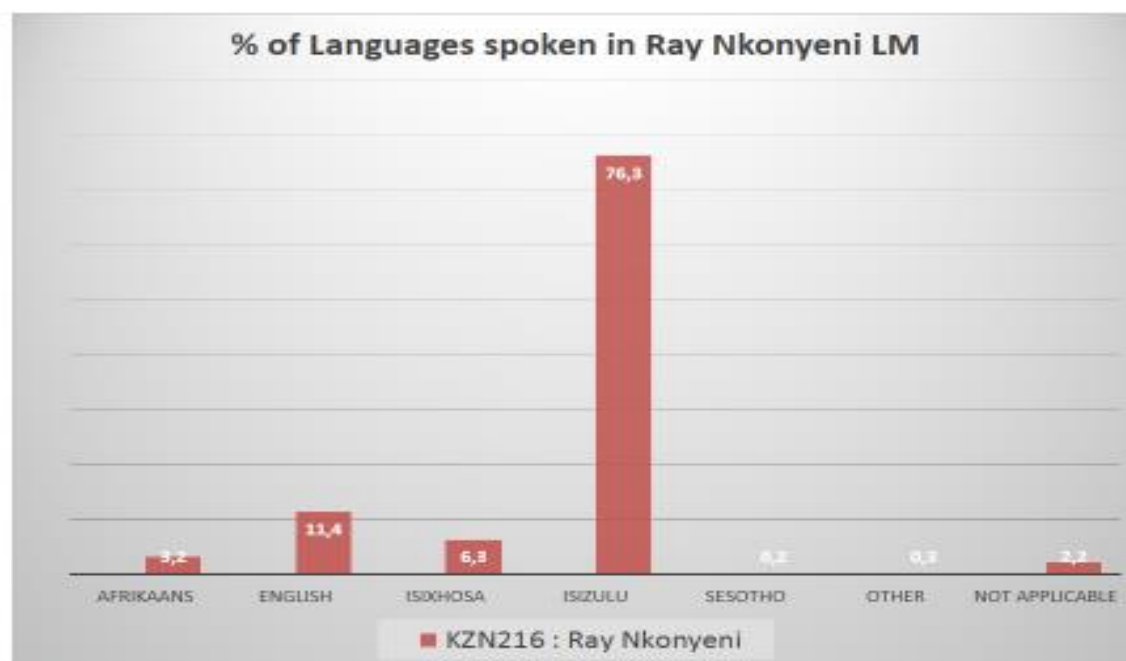
#### **4.1.4 Population by home language**

According to the KZN Provincial Language Policy, IsiZulu, English, Afrikaans and isiXhosa are already regarded as official languages in the province. Looking at the top five of the mostly spoken languages in the province, the findings are, in the eleven District Municipalities, isiZulu language is mostly spoken, hence in RNM isiZulu is the most spoken language (76%)

English is the second most popular spoken language, at 11.4% while IsiXhosa follows at 6.3%. Afrikaans is 3.2%. There are also other languages spoken by a very small minority.

The graph below details this information.

Table 11: Home language percentage



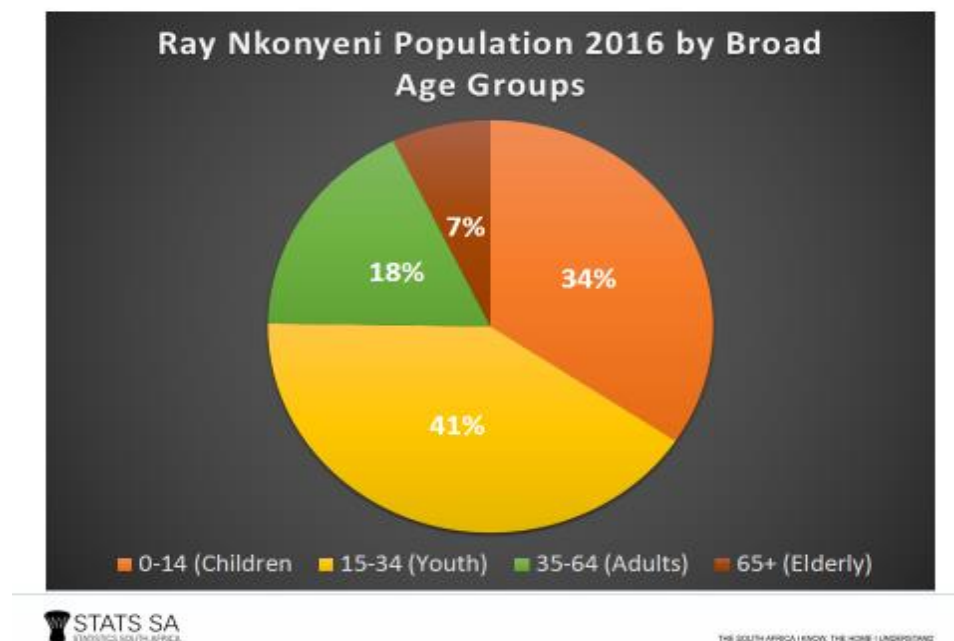
#### 4.1.5 Population by age groups

The youth population within the municipality is 41%. This population is between the ages of 15-34. This means that the municipality consists of more youth population than any age group. Following at 34% is the children population between the ages of 0-14. This is quite a large percentage considering the health issues that normally affect most children resulting in high number of deaths. The Department of Health has made big strides in terms of improving and addressing health issues to curb the high mortality rate that has been an issue over the years within the municipality. In as much as the PGDS Human Development and Social Capital Analysis points out that there is still high mortality rate within the Province, RNM has made a substantial improvement in reducing it. From the graph below, it is noticeable that the youth percentage is higher than the children's percentage. This is because the municipality has more educational facilities and more job opportunities which attract young people from areas outside its jurisdiction. The third in population size (18%) is the adults. This category is between the ages of 35-64 years. What is noticeable also is that as the population grows older, the number gets lesser. Contributing factors may be due to socio- economic conditions.

As people grow older, so are their needs which normally result in out migration in search of greener pastures. Another possible factor may be the result of the pandemic diseases. According to the PGDS, high level strategic analysis, these are still areas to improve on and so RNM is improving on that. The last population in size is the elderly who make 7%, between the ages of 65+. One can conclude by that the municipality's life expectancy is extremely low.

When comparing the municipality to the rest of the KZN province, a summary that can be concluded is that, considering that the municipality is ranked amongst the top five in the province in terms of population, it has the lowest life expectancy and this is a huge concern. Social ills can be listed as a contributing factor. The youth within the municipality as compared to the rest of the other KZN local municipalities is the highest.

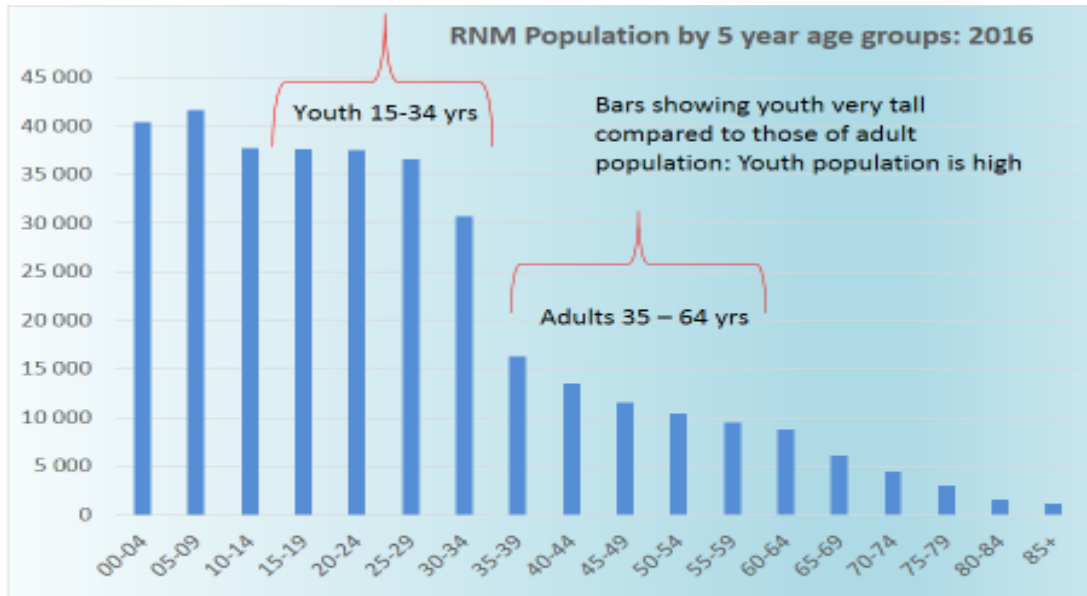
Graph 3: Population by Broad Age Groups



Trends for the past decade indicate that former Hibiscus Coast Municipality constantly experienced a youth bulge. When both municipalities amalgamated, the number increased. This is proven by the information from the population by age groups and the information from the community survey census graph below. From these statistics, a concern that can

be raised is, are programmes and policies in terms of job creation and education facilities responsive to this issue?

Graph 3: Population by 5 year age groups



The South Africa I know, the home I understand

In terms of youth percentage, Ray Nkonyeni Municipality has the highest (41%) followed by Umdoni Municipality with 39% while Umuziwabantu Municipality has the lowest,(35.6%). Below is a graph showing the Ugu District's local municipalities youth population percentages.

Table 12: Youth percentage per municipality

	Census 2011 Proportion	CS 2016 Proportion
Ray Nkonyeni	37.3%	40.9
uMdoni	≈ 35.5%	38.9
uMzombe	33.7%	35.8
uMuziwabantu	34.2%	35.6
<b>Ugu</b>	<b>35.7</b>	<b>38.7</b>

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#### 4.1.6 Population distribution

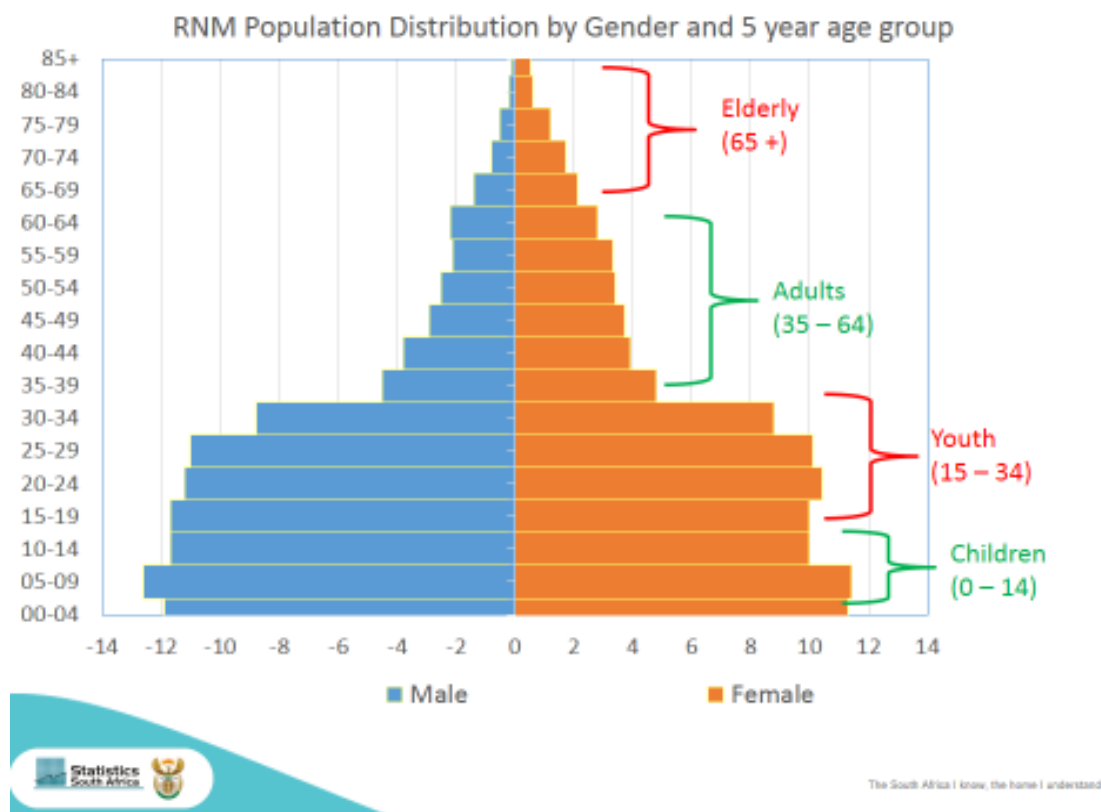
##### 4.1.6.1 Population Pyramid (Age) by Gender

The population pyramid below shows a trend of more baby boys (12%) born than baby girls. Between the ages of 0-14 years, the number of boys as compared to that of girls is high. As the male generation grows older, between the ages of 14-29 years, the number is still higher as compared to that of girls. However, there is a drop in the male generation between the ages of 30-39 years, with a significant further drop further between the ages of 40-85+

The dropping rate is quite high. On the other hand, the female population at birth is lower (11.8%). Between the ages of 14-19 years, the female population decreases, however, between the ages of 20-29 years, the number increases. Statistics further show that by the time the female generation is between the ages of 30-65+, they are more than males

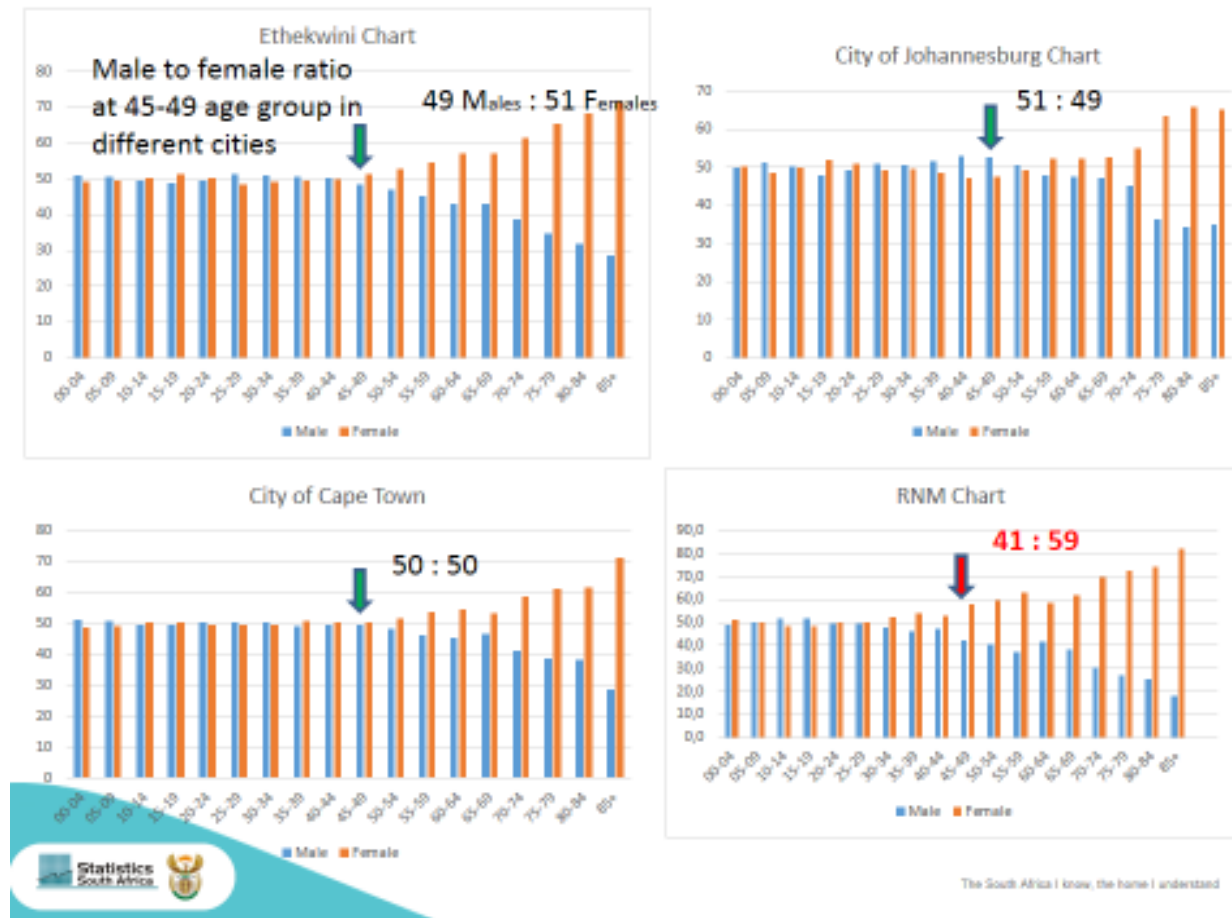
A conclusion that can be drawn from these statistics is that the male population decrease between the ages of 35-65+ while the female population increases in this age category. This may be due to social ills and the fact that generally males tend to take longer to attend to illnesses and by the time they do, it is late and succumb to death. Another factor may be that of employment. They leave for distant cities in other provinces for job opportunities. Below is a population pyramid of the municipality.

Graph 4: RNM Population Pyramid (Population by gender)



The following graphs compare the male population versus the female population in five year categories between RNM and some metros within the country. As a biggest populated municipality as well as economic hub of Ugu, RNM's male population between the ages of 45-49 shows a decline while in these metros is the opposite. This comparison will assist in comparing our health and economic programmes against those of these metros. The rationalbehind this comparison is to ensure that our economic programmes and health programmes are enough to uphold the number of males deteriorating. The significance of this age group is that at this age, most people are economic active with most holding stable jobs with families and other major responsibilities they attend to as compared to the other age groups. So as a municipality, is it vital to compare this category with that of Metros considering that the municipality is ranked amongst the top five local municipalities in the Province in terms of population.

Graph 11: Male vs females in 5 year age categories



When looking at the male versus female population age group between the ages of 40-60 years from the above areas, one can conclude that there is not much of a difference in population between the two genders as compare to our municipality. It must be noted that these are large metros with plenty of job opportunities, and so Ray Nkonyeni as Ugu's leading economic hub must ensure that it retains its male population by uplifting its economy to ensure plenty of job opportunities.

#### 44.1.6.2 Race Population Distribution per ward

The African population is evenly distributed in almost all the wards. However, in the wards along the coastal belt, which are urban, ward 2, 16 and 19, have a high concentration of white population. Ward 17 in the greater Port Shepstone area consists of more Indian population than any. The table below shows RNM population distribution by race and ward. Due to the amalgamation of former Hibiscus Coast Municipality and

Ezingoleni Local Municipality, some wards boundaries were affected and so were their statistics. There were also new wards that were formed, however. It must be noted that the statistics below is not accurate. Figures shown per ward are for 2016 and Stats SA is still working on how best to come up with accurate figures.

**Table 13: Distribution by Population Group per ward**

<b>Ward</b>	<b>Black African</b>	<b>Coloured</b>	<b>Indian</b>	<b>White</b>	<b>Other</b>	<b>TOTAL</b>
Ward 1	3902	140	233	3154	30	7459
Ward 2	3346	185	181	5039	87	8838
Ward 3	5115	155	400	2836	24	8530
Ward 4	8507	6	12	6	2	8533
Ward 5	9325	9	8	6	-	9348
Ward 6	6099	230	170	2577	38	9114
Ward 7	8534	8	2	6	-	8550
Ward 8	7963	2	6	9	1	7981
Ward 9	11937	12	46	7	13	12015
Ward 10	10564	22	26	12	12	10636
Ward 11	8747	35	2	4	10	8798
Ward 12	3797	403	3417	2240	47	9904
Ward 13	4211	71	159	1251	21	5713
Ward 14	8009	1	6	7	2	8025
Ward 15	5631	30	46	91	7	5805
Ward 16	2436	195	448	4408	33	7520

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Ward 17	2101	1300	4874	34	47	8356
Ward 18	3570	339	2646	1401	47	8003
Ward 19	1417	121	196	4048	23	5805
Ward 20	14270	141	135	297	12	14855
Ward 21	7049	51	10	6	10	7126
Ward 22	8383	10	26	13	5	8437
Ward 23	6478	25	12	1	7	6523
Ward 24	9705	36	25	14	10	9790
Ward 25	9190	15	26	141	5	9377
Ward 26	12719	60	19	10	13	12821
Ward 27	11044	23	10	6	7	11090
Ward 28	6893	25	8	4	9	6939
Ward 29	10142	13	15	60	13	10243
Ward 30	10166	23	25	12	01	10227
Ward 31	6995	07	14	281	02	7299
Ward 32	5903	10	10	210	02	6135
Ward 33	7603	17	06	10	27	7666
Ward 34	7239	02	17	128	01	7383
Ward 35	9314	58	39	12	01	9427
Ward 36	10520	01	02	02	03	10528

## 4.1.7 Household characteristics

### 4.1.7.1 Household Size


In terms of density, Ray Nkonyeni Municipality has approximately 90 409 households (hh) which makes it the leading municipality amongst the other Ugu local municipalities. The municipality has, however, a lesser number of hh size as compared to the other locals under Ugu. The average household size is 04 (four) persons per household.

The graph below is summarising this information.

Table 14: Household Size

CS 2016: Households (HH) and household size				
Municipality	2011 Households	2011 HH size	2016 Households	2016 HH size
Ugu	179 435	4.2	175 146	4.3
Umzumbe	35 171	4.6	28 132	5.4
Umuziwabantu	21 619	4.5	21 172	5.1
Ezingoleni	11 472	4.6	Ray Nkonyeni	
Hibiscus Coast	72 172	3.5	90 409	3.9
Vulamehlo	16 135	4.8	Umdoni	
Umdoni	22 867	3.4	35 433	4.1

Between 2011 and 2016, count of households has dropped by 2.4%. However, the Household size has slightly increased from 4.2 in 2011 to 4.3 in 2016



COMMUNITY SURVEY 2016

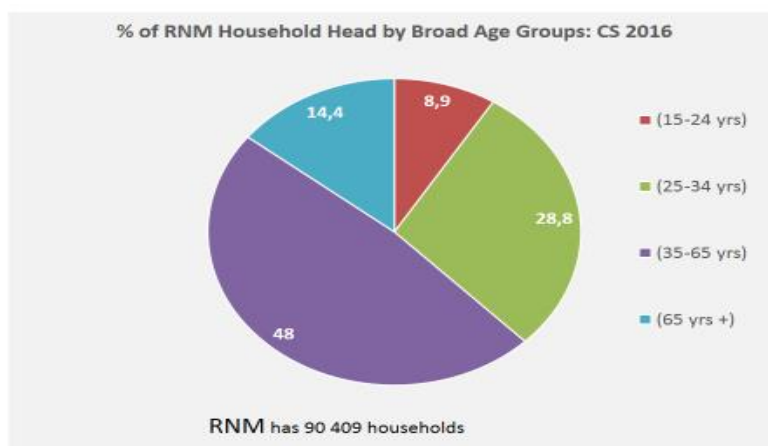
### 4.1.7.2 Household Head by Age

Ray Nkonyeni Municipality's household heads can be summarized as follows:

- 48% is the middle aged group between the ages of 35-65

- 28.8% is the youth between the ages of 25-35
- 14.4% is the elderly between the ages of 65+
- 8.9% are children between the ages of 14-25

The above summary draws attention to child headed households, female headed households and the elderly headed households. The elderly headed households are those households headed by elderly people living either alone or with young school going children with no other means of support other than their social grants. The percentages may seem small, but one child/elderly headed household is one too many, and these are special cases which will need to be dealt with in a very household specific. Through the recent community survey, statistics show that these households heads in most instances are females with no male figures due to a number of issues discussed earlier on in the document. The child headed households in many instances are vulnerable to socio-economic ills. The young children being looked after by other minors are prone to a number of health risks, morals diminish, etc. On the issue of female vulnerability and female headed households, the Human Development Report (solutions and Targets) states that the Government should intensify the implementation of policies, strategies and programmes aimed at combating these issues. Below is a graph showing this information.

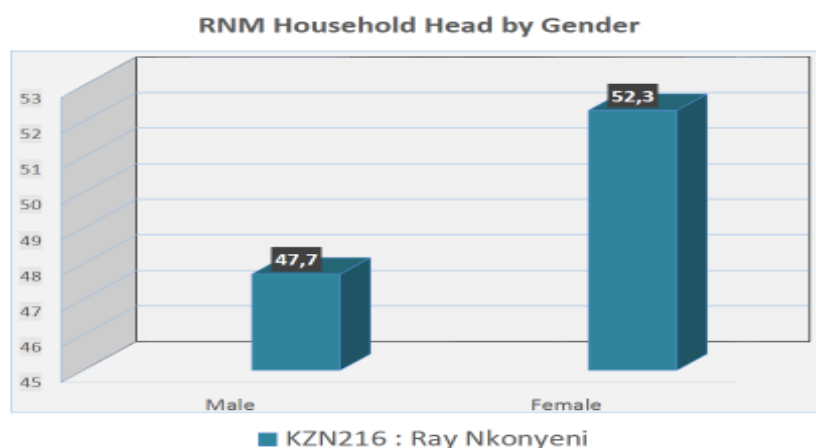


#### 4.1.7.3 Household by gender

Ray Nkonyeni Municipality has more female headed households (52.3%) than male headed households (47.7%). This may be due to outmigration by males in search of

job opportunities from outside the municipality. Another reason may be that the municipality has more females than males in general. Below is a graph showing this information.

**Graph 5a and 5b: Household Heads by Age and Gender**



#### 4.1.7.4 Household by dwelling types

According to StatsSA, there are four types of dwellings within the municipality. They are defined as formal, traditional, informal and other type of dwelling.

##### *i. Informal type of dwelling*

The informal type of dwelling shows an increase in 2016 as compared to 2011. Amongst other contributing factors towards the rise in informal dwelling types, more child births and migration from rural areas into urban areas. The Municipality is doing its best in terms of rolling out housing provision as per its programme to meet the demand. Plans are in place to build more houses and eradicate slums. This is in line with the State of the Province Address 2016, whereby the former Premier stated that there needs to be a comprehensive human settlement that needs to be created as well as eradication of slums. Further to this, everyone has to have access to decent housing and live in areas where there are accessible social amenities.

*ii. Formal type of dwelling*

2011 shows a high majority of formal dwelling types, (74%) as compared to 2016, which was (65,7%).

*iii. Traditional type of dwelling*

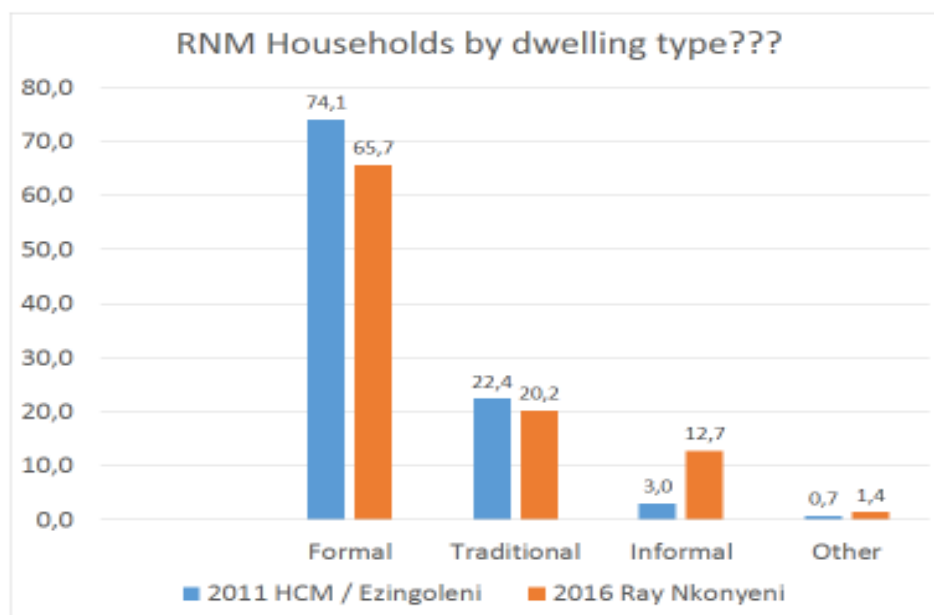
In 2011 there was a 22,4% of traditional dwelling type and a slight decline in 2016 to 20,2%.

*iv. Other type of dwelling*

This type of dwelling consists of caravan parks. This has the smallest percentage as compared to the other type of dwelling type. It must be noted also that this type of dwellings is found along town edged of Margate and Port Shepstone. It shows an increase between 2011 and 2016.

Below is a graph showing the information above.

Graph 6: Households by dwelling



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#### **4.1.8 Employment**

##### **4.1.8.1 Working Age**

It must be noted that within RNM, a large percentage of the working age consists of more males than women. This is due to the fact that in most instances more especially amongst the rural African communities, it is still a norm that females must stay at home tending to domestic issues while men leave their homes for employment purposes.

##### **4.1.8.2 Unemployment**

According to the PGDS, unemployment remains chronic and rising and concentrated amongst Africans in rural areas, women and the youth. This is no exception at RNM. This further leads to a significant contribution to poverty. The municipality is faced with a high number of unemployment more especially the youth. Policies and programmes to curb poverty and create job opportunities are in place. The municipality has also ensured that it partners with stakeholders in and the private sector in applying mechanisms with an effort to create employment opportunities, skills enhancement, effective and efficient governance etc. The KZN Small Business Development Agency and Ministry of Small Business Development are amongst many programmes the Province has implemented as a vehicle to refocus on small businesses. The municipality has also ensured that through its employment policies, small and medium businesses are created as they are the largest contributors to new employment opportunities.

Informal sector also plays a large part in the creation of jobs within the municipality. Ray Nkonyeni Municipality, through its Local economic Development, has ensured that bylaws have been formulated and are being implemented to enhance its growth as it shows that quite a large part of the population depend on it.

#### **4.1.9 Dependency ratio**

Ugu District Growth and Development Strategy (UDGDS) highlights that the dependency ratio within the district is quite high and there for clustering of social and economic services within rural nodes and corridors must take place to consolidate development. Ray Nkonyeni municipality is experiencing quite a lesser percentage of dependency ratio

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statistics in comparison to the other Ugu District local municipalities. This has been achieved partially by the initiatives the municipality has embarked on such as the development of nodes and corridors to offer employment. This is line with UDGDS, initiatives to develop rural nodes. For example, the Gamalakhe shopping complex is now open to the public for business purposes. There is thriving business at Ezingoleni town. There are also Precinct Development Plans to develop other rural areas such as KwaMadlala and Gcilima.

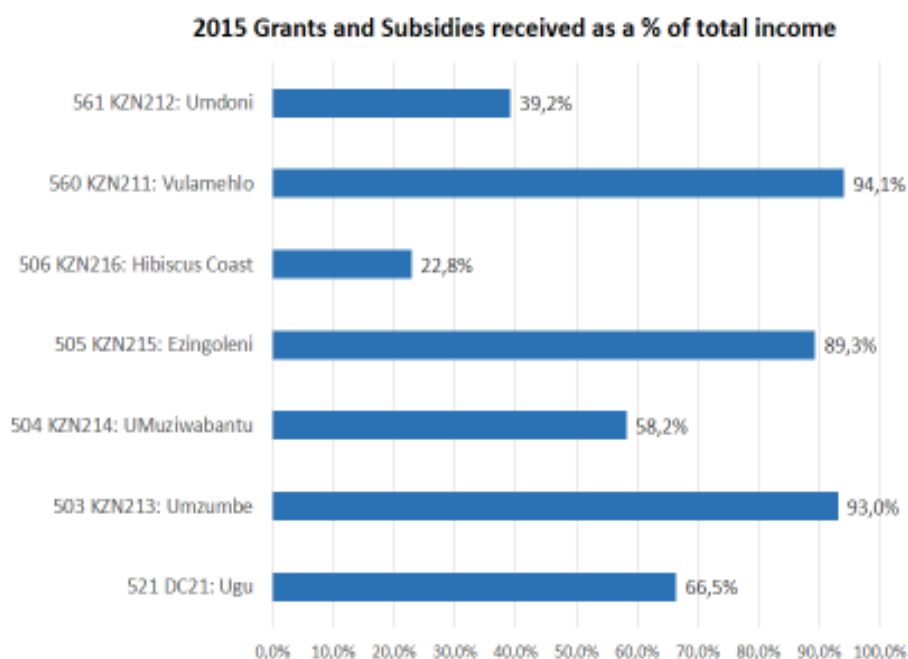
Looking at the graph that follows, one notices that former Vulamehlo and Ezingoleni, Municipalities experienced high dependency ratios, while current municipalities, that is Umzumbe and Umuziwabantu experience the same. On the other hand, former HCM and Umdoni experienced lower dependency ratios.

After the municipal amalgamation, the following statistics emerged:

- Ray Nkonyeni stands at 54%.
- Umdoni stands at 65.2%
- Umzumbe stands at about 90% since some of its portion was demarcated to Sisonke District
- Umuziwabantu stands at 58.2%

A summary drawn from the above information is that the dependency ratio amongst each Ugu Local Municipality is quite high. Many people depend on Government grants and subsidies while few hold formal jobs.

Graph 6: Grants and subsidies



#### 4.1.10 Poverty

Poverty remains a leading social concern in South Africa, and KwaZulu-Natal (KZN) bears a substantial part of the national burden of poverty. As RNM is part of KZN, it means it too has not escaped the clutches of poverty. Poverty can be measured in various means, but for the municipality, poverty has been measured in terms of salary gaps, type of employment, job opportunities as well as human settlement typologies, and health issues. The gap between the rich and the poor is too wide. This is evident amongst the Black majority in rural areas. Most families still live below the poverty line, which is below R1500 monthly income. This is evident from the number of people who depend on Government. Many people within the municipality have no other choices but pushed into the informal (second) economy which is notorious for its unpredictable income streams.

#### 4.1.11 Key findings

South Africa is an upper-middle-income country (World Bank classification), but despite this relative wealth, the experience of most South African households is of outright

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poverty. In addition, the distribution of income and wealth in South Africa is among the most unequal in the world and consistently widening. According to the World Bank's Gini Index, with 154 countries measured, South Africa is the most unequal country in terms of economic distribution amongst households and individuals. While great strides have been done since the dawn of democracy in 1994, due to the extent of the backlog, many households still have unsatisfactory access to education, health care, sanitation, energy and clean portable water, basic services for life with dignity. Listed below are key findings within the municipality:

- High rate of income and wealth inequality;
- High poverty levels;
- High crime rate;
- Urbanisation challenge with RNM being urban centre of the district;
- High number of child/female and elderly headed families;
- High Dependency ratio;
- High unemployment rate amongst the youth; and,
- Still high backlog on basic services and infrastructure.

#### **4.1.12 Conclusion**

Several structural weaknesses must be overcome so that Ray Nkonyeni municipality strives to deliver its best as a government service delivery entity. Achieving full employment, decent work and sustainable livelihoods is the only way to improve living standards and ensure a dignified existence for all communities within the municipality. This will be done by expanding our economy as a municipality to absorb labour and improve the ability of all to respond to opportunities and challenges. The municipality needs better educational outcomes, a healthier population, better located and maintained infrastructure, a sound social safety net and much lower levels of crime.

From the key findings mentioned above, it is evident that the municipality has so much to do in terms of sound policy formulations and implementation. The approach to be adopted by the municipality through its IDP is to reduce amongst many, poverty and inequality based on breaking the elements that have perpetuated and sustained poverty and strengthen those that promote income, wealth and opportunities.

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The basis for the interventions should be and understanding that economic growth and human development are linked, and that the former should enhance the quality of life, otherwise it is meaningless. Quality of life and human development, noting the historical context, can only be achieved through advancing the capabilities of disadvantaged communities, households and individuals by improving their access to assets, both physical and social. The collection of social, economic and demographic information to monitor the extent and nature of change is a priority in managing the reduction of poverty and inequality. Strategies and vision for Ray Nkonyeni Municipality have ensured that actions that need to be undertaken will definitely take the municipality onto a higher growth trajectory.

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## **4.2 LOCAL ECONOMIC DEVELOPMENT**

### **4.2.1 Local Economic Development Analysis**

The South African legislative framework envisages South Africa being a developmental state and as a result its local government sector also being positioned to be a critical element of the developmental state. The National Development Plan makes a case for this focus arguing that it is fundamental to ensure social cohesion. In other words, the social stability of the country is at risk unless there is some meaningful transformation and growth of the economy. Ray Nkonyeni Municipality respects this mandate recognising the nobility of its objectives. The municipality is mandated by law to develop a Local Economic Development Strategy to support the development of sustainable, robust and inclusive local economies through the exploitation of local opportunities, potential and competitive advantages as well as addressing local needs and contributing to Provincial and National development objectives.

The processes of planning and implementation of development programmes to create a platform for economic development throughout the country remains a challenge. Part

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of the challenge, is the ongoing quest by the three spheres of government to find innovative ways to align strategies and report key planning programmes and project based information in a meaningful manner to one another. Furthermore, the increasing pressure on the economy to create jobs and the seeming failure of government macro-economic policy to address unemployment and inequality further exacerbate the problem for government.

Ray Nkonyeni Municipality is currently developing its LED strategy which will be adopted by Council in due course. The LED strategy will cover the following:

- Tourism development,
- Agricultural development,
- Manufacturing and Industry,
- Community services,
- SMMEs development and support,
- Informal Economy,
- Business support programme
- Cooperatives

In essence, the LED Strategy for Ray Nkonyeni municipality will seek to seize the opportunities the environment and its people presents. It reflects learning from other municipalities as a means to avoid common mistakes, and reposition the area on a sustainable economic development path as per the PGDP and DGDP. This includes removing blockages and obstacles, identifying economic development opportunities, area marketing and promotion, and providing support (technical and otherwise) to local businesses.

The National Framework for LED in South Africa (2006 to 2011) directs that a credible approach to LED in any municipality should include a commitment to invest in the capacity of a municipality to manage its affairs in a manner that inspires confidence to both its constituents and the private sector. It must also provide signposting for domestic and external investors, indicating on the basis of objective and empirical analysis, where opportunities for growth lie.

RNMs Economic Development Strategy serves as a refinement of the municipal strategic intent outlined in the IDP and a consolidation of local municipalities' economic

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development vision into a coordinated and integrated regional development plan. RNM, as 'the economic engine room' of the lower south coast has goals that talk to:

- Infrastructure development
- Functional linkages
- Entrepreneurship
- Job Creation
- SMME Support
- Rural Development
- Tourism development
- Innovation and ICT
- Integrated Development

The Provincial Spatial Economic Development Strategy (PSEDS) identifies Port Shepstone as a Secondary Node in the provincial context and the eThekweni – Ugu Corridor as a primary corridor. This corridor is at the same level as the extremely strong and growing eThekweni–Umhlatuze and eThekweni–Msunduzi Corridors. PSEDS confirms the tourism potential of the South Coast Region as established in the Provincial Tourism Strategy.

Local economic development is one of the municipality's priorities in line with the national key priorities. Strategies have been developed to promote economic and social development aiming to provide job opportunities and reduce the poverty levels. Generally, RNM is the most concentrated economic hub within Ugu District with the main economic sectors being tourism and agriculture with some manufacturing occurring in Port Shepstone. As an economic hub, RNM has an advantage of influencing the Ugu Region's economic potential, policies and development programmes. Port Shepstone is the major economic hub in the south coast and serves as the administrative centre for both RNM and Ugu District.

The municipality has a local economic development plan that is being developed which will align with the Ugu District Municipality's Growth and Development Strategy.

RNM's LED is intended to maximize the economic potential of the municipality and to enhance the resilience of the macro- economic growth through increased local economic growth, employment creation and development initiatives within the context of

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sustainable development. As such, the need for an LED Plan in the Municipality goes beyond meeting the constitutional and legal obligations, and encompasses the practical implementation of programmes designed to stimulate economic development, economic transformation and social upliftment.

Addressing fundamental LED issues requires the municipality to adopt a strategic approach focusing mainly on aspects that will yield a higher impact. Economic Sectors include the following:

- Tourism (Coastal strip) major potential in rural areas)
- Agriculture (vast arable land in rural)
- Manufacturing (Marburg)
- Mining/ quarrying (small scale)

The agricultural sector that was once dominant in the hinterland in terms of both employment and investment has lost its competitiveness. Commercial agriculture is dominated by two agricultural commodities, largely sugarcane and timber. Both these commodities are impacted by international competition. Sugar cane is impacted by the relative unsuitability of the local climate, that is, the distance from the equator in comparison to other international production areas. The restrained and non-formalised support for additional demand drivers in the sector like renewable energy production at the mills and other by-products equates to constraints demand growth for domestic growers. There is also limited tariff protection for local production; the uncertainties around land tenure and the labour input costs are rising faster relative to other international producers and increases risk factors for the sector.

#### **4.2.2 Sectors within the municipality**

The Municipality has three types of sectors, namely, primary, secondary and transport sectors.

*a. (i) Commercial Agriculture (Primary sector)*

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Agriculture is the second largest followed by financial sector within the municipality. The most significant shift in the economic profile of the municipality has been the decline of the primary sector giving way to the tertiary sector that is now the leading sector. This is due to recent reports outlining that agriculture has declined to a point where KZN as a whole has become effectively a net importer of agricultural products. This has affected the municipality in terms of its GDP Nationally. This clearly points to the diminishing agricultural production and food security. Commodities that are directly linked to the primary sector commodities, i.e. timber manufacturing are experiencing decline. Food, beverages and tobacco are the biggest contributors of employment in manufacturing in the province.

The range of agricultural products points to the great agricultural potential of this region, attributed to good climate conditions, soil potential and the entrepreneurial spirit of the people. Following are some of the outstanding features of the agricultural sector at RNM and these are practiced at a large scale more especially along the coastal belt:

- A fifth of all bananas eaten in South Africa are produced here;
- Sugar cane growing and milling has taken place in the region since the 1890s;
- A range of niche market products, such as cut flowers, nuts and vegetables are also produced here;
- Livestock farming and poultry farming are extensive together with crocodile breeding; and,
- Timber farming sector produces Pine, Gum and wattle which are processed by some saw mills.

*a. (ii) Subsistence Agriculture*

Subsistence farmers within the municipality grow vegetables, dry beans, sweet potatoes and amadumbe. Most of the produce is for home consumption and is mainly practised in the hinterland of the municipality.

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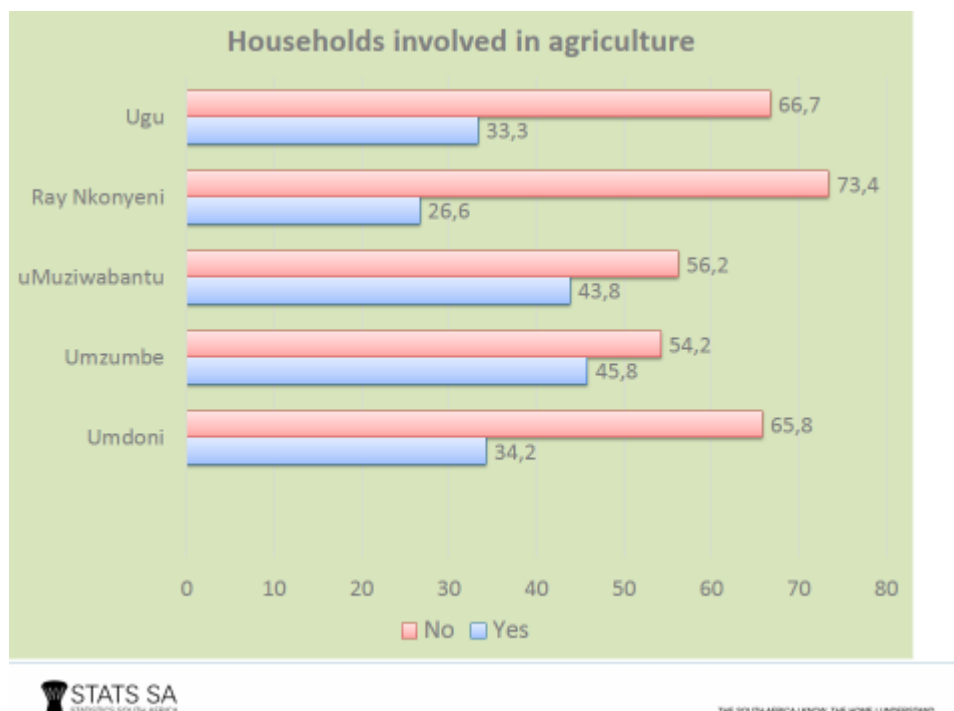
### *Challenges faced by small sugar cane growers*

Small sugar cane growers (SSG) farmers in the hinterland face a number of challenges which includes amongst others, steep topography, no irrigation systems, less mechanisation, poor yields and lack of financial back up. Land is also another challenge as well as their small farm holdings are not fenced. RNM soils are shallow, and this limits plantation as most products need deep soil to enable good growth. A majority of Black farmers do not have codes for their yields at the sugar mills and rely on big sugar cane growers and this has proved to be a failure. Some Black farmers have leased their land for sugar cane growing but end up with next to nothing in terms of profit.

With the current political climate regarding land issues, land ownership and land rights commercial farming is negatively affected. If people are uncertain of their rights, they simply stop to invest in land, as they are unsure of the financial returns they will receive. The pending closure of the Umzimkulu Mill will increase the input costs, as delivery distances to the Sezela mill will increase on average fourfold putting more financial pressure on the inland Farming Community, as well as on welfare grants that will be needed to counter the loss in income when the mill closes down.

The graph below indicates the number of households engaged in agricultural practices. It is noted that a very small number of households (26.6 %) participate in this practice. Females are the most active participants in subsistence farming. The percentage is practically very little and this is due to the reluctance of households who want to plough.

Graph 7: Households involved in agriculture



*i. Interventions by the Department of Agriculture and Rural Development*

Specific approaches to identifying and secure land for agricultural development should receive attention.

The Department has taken big strides in assisting and supervising co-operatives within the municipality with a number of projects. Below is a list of small commercial farmers' by co-ops, and it must be noted that these projects have proved a huge success in terms of job creation and poverty alleviation.

NAME OF PROJECT	PROJECT TYPE	EXTENT	INTERVENTION ON THE PROJECT
1.Thuthukani- Cliffview co-op	Maize and dry beans	100ha	3.97 km fencing liming. Production inputs(maize, dry beans and fertilizer)
2.Sizuzimpilo Co-op	Tea tree oil	10h	2.9 km fencing tea tree cuttings

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3.Wosiyane- Riverside co-op	Dry beans	128ha	7.71 km fencing. Production inputs (dry beans, fertilizer and mechanisation
4.Horse –shoe co-op	Vegetables and tea tree oil	30ha	5.5km fencing. 30ha irrigation 400 000 tea tree cuttings Production inputs (vegetables, chemicals and fertilizer)

Further to assisting with funds to co-ops by proving implements and funding, the Department also issues bursaries to students pursuing agricultural studies. It also promotes Batho Pele principles. In the 2016/17 National Agricultural competition, Ray Nkonyeni came out number one. The Department has also ensured that other types of farming are practiced such as animal farming, and poultry farming. This is mostly practiced in the hinterland of the municipality.

The Department is also looking at developing a horseshoe farm into an Agripark. Famers will bring their yields to this point which will be then exported to other parts of the country.

The following projects within the municipality are still awaiting funding;

- Qhubekani Sugar farmers
- Khoshwana Sugar cane growers
- Sinekhono Poultry production (broiler)
- Lavenga Banana farm

#### b. Manufacturing and retail (Secondary Sector)

Manufacturing and retail sectors are main industry of employment within the municipality. Mining and quarrying is the lowest industry. Although 60% of manufacturing businesses are located in the Port Shepstone/Marburg industrial area, it is important to note that a third of the manufacturing businesses also relate to Margate suggesting that this area should receive some prominence in terms of future industrial sector planning. The formal manufacturing sector is limited to the coastal strip and primarily the Marburg and Margate areas. It is not envisaged that the formal large scale

manufacturing sector will expand into the rural areas (although development at Izotsha would provide easier access to job opportunities to the rural workforce). The secondary sector is fairly stable in both employment and investment terms. Contribution to the municipal economy per sector is as follows:

- Whole sale and retail 18.7 %
- Finance and Business Services 21.5%
- Manufacturing 12,3%
- General Government Services 13.3%
- Agriculture and Forestry 8.9%
- Transport and communication 8,9%

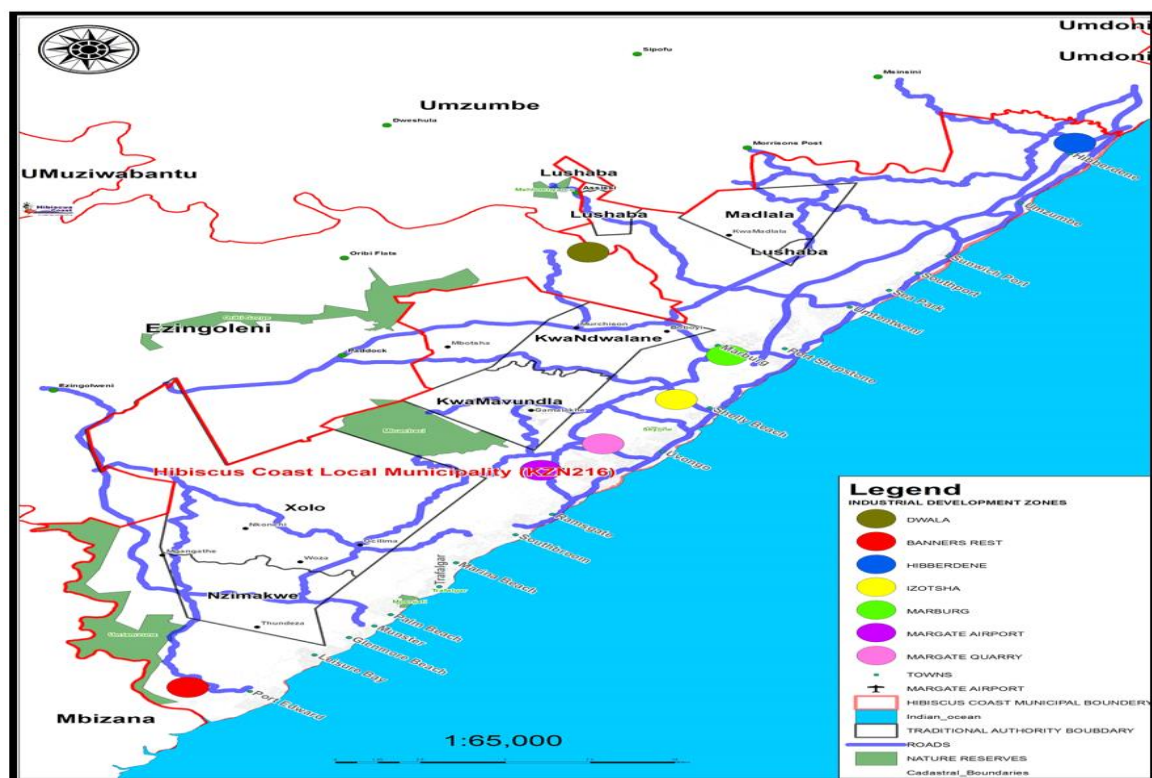
Table 15: Industrial Areas

Area	Basic Description	Type of industry
<b>Marburg Industrial</b>	This is the only major industrial zone in the District. It has been developed on the N2 to the south-west of the Port Shepstone CBD. The land is not flat, but the topography is reasonable for industrial development. A large variety of manufacturing and service sector businesses are located in the area.	Most industrial sectors are represented in the area. Furniture, textile and clothing and food seem to dominate. Sizes range from small service industries to major plants.
<b>Margate Quarry Industry</b>	The industrial area is located close to the entrance to the NPC Quarry immediately to the west of the N2 as you approach the Margate turnoff from Durban. The area is separated from neighboring developments either by the N2 or vacant land	The number of concrete block, brick and molded concrete block manufacturers benefiting from the location in relation to the Quarry is clearly noticeable. Furniture manufacturers and a church

<b>Margate Airport Industrial</b>		are also housed in industrial buildings.
	This industrial area is located on the northern end of the runway of the Margate airport. It is located on relatively flat land. The area is home to only a handful of industries	Construction related and furniture manufacturing firms are located in the area.
<b>National Portland and Idwala Carbonates (KULU)</b>	This industrial area is located on the Eastern side of the N2 as you pass Marburg up North.	Mining Industry

The map on the following page shows industrial areas within RNM as indicated in the above table. It must be noted that all industrial areas are within former HCM, hence the map below. The logo however, still shows HCM and this is due to the fact that the municipality's SDF has not been adopted with Ray Nkonyeni Municipality logo.

Map 5: Industrial Development Zones.



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### c. Transport Sector

The transport sector fulfils an important role in the development of RNM. This sector has a number of distinct components for consideration in future economic development planning for municipality. The key components are:

- Air transport
- Rail transport
- Road freight transport

The location of the municipality along N2, proximity to City of Durban, operational airport with functional route to OR Tambo International Airport and railway infrastructure (though currently only used for cargo) augers well for accessibility of the municipality.

### 4.2.3 Tourism

Consequently, more than 67% of the tourist attractions in the Ugu District are located in Ray Nkonyeni Municipality. Tourism is one of the key economic drivers in the municipality. The entire coastline of the Municipality is a primary attraction and the Tourism KwaZulu-Natal website lists no fewer than 29 beaches for this part of the Province. A series of coastal villages each with its own character and interspersed by beaches, rocky coves, tidal pools and lagoons set amongst indigenous bushes are the main features of the municipality. It is viewed by some as just a popular holiday destination for domestic tourists, but it is also a preferred retirement location for many people.

In terms of job opportunities, tourism within the municipality has provided plenty of job opportunities. There are, for example, hotels that have been recently opened to the public, namely Mthunzi Hotel in Ntentsweni outside Port Shepstone and Desroches Hotel in Margate. Other tourism attractions such as tour guides, scuba diving and sea trips have too provided employment as well. Since the South Coast is viewed as a holiday destination attraction, there are many accommodation outlets that have provided plenty of jobs.

#### a. Events Tourism

Popular events such as the Margate Air Show, the Lions South Coast Show and the Ugu Jazz Festival all now form part of the Sardine Festival. These events take place once a

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year in different seasons. The sardine Festival comprises of many events such as the Golf Challenges. Golf Tourism is probably the second largest tourism product on offer in the municipality and the South Coast is also branded as the Golf Coast of South Africa. This is due to a comprehensive selection of 11 (nine 18-hole and two nine hole) golf courses situated in the southern part of the municipality, at San Lameer. The event is held annually and the Mayor of RNM graces it. This event includes a women's tournament and attracts international players. Three of these courses are rated amongst the top ten courses in the country. Also, the municipality has added another category where by young school going girls from disadvantaged areas are invited yearly to participate in a mini golf tournament. This is aimed at both promoting the sport and teaching the girls the sports' skills. Popular annual events that take place during other periods include the:

- Hibberdene Couta Classic Fishing competition
- The Port Edward Ski Boat Festival
- SA Women Open (European Ladies Tour)
- Ugu Jazz Festival
- RNM Cycling classicas
- RNM Ultra Marathon

#### b. State of Inland Tourism

Tourism activities inland is only concentrated along the Oribi Gorge corridor with few product owners taking the lead. Observations from within the sector indicate that there is substantial work to be done if the sector is going to deliver any level of growth beyond the Oribi Gorge corridor. The Oribi Gorge in the eastern part of the municipality provides better organised, marketed and committed products. There is general limited comparative advantage beyond the Oribi Gorge. The Shobashobane Heritage project is yet to be conceptualised to become one of the tourism icons on the south coast. This may improve cultural tourism, eco-tourism and community based tourism for most areas of the municipality.

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The following inland rural tourism will respond to the pressures for economic development and job creation and sustainable livelihood. These developments will provide jobs such as tour guides and transport provision.

- Gamalakhe Heritage Park
- Nyandezulu Tourism
- Nyandezulu Water Fall

#### 4.2.4 Beaches

South Africa currently has 36 accredited Blue Flag Beaches and therefore Ray Nkonyeni municipality claims almost a quarter of all blue flags in the country.

The municipality has a total of 21 beaches which are classified as swimming beaches. Out of the 21, a total of 07 are accredited Blue Flag Beaches status.

The following municipal beaches have the world renowned Blue Flag status:

- Hibberdene Beach
- South Port Beach
- Umzumbe Beach
- Lucien Beach
- Ramsgate Beach
- Marina Beach
- Trafalgar Beach

The municipal beaches offer an ultimate beach holiday destination with all year round friendly weather even during winter months. All the beaches offer a safe swimming environment with shark nets, which are serviced regularly by the Natal Sharks Board personnel and in addition life guards are on duty at swimming beaches and in peak holiday periods. In addition to this, surfers can indulge their passion to find that perfect wave while patient fishermen are sure to take home a fine catch. The municipality has partnered with the Natal Sharks Board in ensuring that bylaws are implemented at all its beaches and that the municipality plays an active role in ensuring that the status of the beaches is at its best and security personnel visible.

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#### **4.2.5 Historical / Nature / Mission Tourism**

The municipal area has numerous historical, religious and cultural assets that have potential to be further developed as tourism products. There is a proposal for the KwaXolo Caves Project aimed at attracting tourists to the area.

Another important draw card for tourists visiting the area is the natural environment the municipality has. There is an extensive array of botanical features and wilderness areas attracting visitors for bird watching, hiking, walking, picnics and other related outdoor activities. There are two existing conservation areas within the municipal area, namely, Umtamvuna Nature Reserve and Trafalgar Marine Reserve. There are however approximately nine declared and protected nature reserves of which the majority falls under management of Ezemvelo KZN Wildlife.

The municipality has various religious assets such as the Albersville Community Church in Port Shepstone that was built in 1959, The Assisi Convert that was built in 1922 and was named in honour of St Francis from Italy; the German Church in Port Shepstone that was built by early German immigrants; The Norwegian Church in Port Shepstone that was built by early Norwegian immigrants, most whom arrived in the area during the 1880's; and the Enxolobeni CP School that is built in the area which used to be the American Board Mission. The mission house and the associated graveyard are still in the area.

#### **4.2.6 Accommodation and competitive advantages**

The major concentration of tourism accommodation is in Margate (16%), Ramsgate (10%), Uvongo (9%), Shelley Beach (8%) areas, but areas such as Port Edward, Oribi and Hiberdene make a substantial contribution. All these places are found along the coastal strip except for Oribi which is situated about 45 km into the hinterland.

The implementations of the Port Shepstone Beach Front as well as tourism and eco-tourism development are areas identified as growth potential tourism. Tourism products have been developed over many years and the area is one of the Premier tourism destinations in KwaZulu-Natal. The list of competitive advantages includes:

- Blue Flag Beaches
- Wild life conservation with Ezemvelo reserves

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- Major events such as Ugu Jazz Festival, SA Women Open (European Ladies Tour), Margate Air Show; Africa Bike Week, Maidens Ceremony at KwaNyuswa. Beach Festival and Easter Adrenalin;
  - Sea and water events
  - Operating airport with OR Tambo/Margate route
  - Historical, Religious and cultural assets which provide opportunities
  - Sports and adventure tourism including golf and other sport codes
  - Golf estates
  - Competitively priced accommodation

#### **4.2.7 Property market**

Many people find the coastal belt of the municipality very attractive due to its beautiful scenery and beaches. Properties found along this area are both privately owned as well as municipality owned. Part of the capital generated by the municipality comes from these rented properties. Most properties are rented out during the peak season, which is November to January where most people take vacations. Due to the active residential and business development of property taking place in the municipality, there are plenty job opportunities as well.

There is a boom in residential developments along the coast even though in recent years developers were finding it difficult to sell existing developments. The number of properties on the market, however, is starting to rise. Some developers have voiced concerns in terms of slow sales due to traffic congestion on the Marine drive between Shelly Center and Margate during peak holiday periods and the fact that a number of people see the image of the South Coast as a retirement area and see no point in investing. Attraction of further government services and offices into the municipality has potential to stimulate residential and office markets.

#### **4.2.8 Food insecurity**

Food insecurity is one of the major challenges the municipality faces. Communities have been encouraged to have community gardens as well as one house one garden, where they grow food for consumption. The Department of Agriculture is currently making

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provision of seedlings to communities. The LED unit also assists communities in this regard.

#### **4.2.9 One Home One Garden**

The One home One Garden campaign has been successfully implemented in the entire municipality. The campaign is to initiate an integrated approach to food security demonstrating in practice the principle of coordinated government service delivery with respect to addressing the most vulnerable within the municipality. One home one garden campaign is a key aspect of RNM food security. Health issues cannot be addressed if poverty is not vigorously tackled as it is a major driver of the diseases and it a known fact that the biggest enemy of health in the developing countries is poverty. The objective of the municipality is to reduce the percentage of households that have gone hungry. According to the National Development Plan on human development report, poverty and hunger must be eradicated. This is line with RNM policies on this issue, thus the one home one garden programme was implemented and is very successful judging by the number of households with gardens.

Any effective food security campaign should:

- Improve agricultural production
- Improve food diversification
- An improved household well being
- Improved food utilization and health status of target group

There is also the Siyavuna Programme which focuses on organic farming. It mainly consists of women. Currently there are more than 200 women participating. This programme is running in almost all the wards within the municipality. This programme is aimed at promoting farming for subsistence purposes and the element of surplus is for enterprise development.

#### **4.2.10 Poverty alleviation projects**

There are poverty alleviation projects run by the municipality through the Extended Public Works Programme (EPWP). Most people employed in these projects are from rural areas and positive results have borne fruits. The EPWP programme has addressed the Green job initiatives. For example, the municipality is implementing the Food for Waste Programme.

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Currently more than five hundred (500) employed under the food for waste programme, some employed for verge cutting and for street cleaning. These programmes run for a period of 5 months each, and the municipality receives more grant from National Treasury. With the Justice Park Development in Port Shepstone, currently being developed, all employed were sourced through the municipality.

#### **4.2.11 SMMEs, Informal Sector and Economically Active Population**

Ray Nkonyeni has an SMME development Strategy in place. RNM has been proactive in establishing Small Medium Micro Enterprises SMMEs to enable people to be economic active. Successful businesses (SMMEs) must emerge as they are the largest contributors to new employment opportunities. The SMMEs sector represents an important component of the economy of the municipality and plays a major role in the job creation, economic growth and poverty alleviation. SMME sector is also recognized nationally and world-wide as a major player in economic development and growth especially for the developing world. As such, Ray Nkonyeni Municipality has identified the need to support the development of the SMMEs across the economic sectors through the creation of opportunities for growth and development. The municipality sees its intervention area to improve efficiency of this sector as improved governance, improved public infrastructure development, improved access to information, and ensuring that our regulatory environment is responsive to the sector. SMME development strategy for the municipality acknowledges that SMMEs are at different levels of development, with some still being at a survivalist stage while others have reached an advanced level of development and ready to graduate into formal business entities. The strategy is to deal with these in a differentiated manner taking into account differences in challenges. The strategy specifically target the following:

- Informal Sector
- Small formal business the majority of whom operate from the development node
- Emerging contractors involved in construction and infrastructure development.
- Artists and crafters (creative industries) spread throughout the area.

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- Small scale farmers including cane growers, community gardens, etc.

Although no permanent solution is provided, the following was determined to be the main causes for failure when implementing measure to address the second economy:

- Failure to Disaggregate and quantify: For Example, measures were implemented to empower black farmers, but no distinction was made between subsistence farmers who depend on farming for food, and farmers who farm but have a separate source of income. The same measures can therefore not be implemented.
- Neglect of what is there: There is a tendency to focus on activities that are more marketable than what the entrepreneurs/farmers are used to and as such start afresh with no experience.
- Failure to understand real constraints: The tendency to implement what is more implementable instead of addressing the real needs. Therefore misidentifying the real issues.
- Neglect of lessons from the past: New programmes are implemented to correct failures of previous programmes without understanding the real issues.

The Premier in his February 2016 State of the Province Address, Priority Intervention 6: 'Unlocking SMMEs and co-operatives potential, mentioned that "shared growth targets can best be achieved by creating an environment for small business to grow. A high participation rate in our economy is much needed and this can be best achieved by getting more business entities that can help create the jobs we need." RNM commits to create a better supportive environment for this initiative and best improve on what is on the ground currently.

#### 4.2.11.1 Municipal intervention

As mentioned before, the municipality seeks to support the development of SMMEs across the economic sectors through the creation of opportunities for growth and development. Currently, there are more than twenty SMMEs that the municipality has assisted in growing enabling job opportunities, but must mention that the number is small and still hopes that in the near future the number will grow.

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There is a database set up by the municipality for both active registered SMMEs and cooperatives. The municipality wants to ensure that it will expedite and expand an incubation programme for small businesses, do its best to reduce “red tape” for small business and support access to funding through soft loans and grants. The same will apply to the informal sector. It is detailed in the Strategy how the municipality has set up support access to funding through soft loans and grants. Further, an SMME & Cooperatives Strategy is also in place, which specifies exactly what needs to be done in terms of SMME and Cooperatives development.

The LED unit within the municipality has a database for all active/ registered SMMEs and Cooperatives and is available on request. Further, the municipality is working on a new database.

There is a monitoring and evaluation mechanism for implementation of all LED programmes and targets in place that has been developed by the municipality.

#### **4.2.12 Informal sector**

The municipality acknowledges the relevance and contribution of the informal economy and social life of its existing economic towns. Informal or street trading has become a feature of contemporary urban environment in most South African cities and towns. It symbolises the changing nature of both spatial and economic environments, with the small and emerging business operating side-by-side with established business entities. Street vendors are a major source of provisioning for poor urban households, and form a vital part of any emerging economy.

As per the Ugu District Growth and Development Strategy, informal economy contributes 6% of employment and the figure is steadily growing throughout the District. Within RNM, Informal trading is prevalent in urban centres, particularly in the vicinity of taxi ranks and market areas. There is informal trading outside of public facilities such as clinics, schools and pension pay points. However, it must be noted that the municipality is working tirelessly to come up with a strategy to be implemented which will amongst other issues ensure that this sector is well provided for as it provides for a number of employment opportunities. A survey of informal traders undertaken revealed the following:

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- Provision of suitable facilities is critical
  - The majority of informal traders are involved in small operations which involve a relatively small number of people.
  - Most traders are not authorized to undertake street trading and do not belong to a formal structure but would like to be part of one
  - High concentrations of informal traders in places such as taxi ranks create pressure on the available infrastructure and causes chaos.
  - The operators who try to work within the rules are becoming frustrated at the lack of regulation.
  - There is a general lack of market infrastructure (i.e. safe and secure trading sites) and general infrastructure (i.e. roads, electricity, water, sewerage).

#### 4.2.12.1 Municipal intervention on SMMEs

To regulate street vendors, the municipality has developed an Informal Trading Policy and By-Laws. Further, the municipality is working closely with KZN Department of Economic Development, Tourism & Environmental Affairs in expediting and elevating informal trading. In-house capacity building initiatives are currently being implemented.

#### 4.2.13 Women focused initiatives

- **Women in Business**

There is a woman in business structure initiated by the RNM Mayor which focuses on women's SMMEs' sustainability. Its sole existence is to nurture women in Business as well as those aspiring to be in business. Below are two of the municipality's initiatives to sustain livelihoods whereby women are highly involved

- **Community garden programme**

This programme consists of women. Women are being assisted with agricultural inputs by the municipality. They farm for home consumption and this programme is aimed at alleviating poverty and sustain livelihoods.

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#### 4.2.14 Economically Active Population

A large part of the population within RNM is economically active through the Local Economic Development initiatives. Many programmes are currently running aimed at developing skills to equip its local communities. Workshops aimed at enhancing the youth in various sectors of businesses are also in place. The President, in his State of the Nation Address, (February 2017), stated that in order to have an economic active population, the youth must be encouraged to participate in strategic sectors of the economy. The municipality is in line with this initiative.

#### 4.2.15 Investment Opportunities (Catalytic Projects)

The municipality has key projects aimed at unlocking job opportunities. These are projects regarded as having significant development impact. It is the projects that go beyond the powers and functions and affordability of Council and only use need and desirability/impact as the criteria. The projects listed below are regarded as catalytic projects being at different stages of implementation. These catalytic projects are:

- **Justice Park** is essentially a development of a high court and more magistrate courts and office block to accommodate the Department of Justice needs. Total project value is estimated at R360m. RNM has made land available for the project and the Department of Public Works is currently packaging the entire project which is in its last stages.
- **Intermodal Public Transport Facility** which is a public transport ranking, facility with high order commercial mix. The facility in essence will be a bus and taxi rank and a mall to be developed in Port Shepstone at the current bus and taxi rank.
- **Technology Hub** to be developed at Izotsha. This initiative is funded by the Premiers office. The main attributes of the Technology hub include :
  - Specialised Business Park with tenants focused on technology and scientific research.  
Closed alignment to tertiary institutes and their academic staff.
  - Partly linked to a wider research system.

- 
- **Margate Beach front redevelopment** is underway funded by Cogta to give a new look to the beach. First southern phase development of promenade has been completed. Plans are underway for main beach area and Northern portion. The approved budget was R30M.
  - **Margate Airport:** The upgrade of Margate Airport has made it easier for tourists to access the district once they are in the province, as well as making it significantly easier and simpler for the tourists to remain in the province for longer periods, due to the expanded range of tourism product in keeping with the tourists' needs. In addition, the area around Margate airport presents substantial potential for future industrial development. The Department of Co-Operative Governance and Traditional Affairs,
    - (COGTA) financed this operation to the tune of R10m for the upgrade of the Margate Airport and the project bore fruit in November 2013 when the first airline landed. It is a commercial airliner and is operating between OR Tambo and Margate respectively until more lines are opened. The Provincial Treasury has a project to revitalize all the regional airports. Flights are between Margate and OR Tambo and there has been demand thus more flights have been added, and then more destinations would be added. Scheduled flights initially were to fly on certain days per week between the two destinations, but due to demand the flights are daily. The Municipality is working towards ensuring that the airport is sustainable and marketing campaigns will be done to improve awareness of it.
  - **Public Sector Investment**
    - Port Shepstone library under construction
    - Port Shepstone Museum currently under construction. The Municipality signed the Memorandum of Understanding with the National Department of Public Works.
    - Small craft Harbours at Hibberdene
    - Port Shepstone and
    - Port Edward

- 
- MoU signed between the municipality and the NDPW and are all at a conceptualization stage

- **Tourism and Ecotourism development**

Tourism Development Strategy for Ugu South Coast Tourism Region in place introduces a sector specific vision and the associated long-term goals. The goals are developed in alignment to the national responsible growth objectives. Both the tourism and eco-tourism of Ray Nkonyeni seeks to deliver a welcoming world class visitor experience. The projected budget value is R158.5m per annum.

- **Parking block in Dick King's Parking**

The Port Shepstone CBD does not have enough parking and no parking block open for public ever built. Businesses are negatively affected in terms of getting more clients and optimal profit. Port Shepstone is experiencing massive development as a result of Justice Park; Department of Education Offices; extension of Port Shepstone Library and building of Maritime Museum. While these developments are adding value to the town, it will put more strain on businesses as the demand for the parking will be increasing exponentially. The idea is to then avail a municipal property strategically located for this purpose to a private developer and developed property without losing ownership.

Market for informal traders

- **Municipal Office Precinct**

A Council Resolution has been obtained and currently finalizing the Municipal Financial Management Act/Supply Chain Management issues

- **Rural Tourism**

- KwaXolo Caves. Phase one has been completed and the SCDA is taking over the project
- Nyandezulu Water Fall is at a conceptualizing stage (Spatial Planning)

Following are key issues facing the municipality in its implementation of LED programme:

- Economic governance
- Institutional alignment and coordination
- Economic spatial integration

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- Land release for economic development
  - Youth and gender empowerment
  - Sectoral integration
  - Sustainability of LED municipal projects
  - Seasonality of key economic sectors
  - Infrastructure supporting economic development

#### **4.2.16 Urbanization, development and beach upgrades**

Ray Nkonyeni Municipality has experienced enormous pressure in development over the past year. This is in line with the municipality's urban renewal policy. It is notably that the municipality experiences, in line with international trends, the highest level of urbanisation. There is rapid and growing urbanization within the municipality. There is also a lot of development activities in a form of residential as well as beaches upgrade. A number of catalytic projects are also taking place which many people have found employment. This is line with the Ugu District Growth Strategy.

The upgrade of Margate Airport has made it easier for tourists to access the district once they are in the province, as well as making it significantly easier and simpler for the tourists to remain in the province for longer periods, due to the expanded range of tourism product in keeping with the tourists' needs.

The municipality is a business licensing authority and policies have been developed to encourage more businesses into the municipality, more especially the private sector. The CBD in Port Shepstone is quickly reviving its appearance as more establishments are being developed.

#### **4.2.17 LED Projects**

Below are current initiatives for the municipality. They include but are not limited to the following:

Table 16: Municipal initiatives

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<ul style="list-style-type: none"> <li>➤ Co-operatives and SMME development and advancement</li> <li>➤ Second economy advancement</li> <li>➤ Poverty alleviation e.g. Siyazenzela food for waste initiative</li> <li>➤ One house one garden</li> <li>➤ Rural tourism facilitation (tourism development)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Job creation</li> <li>➤ Margate Airport as a macro project</li> <li>➤ Port Shepstone upgrade</li> <li>➤ Business licensing</li> <li>➤ Thusong service centres</li> <li>➤ Ultra-marathon</li> <li>➤ Cycling classic</li> <li>➤ KwaXolo Rock Art caves project</li> <li>➤ Training of SMMEs</li> <li>➤ Business information days</li> <li>➤ Distribution of seeds</li> </ul>	<ul style="list-style-type: none"> <li>➤ Establishing Izingolweni Business chamber</li> <li>➤ Construction of Agri park at horseshoe farm</li> <li>➤ Developing Conference centre</li> <li>➤ Developing Nyandezulu water fall</li> <li>➤ Developing Arts and craft market</li> <li>➤ Developing Ndongeni/Dick King tourism route</li> </ul>
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#### 4.2.18 Socio-economic Profile

##### 4.2.18.1 Employment and Income levels

The youth is highly unemployed and this remains a huge problem that the municipality is facing. A large number of young people are either dropouts, and very few have higher education qualification.

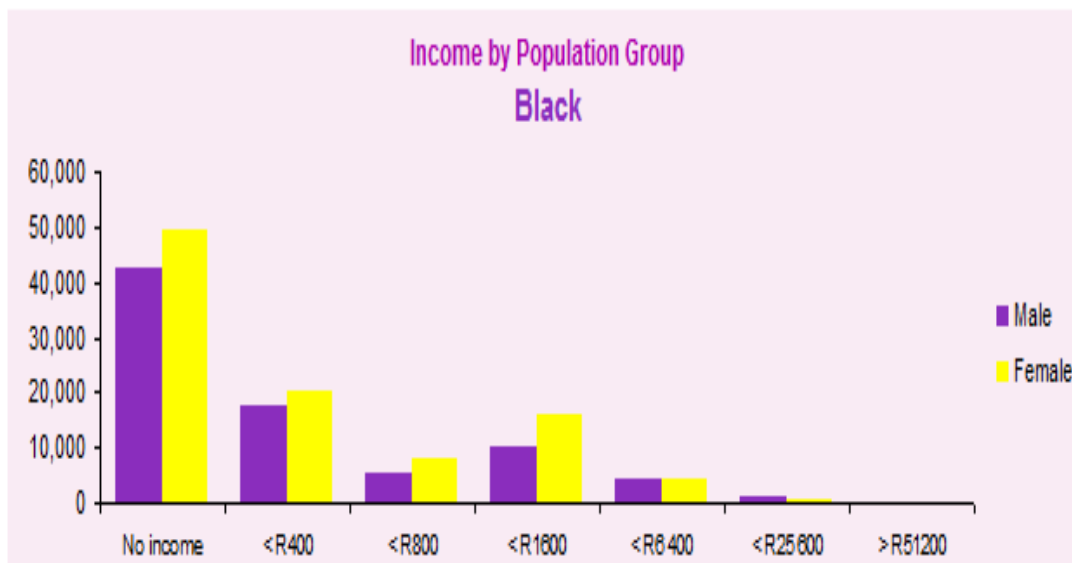
According to the State of the Nation Address, 2016 by the President, unemployment impacts heavily on inequality and poverty and needs to be halved by 2030. It further states that by 2020, 90 000 jobs should have been created through various programmes and projects. There a number of projects currently being implemented in rural areas where unemployment is rife. Also these initiatives are aimed at establishing a conducive environment to attract and grow businesses and cooperatives as per the municipality's Local Economic Development's strategy.

The Municipality further adheres to the State of the Province Address 2016, whereby the issue of youth unemployment was addressed. The municipality has responded to this by increasing an intake of youth in the public and private employment equity programmes and there has been an expansion of learning and skills development opportunities for the youth aimed at equipping them with job skills.

#### 4.2.18.2 Employment by Race Breakdown

According to the employment by race breakdown graph below, it can be said that a larger number of females in all races have no income at all as compared to males. However, very few black females earn above R25 000, while their white female counterparts in this category are many. There are also many coloured women who earn more than R25 000 while very few indian females earn the same amount. There is a huge imbalance in terms of earnings. The following graphs summarizes this information.

Graph 8: Employment by Race breakdown



StatsSA2011

### 4.2.19 Social Development Analysis

#### 4.2.19.1 Education

A number of critical issues relating to poor performance in Education were raised by the then Premier of KZN during his 2016 State of the Province Address. He mentioned a need to develop human strategy capacity, increase enrolment rate in TVET colleges and

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that there should be a seamless transition of learners from early childhood development to adult literacy. RNM prides itself by that it has managed to address these issues because more students are now recorded to be registered in the TVET colleges within the municipality. There has also been an increase in the Grade 1 enrolment which also is in line with the Premier's 2020 education goal that there should be an increase and maintaining of enrolment in Primary schools.

Within our municipality, it has emerged that a number of rural communities have a shortage in schools, particularly Pre-schools as well as primary schools as compared to urban areas. There are no facilities such as libraries in rural schools as well. Furthermore, most schools in rural areas have no proper teaching facilities such as laboratories. The teacher-learner ratio is too high. This has resulted in poor results at matric level. There is also a large exodus of pupils from rural schools enrolling in urban schools. This has had a negative impact in that:

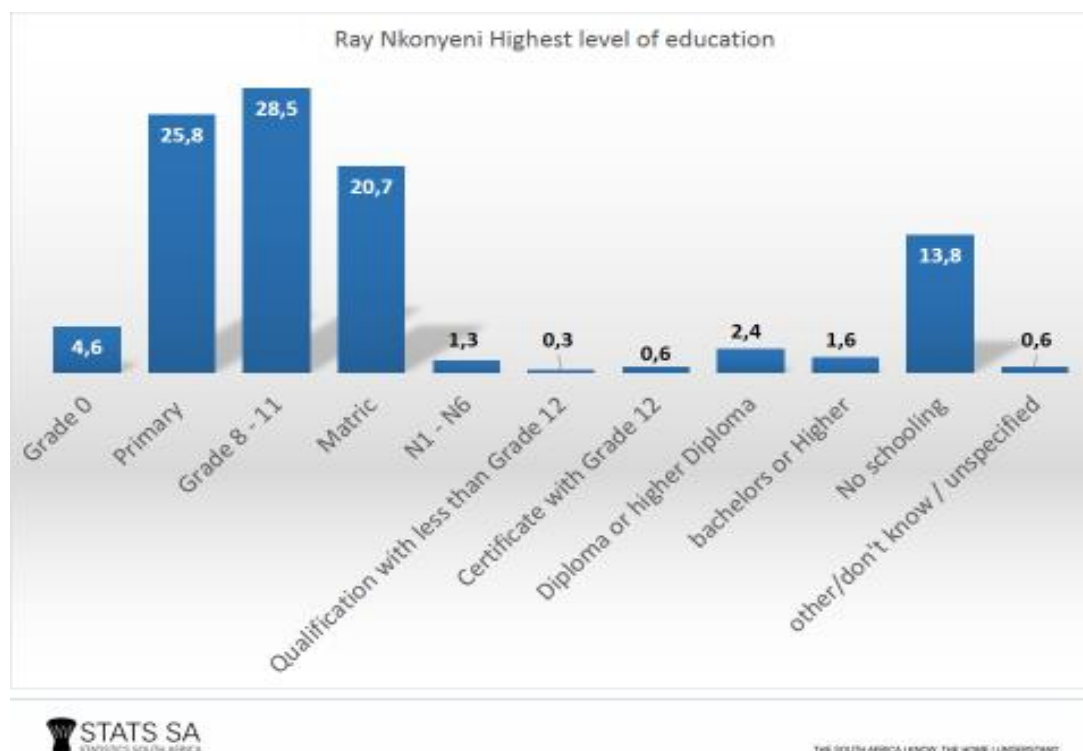
- those schools with little enrolment are closed down
- Educators are relocated to schools with high enrolments, in most instances far from their residential areas
- schools in urban areas are overcrowded;

There has been major strides undertaken by the Department of Education in the district in ensuring that adequate and sufficient teaching material is provided. In deep rural schools, learners walk long distances to school from their respective homes. Where there are no bridges, crossing is often dangerous and learners are often forced to wade through flooded rivers during rainy season subjecting themselves to being swept away or being eaten by crocodiles. Survey has showed that there is normally poor performance amongst the affected students because they are often forced to stay at home in fear of their lives. This results in school dropouts or poor matric results.

Structures in some schools are not suitable for learning purposes. Make shifts are too hot in summer and very cold in winter. Some structures are made of mud and when it rains, they collapse.

The following table shows the education qualification within the municipality.

Graph 9: Levels of Education



A large proportion of the population of Ugu District has limited skills and low education levels. Ray Nkonyeni Municipality is striving to be a municipality that ensures a seamless transition of learners from early child hood development to adult literacy. According to the Millennium Development Goals Strategy (MDGS), literacy rate in South Africa is improving, so our municipality is in line with this. On the issue of Education, Ugu District Growth and Development Strategy (UDGDS) mentions amongst many findings that there is glaring urban/rural divide and that the state of education is poor. Further to this, the District highlights that programmes for maths and science need to be strengthened and promote public-private partnership and enhance the quality and relevance of TVETs.

Ray Nkonyeni has the highest statistics in terms of pupils in higher education institution (universities) as well as TVET and private colleges as compared to the other Ugu Local Municipalities.

The National Development Plan (NDP) in its 2030 vision states that, in order to achieve that all schools provide all learners with an excellent education, the education system

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needs to improve constantly by ensuring early childhood development, schooling, skills development as well as higher education. The municipality must partner with the Department of the District's Education to ensure policy implementation so as to be in line with the NDP.

Below is a graph showing Ray Nkonyeni's education's attainment. There is a decline of learners in Matric and further a very small number in higher learning institutes. The enrolment in Grade 0 is very low. This is not in line with the National Education Policy which aims at ensuring that the number of preparatory schools learners increase. It must be further noted that there is a concern on the percentage of non-school going children.

Some schools in rural areas do not have access to clean water and sanitation. Learners drink from stagnant dams and streams, and through the Department of Health, it has been established that more diarrheal diseases emanate from such.

Contrary to most schools without clean water, many schools have access to electricity. Education is key in development of any community and appropriate infrastructure for education is critical.

A whopping 90% of schools are fee exempted within the municipality, which is a positive intervention by National government to improve access to basic education, however, such a huge percentage of exempted schools is also an indicator that the level of poverty is high.

#### i. Literacy Rate

According to the recent community surveys, it was established that 53% of the school attending population are females compared to 47% of the male population attending school. This is totally contrary to the 2011 survey which showed that there were fewer female school going learners as compared to male learners. The perception of girls being groomed to stay at home not attending school seem to be a thing of the past. Such augers well with the government policies to empower women in terms of education is concerned. Statistics show that RNM has a lower literacy rate as compared to the other local municipalities of Ugu.

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## ii. Matric Pass Rate

Out of the four local municipalities under Ugu district, RNM has the highest matric pass rate. The Department of Education has more programmes currently running to enhance better results. Winter classes, for an example, are such programmes being implemented and also student exchange with foreign countries.

## iii. Higher Education

Few people within the municipality have higher degree qualifications as compared to those with secondary education.

### 4.2.19.2 Health

The entire Ugu District has fifteen ambulances, seven of these operate under RNM. Response times are still far below the acceptable norm in both urban and rural areas and remain a serious challenge considering the increased demand for emergency services. The improvement of response times is achievable only if the number of staffed rostered ambulances is operational as well as addressing the gaps in terms of filling vacant posts and replacing the aging fleet of vehicles.

Delivery in facility rate under 18 years is 11.5% and is still above target of 9.2%. Due to school health teams not allowed family planning within schools, the Department of Health plans to improve uptake of clinic services via youth friendly clinic projects.

Teenagers from neighbouring municipalities make use of the two public hospitals within RNM as not all LMs have hospitals so this stats includes teens from all LMs.

Diarrheal disease is the main contributory factor for most deaths of children under the age of five. It is reported that the incidence of diarrheal cases were in fact on the rise in the previous two years. The causes are multi-factorial but the importance of hygienic food practices, rotavirus immunisation and early treatment with Oral rehydration solutions right from home will ensure reduction in morbidity and mortality associated with diarrheal diseases. Breast feeding, proper hygiene and up to date immunization can help reduce the mortality rate as well. Also, there is a programme that the Health Department has embarked

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on, known as Phila Mntwana. It educates mothers on how to ensure that their babies are hygienically cared for. This initiative has proved a success as the child mortality is decreasing.

Below is a list of the Phila Mtwana Centres:

- Mkholombe
- Masinenge
- Manzamhlophe
- Oshabeni Traditional Authority court
- Breamer Mobile Library & Community Hall
- Thembalesizwe Clinic

According to recent statistics, KZN is the worst affected in terms of HIV and AIDS and the Ugu District Municipal has the highest HIV prevalence especially amongst pregnant women. Murchison hospital and Port Shepstone hospitals are the two accredited Anti-Retroviral (ARV) treatment facilities within the Municipality. All clinics initiate clients on ARVs. New UTT campaign (Universal Test and Treat) increases number of clients accessing treatment.

Integration of HIV and TB services has been strengthened by training of HIV counsellors on TB Screening. The municipality has partnered with the Ugu district as well as the provincial departments in implementing the Sukuma Sakhe flagship programme. More focus is placed on the most deprived wards / areas most affected by the pandemic. The programme was rolled out to all the wards of the municipal area. War rooms have been established in various wards. The World AIDS Day is commemorated on an annual basis at RNM. The department of Health conducts annual HIV/AIDS surveys on women visiting antenatal clinics in the province. RNM's Council is committed in the HIV/AIDS infection reduction programme. The municipality has implemented viable programmes to fight the scourge of the disease. More educational programmes / awareness campaigns are necessary to alert the community members of the HIV/AIDS disease.

The Private Sector plays a vital role in purchasing school uniforms for vulnerable children in schools within the municipality. The Mayor then ensures that all recipients receive the packages and are treated to a special day.

It will be important to factor into planning the impacts associated with this pandemic and provide adequate services to those living and affected by the virus. Furthermore, it

is critical to involve the ward committees, Local AIDS Council and people living with HIV/AIDS in the IDP Forum to discuss issues that affect them and planning matters. The epidemic, for example, will affect infrastructure planning by reducing the projected number of people, impacts on households requiring services as well as their ability to pay for these services and increased demand for health care facilities and social services.

Currently, RNM has two public hospitals, namely (Port Shepstone and Murchison) and two private hospitals, namely (Hibiscus and Margate). The municipality has a total of 20 clinics, 7 mobile clinic and one health care center.

All the clinics within the municipality have access to electricity, clean water and sanitation.

In as much as the District Health Department states that RNM has enough clinics, it must be noted that most rural communities have a backlog these services. During the Mayoral Izimbizo roadshows, most communities list clinics amongst their priority needs. Those communities with these facilities however, raise concerns in terms of staff attitude and the level of services rendered.

Below are the clinics within the municipality.

Table 16: clinics within the municipality

OUT type	Facility
Clinic	Izingolweni Clinic
	Mthimude Clinic
	Thembalesizwe Clinic
	Thonjeni Clinic
	Bhobhoyi Clinic
	Bhomela Clinic
	Braemer Clinic
	Gcilima Clinic
	KwaMbunde Clinic
	Ludimala Clinic

	Madlala Clinic Marburg Clinic Margate Clinic Mvutshini Clinic (HC) Ntabeni Clinic P Shepstone Clinic Port Edward Clinic Shelly Beach Clinic Southport Clinic Umtentweni Clinic
Community Health Centre	Gamalakhe CHC
Mobile Service	P Shepstone Mob 1 P Shepstone Mob 6
	P Shepstone Mob 3 P Shepstone Mob 5 P Shepstone Mob 7 P Shepstone Mob 8 P Shepstone Mob 9

Some of the primary health prevention and care initiatives implemented by the department include;

- NIP sites in partnership with the Department of Social Development;
- Partnership with TDSA;
- Health promotion in schools with partnership with the Department of Education;
- Partnering with a few NGOs such as ECAP and DramaAide (226 MMC, school health teams, 30 MMC mobilisers);
- Happy hour in clinics to prioritise service to school going teenagers; and,

- 
- Distribution of female and male condoms.

In terms of dealing with backlogs on health facilities, the Department plan shows the following new clinics Plans:

- Marburg Clinic
- Hibberdene clinic
- eNtabeni clinic

It must be noted that due to limited funding, all projects are on hold across the Province.

Proposed new clinics within RNM

- Hibberdene
- Mphelelwa
- Bhokodisa
- Qinabout
- Nkothaneni
- Mdlazi
- Thorndale
- Mhlabathini
- KwaNikwe

#### 4.2.20 Youth Development

Population figures show that RNM is a youthful municipality. The municipality aims to impact on the youth through the following objectives:

- To ensure that the youth are given an opportunity to participate in the mainstream economy and to entrench the need for stakeholders to prioritize and support youth economic empowerment;
- To address challenges of youth unemployment and poverty by, among other things developing mechanisms to create markets for young entrepreneurs in RNM including development in sports and arts;
- To develop mechanisms to address the economic needs of the youth in terms of their geographic demographics i.e. urban or rural;
- To encourage young people to actively participate in development issues; and,

- 
- To address moral regeneration needs.

A number of programmes are currently being implemented and for these, refer to SDBIP attachment. It must be noted that these programmes are conducted annually and budgeted for. Following are some of these programmes :

Life skills and leadership training. Six sessions are held each year with sixty people per session;

- Career Guidance targeting High Schools;
- Local Arts Festival targeting local young artists;
- Fashion shows targeting local designers;
- Youth Forums are fully functional per ward;
- Sports Programmes; and,
- Mayoral Bursaries targeting 150 students for registration each year and 4 students for full bursaries.

The main youth concerns can be summarised as follows:

- High unemployment rate;
- Lack of skills;
- Lack of sporting and recreational facilities;
- Few bursaries;
- Lack of information/ communication measures at rural areas;
- High levels of crime; and,
- Exposure to alcohol and drug abuse.
- Vulnerable to HIV/AIDS

#### **4.2.21 Outreach**

There is an outreach programme currently under the Special programme unit within the municipality. The programme is aimed at ensuring that the needs of the elderly, vulnerable children, the disabled as well as other social programmes are implemented. The unit further seeks to ensure that senior citizens, people living with disabilities are

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able to cope in their communities. Vulnerable children, farmworkers, and those people affected and infected by HIV/Aids receive the necessary support.

Under the outreach programme is a project that focuses on women and men empowerment. It basically assists in providing life skills training that ensure that these people are able to sustain themselves by being self-employed. There are also initiatives targeting awareness around women and child abuse which ensures that communities are well informed and empowered regarding their rights and how to act in such instances of abuse. It must be noted that these programmes are an ongoing process and are annually budgeted for. Refer to the municipality's SDBIP.

Examples of the programme includes:

- Child care
- Hand over equipment to crèches
- Dress a school child campaign; school children benefit from the programme.
- Sanitary dignity campaign
- Senior Citizens programme
- Local Golden Games (250 senior citizens participate from all wards)
- Provincial Golden Games (100 senior citizens participate from all wards)
- Workshop in farming
- Launch of senior citizens' forum
- Senior Citizens' thanks giving
- Inter-generational dialogue
- Disabled care
- Disability parliament
- Life Skills Workshop
- Caine weaving workshop
- Jewellery making workshop
- HIV/AIDS programmes

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- Men empowerment workshops
  - 16 Days of activism
  - Workshop on Gender Based Violence
  - Commemoration of World AIDS Day
  - Women capacity building and skills training
  - Skills training for people living with possibilities

#### **4.2.22 Safety and Security**

Ray Nkonyeni Municipality has a developed Public Safety Plan in place. This Plan will be reviewed every three years to ensure that it fully addresses the National safety objectives and further aligns to the Provincial Department of Community Safety and Liaison's Safety Strategy. The Constitution of the Republic of South Africa under section 152 (1) (d) states that municipalities should promote safe and healthy environment. The 1998 White Paper on Safety and Security encouraged municipalities to play a vital role in crime prevention in partnership with different stakeholders and key-role players, taking into cognizance that crimes happen at local level and the local municipalities are closest to people. The White Paper sees objectives of local government with regards to safety and security as:

- To create an efficient and visible policing in all the areas particularly in residential areas and CBD areas;
- To improve on service delivery and rendering efficient service to members of the public;
- To improve service for effective crime monitoring; and,
- To provide a safe and secure environment (routine vehicle checks and routine patrols)

The municipality prioritizes the safety of its residents. Crime is a complex phenomenon and varies from community to community therefore requiring different strategies and solution to suit each situation and crime level. It is upon this light that the municipality has developed safety strategies. It has also partnered with the SAPS. RNM crime prevention strategies are aligned to the National and Provincial crime and prevention strategies which emphasizes the importance of fighting crime as a threat to our democratic order and development. Community Safety Forums have been established and are fully functional. These forums constitute the following:

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- members of Ward Committees,
  - Community Policing Forums and
  - School Safety Committees.

These forums serve as a coordinating mechanism of government and civil society. The representatives address the community's safety needs and wellbeing. The municipality has a feasible crime reduction strategy and the department responsible for safety consistently reports on it and its achievements and challenges, quarterly in the SDBIP which is linked to the municipal IDP and budget.

During the IDP Representative Forums, the SAPS report on crime levels and trends. They further report on their strategies as well as their achievements.

It is important to align municipal planning with provincial and SAPS plans, share resources and information and find a common ground to deal with challenges and to encourage and assist each role player to meet its mandate. The Department of Community Safety and Liaison has played a major role in crime awareness and providing trainings. Ray Nkonyeni Municipality continues to seek partnership with other social partners in fighting crime to provide a livable environment.

There are two police clusters within the municipality, based at Margate and Port Shepstone respectively.

It must be noted that the SAPS has different units functioning at different levels and for different purposes. SAPS also uses geographic approach which consists of specific interventions to address crimes that are concentrated in certain geographic locations in a cluster. The specific aim of these clusters is to enhance co-ordination and co-operation and to facilitate an integrated approach to address crimes in these locations. Operational plans are driven by multi-disciplinary teams within the identified crime threat areas in order to effectively implement the Geographical approach. This implies that the SAPS approaches policing in an integrated manner by creating multi-disciplinary teams, under one operational management structure, to police the high crime areas.

One of the cornerstones of policing is community involvement in the policing of various communities. Of all the partnerships the cluster is engaged in, the most important one is with the general community it serves. This partnership encompasses all three policing styles viz Democratic Community Policing; Problem-Solving Policing and Partnership

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Policing. Apart from the informal partnership between the personnel and the community at grass root level on a daily basis, the Chairpersons and the community members of the Community Police Forums; Community Police, Sub-Forums and the Provincial Board engage in a structured manner with the SAPS and other Departments at all levels on a voluntary basis. In addition to this, numerous community members have enrolled as reservists who offer an invaluable service to the general community. Others offer their services voluntarily as counsellors, social workers and administration clerks. RNM is proud to pronounce that it seeks to continue strengthening this partnership for the wellbeing of its citizens.

#### **4.2.23 Cemeteries**

The Municipality has five public cemeteries, namely

- Oslo Beach Cemetery
- Port Shepstone Cemetery
- Kwa Nositha Cemetery and
- Margate Cemetery

All the cemeteries have either been closed as they have reached capacity or close to reaching capacity. Only KwaNositha is still having ample space. There is also a private Cemetery within the municipality at Izotsha. In most rural areas, most households have their own individual burial sites just next to the homestead.

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#### **4.2.24 Access to libraries**

Libraries within the municipality are fully operational. In land of the municipality are five mobile libraries with one fully fledged library at KwaNdwaland Tribal Authority and one at Izingolweni and Vukuzithathe Tribal Authority. There are 12 libraries scattered in the urban areas of RNM. There are three cyber cadets in three of these libraries who train patrons on the use of computers. Tertiary books as well as school projects books are some of the facilities the libraries have.

On the other hand, the majority of communities do not have libraries and the few that have are ill equipped. Ward Based Planning sessions conducted recently in the municipal

Communities revealed that people who need to access information from libraries travel to urban areas access it.

#### **4.2.25 Access to recreational facilities**

There are currently three depots within the municipality, situated at Hibberdene, Port Shepstone and Port Edward. These depots are under the Department of Public Safety (DPS). Each depot is run by a manager ensuring day to day maintenance of the municipality. Other than ensuring the cleanliness of the municipality in terms of verge cutting, site clearances, street cleaning, waste removals etc, there are also functional recreational areas that are taken care of. Under each depot are a number of recreational facilities open to the public and are fully functional. It is a concern though that in rural areas within the municipality such facilities are not found due to lack of funds to develop them

#### **4.2.26 Thusong Service Centers**

There are a number of Thusong Service Centres within the municipality. These centres provide government services in rural areas as they are used as pension pay points, crèches, craft projects, etc.

Below is a list of some of the existing Thusong Community Centres:

- KwaNzimakwe (Thongasi)
- Nyandezulu
- KwaMadlala

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- KwaXolo (Gcilima)
  - KwaMthimude

#### 4.2.27 key findings

Following are key findings within the LED.

- Tourism industry as one of the prominent economic drivers
- High youth unemployment
- Limited coastal-hinterland linkage
- Narrow roads, increasing traffic congestion.
- Generally poor road network
- There is a general lack of market infrastructure.
- Intermodal Transport Facility at advanced planning
- Margate Airport scheduled flights growing daily
- Most traders are not authorized to undertake street trading
- Pressure on the available infrastructure due to informal trading causing chaos
- Current infrastructure not coping with growing population

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## 4.3 CROSS CUTTING ISSUES ANALYSIS

### 4.3.1 Spatial Planning and Environmental Analysis

#### 4.3.1.1 Provincial and Regional Context

The KwaZulu-Natal province is well-known and characterised by its undulating topography. The coast-line along both the northern and southern coast together with the river systems have defined the primary catchments for the development of towns and cities throughout the province. A second major structuring element along the KwaZulu-Natal south coast is the national mobility route, the N2. The N2 provides the only direct north/south link between KwaZulu-Natal and the Eastern Cape. The KwaZulu-Natal south coast is a case in point to this theory – a town is located every 10/15 kilometres along the N2. The N2 can be seen as the main contributor of the organic growth and development within the Ray Nkonyeni Municipality.

Ray Nkonyeni Municipality covers an area which is approximately 1 594km<sup>2</sup> in extent. The municipality's coastline runs from Hibberdene to Port Edward, covering approximately 72km. The municipality is situated along the coastline in the southern portion of KwaZulu-Natal. RNM is locked between the Indian Ocean on the Eastern part while Umdoni local municipality borders the North Eastern part, Umzumbe local municipality borders the Northern part, Umuzi wabantu Local municipality borders the Western part. South of the municipality lies the Imbizana local municipality (Eastern Cape Province). The municipality consists of eight urban nodes and six traditional authority areas as indicated in the Situational analysis. The towns are located along the urban strip while the traditional authority lands are located in the hinterland of the municipality. The region has an extensive range of natural assets, particularly the coastline, which have attracted a range of development opportunities into the area over time.

RNM is experiencing continuing urbanization. Along the coastal belt, the infrastructure is well developed and the economic growth is relatively well developed. However, the hinterland is characterised by poor infrastructure provision and a large number of formal and informal settlements not well connected to the coastal settlements where economic activities and infrastructure is concentrated. The SDF that is being developed, highlights this linkage challenge and prioritises the creation of opportunity for the

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people that shadow the coastal corridor. According to the Integrated Development Framework Draft Discussion, 2014, the projected urbanization and population growth show that by 2030 the majority (70%) of South Africans will be living in cities and towns as urban centres provide job creation and great opportunities for addressing the challenges of poverty, inequality and the ability to achieve the required social and economic transformation. In this regard therefore, there needs to be a coherent strategy that seeks to achieve the goals of economic development, job creation and improved conditions for all citizens.

Population growth within the municipality has substantially increased over the years. Based on the 2011 census data, RNM has the highest population concentration within the Ugu District Municipality. The dominance of RNM in terms of population is undoubtedly due to its role as the economic hub of the district which also attracts the labour force. The population group breakdown in terms of racial groups, has been made and it was found that, it is a generally representative of the trend in rural KwaZulu-Natal where African population group represents more than 91% in the Ugu District and 82% in the Ray Nkonyeni Municipality of the total population, and also the majority of residents within the study area indicated that IsiZulu is their home language, with a minor number of residents also speaking English, Xhosa and Sesotho. The Municipality consists of 36 wards, nine town centres and 9 traditional authority areas. The 9 town centres are:

- Hibberdene
- Port Shepstone
- Shelly Beach
- Uvongo
- Margate
- Ramsgate
- Southbroom
- Port Edward
- Ezinqoleni

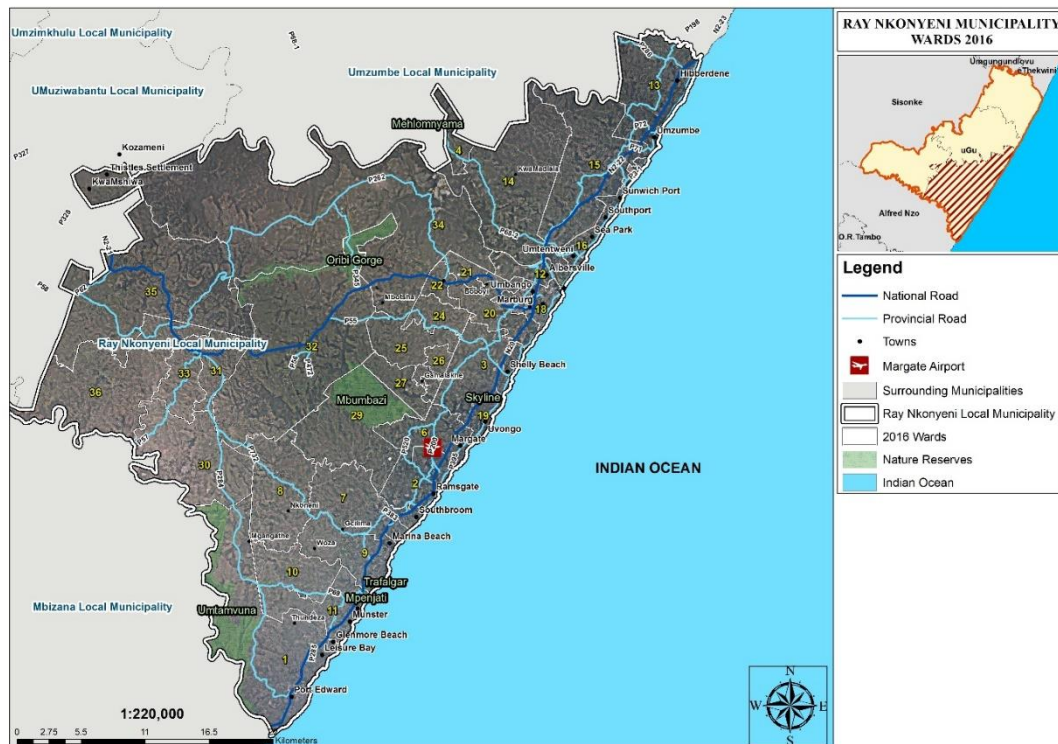
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The Traditional Authority areas are:

- KwaXolo
- KwaNzimakwe
- KwaNdwalane
- KwaMadlala
- KwaMavundla
- Oshabeni
- KwaMthimude
- KwaVukuzithathe
- KwaNyuswa

Municipality wards vary according to size and population. The highly concentrated wards in terms of population are along the Coastal belt due to economic factors while the sparsely populated wards are in the hinterland because of little or no economic activity taking place.

Map : Ward boundaries



Source: GIS 2016 RNM

### 4.3.2. Structuring Elements

The N2 running along the coast linking the coastal towns is a major structuring elements within the municipality. This link provides the primary north/ south movement lattice through the municipal area. Secondary but still critical north/ south links is R102, R602 and R61. While the

The N2 runs from Hibberdene to Port Shepstone inland and way from built-up area, R102 runs in the same area but along the sea and through the built-up area. From Port Shepstone all the way to Southbroom about 40 kms down the coast from Port Shepstone, R61 and R602 play the same role as N2 and R102 respectively. P200 is the only north-south link inland of N2 and is only about 30km long. This road links Marburg (i.e. Port Shepstone industrial area to Southbroom). Therefore, there are no developed, well-functioning link roads beyond about 10-15km from the sea.

In the east/ west direction the N2 between Port Shepstone and Harding (outside the municipality's area) is the primary link with a number of secondary routes supporting. This is the main east-west corridor. Other east-west links are P68, P55, D202/P482 and P284. There is a proposed inland activity route which will run parallel the N2. This route will run from Hibberdene and links the connector route from Port Edward to Izingolweni. This is in

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line with SPLUMA.

### 4.3.3 Existing Nodes and Corridors

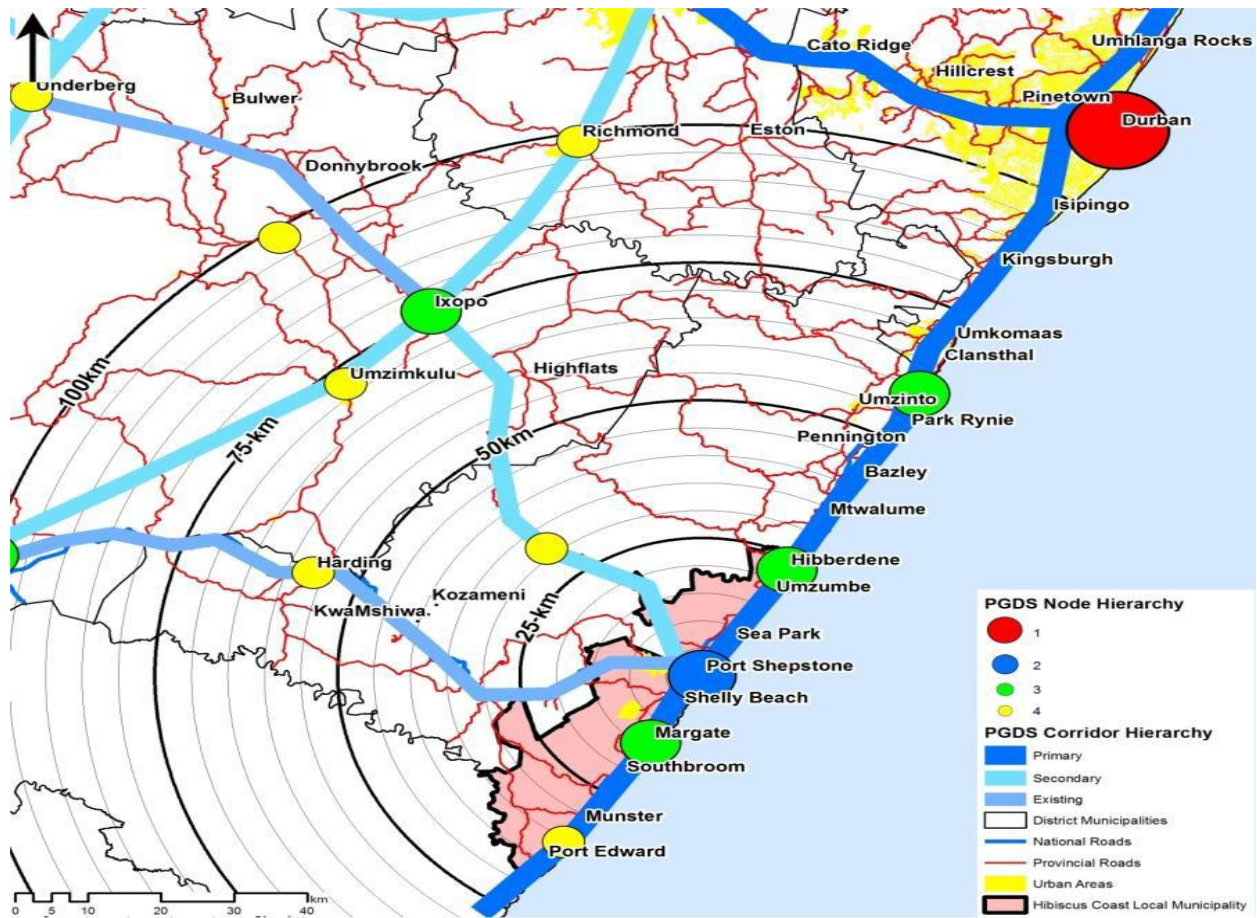
The economic growth is a pre-requisite for the achievement of other policy objectives, key amongst which would be poverty alleviation, government spending on fixed investment, beyond the constitutional obligation to provide basic services to all citizens (such as water, electricity as well as health and educational facilities). The efforts to [address](#) past and current social inequalities should focus on people not places. In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities.

In localities with low development potential, government spending, beyond basic services, should focus on providing social transfers, human resources development and labour market intelligence which would enable people to become more mobile and emigrate, if they chose to, to localities that are more likely to provide sustainable employment or other economic opportunities. In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channeled into activity corridors and nodes that are adjacent to or link the main growth centres.

Infrastructure investment and development spending should primarily poverty eradication and employment creation' (PSEDS: 2007). A number of primary, secondary and existing corridors have been established along the KwaZulu-Natal southern coast, a combination of which merges within the Hibiscus Coast Municipality. The corridors are complimented by a series of nodes identified as Primary, Secondary, Tertiary, Quaternary and 5th level nodes. The KwaZulu-Natal south coast contains a combination of these nodes – a single primary node is located within the Durban CBD, a secondary node is located within the Municipality at Port Shepstone, four tertiary nodes identified in Ixopo, Umzinto, Hibberdene and Margate, and seven quaternary nodes scattered throughout the south coast within one falling within the municipal area at Port localities that will become major growth nodes into the future.

The provincial government has developed its own Growth and Development Strategy, which is closely aligned to both the Millennium Development Goals and national development goals. The PGDS is essentially a tool through which the provincial government can address the legacies of the apartheid space e

**Map : Existing nodes and corridors**



Source: HCM – SDF 2016

The Provincial Spatial Economic Development Strategy (PSEDS) identifies Port Shepstone as a Secondary Node in the provincial context and the eThekweni – Ugu Corridor as a primary corridor. This corridor is at the same level as the extremely strong and growing eThekweni–Umhlatuze and eThekweni–Msunduzi Corridors. PSEDS confirms the tourism potential of the South Coast Region as established in the Provincial Tourism Strategy.

Local economic development is one of the municipality's priorities in line with the national key priorities. Strategies have been developed to promote economic and social development aiming to provide job opportunities and reduce the poverty levels. Generally RNM is the most concentrated economic hub within Ugu district municipality with the main economic sectors being tourism and agriculture with some manufacturing occurring in Port Shepstone. As an economic hub, RNM has advantage of influencing the Ugu Regions economic

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potential, policies and development programmes. Port Shepstone is the major economic hub in the south coast and serves as the administrative centre for both RNM and Ugu District. The municipality has a local economic development plan in place which is aligned to the Ugu District

The **Primary Corridors** provide public transport linkages and accessibility to the communities at the interceptory points with other movement channels. A range of development opportunities are envisaged along these channels. The Primary Corridors are as follows:

- The N2 runs North/South parallel to the coast up to the Marburg Interchange, from where it continues in a westerly direction forming the primary inland link to Harding, Kokstad, Matatiele and onwards towards the Eastern Cape.
- The R61 runs from the Marburg Interchange to complete the North-South Primary Transport Route to Port Edward. Should the Wild Coast Spatial Development Initiative be completed in its entirety, this will link right through to Port Elizabeth.
- The N2 links the Hibiscus Coast with Scottburgh (Umdoni Municipality), Ethekewini Metropolitan Municipality to the North and King Shaka International Airport.

Moreover air transport (Margate Airport) also serves as the primary corridors in the municipality as these play a major role in the promotion of tourism. In order to improve accessibility to the inland areas and to create potential inland tourism routes, Main and District Roads have been highlighted for upgrading and regular maintenance as **Secondary Corridors**.

The role of the R620 (Old Main Road) that runs from Hibberdene along the coastline as far as Ramsgate as a **Primary Tourism Corridor** is to be maintained and strengthened. Along this corridor there are various tourism attractions such as swimming beaches and commercial nodes. The **Secondary Tourism Corridor** (inland) is to encourage the spread of tourist facilities to the inland component of the Municipality. This corridor has potential to unlock tourism and business potential of the area. The sustained development of tourism facilities is dependent on the capacities of supply services networks, and it is essential that the IDP's capital development programme is aligned to these corridors

In terms of the Nodes, there are:

- Primary Commercial and Tourism/Recreation
- Secondary Commercial and Tourism/Recreation

- Secondary Node
- Rural Service Node
- Opportunity points/Commerci

The primary nodes are fed by development corridors in terms of people and physical thresholds. The Secondary Commercial and Tourism/Recreation areas are identified along the coastal strip and have tourism and related business potential. In terms of simple secondary nodes, the peri-urban area of Murchison Bhubhoyi is a dense settlement along the N2. This area needs formalisation in terms development planning so as for easy provision of services to the community. The rural service nodes are usually the most accessible location within an acceptable walking distance of a particular community. These were identified in Nyandezulu, Thongazi (Kwa Nzimakwe), and Gcilinga (Kwa Xolo) and St Faith's area (Kwa Madlala) where MPCC's have been constructed. These areas have potential for the location of multi- purpose community centres (to include clinics, AIDS support services, library, adult education and skills training and computer facilities). The provision of employment opportunities is to be encouraged at these points as well as tourism development which may take place at a higher density than in other areas.

Mix of uses (excluding administrative functions) indicates the mix of different types of facilities found in the different nodes; and in particular the total number of individual units of activities.

The types of Nodes are as follows:

**Table 15: Nodes**

Type of Node	Place
Mixed-Use Large Community Node	Port Shepstone and Margate
Mixed Use Small Community Node	Shelly Beach
Mixed-Use Large Neighborhood Node	Port Edward
Mixed-Use Neighborhood Node	Hibberdene, Uvongo, Munster, Ramsgate, and Marburg
Large Convenience Node	Umtentweni, Southbroom, Anerley, Umzumbe and Sea Park
Small Local Convenience Node	Oslo Beach, Glenmore Beach and Izotsha
Rural Service Centers	There are no foci that operate as Rural Service Centers at this stage, but some Activity points could be upgraded to perform this role. These are: Boboyi, Assissi, Gwababeni, Gamalakhe and Murchison

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#### **4.3.3.1 Multi use Community Level Nodes**

Port Shepstone – Port Shepstone represents the core commercial and industrial activity in the Ugu District Municipality and serves the local population as well as offer commercial, retail and wholesale services to the large region. Of all the centres in Ugu, it attracts the largest number of people and is also then a transport transfer point serving the rural areas. The SDF states that over the past two decades the market served by Port Shepstone has changed and it now also serves the retail/ commercial needs of the rural population.

Shelly Beach – Shelly Beach is perhaps the fastest growing centre in the Ugu District and over the past decade the expansion of one, and the development of a new, small regional shopping centre has increased the prominence of Shelly Beach in the District economy.

#### **Areas identified for future economic focus**

Secondary development node servicing the Regional economy and with multi-sectoral development potential The Port Shepstone – St Faiths – and Ixopo corridor was identified as a secondary corridor with agriculture and tourism playing a significant role; Tertiary

Development Nodes servicing the sub regional economy Margate and Hibberdene

- Development of sugar cane and banana production potential on Trust land;
- Alignment of land reform initiative with opportunities presented by Fresh Produce Market;
- Expand agri-processing capabilities and capacities to allow for new entrants to commercial agriculture; and
- Development of further agri-processing capabilities in Port Shepstone – bio fuels, bananas.

Expand on adventure and eco-tourism opportunities: Oribi Gorge and Aliwal Shoal; New N2 Wild Coast route: assess impact of this and develop strategy to access opportunities; and Develop opportunities related to Margate Airport.

Local production and supply - The Bhobhoyi organic garden supplies spinach to the Manaba and Shelly Beach Spar. The Ugu Fresh Produce is another supply of fresh vegetables and fruits and supply major supermarkets within the municipality. The municipality has supported lots of community gardens and cooperatives which need a market to sell their produce.

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#### **4.3.3.4 Primary Tourism Corridors**

The role of the R620 (Old Main Road) that runs from Hibberdene along the coastline as far as Ramsgate as a Primary Tourism Corridor is to be maintained and strengthened. Along this corridor there are various tourism attractions such as swimming beaches and commercial nodes.

#### **4.3.4 Land Cover and Broad Land use**

##### **4.3.4.1 Agriculture**

Agricultural dominance within the region is identified as a mix of commercial sugarcane farming, subsistence farming as well as permanent orchids growing banana's and citrus fruits. These orchids are concentrated towards Port Edwards along the south-western boundary. Sugarcane farming is located within four primary areas – firstly between Hibberdene and Umtentweni straddling the N2 moving inland up the P68-2, Inland along the N2 between Shelly Beach and Marina Beach, a cluster is located south of Paddock and beyond as well as on the P284;

##### **4.3.4.2 Natural Land Cover**

A large portion of the municipal area has been classified as Grasslands. These Grasslands are located in areas where the topographical slope is predominantly greater than 1:3. These steep areas also largely occur within the Traditional Authority areas and are also characterised by a number of minor tributaries. Forests and dense bush are less predominant within the municipality and are found mainly within the formally protected reserves, namely UMtamvuma and Mbumbazi:

##### **4.3.4.3 Land ownership**

There are two programmes that are in place to assist communities who either their land was forcefully taken from them after the Land Areas Act of 1913 or want to buy land from White farmers. After land had been bought, communities are assisted with farming skills. To some extent, land ownership is proving positive as many previously disadvantaged communities now have reclaimed their ancestral land.

Land ownership within the Municipality is broken down into the following Land Ownership categories:

- Unknown
- Association Trusts, Churches
- Corporate Land

- 
- Ingonyama Trust Land
  - Private and State Land

#### **4.3.3.5 Unknown, Association, Trusts and Church Land**

Large portions of the coastal strip together with the land on the eastern boundary are unknown. It is therefore presumed, because of the nature of the area, that the majority of the land along the coast is privately owned, with the remaining intermediate pockets in state, association, trust or church owned.

##### **i. State Land**

State owned land is evenly scattered throughout the municipality with one sizable piece wedged between two large portions of the Ingonyama Trust inland from Ramsgate.

##### **ii. Ingonyama Trust**

Substantial portions of land within Hibiscus Coast are owned by the Ingonyama Trust Board. These land holdings are located within three large groups in the municipal hinterland. The custodian of these Lands is COGTA.

##### **iii. Corporate Land**

Corporate land is evenly distributed throughout the municipality. SASSA leases out land for different purposes, Agricultural purposes and business purposes.

The District is like most others in the country facing challenges in improving quality of life amidst high levels of poverty and unemployment and low levels of economic growth. In terms of the spatial profile the district displays a dual space economy with a largely urbanized coastal zone that is performing reasonably well and a largely impoverished rural interior with huge commercial farms (sugar and bananas) and large numbers of subsistence farmers.

##### **iv. Land Ownership Map**

RNM comprises of land that is owned and governed by different statutes and bodies, it is however evident that some land cannot be associated with owners as the legend clearly stipulates.

#### **4.3.5 Disaster Management**

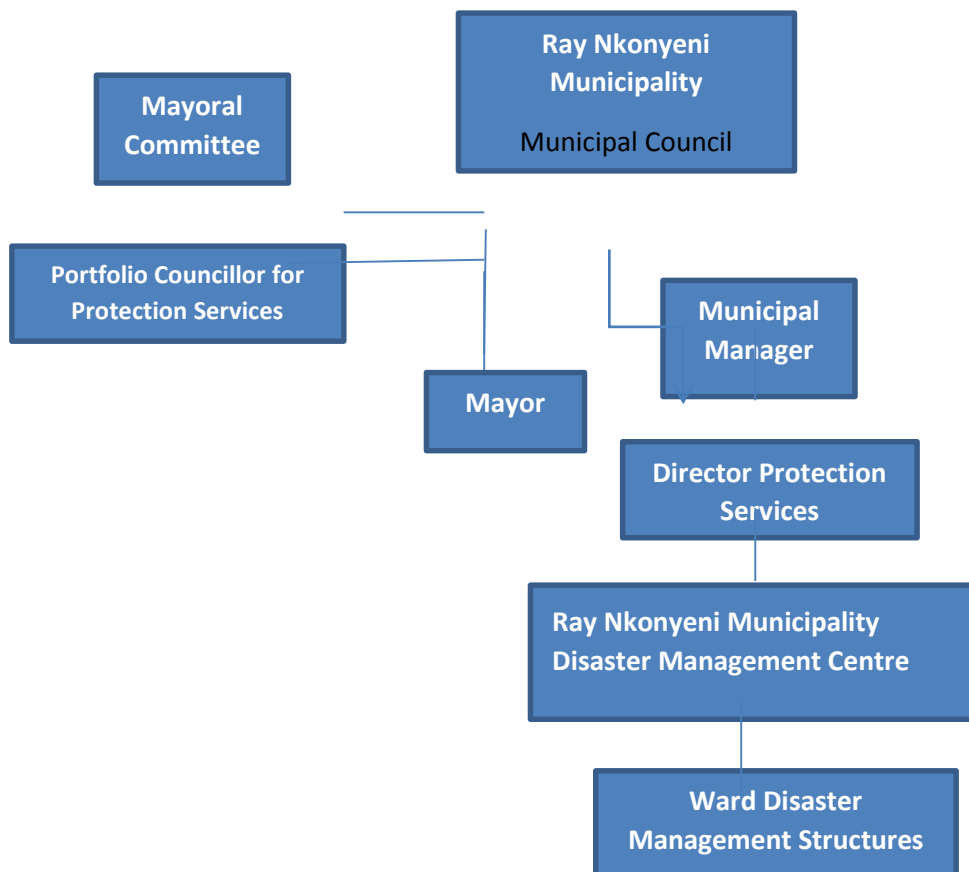
This is a shared function between Ray Nkonyeni Municipality, other local municipalities and the UGu District Municipality. There is one Disaster Management Center based within the Fire station at Port Shepstone.

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There is a disaster practitioner's forum at a district level. The municipality has a developed disaster management plan to comply with Section 26 (g) of the Municipal Systems Act No 32 of 2000. This is a review process to the existing plan. The comprehensive disaster management plan shall be suitable to the area and shall incorporate comments received from the Honorable MEC of the Department of Cooperative Governance and Traditional Affairs on the 2015/2016 IDP comments

In terms of section 45(1) (b) of the Act the district disaster management centre exercises its powers and performs its duties in accordance with the *directions* of Council and in accordance with the administrative instructions of the Municipal Manager. The line function of disaster management will remain under the Protection Services line and the plan will also be incorporated strategically in the IDP as per the Cogta guidelines as an important plan for the municipality, this will be done through the alignment with the SDF and service delivery plans.

The current location of the centre within Council's administration and reporting lines for direction and administrative purposes are illustrated in the chart that follows.



## Disaster Management Center

After consultation with the Ugu District Municipality, it has been agreed that the district will establish a disaster management centre as per the Act, but that the Municipality will share office space with the centre with regards to communications and a 24-hour call centre. The agreement still needs to be finalised.

The current location of the centre within Council's administration and reporting lines for direction and administrative purposes are illustrated in the chart on the following page.

Ray Nkonyeni has the following disaster management centres and fire stations in order to beef up capacity and response in term of disasters and firefighting:

- Gamalakhe fire station
- Hibberdene fire station
- Ezingolweni fire station
- Hibberdene disaster management centre and

- 
- Margate disaster management centre

#### 4.3.5.1 Risk Assessment

Disaster risk is dynamic. It is driven by a combination of hazard and vulnerability processes, including changing patterns of land-use, infrastructure development /maintenance, urban growth and settlement densification. Similarly, household size and composition, health status and level of livelihood security affect household potential for loss. Some risks, particularly those triggered by climate processes, must be reviewed seasonally prior to the rainy season or hot summer months. Other risks, such as flood risk, require extensive flood hydrology investigations, and may be undertaken once during a 20-year period. There have been more than 150 volunteer fire fighters and 10 volunteer core units that hold first Aid training through the Ugu District Disaster Management center.

Risk Assessment must be undertaken to:

- Ensure that development initiatives maximize their vulnerability reduction outcomes; and
- Anticipate and plan for known risks or disasters to prevent losses and limit endangering impacts.

The design and methodology adopted for conducting a disaster risk assessment for the RNM is consistent with the national guideline and standard.

The Disaster risk assessment must determine the level of risk in RNM by;

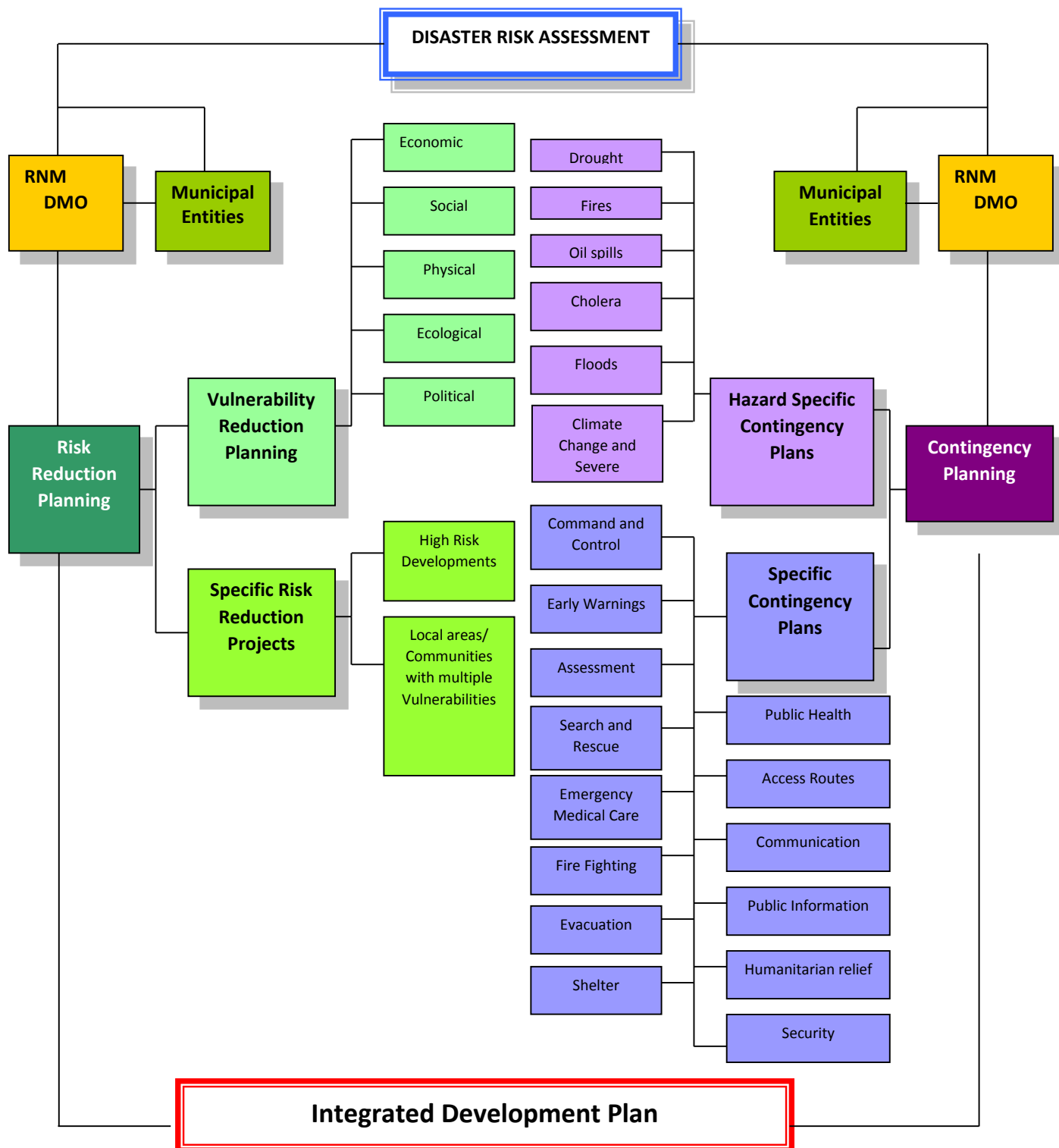
- Identifying potential hazards and/or threats assessing the conditions of vulnerability that increase the chance of loss for particular elements-at-risk (that is, environmental, human, infrastructural, agricultural, economic and other elements that are exposed to a hazard, and are at risk of loss);
- Assessing impact and coping capacity
- Determining the level of risk for different situation and conditions setting priorities for action after prioritizing the hazards according to their risk factor; and

- 
- Continuously monitoring capabilities, risk maps and risk scenarios

There are many different methods for carrying out risk assessments. In essence the disaster risk assessment for the municipality was based on the following methodology, in future assessments it may however be necessary to deviate, amend or adapt the methodology depending on the type of hazard being assessed

- characteristics of the area, infrastructure, service or business concerned
- -The urgency of the assessment and,
- -The availability of relevant hazard and vulnerability information.

**Figure 1: The Disaster Management Planning and Climate Change Framework:  
Future assessments and plan**






### **Aim of the assessment is to establish:**

- which hazards are the most prevalent in the RNM area;
- the frequency with which a significant event or disaster is likely to occur;
- which areas, communities or households are most at risk;
- which hazards (of certain intensities) are likely to have the most profound impact on the RNM;
- what is the probability of the identified hazards impacting on the RNM within a given time frame;
- what are the existing conditions of vulnerability and capacity (physical, social, economic and environmental) in the RNM area;
- which vulnerabilities could be exploited by the identified hazards (of different intensity);
- what capabilities or resources exist to manage the risk;
- what are the risk priorities of the RNM;
- how are vulnerabilities being addressed through the Integrated Development Plan projects and other developmental initiatives;
- what other developmental initiatives are necessary to reduce vulnerability and therefore risk in the RNM;
- Is the risk becoming progressively greater;
- Is the risk undermining development progress in the areas, communities and households it affects and if so,
- is the management of the risk a development priority

#### **4.3.5.2 Risk Reduction and Prevention**

In order to ensure disaster risk reduction in Ray Nkonyeni Municipality the DMC must:

- monitor, assess, and co-ordinate Council's disaster risk management arrangements, placing particular focus on risk reduction strategies;

- 
- collaborate, coordinate and monitor progress on joint projects and programmes and their integration into the IDP process; support the municipal Disaster Management Satellite Centre in its activities;
  - review the disaster management plan of the municipality; review departmental disaster management plans and the plans of other municipal entities in Council's area annually to ensure that the plans are integrated, current, and consistent with Council's Disaster Management Framework;
  - promote joint standards of practice across all municipality entities and line functions; monitor progress on the implementation of priority projects aimed *at risk reduction; and*
  - Promote and support disaster risk awareness campaigns within the municipality as well as within communities.

#### **4.3.5.3 Prevention and mitigation**

In order to ensure disaster prevention and mitigation in Ray Nkonyeni Municipality the DMC must:

- provide the Disaster Management Satellite Centre with timely information and advice on disaster management related issues;
- ensure the application and enforcement of laws and by-laws by municipality entities relating to disaster management within their jurisdiction;
- promote structural and non-structural mitigation measures;
- develop appropriate prevention and mitigation strategies for the known hazard threat of Ray Nkonyeni Municipality; and
- Assist in the development of appropriate early warning systems for the municipal area.

#### **Emergency preparedness**

In order to ensure emergency preparedness in Ray Nkonyeni Municipality the DMC must:

- ensure that all departments engage in contingency planning for all priority risks; plan for all residual risk after the disaster risk reduction initiatives had been taken into consideration;




- ensure and participate in desk top exercises on a bi-annual basis in order to keep up to date on roles and responsibilities in the activation and operation of the Disaster Management Centre;
- ensure a rapid and efficient response and recovery in the event a disaster threatens to occur or occurs in Ray Nkonyeni Municipality area;
- make recommendations to Council regarding disaster management matters; and
- Make recommendations to Council on the declaration of a local state of disaster (see section 54 and 55 of the Disaster Management Act 57 of 2002).

#### 4.3.5.5 Maximising vulnerability reduction outcomes

With respect to the implementation of the Act, a risk assessment must be undertaken when one or more of the vulnerability reduction criteria (reflected in the table below) are considered priorities in any project or programme initiated by RNM.

Table 16: Vulnerability Reduction Outcome

Key Vulnerability Criteria	Examples of where risk assessments must be done
Increased sustainability of a development project or programme to support vulnerable households.	As part of the planning for an infrastructural development, for example, assessing the likelihood of weather, flooding, subsidence and other threats damaging the structure, so that these can be factored into the construction specifications.
Reduction of potential harmful consequences associated with industrial, commercial or other developments	As part of environmental impact assessments for large-scale developments, including industrial, commercial and other enterprises that may increase disaster risk.



Increased understanding of a rapidly changing risk for improved risk management planning	In a flood-prone area that experiences considerable population growth and is facing increased land erosion.
Increased robustness of development initiatives in poor communities and areas	In an informal settlement characterised by recurrent 'small 'and 'medium-size' disaster losses that undermine assets and livelihoods.
Management of high-risk periods and conditions to ensure service and/or business continuity	Electricity transmission lines and rail infrastructure, as well as health and emergency services, to ensure these essential services do not 'fail 'under expected high-risk conditions.
Provision of appropriate support for at-risk activities, services, areas, communities and households following an 'alert '.	Following a drought warning or cholera alert in rural areas, to identify communities and households most at risk and to focus or target preparedness and response actions.

#### 4.3.5.6 Disaster risk reduction planning

On the left-hand side of the framework, 'Disaster Risk Reduction Planning', consist of Vulnerability Reduction that are present in the municipality as a whole. The Specific Risk Reduction Projects include on one hand future developments (planned for though the IDP) that should be assessed and on the other hand any area where a combination of vulnerabilities, hazards and/or a lack of capacities pose a specific (or combination of) high risk(s) to the population, infrastructure and environment.



#### **4.3.5.7 Contingency planning**

The right-hand side of the framework focuses on contingency planning. This type of planning has two components: for the most prevalent hazards, the municipality should have contingency plans in place that can be activated before or during the impact of a specific hazard ('Hazard Specific Contingency Plans').

As it is impossible to plan for every hazard, the contingency planning should also include generic plans. For the purpose of drawing up such plans, the most important issues have been listed in the framework (public health, command and control, shelter etc.)

Risk of a certain hazard can change over time. It is therefore necessary that all aspects of the framework are adapted accordingly. Continuous assessment is necessary for sound disaster risk management planning which will therefore assist in the prevention and reduction of disaster incidents.

#### **4.3.5.8 Response and Recovery**

##### **i. Disaster Response, Recovery, Rehabilitation and Reconstruction**

In order to achieve the requirements of the Act calling for an integrated and co-ordinated policy that will provide for rapid and effective response to disasters and to post disaster recovery, it is imperative that mechanisms are put in place which leaves no room for confusion when a significant event or disaster occurs or is threatening to occur in council's area. This requires clear allocation of roles and responsibilities and concisely defined procedures and protocols for all operational personnel, other relevant role players, communities at risk, and the public in general. This key performance area seeks to ensure that disaster response and recovery planning for the municipality achieves these objectives.

##### **ii. Preparedness and early warning**

###### **Objectives**

To establish effective early warning systems in the RNM that will ensure:



- rapid and effective actions by essential and emergency services;
- that households, communities and areas at risk are able to respond timeously and appropriately; and
- in order to avert or reduce the potential impacts on people in terms of health, personal injury, loss of life, damage to property, infrastructure or environments

The RNM DMO is primarily responsible to ensure that it has the technical capacity to identify and monitor hazards and must ensure that mechanisms are in place for the receipt, dissemination and appropriate responses to standard early warnings issued by organs of state tasked with primary responsibility for a specific hazard.

DMO is responsible to prepare and issue hazard warnings of significance for the municipal area in a timely and effective manner and to ensure that the warnings are disseminated to those communities known to be most at risk to the hazard including those in isolated and/or remote areas. Warnings must include information and guidance that will enable those at risk to increase their safety and take risk avoidance measures to reduce losses.

### **iii. Operational plans for disaster response and recovery**

DMO is responsible to ensure the development of operational plans for disaster response and recovery when a disaster occurs or threatens to occur in the RNM area of jurisdiction and the facilitation of rehabilitation and reconstruction programmes and projects.

Such plans must be prepared consistent with the national guidelines. The RNM DMO must ensure effective *strategic* co-ordination and management of response and recovery operations for its area.

#### **i. The RNM DMO has primary responsibility to facilitate:**

The development of a standard operational guide for the establishment of Joint Operations Centres (JOCs) to



- Ensure the effective tactical co-ordination and management of response and recovery operations for major incidents and significant events which occur or threaten to occur in the area and to
- Ensure that each response agency identified which can contribute to the response and recovery efforts – whether it be an essential service; an emergency service; community volunteer; a non-governmental organisation; a community based organisation; or a private sector agent – prepares and submits an operational plan applicable to their particular functional area which is in accordance with the national field operation guidelines (FOGs).

#### **v. Training and Awareness objectives**

- To promote and facilitate non-accredited and accredited education and training opportunities for all disaster risk management stakeholders
- To identify and implement appropriate disaster risk management training programmes for schools in the area to increase knowledge and capacity.
- To identify and implement appropriate disaster risk management training programmes for the communities to increase knowledge and capacity.
- To ensure that traditional knowledge and coping strategies are included in the training programmes where appropriate.

#### **vi. Schools Programmes**

Disaster risk management training programmes for the purposes of disseminating information on disaster risk management are in place in most schools. The creation of programmes relating to disaster management in schools, focus on relevant and appropriate aspects of disaster risk management, have also been encouraged.



#### **vii. Dissemination and use of traditional knowledge**

All training and awareness programmes undertaken within the municipality must take into account indigenous knowledge relating to disaster risk management, as per section 7(2).

#### **viii. Community training programmes**

Education and training programmes for communities must focus on risk awareness, risk reduction and preparedness. Where appropriate, communities must be given the opportunity to modify and enhance training programmes through the inclusion of indigenous knowledge, practices and values, and the incorporation of local experience of disaster and disaster risk management. Cognisance of the risk assessment for the area must be taken when such programmes are developed.

#### **ix. Government Officials and relevant role players**

Training programmes for government officials and policy makers must include modules on planning, hazards, prevention, risk reduction and preparedness.

#### **x. Public Awareness Policy**

An integrated public awareness strategy to promote a culture of risk avoidance among all role players and across all departments must be developed and implemented. Such a strategy is necessary for the promotion of an informed, alert and self-reliant society capable of playing its part in supporting and co-operating with the municipality in all aspects of risk and vulnerability reduction.

The ability of the public to understand the nature of commonly encountered hazards in their communities to manage and reduce risks; to develop risk avoidance behaviour patterns; and to respond appropriately and timeously when disasters occur or are threatening to occur, is dependent on knowledge and access to reliable information. In order to inculcate



risk-avoidance behaviour by all stakeholders, public awareness campaigns aimed at raising consciousness about disaster risks must provide information on how to reduce vulnerability and exposure to hazards. Public information should be disseminated through the media, schools, public gatherings and through any other suitable network.

#### **xi. Media involvement**

The local print and radio media are involved in community awareness programmes.

#### **xii. Policy Directives and Legislative Mandates**

The IDP review is guided by binding and non-binding national and provincial legislations including policies, programmes and strategies that need to be considered in the municipal planning and development processes.

The Non-attendance of provincial department poses the following challenges and limitations for the municipality:

- Limit level of engagement and knowledge sharing
- Department budget for projects that are not urgent to communities
- Departments' projects do not have impact
- Some sectors are neglected and some remain unfunded
- No proper alignment, Duplication of funding and Fiscal Dumping



Table 17: Disaster Management Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• The unit is relatively capacitated</li> <li>• Disaster Management Plan is in place</li> <li>• Public awareness disaster programmes are in place</li> <li>• Schools programmes are also in place</li> </ul>	<ul style="list-style-type: none"> <li>• Shortage of manpower</li> <li>• Poor vehicle maintenance</li> <li>• Limited tools e.g. fire engines</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Expertise</li> <li>• Programmes are in place for safety issues</li> </ul>	<ul style="list-style-type: none"> <li>• Shortage of staff</li> <li>• Time delays to call outs</li> </ul>

Table 18 : Key Findings

<b>KEY CHALLENGES</b>	<b>DESCRIPTION</b>
1.Urbanised Coastal Zone	The coastal strip is very urbanized and developed.
2. Manufacturing Sector is limited to the coastal strip	All the economic development is centralized along the urban areas.
3.Climate change	Due to climate change that the municipality occasionally experiences, floods occur leaving behind distraction.
4.Impoverished rural interior	There is no development in the hinterland



#### **4.3.5.9 Environmental Management**

The following section details the SDF for RNM. The intention is to establish a forward thinking plan that transforms the municipality from an area of high dependency on the coastal corridor, to an area that integrates the urban and rural seamlessly and offers economic opportunities for all

Map : Water Resources and Aquatic Ecosystem



**Table : Fresh water ecosystem priority**

STATEMENT OF INTENT	APPROACH	LAND USE GUIDELINES
Freshwater Ecosystem Priority Areas (FEPA) are important water resource and aquatic ecosystems areas that need protection for promoting sustainable water resource use and achieving the freshwater ecosystem goals of the country.	RNM is still faced with challenges of not being able to provide water in some rural areas. Access to clean water is a deep challenge in rural areas because people there have no option but to utilise spring, dam and rivers as sources of water and are prone to a number of water borne diseases. The National Water Act (1998) recognizes that water is a scarce resource and that there is a need for the integrated management of all aspects of water resources. The National FEPA project aims to achieve such integration with the National Environmental Management Biodiversity Act (2004). The implementation of the measures in this Act must be improved in the area, specifically in respect of the	1) All land use planned within the municipality must be consistent with the management objectives of FEPAs, i.e. FEPAs should be reflected in spatial planning categories or zones with appropriate restrictions on land uses. 2) Ecological corridors along large river corridors and wetland clusters should be established and managed. In some cases it may be appropriate to incorporate FEPAs in the municipal conservation network. 3) The management objectives for water quantity, water quality, and habitat and biota, as well as more detailed management guidelines for specific land-use practices and activities are provided in the Implementation Manual

	protection, conservation, and sustainable use of the water resource assets in the RNM	for Freshwater Ecosystem Priority Areas (WRC, 2011)
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**Table Water Resources and Fresh Water Ecosystem Priorities**

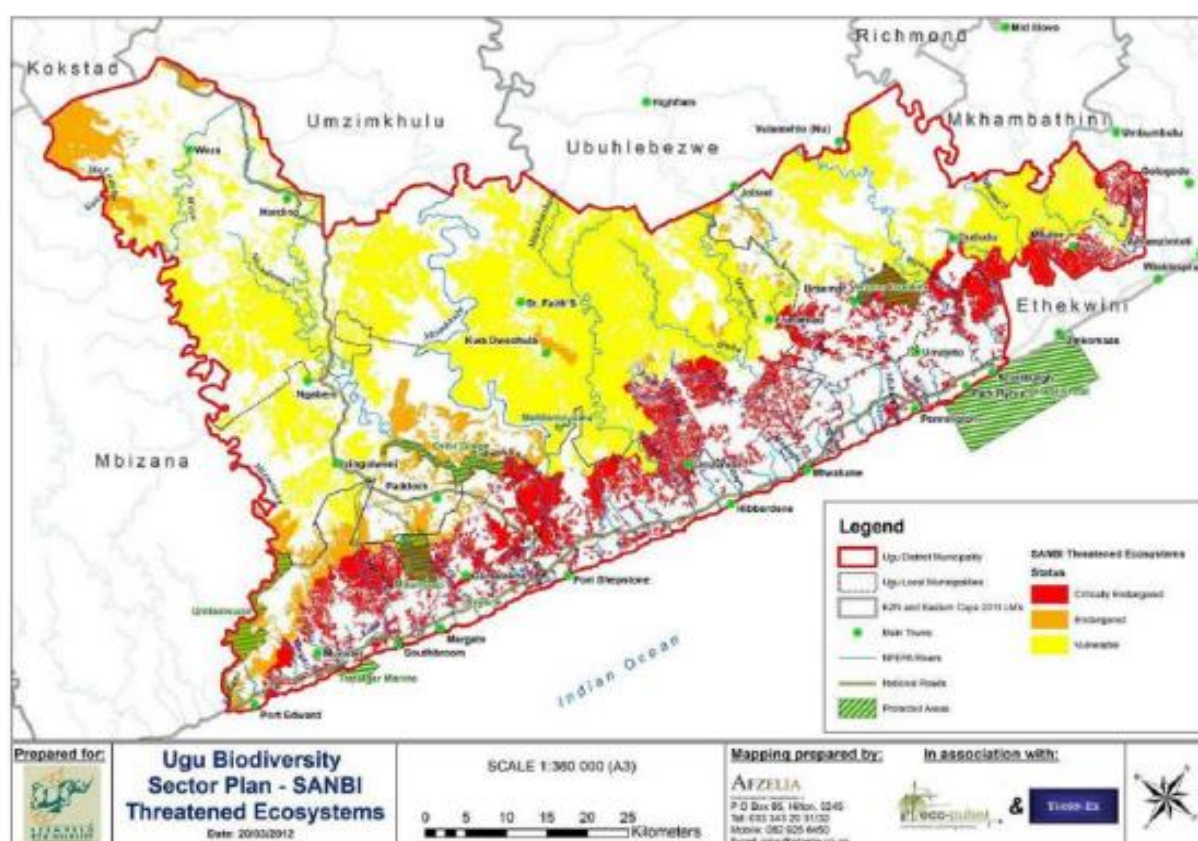
WATER RESOURCES AND FRESHWATER ECOSYSTEM PRIORITIES			
Feature	Description	Desired State	Length (km)
Mtavuma River	The Mtamvuna has formed prominent steep-sided river valleys that extend a considerable distance inland to drain the western inland regions of the District. This river is also free flowing (lacking significant impoundments) which is significant given the levels of impoundment in most South African rivers.	This river is currently in a good condition and should remain so. It should receive top priority for retaining its free-flowing character (i.e. no impoundments). This means that land-use practices or activities that will lead to deterioration in the current condition of a river FEPA are not acceptable.	144.1
Mbizana River	This river has a continuous flow in parts of its stream bed all year round during years of normal rainfall.	Moderately modified, a loss and change of natural habitat and biota have occurred but the basic ecosystem functions are still predominantly unchanged. This means that land-use practices or activities that will lead to deterioration in the current condition of a river FEPA are not acceptable	32.1
Vungu River	This river has a continuous flow in parts of its stream bed all year round during years of normal rainfall.	Moderately modified, a loss and change of natural habitat and biota have occurred but the basic ecosystem functions are still predominantly unchanged. This means that land-use practices or activities that will lead to deterioration in the current condition of a river FEPA are not acceptable	32.6
Mzikhulwana River	This river has a continuous flow in parts of its stream bed all year round during years of normal rainfall.	Largely natural with few modifications, a small change in natural habitats and biota may have taken place but the ecosystem functions are still predominantly unchanged. This means that land-use practices or activities that will lead to deterioration in the current condition of a river FEPA are not acceptable	141.9

## Proclaimed Areas and Important Terrestrial Biodiversity Areas

WATER RESOURCES AND FRESHWATER ECOSYSTEM PRIORITIES			
Feature	Description	Desired State	Length (km)
Mzimkhulu River	Mzimkhulu River has exactly the same characteristics as the Mtavuma river both the rivers have formed prominent steep-sided river valleys that extend a considerable distance inland to drain the western inland regions of the District. These two rivers are also free flowing (lacking significant impoundments) which is significant given the levels of impoundment in most South African rivers.	This river is currently in a good condition and should remain so. It should receive top priority for retaining its free-flowing character (i.e. no impoundments). This means that land-use practices or activities that will lead to deterioration in the current condition of a river FEPA are not acceptable.	130.5
Mzumbe River	This river has a continuous flow in parts of its stream bed all year round during years of normal rainfall.	Largely natural with few modifications, a small change in natural habitats and biota may have taken place but the ecosystem functions are still predominantly unchanged. This means that land-use practices or activities that will lead to deterioration in the current condition of a river FEPA are not acceptable	75.4
Wetlands	There are numerous relatively small wetland areas scattered throughout the Hibiscus Coast LM, as with rivers the development buffer around wetlands is dependent on the local situation such as the type of activity and may extend beyond the statutory 20m note that for particular activities within 32metres of the edge of a wetland, environmental authorisation is required from the relevant environmental authorities (NEMA EIA regulations 2010)	All wetlands should be protected from development impacts. Wetlands that are in a good condition should remain so. Wetlands that are not in a good condition should be rehabilitated to their best attainable ecological condition. This means that land-use practices or activities that will lead to deterioration in the current condition of a wetland are not acceptable, and land-use practices or activities that will make rehabilitation of a wetland difficult or impossible are not acceptable.	

Protected areas are areas of land that are protected by law under the National Environmental Management: Protected Areas Act (Act 57 of 2003), and as a result are managed for the conservation of biodiversity. Critical Biodiversity Areas are natural or near natural landscapes that are considered critical for meeting biodiversity targets and thresholds, and which safeguard areas required for the persistence of viable populations of species and the functionality of ecosystems.

**Map : Terrestrial Biodiversity Areas**



**Table : Formal conservation areas**

STATEMENT OF INTENT	APPROACH	LAND USE GUIDELINES
<p>There are two Formal Conservation Areas namely Umtamvuna and Mbumbazi. In 2009, Ezemvelo KZN Wildlife developed a marine conservation plan which identifies the best sites for marine protected areas based species, habitats and threat data. There are several sites of conservation significance on the coast of the municipality, particularly between Pumula and Uvongo, near Hibberdene, and approximately 10 kilometres off the coast of Shelly Beach (i.e. Protea Banks). The implications for development are that certain activities are prohibited or restricted within these marine areas of high conservation value. There should be careful management of onshore activities which can potentially impact negatively on the biodiversity of these areas</p>	<p>RM contains several sensitive vegetation types or areas of conservation significance, these areas have been identified as being of conservation value as they are necessary to maintain a representative sample of biodiversity and to sustain the functioning of that particular ecosystem. RNM contains several Critically Endangered (CE) ecosystems i.e. South Coast Grasslands, Margate Pondoland-Ugu Sourveld, and Southern Coastal Grasslands, Endangered (E) ecosystem types, namely Oribi-Port Edward Pondoland-Ugu Sourveld vegetation types. The implications for development are that certain activities within these areas require environmental authorisation and may be subject to an offset requirement, Norms and Standards for Biodiversity Offsets. The objectives of national government, as well as the importance of threatened ecosystems to sustainable development of the area, a prescriptive approach to land use management would be required.</p>	<p>11) The Ugu District Biodiversity Sector Plan (2012) contains land management guidelines associated with Critical Biodiversity Areas (CBAs) and Ecological Support Areas (ESAs), and other land management units, as categorised by the Biodiversity Sector Plan. These guidelines contain the various possible land uses that may or may not be compatible with biodiversity objectives and must be used to inform land use planning, decision making and development authorisations.</p> <p>2) Activity 12 in Listing Notice 3 of the EIA Regulations (R546 of 2010) relates to the clearance of 300m<sup>2</sup> or more of vegetation, which will trigger a basic assessment within any critically endangered or endangered ecosystem listed in terms of Section 52 of the Biodiversity Act. Critically endangered and endangered ecosystems were listed by Government Notice No 1002 of 9 December 2011 and the Hibiscus Coast contains such systems. This means any development that involves loss of natural habitat in a listed critically endangered or endangered ecosystem is likely to require at least a basic assessment in terms of the EIA regulations</p>

**Refer to map.**

#### **4.3.5.8.1 Coastal and Marine Resources**

The National White Paper on Sustainable Coastal Development in South Africa was produced in 2000. It acknowledged that the coastline is a national asset with value, opportunity and potential that is however vulnerable to overuse and degradation. The white paper identified RNM coastal strip as spectacular coast which is well accessible and aesthetic. The municipality has also achieved a blue flag status. The Blue Flag is a voluntary eco-label awarded to over 3450 beaches and marinas in 41 countries across Europe, South Africa, Morocco, Tunisia, New Zealand, Brazil, Canada and the Caribbean.

It works towards sustainable development at beaches/marinas through strict criteria dealing with water quality, environmental education and information, environmental management, and safety and other services. The Blue Flag Programme includes environmental education and information for the public, decision makers and tourism operators. This section assesses the different characteristics of RNM coast and the desired state for each of these characteristics. Particular attention is paid on these features:

- Coastal public property;
- Coastal protection zone;
- Coastal access land;
- Coastal Water Sanctuary Zone;
- Estuaries; and
- Naturally vegetated dunes and fore dunes.

**Table 18 : Features of importance**

Feature	Description	Desired State
Coastal public property	Coastal public property broadly includes land submerged by coastal waters, the seashore, admiralty reserve and state-owned land. Admiralty reserve is a strip of state-owned land approximately 45-60m wide inland of the high-water mark. This strip includes land owned by the State and/or where it is specifically described in title deeds of private land. The admiralty reserve is therefore not continuous along the coast. This property cannot therefore be transferred, sold, attached or acquired by prescription. The state remains the trustees of coastal public property on behalf of the citizens and has to ensure that this property is used, managed, protected, conserved and enhanced in the interest of the whole community as opposed to only a few individuals and groups. It was administered by the Seashore Act (No. 21 of 1935) until the enactment of the ICM Act and it is now included in coastal public property.	These areas should be delineated in accordance with the requirements of the Integrated Coastal Management Act (2008). It must inform the local scheme
Coastal protection zone	This zone is established to ensure the protection of the ecological integrity, natural character and economic, social and aesthetic values of the coast. The coastal protection zone nominally includes land falling within 100m of the high-water mark in urban areas and within 1km in rural areas, unless otherwise determined by the MEC. Given that there is almost continuous strip of residential and commercial development along the coastline of the Hibiscus Coast LM, the coastal zone is represented by a band which extends 100m inland of the HWM. There are also in some areas which are predominantly rural, such as north of Hibberdene, the coastal zone may exceed 1000m inland of the HWM, the intention of this zone is to manage, regulate and restrict the use of land that is adjacent to coastal public property or that plays an important role in the coastal ecosystem. As a result particular activities within this zone require environmental authorisation from the Department of Agriculture and Environmental Affairs(DAEA) as required in terms of the NEMA EIA regulations (2010)	These areas should be delineated in accordance with the requirements of the Integrated Coastal Management Act (2008). It must inform the local scheme.

Feature	Description	Desired State
Coastal access land	Land which the public may use to gain access to coastal public property via public access servitudes.	These areas should be delineated in accordance with the requirements of the Integrated Coastal Management Act (2008). It must inform the local scheme.
Coastal Water Sanctuary Zone	Coastal Waters extend from the boundary of the territorial sea (12 nautical miles) to the seashore. The state is responsible for controlling or managing any activity or in coastal waters in the interests of the whole community and according to South Africa's obligations under international law	Coastal protected areas are legislated and protected and managed by the National Environmental Management Protected Areas act (Act no. 57 of 2003)
Estuaries	Estuaries comprise the unique zone where rivers meet the sea. They are highly variable systems that may experience water chemistry fluctuations, depending on tidal strength and river flow	Land-use practices or activities in these areas that will lead to deterioration in the current condition of the estuaries, or that will make rehabilitation of estuarine areas difficult or impossible are not acceptable. Cumulative impacts of land use practices need to be managed.
Naturally vegetated dunes and fore dunes	The integrity of the sand cycle depends on the state of dunes.	The removal, alteration or damage of dune vegetation should be strictly controlled. Dune systems should be delineated as no-go areas for development and settlements.
Susceptibility of the coast to wind erosion	The coastal zone is highly susceptible to wind erosion because of the dominance of pure sands.	Land use practices should not influence the sand cycle. Control is needed to manage land cover

Feature	Description	Desired State
Rivers and local catchments around estuaries	Rivers that flow into the estuaries and the catchments surrounding these estuaries are highly sensitive to land use impacts.	The rivers must be buffered in order to delineate no-go areas for development, and resource use in these areas must be strictly controlled. The catchments of the four local rivers must be denoted as areas of low development potential. Land allocation in the river catchments must take downstream impacts into account. The cumulative impacts of land use must be managed.
Marine Conservation	The municipality has several conservation sites that have been identified as being important along the coast particularly between Pumula and Uvongo near Hibberdene and approximately 10km off the coast of Shelly Beach.	The implications for development are that certain activities are aren't allowed or restricted within these marine areas of high conservation value therefore there must be careful management of on –shore activities which have a potential to impact negatively on the biodiversity of these areas.

## **4.4 MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT ANALYSIS**

### **4.4.1 Organizational Development**

The Back to Basics Policy emphasizes that there has to be a focus on building strong municipal administrative systems and processes. It includes ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. It further details the basic requirements that need to be monitored and these include the top positions that they must be filled with competent and qualified persons, municipal organograms be realistic etc. One of the five pillars of the Back to Basics approach is to build institutional and administrative capabilities. Ray Nkonyeni has fully adhered to this emphasis and will be detailed below.

#### **4.4.1.1 Institutional arrangements**

Ray Nkonyeni Municipality is headed by her Worship Madam Mayor, Councillor N.C.P. Mqwebu. The municipality is run in a democratic, transparent manner and 6 political parties are represented and fully participate in the running of the municipality. The total number of Councilors serving within the municipality is seventy one (71). They consist of thirty six (36) ward councilors and the rest are party representatives (PR). Out of the 71 councilors are 12 councilors who serve in the Executive Committee (EXCO). This is a day-to- day committee of Council. Its meetings are chaired by the Mayor and held twice a month.

There are subject specialisation portfolio committees assisting Council and EXCO in dealing with details. Each portfolio committee chaired by an EXCO member. Council meeting sit once a month, chaired by the Speaker of the Municipality.

The administration is headed, by Mr. SM Mbili the Municipal Manager. The administration is structured into seven operational departments, being:

- Department of Community Services (DCOMMS)
- Department of Corporate Services (DCS)
- Department of Strategic Planning (DSPG)

- Department of Technical Services (DTS)
- Department Development Planning Services (DDPS)
- Department of Public Safety (DPS)
- Department of Treasury

There are consultative Corporate Management Committee meetings which are chaired by the Municipal Manager and meet twice a month. Given the separation of powers and functions between administration and political side, as well as the delegation of authority, this is not a delegated committee with any authority but to consult and support the Municipal Manager.

On conditions of service matters, there is a well-functioning Local Labour Forum (LLF) where the administration and Councilors form one side and be the employer and meet the unions as Labour representatives. The forum assists in dealing with collective labour relations at the workplace before it can be escalated to higher levels.

#### 4.4.1.2 Organogram

The municipality developed a new organogram which was adopted by Council in August 2016. The transformation process commenced in 2004 where by the system of Section 57 Managers was adopted. Due to municipal grading as regulated by organised local government structures, the municipality faces challenges in retaining employees and this is attributed to a number of reasons such as the institutions which often offer more attractive packages.

As per the Back to Basics pillar, local government should ensure that the top six posts (Municipal Manager, Finance, Infrastructure Corporate Services, Community development and Development Planning) are filled by competent and qualified persons, the municipality has managed to fill seven Section 57 Managerial positions, 2 Females and 5 males respectively. In terms of women empowerment, there is a room for improvement to employ women for top positions in future. The table below shows total staff complement categorized according to staff levels.

TO INSERT

Table 19: Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• The Municipality is run in a democratic and transparent manner</li> <li>• All posts have been filled</li> <li>• The Council is fully functional</li> <li>• Effective portfolio committees</li> <li>• Diverse representation of political parties in Council (ANC, DA, IFP, COPE and EFF,VV)</li> <li>• All 7 Departments are fully operational</li> <li>• The Labour Forum is well functional Line 1 Managers are being capacitated to effectively run their units</li> </ul>	<ul style="list-style-type: none"> <li>• 2 of the 7 Heads of Departments, section 56/57 are females</li> <li>• 10 of the 41 managers are female</li> </ul>
Opportunities	Weaknesses
<ul style="list-style-type: none"> <li>• Room for improvement in terms of equity</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to attract and retain females at management level</li> </ul>

#### 4.4.2 Municipal Powers and Functions

The significance of integrating sector plans into the IDP is to provide a demonstration of how they relate to one another. It also outlines a sector plan integration process which will guide our municipality as we integrate various sector plans in our IDP to ensure the realization of integrated development and alignment. The following table illustrates the functions that are undertaken by Ray Nkonyeni Municipality, Ugu as a District as well as by other Sectors within the District as priority function per COGTA.

Table 20: Municipal Powers and function

	<b>Powers and Functions of the Municipality</b>	<b>Ugu DM</b>	<b>Shared with other services</b>	<b>Ray Nkonyeni LM</b>	<b>Relation to KPA</b>
<b>1</b>	Air pollution	<b>X</b>			Cross-Cutting Interventions
<b>2</b>	Building regulations			<b>x</b>	Basic Service Delivery; Cross Cutting Interventions
<b>3</b>	Electricity and gas reticulation		<b>X</b>		Basic Service Delivery
<b>4</b>	Firefighting services			<b>x</b>	Basic Service Delivery
<b>5</b>	Local tourism		<b>X</b>		Local Economic Development
<b>6</b>	Municipal airports			<b>x</b>	Basic Service Delivery
<b>7</b>	Municipal planning			<b>x</b>	Basic Service Delivery
<b>8</b>	Municipal health services	<b>X</b>			Basic Service Delivery
<b>9</b>	Municipal public transport			<b>x</b>	Basic Service Delivery

	<b>Powers and Functions of the Municipality</b>	<b>Ugu DM</b>	<b>Shared with other services</b>	<b>Ray Nkonyeni LM</b>	<b>Relation to KPA</b>
<b>10</b>	Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities			<b>x</b>	Basic Service Delivery
<b>11</b>	Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and Storm water management systems in			<b>x</b>	Basic Service Delivery
<b>12</b>	Trading regulations			<b>x</b>	

	<b>Powers and Functions of the Municipality</b>	<b>Ugu DM</b>	<b>Shared with other services</b>	<b>Ray Nkonyeni LM</b>	<b>Relation to KPA</b>
<b>13</b>	Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal	<b>X</b>			Basic Service Delivery
<b>14</b>	Beaches and amusement facilities			<b>x</b>	Basic Service Delivery ; Local Economic Development
<b>15</b>	Billboards and the display of advertisements in public			<b>x</b>	Local Economic Development
<b>16</b>	Cemeteries, funeral parlors and crematoria			<b>x</b>	Basic Service Delivery
<b>17</b>	Cleansing			<b>x</b>	Basic Service Delivery
<b>18</b>	Control of public nuisances		<b>X</b>		Basic Service Delivery
<b>19</b>	Control of undertakings that sell liquor			<b>x</b>	Basic Service Delivery

	<b>Powers and Functions of the Municipality</b>	<b>Ugu DM</b>	<b>Shared with other services</b>	<b>Ray Nkonyeni LM</b>	<b>Relation to KPA</b>
<b>20</b>	Facilities for the accommodation-area			<b>x</b>	Basic Service Delivery
<b>21</b>	Fencing and fences			<b>x</b>	Basic Service Delivery
<b>22</b>	Licensing of dogs			<b>x</b>	Basic Service Delivery
<b>23</b>	Licensing and control of undertakings that sell food to the public			<b>x</b>	Basic Service Delivery
<b>24</b>	Local amenities			<b>x</b>	Basic Service Delivery
<b>25</b>	Local sport facilities			<b>x</b>	Basic Service Delivery
<b>26</b>	Markets			<b>x</b>	Basic Service Delivery
<b>27</b>	Municipal abattoirs			<b>x</b>	Basic Service Delivery
<b>28</b>	Municipal parks and recreation			<b>x</b>	Basic Service Delivery
<b>29</b>	Municipal roads			<b>x</b>	Basic Service Delivery
<b>30</b>	Noise pollution			<b>x</b>	Basic Service Delivery
<b>31</b>	Pounds			<b>x</b>	Basic Service Delivery
<b>32</b>	Public places			<b>x</b>	Basic Service Delivery

	<b>Powers and Functions of the Municipality</b>	<b>Ugu DM</b>	<b>Shared with other services</b>	<b>Ray Nkonyeni LM</b>	<b>Relation to KPA</b>
<b>33</b>	Refuse removal, refuse dumps & solid waste disposal			<b>x</b>	Basic Service Delivery
<b>34</b>	Street trading			<b>x</b>	Basic Service Delivery
<b>35</b>	Street lighting			<b>x</b>	Basic Service Delivery
<b>36</b>	Traffic and parking			<b>x</b>	Basic Service Delivery

#### 4.4.3 Institutional Capacity and Human Resource Development

In response to the need to build a capable organization the following narrative outlines how the municipality is responding to this pillar of the Back to Basics programme. This in the main cover skills development, meeting equity targets and ensuring that the institution responds to its constitutional mandate through a responsive Human Resource Strategy.

##### **i. Human Resources Strategy**

The Human Resources Strategy is in place. A framework has been developed by SALGA to assist municipalities with modification and contextualization.

##### **ii. Employment Equity Plan**

The Employment Equity Plan is in place.

##### **iii. Workplace Skills Plan**

The Workplace Skills Plan is in place, adopted and submitted by to the LGSETA, and will be developed annually. The employment equity guidelines form an integral part of planning for training as prescribed in the Skills Development Act

The Plan is aligned to the WSP. It must be noted however, that in as much as the Plan is effective, there are constraints that come with budget. Projects not budgeted for get recommended for implementation during a financial year thus compromising the programme on the WSP.

The employment equity profile illustrates progress made towards achieving the transformation targets. The Plan reflects the progress the municipality has achieved thus far and actions to address challenges relating to enhanced demographic spread, skills development, fast-tracking, diversity management and organizational culture assessment. This plan is being implemented effectively by amongst other things putting emphasis on job adverts as well as scoring criteria for short listing and interviews. In this regard, there are special points allocated based on race and gender.

#### **4.4. 4 IT Strategy**

The IT strategy is in place. Its purpose is to give a focus and framework for future IT Investments and projects linking these into the priorities of the IDP. It is also aimed at raising the profile and awareness of the importance of IT investments and the governance which surrounds these and associated benefits realization. The IT is also to provide an effective technology architecture which not only provides robust and reliable underpinning to municipal services but is an architecture which acts as an enabler and catalyst for service delivery both within the municipality and across our strategic partners (See attached IT Strategy). A strategic workshop was conducted with the Executive Committee and the Top Management and a consultative approach was then undertaken with the development planning unit with respect to the IDP.

#### **4.4.5 Inter-Governmental Relations Structures**

The municipality participates in a number of IGR structures and below is the highlight of these structures:

##### **i.The Premier's Coordination Forum (PCF)**

In accordance with the Inter-Governmental Relations (IGR) Act (2005), the Mayor participates in the PCF coordinated by the Office of the Premier. It sits four times a year. The Premier chairs the forum. MEC Cogta is the co-host. Other than Municipal Mayors, the Province invites Municipal Managers, CFOS AND Deputy Mayors to sit in this Forum. The forum discusses mainly issues that affect local Government.

##### **ii.Mayor's Forum**

In accordance with the IGR Act (2005), a Mayor's Forum was established in 2006 for the District. This Forum is functioning and meets on a regular basis. The District Mayor chairs this forum. It discusses issues around service delivery and challenges affecting Locals as well as resolutions taken at Provincial level.

##### **Iii Speaker's Forum**

The District has an established Speakers Forum and RNM participates in the Ugu District

Municipality's Speakers Forum. The purpose of the establishment of the Speakers forum is therefore to ensure that:

- There is uniformity and consistency in the management and operation of the Offices of the Speakers of the Ugu District Municipality,
- To facilitate and oversee that the programmes and initiatives of Speakers at local municipalities are implemented,
- To identify and implement programmes aimed at realising one of the key objectives of local government, i.e. deepen democracy,
- To coordinate and ensure active participation of communities in matters of local governance,
- To ensure coordination and streamlining at all the member municipalities,
- To initiate and implement training and capacity building programs for councilors.

The Speakers forum has one ordinary meeting per quarter, provided that the other members may request a special meeting by making a written submission to the chairperson. The Chairperson of the Forum is the Speaker of the District Municipality. Meetings of the Speakers Forum rotate among member municipalities.

#### **iv. The Municipal Manager's Forum**

The Municipal Manager's Forum was also established in 2005 by the District and meets on regular basis. Issues raised at this forum are discussed at Corporate Management meetings by management. This Forum sees to it that resolutions taken at Mayors forum are being implemented. It also discusses challenges experienced at their locals. Munimec, which is a technical support for PCF discusses issues affecting at both local and District level and so these issues are further discussed at the Managers' Forum and seek way forward.

#### **v. Chief Financial Officer's Forum**

There is a functionality of CFO Forums and are held on a quarterly basis to discuss financial management issues. The Chairperson for this Forum is the CFO of the District. This Forum also deliberates on Audit opinions.

#### **vi. Planners Forum**

The planners' forum meetings are held on a monthly basis. Meetings are chaired by the district IDP Manager. The Planning Development Unit renders secretarial services; The Forum Consists of the four local municipalities. IDP Managers and town Planners coordinate technical submissions and the compilation of the respective IDP documents to:

- Ensure horizontal alignment between the district and local municipalities IDP's,
- Ensure vertical alignment between the district and local municipalities, National and Provincial spheres.

### **4.4.8 Institutional Structures**

#### **i. IDP Steering Committee**

- Develops terms of reference for various planning activities
- Provides guidance on planning matters
- Monitors IDP and review progress on a quarterly basis
- Make recommendations to the IDP Forum
- Takes decisions on administrative matters in line with legislations, policies and COGTA guidelines
- Give strategic support and give guidance to the ID unit
- Ensures that information is provided to the IDP unit in time and communicates IDP issues with staff members and ensures that Strategic Planning manager does not end up thumb sucking information
- Overall Management including appointments of consultants

- Refers matters to relevant committees for further investigations, research and alignment
- Closely monitors and evaluates consultants' progress and performance
- Considers inputs from all stakeholders and make amendments accordingly.

## **ii. IDP Cluster meetings**

- Provide technical assistance on Planning matters
- Make recommendations to the Steering committee
- Provide departmental issues that have influence on planning
- Consider inputs from sub committees
- Assists in developing terms of reference for consultants

## **iii. MPAC**

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

The MPAC committee is made up of eleven councillors from all the political parties presented in Council. It is chaired by the ruling party and makes recommendations to Council on monthly basis. Amongst other duties, the committee oversees the work of Exco, portfolio committee, OPMS, does special investigations and other adhoc assignments.

The MPAC must interrogate the following financial aspects addressed in the Municipal Finance Management Act:

- Unforeseen and unavoidable expenditure (Section 29)

- Unauthorized, irregular or fruitless and wasteful expenditure (Section 32)
- Quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP (Section 52(d))
- Monthly budget statements (Section 71)
- Mid-year budget and performance assessment (Section 72)
- Mid-year budget and performance assessment of municipal entities (Section 88)

Table 21: Key Findings

Key Challenges	Description
1.Employee retention	The municipality faces challenges in retaining females at management level
2.Municipal powers and function	Some powers are not fully functional

#### **4.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

One of the goals of taking Local Government forward is to improve the functions of municipalities to better serve communities by getting the basics right as per the NDP and through the Back to Basics Programme. Good Governance and sound Administration is one of the five pillars of Back to Basics which must be at the heart of an effective municipality. To this, our municipality has fully aligned.

It is essential to practice good governance for stability, sustainable development and growth. The Provincial government has ensured that there is good financial management, proper budgeting and investigation of fraud and corruption. Ray Nkonyeni Municipality has good efficiency in terms of good governance and public participation. All systems and structures are in place and fully functional. The Audit and Risk management for an example, are fully functional and bring assurance and consulting activity designed to add value and improve an organization's operations. These two units also assist the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

#### 4.5.1 Intergovernmental Relations

Table 22: Intergovernmental Relations

<b>Municipal Turnaround Strategy Priorities</b>						
<b>MTAS Priority</b>	<b>Milestone</b>	<b>Detailed Activities</b>	<b>Responsible Official/ Department</b>	<b>Target Dates</b>	<b>Blockages / Challenges</b>	<b>Support Needed In Terms of Unblocking</b>
<b>Roads infrastructure provision and maintenance</b>	Comprehensive infrastructure plan	Development of the infrastructure plan	MR S Dlamini Technical Services (DTS)			KZN Transport, Housing, Public works, COGTA
	Maintenance plan	Develop and communicate the plan with Council and management	MR S Dlamini Technical Services (DTS)			Liaising with HoDs
<b>Municipal buildings maintenance</b>						

<b>Housing provision</b>	Construction of units	Facilitate housing provision and liaise with provincial Housing department	MR S Dlamini Technical Services (DTS)		Red tape in application approval and delays	Department of Housing to fast track application approval and proper management of consultants
<b>Electrification</b>	Provide infrastructure and cover in-fills	Develop an electrification master plan Align with Eskom	MR S Dlamini Technical Services (DTS)		Eskom does not plan with the municipality	Eskom to align with municipal plans and advise planning processes Technical support
<b>Solid waste Services</b>	Effective collection and extend services to un-serviced areas	Implementation of the Integrated Waste Management Plan (IWMP)	MR S Nzimande (DPS)			Nil
<b>Effective municipal by-laws</b>	Develop and enforce municipal wide by-laws	Fine and prosecute	MR S Nzimande Department of Public Safety (DPS)		Co-operation from other departments	Nil



<b>Effective ward committee</b>	Support ward committees	Provide necessary training, stipend, ensure departments action issues coming from ward committee meetings, etc.	Mr KJ Zulu Strategic Planning and Governance (DSPG)		Political support	COGTA
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### 4.5.2 Municipal Structures

Table 23: Role and Responsibilities of Main Entities in IDP Process

No.	Role Players	Roles And Responsibilities
1.	<b>Ugu District Municipality</b>	<ul style="list-style-type: none"> <li>• Horizontal alignment of IDP' s between local and the district;</li> <li>• Vertical alignment between district and local municipalities, National, Provincial as well as other district municipalities</li> <li>• Formulates the district process plan based on the district's framework plan;</li> <li>• Formulates, manage and approve districts IDP;</li> <li>• Monitors and evaluate the district IDP process plan;</li> <li>• Ensures that draft process plans are compiled by the local municipalities with Ugu District;</li> <li>• Ensures that the process plans adhere to the framework as agreed;</li> <li>• Ensures that all local municipalities under the district adhere to the timeframes in the framework plan as agreed;</li> <li>• Coordinates the alignment of the district's budget process with the district IDP Process and local IDP processes;</li> <li>• Facilitates vertical alignment of IDP's with other spheres of government and sector departments and the preparation of joint strategy workshops with local municipalities, provincial and national role players and other subject matter specialists;</li> </ul>

		<ul style="list-style-type: none"> <li>• Gives financial support in line with its financial policy;</li> <li>• Gives institutional support to develop expertise.</li> </ul>
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2.	<b>Ray Nkonyeni Municipality</b>	<ul style="list-style-type: none"> <li>• Guides provincial sector departments participation in their contribution to the municipal planning processes;</li> <li>• Guides departments in assessing draft IDP's and to align their sectoral programmes and budget with the IDP's;</li> <li>• Assists in accessing financial grants for IDP process;</li> <li>• Monitors the progress of the IDP processes through the district and IDP Managers Forum;</li> <li>• Facilitates resolution of disputes related to the IDP;</li> <li>• Organizes IDP-related training when required; and</li> <li>• Co-ordinates and manage the MEC's assessments and comments with regards to IDP's.</li> <li>• Orientation of councilors on IDP.</li> </ul>
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3.	<b>Ugu Planners Forum</b>	<p>Meetings to be chaired by the district IDP Manager;</p> <ul style="list-style-type: none"> <li>• Planning Development Unit render secretarial services;</li> <li>• Consists of the four local municipalities IDP Managers;</li> <li>• IDP Forums to be held quarterly to: <ul style="list-style-type: none"> <li>➤ Coordinates technical submissions and the compilation of the respective IDP documents</li> <li>➤ Ensures horizontal alignment between the district and local municipalities IDP's, and</li> <li>➤ Ensures vertical alignment between the district and local municipalities, National and Provincial spheres</li> </ul> </li> </ul>
4.	<b>Co-operative Governance and Traditional Affairs</b>	<ul style="list-style-type: none"> <li>• Coordinates participation and cooperation of all other key sector departments.</li> <li>• Monitors and advice the municipalities on the drafting, review and implementation of the IDP.</li> <li>• Ensures that sector department's planning is informed by Ray Nkonyeni plans and IDP</li> <li>• Closely monitor sector departments performance in terms of fulfilling their core functions and support Ray Nkonyeni</li> </ul>

5.	<b>Sector Departments</b>	<p>Identify an IDP Coordinator in the sector departments</p> <ul style="list-style-type: none"> <li>• Contribute knowledge and ideas about planning issues in the province and sectors;</li> <li>• Contribute relevant information on the provincial sector departments plans, programmes, budgets, objectives, strategies and projects in a concise and accessible manner;</li> <li>• Ensure that their objectives and strategies and projects take various IDP's into consideration and adjust their budgets as informed by the various IDP's into consideration and adjust their budget as inform by the various IDP's;</li> </ul> <p>Engage in a process of alignment with district municipalities, and participate in the provincial management system and co-ordination;</p> <ul style="list-style-type: none"> <li>• Ensure active participation in IDP Representative Forum and Task Teams</li> </ul>
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6.	<b>Ugu District Development Planning Unit</b>	<p>Development Planning Unit provided the following function:</p> <ul style="list-style-type: none"> <li>• Provide methodological guidance and support to local municipality during the IDP implementation and review and well other planning processes;</li> <li>• Support the planning and implementation management process of local municipalities and district municipality</li> <li>• Establish and maintain close links with public and private service providers for proper programme alignment in municipal;</li> <li>• Provide information to municipalities relevant national and provincial policy and legislation frameworks;</li> <li>• Organize/conduct relevant training events for municipalities to build their planning and implementation management capacity; and</li> <li>• Liaise with Donors and other state agencies for municipalities to build their planning and implementation management capacity;</li> <li>• Liaise with Donors and other state agencies for funding to the municipalities; and</li> <li>• Render secretarial services to all district communication and sub-committee.</li> </ul>
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The Ugu District Municipality's IDP forum meetings are held on a monthly basis. The Planners forum committee was established to assist with capacitation and empowerment of the local municipalities that fall within Ugu District Municipality's area of jurisdiction. The committee comprise of Ugu District Municipality IDP unit, IDP managers and town planners from the four local municipalities and COGTA. The committee also ensures that the

Integrated Development Plans of municipalities are aligned. The committee also ensures local municipalities align with the district municipality, provincial departments and get advice and assistance required prior to the IDP assessments. Meetings rotate amongst all the municipalities. The Provincial department fully participates in the IDP Forum meetings and provided technical support in the IDP development process. The municipality also attends all the IDP Indabas organised by the Provincial department. The department also provides financial and technical support to municipal development and planning initiatives.

The municipality uses a task team approach for management to the development agenda in an integrated manner and ensuring ownership at corporate management level. The rationale behind this approach is to ensure management take full control of the IDP given the recognition of the IDP as the master strategic plan of the municipality. The task teams are led by the Heads of Departments looking at strategic position of each department, cross cutting matters, how departments can support and assist each other to fast track and ensure implementation plans. IDP Task Teams focuses on the following IDP Review key focus areas:

- Infrastructure provision and maintenance
- Budget aligned to the IDP priorities
- Development and implementation of Strategic Sector plans
- Good Governance and accountability
- Financial viability and value for money
- Spatial planning and rural planning development
- Youth development and skills development
- Job creation, economic growth and transformation
- Safe and healthy environment

- Effective supervision of service providers
- Knowledgeable communities
- Tourism industry support
- Promoting sports and recreation and cultural diversity

There are internal and external forums that contribute and inform the IDP Review and these are:

Table 23: Process Plan and Internal Structures

<b>Role Player</b>	<b>Purpose</b>	<b>Date</b>
<b>Council</b>	<ul style="list-style-type: none"> <li>• Adopt IDP Process Plan</li> <li>• Consider draft IDP</li> <li>• Consider public comments</li> <li>• Adopt final IDP</li> </ul>	August 2017 March 2017 April 2017 May 2017
<b>EXCO</b>	<ul style="list-style-type: none"> <li>• Consideration of process plan</li> <li>• Confirmation of key issues and consideration of IDP Cluster Meetings recommendations.</li> <li>• Confirmation of resources allocation per key issue.</li> <li>• Consider vision statement.</li> <li>• Consider IDP prior Council approval.</li> </ul>	June 2017     May 2017
<b>IDP Representative Forum</b>	<ul style="list-style-type: none"> <li>➤ Input on vision, objectives and strategies.</li> <li>➤ Input on priorities and projects</li> <li>➤ Consider and recommend IDP document for council approval</li> </ul>	March 20 March 2017 May 2017
<b>IDP Cluster Meetings</b>	<ul style="list-style-type: none"> <li>➤ Provide strategic direction</li> <li>➤ Advise</li> <li>➤ Provide departmental support</li> </ul>	March 2017 March 2017 April 2017 May 2017

<b>Steering Committee</b>	<ul style="list-style-type: none"> <li>• Consider process plan.</li> <li>• Revision of strategic framework.</li> <li>• Compilation of preliminary project list</li> <li>• Determine if external assistance is required consultants)</li> <li>• Planning of project planning phase, setting up of project teams and determining terms of reference for project teams.</li> <li>• Review progress made with project plans</li> <li>• Screening of all project plans</li> <li>• Consider comments and objections received to the revised IDP</li> </ul>	<ul style="list-style-type: none"> <li>• August 2017</li> <li>• November 2017</li> <li>• March 2016</li> <li>• February 2017</li> <li>March 2017</li> <li>March 2017</li> <li>March 2017</li> </ul>
	➤ Alignment of projects and programmes by Sector Departments and Municipalities	<ul style="list-style-type: none"> <li>• November 2016</li> </ul>
	<b>Public Participation</b> <ul style="list-style-type: none"> <li>• Community needs</li> <li>• Budget</li> <li>• Community consultations and participation</li> </ul>	<ul style="list-style-type: none"> <li>• November 2016</li> </ul>
		<ul style="list-style-type: none"> <li>• April 2017 and</li> </ul>

#### 4.5.3 Audit and Risk Management

Both the Internal Audit unit as well as Risk Management unit operates under the Office of the Municipal Manager with the latter regarded as an independent unit. The objective of both units with different roles and responsibilities or areas of focus is to bring assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Both units report to the Municipal Manager and but for operational reasons day-to-day administered by HoD: Strategic Planning and Governance.

The Internal Audit unit further reports it's functionally directly to an Audit Committee which consists only of external members.

The scope of work of the Internal Audit Unit entails, inter alia, whether the Municipality's risk management, if control and governance processes as designed by Management are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed
- Interaction with various departments within Ray Nkonyeni Municipality and other stakeholders occurs;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with relevant policies, standards, procedures and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Quality and continuous improvement are fostered in Ray Nkonyeni Municipality's control processes;
- Significant legislative or regulatory issues impacting on Ray Nkonyeni Municipality are identified and adequately addressed;
- Evaluating and reporting on the Municipality's performance and management

The municipality prepared the Annual Report covering 2015/2016 financial year in line with Chapter 12 of the Municipal Finance Management Act, No. 56 of 2003 and National Treasury Regulations. The National Treasury Checklist was used as a benchmark to ensure credibility of the annual report. The annual report was submitted to the Auditor General's office for assessment. Two Oversight Committee meetings including the workshop on the annual report were held.

The annual report was tabled by full Council in January 2017. Thereafter the public consultation commenced on the annual report for a period of 21 days. Council considered and adopted the report with the Oversight Report in March 2017. The Annual report together with the oversight report was submitted to the Auditor General's office and COGTA in compliance with the legislative prescripts

As a formal participation structure for the IDP process it is only proper to elaborate on it, and below are its functions:

- Informs affected and interested groups, communities and organization/institutions on relevant planning activities and their outcomes
- Chaired by the Portfolio chairperson of Town –Planning and Building control
- Determines priorities, analyze issues, negotiate and reach consensus
- Participates in project design and monitor and asses projects
- Makes recommendations on planning matters to Council
- Ensures that all sector departments play their role accordingly and fully participate in municipal planning
- Chairperson has a right to discipline members who do not participate meaningfully and inform their principals of their unsatisfactory participation.

The External Audit Committee is responsible for monitoring and advising in respect of the effective functioning of the Internal Audit activity. Internal Audit reports functionally to the Audit Committee and administratively to the Accounting Officer. In terms of section 62(1) (c) of the Municipal Finance Management Act (MFMA), No.56 of 2003, the Municipal Manager is the Accounting Officer and is responsible from managing the financial administration of the municipality. The Audit Committee is appointed in terms of Municipal Legislation, to assist and to advise the Mayor, Speaker and Municipal Manager of the Municipality. It is afforded wide powers and statutory obligations in terms of Section 166 of the Municipal

Finance Management Act. Audit Committee meetings and Performance Audit Committee meetings took place at least four times a year. The Council has adopted promulgated bylaws and these are currently being reviewed. These are: Credit Control bylaw, Fire bylaw, Beach bylaws, Rates bylaws, Solid Waste bylaws, Informal Trading bylaws, Hiring of halls bylaws and Environmental Conservative bylaw.

#### 4.5.3.1 Risk Management

The need for risk management is to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity. It is an appropriate proactive way of managing risks and to successfully achieve the municipality's goals and strategic objectives. The committee meets quarterly.

The municipality has strategies in place to manage risks. The process starts with the risk assessment session where management identify the currently existing risks and as well as possible risks. Once these risks have been identified management comes up with future action plans to mitigate the identified risks and the target dates for implementation of the future action. Once the risk assessment has been finalized, the Risk Management Officer develops a risk register. The risk register is submitted to the Risk Management Committee, Corporate Management Committee and to the Audit Committee.

Following are members of the Risk Committee and their positions.

Chief Financial Officer	: CHAIR PERSON
HOD Strategic Planning and Governance	: MEMBER
HOD Corporate Services	: MEMBER
Risk Officer	: STANDING INVITEE
Internal Audit	: STANDING INVITEE

The Risk Management Officer constantly monitors the implementation of future action plans and reports the progress of implementation quarterly to the Risk Management Committee, Corporate Management Committee and to the Audit Committee.

#### 4.5.4 Communications Strategy

Ray Nkonyeni Municipality has a communication strategy in place. It was adopted in January 2017. The strategy is intended to serve as the spring board for the municipality to improve effective communication with the citizens and all relevant stakeholders on municipal services and on local issues. Ray Nkonyeni Communication Strategy shall be reviewed in every Local Government Elections Cycle review. The Council or the Executive Committee can through a special resolution call for an earliest review of the Strategy.

In order for Ray Nkonyeni to achieve the stated strategic emphasis, this strategy:-

- Subjects councilors and employees to communicate information which is aligned to municipality's vision and mission and other government legislation
- Displays the belief that communication is a fundamental factor in the achievement of the goals of accountable, open, transparent and responsive local government
- Commits itself to compliance with all relevant statutory prescripts regarding the making available of information held by the municipality.

Following is a very brief summary of the objectives of the Strategy.

Research has shown that communication has in modern times become a fundamental tool used by organizations to remain in touch with their clientele. In this context, the objectives of this strategy are:

- To ensure that the municipality does not lose touch with its constituency by ensuring that the principles of Batho Pele are advanced and promoted at all times.

- To comply with the legal obligations as prescribed in the Constitution and the other relevant Acts of Government in the upholding of democratic values and principles
- To provide a mechanism of communication between the Ray Nkonyeni, the community and the other sector departments and stakeholders
- To proactively provide the public with timely, accurate, relevant, understandable and complete information about Ray Nkonyeni vision, policies programmes, services and initiatives using recognised language

Each Bid Committee comprises of 5 members of which 1 member being from the Procurement Section and the Bid Adjudication Committee chaired by the Chief Financial Officer.

In accordance with Chapter 11 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) delegated authority had been bestowed to the Bid Specification Committee to approve tenders and tender notices whereas the Bid Adjudication can adjudicate all tenders up to the value of R5million. Any value over and above will be awarded by the Municipal Manager at his discretion.

In accordance with the Supply Chain Management Regulations and Section 17 of the municipality's Supply Chain Management Policy, all awards made by the Bid Adjudication Committee are submitted to Council monthly as part of the oversight role.

#### **4.5.6 Public Participation Analysis**

This function falls under the Office of the Speaker and the Manager reports direct to the HoD Strategic Planning. Public participation is encouraged through the Mayoral Izimbizo and Budget Roadshows. Ray Nkonyeni has a Community Participation Strategy that will be reviewed in due course. The strategy commits itself to use community based planning to ensure communities even the marginalized are involved in the development from the initial

phases of development projects. A public participation forum has been established to effectively deal with public participation structures and issues thereof.

The purpose of this section is to discuss public participation as an integral part of the IDP development and implementation process. The section also outlines principles, processes and structures to ensure effective public participation in the development and implementation of an IDP.

As per the Back to Basics approach, municipalities must develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information. The basic measures to be monitored include:

- The existence of the required number of functional Ward Committees;
- The number of effective public participation programmes conducted by Councils
- The regularity of community satisfaction surveys carried out.

Ray Nkonyeni encourages public participation of local communities through various mechanisms including but not limited to ward committees. Ward committees have been recently established in all 36 wards and are fully functional with a 100% rating. A number of community report back meetings will be held every month. Public participation by various stakeholders e.g. Traditional Authorities have also been involved. It must be further noted that public participation reports are submitted to Council on regular basis. The Mayor ensures that she meets at least once quarterly with Amakhosi and Council resolved that Amakhosi should sit on all council meetings.

#### 3.5.6.1 Participation analysis

The mechanisms that the municipality uses for its public participation are as follows:

➤ **IDP Representative Forum (IDP Rep Forum)**

This forum represents all stakeholders and is as inclusive as possible. Efforts have been made to bring additional organisations into the Representative Forum and ensure their continued participation throughout the process.

➤ **Media**

Local newspapers are used to inform the community of the progress of the IDP Review.

➤ **Information Sheets**

This will be prepared in English and IsiZulu and be distributed via the Representative Forum; Council and Ward Committees.

➤ **Road Shows / Izimbizo**

Road shows are held in all the wards within the municipality.

➤ **Radio Slots**

These are mainly used by the political leadership. These are recommended where possible if they suit the municipality's programme financially and otherwise.

During November 2016, the municipality conducted Mayoral Izimbizo in preparation for the development of the IDP 5 year Plan. The aim was to solicit community inputs and establish the community's needs.

#### 4.5.6.2 Ward committee functionality

Participation takes place in different forums, meetings and gatherings. The IDP Representative Forum is the main forum where external stakeholders including provincial departments, Traditional Leaders/Amakhosi, Ugu district municipality, business, entities and parastatals are invited to discuss developmental challenges facing the municipality and

means of overcoming developmental challenges. This review process also had an advantage of a ward planning process that happened parallel and meant to inform this IDP Five year plan. Also the fully functional ward committee strengthens the participation process. The Mayoral Izimbizo in November 2016 once again formed the cornerstone of public participation for this process.

All ward committees are committed to serve their communities and are fully functional. The municipality is currently conducting workshops to capacitate the newly elected ward committee components to ensure the ward committees are fully functional and effective. Furthermore the municipality has set resources aside to assist with the operational costs of the ward committee structures to enrich public participation and therefore the IDP.

Systems have also been put in place to effectively and efficiently deal with ward committee issues. The municipality has delegated Committee Clerks to serve as secretariats at ward committee meetings to provide more support and ensure that issues that are deliberated at these meetings are service delivery based and that Council effectively addresses the issues raised at the ward committee meetings. The municipality in partnership with IDASA is capacitating ward committees.

The non-attendance of Sector Departments poses a number of challenges and limitations for the Municipality such as

- Limit level of engagement and knowledge sharing
- No proper alignment
- Duplication of funding
- Department projects that are not urgent to communities
- Some sectors are neglected some remain unfunded

#### 4.5.6.3 Ward Based Planning

The municipality has a comprehensive Community Based Planning programme which forms a major component of the Good Governance and Public Participation KPA. The Community Based Planning prioritizes needs for each ward which will be reviewed yearly. Further to this, for a more effective planning, it must be noted that in undertaking this exercise the planning has been prepared by the residents of the ward, owned by the community and will be supported by discretionary ward funds provided by the municipality or where possible, a sector department and will provide useful information in guiding the IDP. Participants included Stake holders, ward committee members, CDWs and representatives from traditional authorities who jointly planned and prioritized for their respective wards and vision for each ward was developed. Planning sessions in all the 36 municipality wards were effectively conducted and below is a table showing projects per ward which communities felt are a priority. Refer to attachments

#### 4.5.7 Putting People First (Batho Pele)

In line with the Local Government Back to Basics programme, ten drafts IDP/Budget izimbizo clustered were held to ensure that more voices were heard and participated in the development of the municipality. Most clusters / wards communities commended the good work in terms of service delivery performed by the municipality. However, there were wards who requested for basic services including housing, roads, water, sanitation, health care facilities, skills development, access to government grants, community facilities and enhancement of HIV/AIDS programmes.

In more affluent wards, communities were not satisfied with the slow pace of service delivery especially relating to bad condition of roads, potholes, no verge cutting and rubbish collection services, non-response to ward committee minutes and letters sent to the municipal

offices, lack of supervision which results in poor workmanship. The Municipality had there for committed to speed up service delivery and where there are backlogs and challenges be addressed. Seven enemies of the municipality were identified during one of the Service Delivery and Implementation plan sessions which potholes was one of them. Already the municipality together with SANRAL is fully committed to fixing all the roads and affected communities are applauding this move.

The approach adopted in the preparation of the IDP five year Plan is strongly guided by the guidelines prepared by the Department of Provincial and Local Government (DPLG) as set out in the IDP guide packs and the IDP simplified format. Hibiscus Cost Municipality is gearing itself to align with economic advantages and competitiveness that are identified in the PGDS. This IDP 5 year plan is in line with the Department of Co-operative Government and Traditional Affairs' Revised Guideline for IDPs.

#### **4.5.8 Operation Sukuma Sakhe (OSS)**

The municipality has partnered with the Ugu district as well as provincial departments in implementing the Sukuma Sakhe flagship programme which is aiming at creating sustainable livelihoods through the provision of integrated services to communities. More focus is placed in all ward, but prioritizing most deprived wards including ward 8 and 29 as wards / areas most affected by poverty. A number of households in these areas live in extreme poverty, but through the Sukuma Sakhe flagship, there has been sustainability. The programme has been rolled out to all the 36 wards of the municipal area. War rooms have been established in all wards. The medium deprived areas include:

- Ward 4. Nkulu, Mgolomi, Oshabeni
- Ward 32. Manzamhlophe, Ntaba (KwaXolo)
- Ward 7. Gcilima, Nkampini, (KwaXolo)
- Ward 10. Thundeza, (KwaNzimakwe)

- Ward 11. Thongasi, Carlifonia(KwaNzimakwe)
- Ward 15. Magog (KwaMadlala)
- Ward 21. Mbayimbayi, Mdlazi, (KwaNdwalane)
- Ward 34. KwaNyuswa, (KwaQinisela MaNyuswa)

#### 4.5.9 Amakhosi

The Municipal Structures Act, Section 81 stipulates that Traditional Authorities may participate in the proceedings of the Council. This is carried out in an event where by for an example the municipal council takes a decision on any matter affecting the area of a traditional authority, the council must give the leader of that authority the opportunity to express a view on the matter. Ray Nkonyeni Municipality has adhered to this section of the Act. The nine Authoritative Areas are fully represented by Amakhosi during Council meetings.

#### 4.5.10 Governance

##### 4.5.10.1 Budget Transparency

Whilst the municipality's budget is closely monitored on a monthly basis by the relevant oversight structures of the council, no overspent or under spending of the operational budget was experienced in the previous financial year. However, there has been a significant under spending of capital budget, but management has employed the following measures to arrest the situation in order to ensure 100% spending of capital budget.

##### 4.5.10.2 Audits and Qualifications

The municipality's commitment to national targets of clean audit and that corrective action plan to address all the findings raised by the AG is in place and closely monitored by Finance portfolio, EXCO, MPAC and audit committee.

##### 4.5.10.3 Portfolio committees

The 7 Portfolio committees are functional and sit once a month to deliberate on issues facing their respective departments.

## **4.6 BASIC SERVICE DELIVERY**

The essence of Back to Basics amongst many is to create conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep, including the budgeting to do this. Ensure no failures in services and where there are, restore services with urgency.

The 2030 NDP vision is to create a decent standard of living for all, which is in practice a role of local government as per the Municipal Systems Act directly and indirectly as these services happen on space. The MEC in his State of the Province Address (June 2014) stated that remarkable achievements have been made in increasing the access to service delivery such as water, sanitation and electricity. He further mentioned that bucket system anywhere including informal settlements must be eradicated to restore the dignity of the people.

Ray Nkonyeni Municipality can announce proudly that over the years it has taken strides in ensuring that it aligns with this National requirement which states that everyone has a right to basic services. The municipality has managed to eradicate the bucket system and afforded its communities clean water and sanitation as well as good infrastructure. It must be noted however, that in as much as the municipality prides itself in these service provisions, there is still room for improvement as some areas in certain communities are still without piped water and rely on supplied truck water by Ugu District.

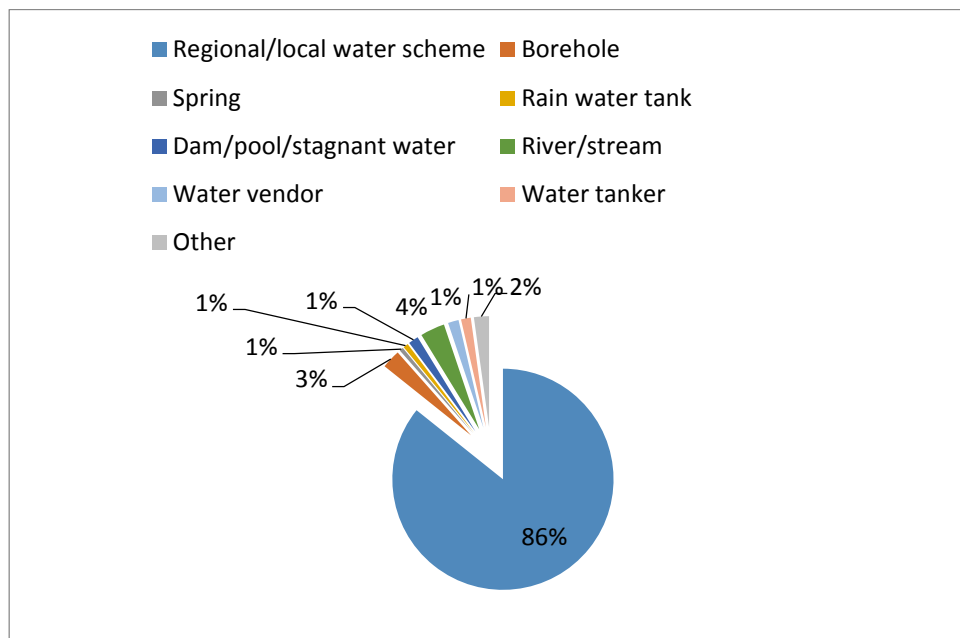
#### **4.6.1 Water and sanitation**

One of the Key performance areas for the Back-to-Basics approach is Basic Services where by decent living conditions must be created. The planning, implementation and maintenance of basic infrastructure is critical for sustaining basic standards of living and economic activity in our towns and cities. Furthermore, the Back to Basic policy states that municipalities are expected to perform the following basic activities, and the performance indicators will measure the ability of the municipalities to do so:

- Water and sanitation
- Human Settlements
- Electricity
- Waste Management
- Roads
- Public Transportation

##### **4.6.1.1 Water**

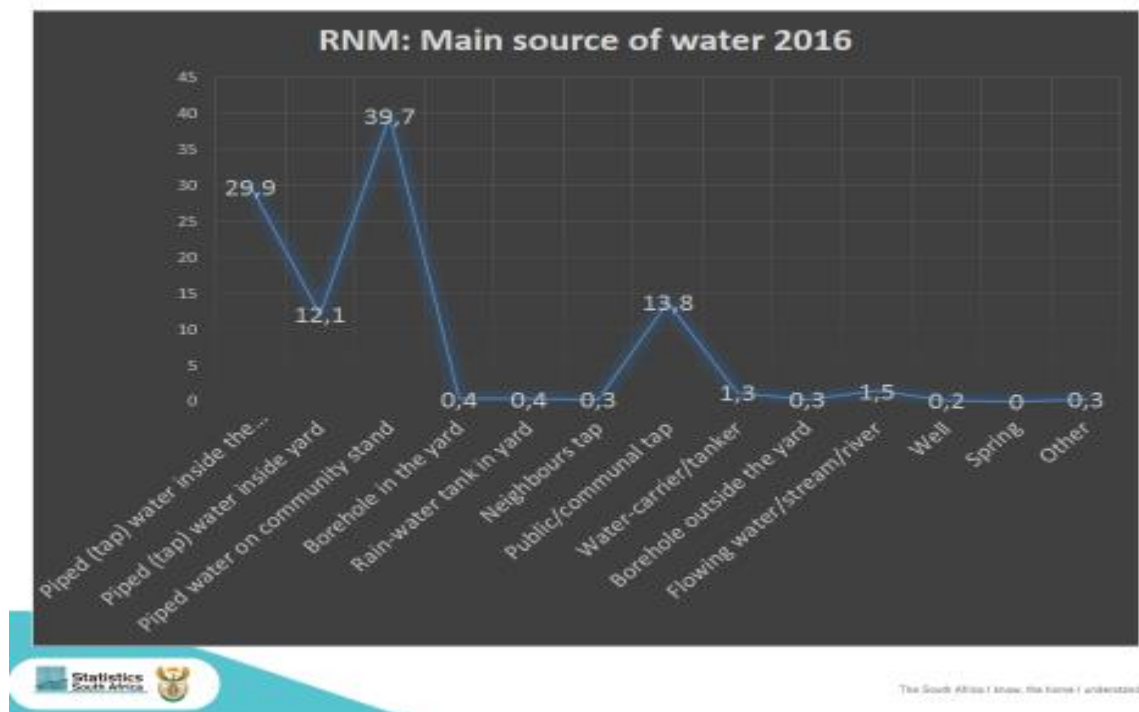
Rank Nkonyeni Municipality does not provide water services. Ugu District Municipality is the water authority therefore the Ugu District Municipality performs water services on behalf of the municipality. The municipal area is generally covered with well-developed bulk infrastructure and networks albeit with some backlog in the hinterland. The district is making strides to ensure that even rural areas have access to water. Currently the district is implementing projects both in urban and rural areas however in some rural areas though the water pipes have been installed the challenge is that pump stations are not connected to power.



### Stats 2011

According to 2011 Population Census, about 5% of the population was accessing water from dams, pools, rivers and streams. Implications related to no access of piped water include having no access to clean water and putting a lot of burden to women and girls who often has the responsibility of collecting water for the house households. Furthermore, none accessibility to water affects negatively on Agriculture as irrigation is a necessity to sustain crops during drought seasons.

Ray Nkonyeni Municipality through Ugu District has played a vital role in providing clean drinking water to a large majority of its communities. There are still backlogs in terms of clean water provision to some areas in rural areas. These households use spring, dam and rivers as sources of water and are prone to a number of water borne diseases. The Municipality has also made provision of water tankers to supply water to those communities with little or no access to water.



#### 4.6.1.2 Sanitation

Ray Nkonyeni Municipality is not a sanitation service authority municipality hence water and water services are planned and provided by the Ugu District Municipality. Therefore, sanitation provision is the responsibility of the Ugu District Municipality. Most of the treatment plant facilities are owned and managed by the Ugu District Municipality other treatment plants are privately owned and privately managed. There are several pump stations in the reticulated areas whilst waste water treatment plants are generally located inland of the coastal strip. Steep topography can be a hindrance in water supply. Ugu Water Services Development Plan estimates that 2.1 billion is required to meet the waterborne sanitation backlog between Sezela, Umtentweni, Southbroom and Port Edward.

### i. Access to sanitation

Communities throughout the municipality have access to different types of sanitations. However, the flush toilet system is the most dominant, both in urban and rural areas. Amongst the Ugu District Local Municipalities, Ray Nkonyeni Municipality has more households with flush toilet systems (32.9 %). On the other hand, Umzumbe has only got 2.7% households with the flush type of sanitation. This may be attributed to the fact that Umzumbe's topography is steep making it too expensive for the District Municipality to connect pipes and build reservoirs.

## COMMUNITY SURVEY 2016 Provision of Sanitation Services

Main type of toilet facility used	Flush	Chemical	Pit / Other	None
Local municipality 2016				
KZN212 : Umdoni	28.1	15.8	51	5
KZN213 : Umzumbe	2.7	15.3	79.4	2.4
KZN214 : uMuziwabantu	9.2	11	78.4	1.5
KZN216 : Ray Nkonyeni	32.9	2.6	59.1	5.3
<b>Ugu</b>	<b>24.3</b>	<b>8.3</b>	<b>63.2</b>	<b>4.3</b>

#### 4.6.2 Solid Waste Management

The National Environmental Management: Waste Act of 2008 requires each Municipality to implement the Waste Management hierarchy which categorically states the following:-

- Reduce
- Reuse
- Recycle
- Treat
- Dispose

The waste Management system being implemented by the Municipality is aligned to the requirements of the Act and further elaborate details are provided in the sector plan.

Which is The Integrated Waste Management Plan?

The Integrated Waste Management Plan is in place and currently being implemented.

The current approach is focused on waste recycling and refuses removal of household solid waste, business and industrial waste, and development and management of garden refuse stations.

The current status is as follows:

The coastal strip residential areas receive a weekly collection service of household refuse (important to look at population density in relation to this service);

- Businesses and flats within the coastal strip received a collection twice a week.
- Industrial areas have skips in place and are cleared daily.
- The rural areas do not benefit from any co-coordinated, municipal approach towards: refuse removal, or solid waste management; and
- Informal settlements have skips and are serviced once weekly.

In 2001 only 36.3% of the households were receiving weekly refuse removal, growing only slightly in 2011 to 38.6%. Only the urban formal settlements receive this service and if looking only on that population the service covers 100% of the households. The IWMP investigates the number of registered landfill sites and their lifespan, need for new sites, extension of service and rehabilitation. The plan will expose other means of extending the service the service to rural communities in a cost effective and coordinated manner. Waste disposal methods are alternatives will be explored and working for waste programmes. Waste minimization, promotion of environmentally friendly waste management practices, efficient waste management and improved service delivery mechanisms.

The IWMP allows for EIA to be conducted where necessary and covers all aspects of environmentally friendly practices. The IWMP covers options that are mainly environmentally friendly. The IWMP is partially being implemented with the available budget.

There are (6) six garden transfer stations located throughout the municipality and one of them is undergoing the EIA process. The listed projects in line with the IWMP will undergo EIA process.

In some instances the geographical landscape poses some challenges with service provision. It is a challenge to provide services to sparsely populated communities and in areas with steep terrain thus the cost of service provision is too high. The Integrated Waste Management Plan focuses on the following objectives:

- To decrease waste deposited at municipal landfills.
- To build capacity through information sharing.
- To improve, develop & maintain infrastructure to comply with legislative requirements & Ray Nkonyeni Municipality needs.
- To provide effective waste collection services for the municipality.

- To provide effective waste management services for the municipality
- To provide cost effective waste management services.
- To create, implement & enforce the necessary legal regulatory & policy framework to support waste management service throughout Ray Nkonyeni Municipality.
- To minimize illegal dumping the municipality will embark on awareness campaigns, increase accessibility to disposal facilities, monitor and follow up where the dumper can be identified and implemented a penalty system for offenders.

A service level agreement has been signed with a company to operate a recycling facility (for a period of three (3) years) within Port Shepstone as the economical hub of Ray Nkonyeni Municipality.

Kerbside recycling called two bag project has been introduced to ten formal residential dwelling with a minimum of 700 houses each.

It should be note that there are seven drop off facilities to cater for areas that so not have two bag projects. New recycling initiatives within industrial sector and composting are still under investigation.

The following table shows backlogs of waste collection:

Table 24: Waste collection backlog

Settlement category	Serviced h/h	Not serviced	Total h/h
Formal urban	20 082	5 683	25 765
Informal residential upgrade	111	142	253
Liked rural upgrade	1155	5228	15 061

Good access rural upgrade	1681	5228	6 909
Ltd access rural upgrade	151	1 629	1 686
Scattered	57	1 629	1 686
Total	23 237	27 415	50 652
Percentage	45.9%	54.1%	100%

Stats SA 2011

The IWMP allows for EIA to be conducted where necessary and covers all aspects of environmentally friendly practices. The IWMP covers options that are mainly environmentally friendly. The listed garden and drop-off facilities in the IWMP do not trigger a listed activity therefore no EIA will need to be done.

#### **i. Access to refuse removal services**

Information obtained during Census 2011 indicates that many households have their own dumping sites in semi- rural areas. This has had bad repercussions in terms of health is concerned. Usually these areas are open spaces and the dumping is not controlled and when heavy rains come, the refuse is washed into rivers resulting in diseases for those communities drinking the running water. The municipality has a waste removal unit which sees to it that the refuse is collected on weekly basis.

The numbers of households which have no refuse removal at all have been increasing throughout the years. In 1996 only 2328 households had no access to refuse removal and the number increased to 3519 and then decreased again in 2011 to 2393. These figures basically suggest, there is still no improvement since 1996 and the municipality has to ensure that this backlog is addressed. Currently there are programmes that are still underway aimed at addressing rural areas in terms of collecting refuse because currently

there is none. This suggests that in migration is not only from rural to urban, but population growth is rural areas as well.

## **ii. Basic refuse removal service**

National domestic waste collection standards, 2013. The above policies give guidance on collection of refuse for households in the jurisdiction of the municipality. It should be noted that on-site disposal is an option where travelling distances and the resulting costs may render regular waste collection services impractical hence the recorded 2393 households with no access to refuse collection services is not a major factor.

The highly affected areas are the peri-urban areas with no access to the service whatsoever. The Municipality plans to address this issue through EPWP and CWP programmes.

### **4.6.3 Transportation Infrastructure**

Most roads are in a deteriorating state both provincial and local roads, this can be contributed to the lifespan of the existing road networks and somehow can be contributed to the lack of regular maintenance of the road network. The high volume of heavy duty vehicles using the municipal road is one of the main contributors to the deteriorating condition of the road network. A local integrated transport plan needs to be developed so proper transport planning can be done, explore other means of transportation modes using the existing resources and meet the current and future demands. Over and above the transport plan there is a need to develop an infrastructural development and maintenance plan which will have clear strategies and timeframes on infrastructure maintenance, capacity, etc.

Some areas are hardly accessible due to potholes, manholes, and due to challenges posed

by topography and poor roads related engineering. The Department of Transport made a detailed presentation on roads that need upgrading as well as those that need black top.

The municipality is looking at developing an Integrated Local Transport Plan, and Roads Maintenance Plan. The Roads maintenance plan has been developed and currently a consultant has been appointed who has since developed a plan for all the wards. Currently there are discussions with Engineers who are assisting in analyzing the status of current roads networks. The municipality further needs to develop storm water plan on a yearly basis and ensure that storm water issues are addressed urgently.

The Public Transport Plan should identify a public transport network that is spatially well connected by means of Intermodal Facilities located at strategic location (example, Port Shepstone) within the District. This type of plan within the municipality is meant to incorporate long and short distances. Currently the municipality does not have this plan.

#### **4.6.3.1 Road linkages**

The municipality has different types of routes and these include the Mobility route National road) which is the N2 and it cuts through the municipality, there is also the Coastal activity route (R61) which runs from Port Shepstone to Port Edward, there are Connector routes from the hinterland feeding to the provincial coastal road. Hibiscus Coast Municipality consists of two types of roads, namely gravel and tarred roads.

The municipality currently has a business plan for the upgrading of roads. The plan gives details around the number of roads that needs to be upgraded or constructed as well as the estimated cost. In terms of maintenance of existing roads, currently there is a routine and periodic maintenance plan which provides details of minimum outputs for all maintenance

activities on the existing road infrastructure and frequency of maintenance as well as the periodic maintenance plan which identifies roads needing reseals and regravelling.

The coastal belt stretches for 87 km from Hibberdene to Port Edward and all economic activities take place around here. Rural areas are situated in the northern part stretching parallel the urban strip. Most roads run from the North direction to the South direction with the exception of the National Road (N2) which cuts through the municipality Easterly direction or visa vesa. The Provincial road, R102, runs from Hibberdene parallel the N2 until Port Shepstone where the N2 deviates and run in the North direction out of the municipality's jurisdiction

#### **4.6.3.2 Arterial Roads**

There are arterial roads within the municipality that feed the main roads and mostly are predominately surfaced (black-top). From Port Shepstone to Margate along the sea is the Marine Drive road and it also runs parallel the R61 which runs down to Port Edward. A number of arterial roads link the coast to the hinterlands as well. Three arterial roads join the R102 before Port Shepstone, and the rest join the R61 and Marine Drive after Port Shepstone respectively. There are no arterial roads that join the N2. Following is a summary of main arterial roads that link the hinterland and the coastal towns.

- The Station Road cuts through the hilly inland through Umzumbe, and join the R102 above the Umzumbe River
- The Rathman Drive road runs from hilly inland and joins the R102 at Ntwentweni.
- Stephen Road cuts through KwaMadlala and joins R102 just before Mayville.
- The Izotsha road runs from St Michaels through the Izotsha corridor up through KwaNdwalane and further inland

- P200 road offramps from the N2 at Marburg past Gamalakhe into South Broom. This road is also a link to a number of farms dotted along that area.
- Louis Botha Avenue road off ramps from the R61 at Mpenjati through Kwa Nzimakwe tribal authority joining D869 further up.
- D 869 runs from Port Edward to Izingolweni

Roads along the Coast belt are in a good state as compared to those in the interior, however, the biggest challenge is potholes, but they are currently being addressed. The rail road is dysfunctional. Modes of transport consist of public mini taxis, which are very dominant and highly used by the public; there are also buses which ferry commuters from their residential areas which are predominantly in rural area to towns where many are employed. Another mode of transport is the small cabs which operate between towns and the urban edge areas.

Most roads in the interior are gravel and in total make 1200km. There are very few tarred roads there. The gravel roads are timeously maintained by being graded though it has proven very costly for the municipality. It should be noted that the Lower South Coast is prone to flooding, so during the rainy seasons most low level bridges are washed away and big pot holes appear on the roads, and this is quite expensive to repair.

Tarred roads make up to more than 850km throughout the municipality, and most of tarred roads are found along the Coastal belt. New roads and bridges in rural areas need to be constructed and those that already exist need maintenance as most of them are in undesirable conditions and some are inaccessible during rainy days.

## 4.6.4 Energy

### 4.6.4.1 Electricity

Ray Nkonyeni Municipality holds an electricity distribution licence number NER/D/KZ216 from NERSA. KwaZulu Natal has thirty municipalities who are suppliers of electricity, and Ray Nkonyeni Municipality is one of them. The Municipality currently provides electricity supply within Port Shepstone CBD, Albersville, Mbango, Marburg Industrial, Oslo Beach and Newtown while Eskom supplies electricity in the rest of the municipality. There are two bulk supply points at Marburg switching station and Port Shepstone substation, with an installed capacity of 25 MVA. It must be noted that Port Shepstone area is exceeding the demand. Electrification is funded via the INEP Grant Funding DOE). The grant funding allocation for 2016/17 is R8 million.

#### i. Electricity constraints

The electricity network is constrained, with future load requirements in Port Shepstone and the surrounding areas increasing rapidly as a result of new office and commercial developments that are taking place in the area. New customer applications and new developments within the Port Shepstone distribution areas require electricity supply: additional capacity requirements are up to 10MVA. Eskom Port Shepstone substation has no capacity to accommodate any additional load as the 1X20MVA transformer is already loaded above its transformer rating.

#### 4.6.4.1.2 RNM Electricity supply options

Electricity network is constrained and is unable to meet future load requirements in Port Shepstone – there is an increase in number of new customer applications, new office and commercial developments. The municipality has a municipal wide electrification plan which aims at eliminating electrification backlog

Electricity supply options are being considered, that is, self-build by the RNM. The municipality will construct a new full specification 132/11KV, 2x40MVA at Port Shepstone

substation at a new site/location. The long-term benefits is that the municipality can take supply from Eskom at 132kV: of which benefits are in terms of lower tariffs, asset ownership and project implementation time frames can be quicker than Eskom. The municipality will also construct a cable feed from Marburg Switching Station at an estimated cost of up to R 15 million. This option is the recommended network upgrade option as a short-term, immediate solution. It can address the municipality's immediate power constraints in the Port Shepstone CBD. It will make 5MVA available from the Eskom Marburg substation, to meet the forecasted load requirement in the short-term. Estimated project implementation is 6 to 12 months.

#### 4.6.4.1.3 Electricity progress 2016/2017

The municipality aims at completing the below projects on the dates indicated. At Merlewood construction has started while in various wards an appointment of a contractor is in process

Table 25: Electricity construction

2016/17 INEP ALLOCATION	R 10 600 000	STATUS	COMPLETION DATE
MERLEWOOD PHASE 1 – 66 CONNECTIONS	R 4 900 000	CONSTRUCTION IS IN PROGRESS	30 JUNE 2017
ELECTRICITY INFILLS IN VARIOUS WARDS	R 5 700 000	Appointment of Contractors is in Process	30 JUNE 2017

#### 4.6.4.1.4 Access to Electricity

Some rural communities still require infrastructure connection and there is an infill backlog. The municipality has rolled out a plan to ensure that all wards with backlog infills are attended to. There has been a budget allocated for these constructions and below is a list of wards where these projects will be constructed.

Table: 26 Projects ready for construction

PROJECTS AND WARDS	NO. CONNECTIONS	PROJECT COSTS	STATUS
WARD 29 AND WARD 5 INFILLS	307	R 3 755 941	PROJECT IS READY FOR CONSTRUCTION
FAIRVIEW WARD 13 AND DENVER WARD 14 AND CHIBINI WARD 15 INFILLS	607	R 10 646 360	PROJECT IS READY FOR CONSTRUCTION
WARD 25 INFILLS	709	R 5 281 312	PROJECT IS READY FOR CONSTRUCTION
WARD 26 QINABOUT AND EMTHINI	155	R 1 167 334	PROJECT IS READY FOR CONSTRUCTION
WARD 27 NOSITHA, EMBHOSHONGWENI AND EMQOLOMBENI	280	R 3 782 378	PROJECT IS READY FOR CONSTRUCTION
<b>TOTALS</b>	<b>2058</b>	<b>R 24 633 325</b>	<b>PROJECTS READY FOR CONSTRUCTION</b>

Below are wards with Projects that are at a Planning and Design stage.

Table 27: Electrification Projects

PROJECT AND WARD	NO. CONNECTIONS	PROJECT COSTS (ESTIMATES)	STATUS
WARD 5, 7, 8, 28, 10, 11 ELECTRIFICATION / INFILLS	1 293	R 33 622 124	PLANNING AND DESIGN STAGE
WARDS 30 31 32 33 34 35 36 ELECTRIFICATION / INFILLS	1 716	T.B.D.	PRE-MARKETING, PLANNING AND DESIGN STAGE

#### 4.6.4.1.5 ELECTRIFICATION PLAN AND BACKLOG

Pre-marketing and site investigations were done and it was identified that there is a total backlog of 7 142 infills and new electricity connections for households within some Ray Nkonyeni Municipality wards. Of these, 1840 connections were on constrained networks and depend on Eskom network upgrades and strengthening projects, and these have been handed over to Eskom for implementation. Detailed designs have been completed and are approved for a total of 2 178 connections that are ready for construction during 2016/17 and 2017/18. Planning and designs are in progress for the balance of 3009 connections in various wards. Below is a list of wards with the total number of connections that still need to be made, and it must be noted that RNM has backlogs in rural areas only.

##### Ward 28: Electrification Plan and Backlog

WARD	AREAS	TOTAL NO. CONNECTIONS
5	KwaNzimakwe	221
7	Gcilima	135
8	Enkuthameni, Emphelele, Ibhazabhaza. Okhalweni, Bulalinja	442
9	Various areas	175
10	Braemar, Nompondo, Enkulu, Woza, Enkomeni, Dozameli	205
11	Califonia , Ebuthongweni , Umgangathi, Thundeza, Ithongasi	233
13	Stickfarm, Fairview	231
14	KwaSilwane	150
14	Denver, KwaMadlala	321
15	Various areas (Chibini)	55
22	Murchison	51
23	Dujazana	363

25	Qinabout , Madwaleni , Goso , Mavundla, Msikaba, Mveveni, Nsangwini, Nkulu, KwaXaba Okhalweni	710
26	Ethangeni Ezitendeni Mthini Sideni	618
27	Mqolombeni Mbhoshongweni College KwaXaba Nositha Sgedleni	626
28	Tintown Besters	16
29	Mlonde, Bhashise, Mthombothi, Thelawayeka, Dingeton , Sunduza	201
30	Various areas	600*
31	Esidlidlini, Dlovinga, Izingolweni , Mbeni	145*
32	Shibase Manzamhlophe Kwezi Phezulu Shobeni Sgodane Phansi Mgawulane	198*
33	Various areas	236*
34	Various areas	89*
35	Godloza Shibe Hlomendlini	214*
36	Bhosiki Ridge Mansfield Mthavuna Zamani Mahlubini	234*
TOTAL NO. CONNECTIONS		7 142

#### 4.6.4.2 Household access to electricity in Ugu District

The community survey held recently show that a large percentage of households in the entire Ugu have in house conventional meter or prepaid electricity as compared to the other types of connections. Other sources of electricity within the entire Ugu District show low percentages.

Ray Nkonyeni has 10.6% of households with no access to electricity. This percentage is concentrated in rural areas though. Umzumbe municipality has 28% of households with no electricity access. This may be due to the steep topography in most parts of the municipality and the housing typology which is sparsely populated making it expensive to construct infills. Umdoni has 18.7% of households with no electricity access. Also,

survey shows that these backlogs are in rural areas. The table that follows show this information.

Table 29: Energy Provision

COMMUNITY SURVEY 2016		Energy Provision	
Household access to electricity	In-house conventional meter or pre-paid	Other source of electricity	No access to electricity
KZN212 : Umdoni	75.5	5.9	18.7
KZN213 : Umzumbe	67.5	4.4	28
KZN214 : uMuziwabantu	89.1	2.2	8.6
KZN216 : Ray Nkonyeni	87.1	2.3	10.6
<b>Ugu</b>	<b>81.7</b>	<b>3.3</b>	<b>14.8</b>

#### i. Alternative Energy

The municipality should further try new innovations as means of alternative energy source. Some of the options could include solar power, wind generation, bio-mass and wave generation. The municipality is in a process of procuring a service provider who will provide Bio ethanol gel, stoves, lamps to the communities that do not have access to electricity as yet over a three periods.

It is important for ESKOM to ensure that the energy capacity available within the municipality is utilize optimally to eliminate the electricity household, school and government institutions backlog.

#### ii. Service delivery priority areas

A number of factors amongst which steep topography, insufficient funds as well as sparsely populated households, have contributed to service backlogs in some parts of the

municipality's hinterland. It must be noted that former Ezingoleni Municipality did not have the high masts programmes as former Hibiscus Coast, but that is being currently addressed by Ray nkonyeni Municipality and is on the 2017/18 budget.

#### 4.6.5 Human settlements

In terms of human settlements, the distorted spatial structure of Ray Nkonyeni Municipality separates the people in the traditional areas from the opportunities at the coast. From a planning perspective, the intention is to eliminate the separation of uses with the focus to ensure people have access to basic services which are close and more direct relationship with the economic and recreational areas at the coast.

The development of symbolic relationship between the coastal areas and the hinterland will result in the urbanisation and formalisation of the existing traditional and rural settlements. The formalisation of existing settlements will allow for the establishment of urban towns and villages within the hinterland.

At a National level, the view is that spatial planning of settlements should be reviewed with the intention that future settlement development should be that of Integrated Sustainable Human Settlement Development encompassing all levels of income as per policy.

Human settlement could be defined as: *the totality of the human community - whether city, town or village - with all the social, material, organizational, spiritual and cultural elements that sustain it. The fabric of human settlements consists of physical elements and services to which these elements provide the material support.*

Over the years, this concept has developed further into a strategic framework for overall socio-economic development. The physical components of human settlements comprise of shelter (a house); basic services such as water and sanitation, electricity and refuse removal; security of land tenure rights; access to social facilities and services; economic development opportunities and improved amenity. Human settlements are the spatial

dimension as well as the physical expression of economic and social activity. The creation of sustainable human settlements is inevitably an objective for social development. It defines and conditions the relationship between where people live, play and work on the one hand, and how this occurs within the confines of the natural environment. It is one of the most visible and quantifiable indicators of the society's ability to meet one of its basic needs – shelter, and a pre-requisite for sustainable human development and economic growth. Future human settlement projects within the Municipality should aim to achieve all of these development goals within the broader national housing delivery policy, and planning and service delivery program of the Municipality.

#### 4.6.5.1 Settlement pattern

Settlement patterns largely reflect the spatial structure of the municipality and the dominance of Port Shepstone as an economic hub and regional service centre. A number of small urban settlements with some form of commercial nodes in strategic points are located along the coast. The majority of these comprises of freestanding units on relatively large plots. However, areas such as Margate are experiencing net increase in density as measured in terms of dwelling units per hectare because of redevelopment and growth of the tourism industry. At present, the coastal strip excludes low income households.

Gamalakhe Township located a few km west of Uvongo, in the outskirts of Port Shepstone is a former R293 township, and was developed during the apartheid era to accommodate black people working in Marburg and Port Shepstone. The area immediately outside of the township has developed into an expansive high-density peri-urban settlement or an unplanned extension of the township clearly demonstrating need for land to accommodate low-income households within the urban part of the Municipality. Similar settlements are found in Bhobhoyi, Murchison and along the main transport routes.

Settlement pattern in the rural hinterland reflects the general rural character of the area with scattered settlements forming themselves into webs. The location of these settlements in space is highly influenced by the livelihood strategies such as access to

arable land, reliable sources of water, grazing land, etc. Factors such as access to public facilities (schools, clinics, etc.), public transport routes and bulk services are fast emerging as critical factors in the growth and expansion of rural settlements. The following are some of the key features of rural settlement within the Municipality.

- They have neither followed any predetermined spatial structure nor have they benefitted from 'formal' spatial planning. They are scattered in an unsystematic manner with limited (achieved by means of social facilities and access roads) if any linkages between the settlements.
- Land allocation is undertaken in terms of the traditional land allocation system, which is not based on any verifiable standards. As a result, site sizes for different land uses vary significantly.
- Land use management is based on collective memory where members of the community collectively agree that a piece of land is earmarked for a particular use or belongs to someone.
- They differ in size and density depending on location in relation to the above-mentioned factors. Relatively high-density settlements are found outside Gamalakhe and Murchison and along major transport routes.

In areas with rugged terrain, settlements occur along ridgelines forming a continuous line which breaks where the area become very steep. Some of the households and/or public facilities are located on land that is not suitable for settlement purposes. These include steep slopes, unfavourable geotechnical conditions, floodplains and wetlands. None of these forms part of the factors taken into account when allocating land. The key challenge is to direct the location of these settlements and manage their expansion.

In terms of housing within urban development the concept of one site and one house should be reviewed due to the availability of developable land and demand. The drive should be high density, different housing typologies, and alternative technology/ designs.

#### 4.6.5.2 Housing Need

According to Stats SA approximately 96 584 of households in Ray Nkonyeni Municipality are eligible for low cost housing subsidies based on income criteria. This includes about 30 494 of households who do not have access to disposable income and are therefore regarded as destitute. Approximately , 22 190 for social housing and Finance Linked Individual Subsidy Programme (FLISP). While social housing caters for those in need of rental accommodation, FLISP requires an individual beneficiary to access mortgage bond from a financial institution or pay the balance of the value of the house themselves. It targets first-time homebuyers earning R3 501 to R15 000 per month.

However the actual need for housing opportunities between the income band R0 - R15000 can be only be determined once the Housing Need Register becomes fully functional within the Municipality and applicants registering their need. Unfortunately this programme can only be implemented once institutional funding support is received from the Provincial Department of Human Settlements.

The implementation of current projects , such as rural housing , and informal settlement upgrade is based on households living on the land being developed. With the implementation of the Integrated Residential Development Programme, Social Housing and other Green field development, the Housing Needs Register will have to become operational for the selection of applicants. .

### **RURAL IN-SITU UPGRADING**



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### **INFORMAL SETTLEMENT UPGRADING (SLUM CLEARANCE)**



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#### 4.6.5.3 Policy Perspective

In terms of National Policy, Government (NDP) reflects that by 2050 visible outcomes from effectively coordinated spatial planning systems will have to transformed human settlements into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure.

By 2030 most South Africans will have affordable access to services and quality environment. New developments is to break away from old patterns and significant progress must be made in retrofitting existing settlements and more targeted investment and institutional reform in rural areas. The key focus is to ensure the following:

- That by 2030 measurable progress must be made towards breaking apartheid spatial patterns.
- That the majority of South Africans shall have access to adequate housing, affordable services in better living environment.
- Equitable and functional residential property market.

The government gives effect to this mandate through the National Housing Act, (Act 107 of 1997). This Act recognizes the Constitutional right to access to adequate housing and clarifies the State's response to this right by setting out the legal plan for the sustainable development of housing. It lays down general principles that apply to the development of housing in general.

The Municipality undertakes to facilitate the provision of services including water, sanitation, electricity roads, storm water drainage and transport in an economical and efficient manner as part of the human settlement development process. In addition, the municipality participates in national housing programmes by acting as a developer. The municipality has the powers to expropriate land for housing development if it is unable to buy the land from its owner in an open market.

Recently Government approved legislation in terms of the Integrated Urban Development Framework . It's a strategy that seeks to foster a shared understanding across government and society about how best to manage urbanisation and achieve the goals of economic development, job creation and improved living conditions for all its citizens.

It was mooted that cities and towns are shaped by the apartheid legacy of racial segregation, poverty, and exclusion from social and economic opportunities. High levels of inefficiency and wasteful use of scarce resources especially land and infrastructure networks. The Integrated Urban Development Framework is aimed to unlock the development synergy that comes from coordinated investments in people and places. This will result in inclusive, resilient and liveable cities and towns.

Government should observe meaningful and measurable progress in reviving rural areas and in creating more functionally integrated, balanced and vibrant urban settlements, by

2030. For this to occur the Municipality must clarify and relentlessly pursue a national vision for spatial development; sharpen the instruments for achieving this vision; [and] build the required capabilities in the state and among citizens, structuring cities, shifting ownership profiles and choices, and creating more Integrated and sustainable human settlements resulting in improved quality of life for all citizens who have full access to all basic services, multi-functional spaces with more housing and economic choices, well-serviced, safe and vibrant communities.

Within this strategy, challenges faced are escalating, demand for serviced shelter, shortage of well-located public land for housing development, skewed residential property market and low densities within cities. The strategy also highlights short and long term goals which are to finalise the Human settlements white paper, accelerate the upgrading of informal settlements, prioritise the regeneration of the inner cities, provide more housing options, finalise the devolution of the housing function (Accreditation of Municipalities), promote densification, including supporting backyarding in formal development and low-cost Housing neighbourhoods, develop a national policy on inclusionary housing and Urban safety.

Government has endorsed legislation such as the Prevention of illegal Eviction from and unlawful occupation of Land Act 1998 and the KwaZulu-Natal Elimination and Prevention of re-emergence of slums Act 2007. Both land and buildings (land under the control of a National or Provincial Government or the Municipality) and privately-owned land can be invaded unlawfully. Government has a constitutional duty to ensure – where required and with available resources – that all citizens can enjoy their basic rights to access to land and housing. Where invasions or illegal occupation occurs Government has a similar duty to address this concern. The relevant Acts provides for a progressive elimination of slums in the Province of KwaZulu- Natal and to provide measures for the prevention of the re-emergence of slums, to provide for the upgrading and control of existing slums, in a manner that promotes and protects the housing construction programmes of both Provincial and Local Governments.

In keeping with National and Provincial Policy, the core objective of the Department in terms of its approved Human Settlement Sector Plan is to facilitate the creation of sustainable human settlements and provide a range of housing products in safe, accessible and spatially efficient locations by undertaking the following :

- To accelerate housing delivery in line with the national norms and standards.
- To develop systems and procedures for an effective implementation of human settlement projects and delivery of housing units.
- To contribute towards spatial transformation and creation of an efficient settlement and spatial pattern.
- To facilitate rapid and cost-effective release of land for human settlement development purposes.
- To build capacity for effective human settlement development.
- To use human settlement projects as a catalyst for local economic development.

The Municipal Council has also supported the facilitation of partnerships with regard to houses being built using alternative technology due to climate change and fiscal challenges.

The municipality has an approved Housing Allocation Policy. Its objective is to facilitate a fair, equitable, transparent and inclusive selection of applicants leading to approval for all housing development projects aimed at creating sustainable human settlements. This is achieved through determining housing needs with accurate data for planning purposes and meeting such needs (*housing needs register*), prioritize beneficiaries with special needs (*quota allocation*) , *housing for Military Veterans* and a uniform and consistent approach when allocation housing opportunities that promotes good governance (*housing allocation committee*). The municipality is currently in the process of establishing the housing allocation committee and the housing needs register is subject to funding support from the PDoHS.

#### 4.6.5.4 Human Settlement Programmes & Projects

Table 30: Programmes and Projects

<b>HOUSING PROGRAMMES AND PROJECTS</b>	<b>NUMBER OF HOUSING OPPORTUNITIES</b>
Total number of units completed	7383
Total number of units under construction phase	7483
Total number of units under planning phase	11315
<b>Sub - Total</b>	<b>26 181</b>
Future in terms of IRDP/ Social - mixed income housing	1095
<b>Total number of housing opportunitites being created</b>	<b>27276</b>

<b>PROGRAMME S</b>	<b>TOTAL NUMBER OF PROJECTS</b>	<b>STAGES</b>
Rural housing programme	16 projects	8 at planning stage 8 at impmentation stage
Informal settlement upgrading	3 projects	1 at planning stage 2 at implmentation
Greenfiedl housing programme	3 projects	1 at planning stage 2 at implementation

Financed linked individual subsidy programme (FLIPS/Gap market)	2 projects	2 at concept/ feasibility stage
Rectification programme	1 project	1 at implementation stage
<b>TOTAL</b>	<b>25 PROJECTS</b>	

(Completed, planned and under construction)

Table 31: Completed projects

PROGRAMME	PROJECT	WARD	CLUSTER	PROJECT SIZE	DEVELOPMENT STAGE
<b>COMPLETED PROJECTS</b>					
Informal Settlement Upgrade (urban)	Louisiana	15	1	564	completed
Greenfield	Bhobhoyi Phase 1	20	3	699	completed
Greenfield	KwaLatshoda	1	7	1 813	completed
Rural Housing	KwaMavundla Rural Housing	17, 20, 25, 26 & 27	2, 3 & 4	1004	completed
Rural Housing	Vukuzithathe Phase1 (Nkulu & Mbeni)	33 and 36	1	1116	completed
Rural Housing	Vukuzithathe Phase 2 (Dlovinga)	31, 33 & 36	1	1000	completed

Rural Housing	KwaNyuswa Phase 1 (Mahlabathini & Thonjeni	34	1	1000	completed
Sukuma Sakhe	KwaMadlala	14	2	51	completed
Emergency Assistance	June 2008 Disaster Housing	Various	Various	98	completed
Emergency Assistance	Disaster Housing (Brocon)	Various	Various	38	completed
<b>INFORMAL SETTLEMENT UPGRADE PROGAMME</b>					
Urban	Masinenge	3	5	882	construction
Urban	Mkholombe	20	3	1000	planning
Urban	Bhobhoyi Phase 11	20	3	1098	planning
Rural	KwaMadlala	14	2	1000	construction
Rural	Oshabeni (Phase ( 1)	4 and 12	2	500	construction
Deep Rural	KwaNdwane	24 and portions of wards 3, 20,	3	1 000	construction

		21, 22, and 23			
Deep Rural	KwaNdwalane (Peri-urban)	Portions of wards 20, 21, 22, and 23	3	1 000	Planning
Rural	Gamalakhe (insitu- upgrade)	Portions of wards 25, 26, 27, and 28	4	2000	planning
Rural	KwaMavundla (additional)	Portions of wards 25,& 27	4	100	Construction
Rural	KwaXolo (Phase 11)	7 and 9	6	1000	construction
Rural	KwaXolo (Phase 2)	5, 8, and 29	6	1000	construction
Rural	KwaNzimakwe (phase 1)	8, 10 and 11	7	500	construction
Rural	KwaNyuswa Phase 2 - WoSiyane /Nkulu	34	<b>1</b>	<b>1000</b>	Planning

Rural	KwaNyuswa Phase 2 - Bloese	35	1	1000	Planning
Rural	Mthimude Phase 2- Hlomedini /Bhosiki	35	1	1000	Planning
Rural	Mthimude Phase 2- Shibe	35	1	1000	Planning
Rural	Vukuzithathe Phase 3- Ngawusheni / Bdlazi	30	1	1000	Planning
Rural	Vukuzithathe Phase 3- Bandlana /Shobashobane	30,31 and 33	1	1000	Planning
Rural	Mthimude Phase 1	36	1	1000	construction
<b>GREENFIELD</b>					
Greenfield	Merlewood Mixed income housing	17	2	228	construction
Greenfield	Lot 7 Albersville	12	2	40	future planning
			<b>c</b>		

<b>MIDDLE INCOME HOUSING</b>					
Greenfield	Merlewood Middle Income housing	17	2	177	planning
<b>RECTIFICATION - CURRENT PROJECTS</b>					
Rectification - Pre- 1994	Gamalakhe Rectification	26 and 28	4	273	construction
<b>OTHER MEDIUM OF HOUSING PROVISION</b>					PLANNING
<b>IRDP- Mixed Income Housing</b>	Marburg settlement (5344)	20	<b>6</b>	<b>164</b>	20 sites for Military Veteran
<b>IRDP- Mixed income Housing</b>	Disposal of Council owned Services Sites	12,17 and 18	<b>6 &amp; 7</b>	<b>350</b>	Variety of housing Typology and increased density
<b>IRDP-Mixed Income Housing</b>	Lot 1561- Shelly Beach	3	<b>4</b>	<b>300</b>	Variety of housing Typology and

					increased density
<b>IRDP Mixed income Housing</b>	Portion 15 (of 17) Portion 16 (of 7) and the remainder of 7 of the farm Success no 7108	22	5	281	Variety of housing Typology and increased density

### Land for future settlement development (Greenfield and IRDP)

The following land parcels have been identified for the implementation of the Integrated Residential Development Programme (IRDP), mixed income housing, different income groups, variety of housing typology and densities. Some of the land parcels are in the acquisition process.

Table 32: Integrated Residential Development Programme

PROPOSED USAGE	OWNER/SELLER / AGENT	PROPERTY DESCRIPTION	PROPOSED DEVELOPMENT & STATUS
Future housing developments (different density and typologies)	Mr Dammont	Portion 15 (of 7), Portion 16 (of 7) and Remainder of 7 of the Farm Success No. 7108 – (Twin	<p>The property measures 25.22 hectares.</p> <p>The site has already obtained DFA.</p> <p>The property can yield 281 residential sites, 1 multi-use retail (commercial site), 7 public open spaces, 1 crèche,</p>

PROPOSED USAGE	OWNER/SELLER / AGENT	PROPERTY DESCRIPTION	PROPOSED DEVELOPMENT & STATUS
		Stream Estate Pty (Ltd.)	1 worship site, 1 parking site and 11 public roads.  <b><i>The PDOHS is currently in the process of acquiring the site</i></b>
Future housing developments (different density and typologies)	Mr NV Chetty	Portion 8 (of 4) of the Farm Louisiana No. 3239, Portion 46 (of 7) of the farm Louisiana No. 3239 and Portion 34 of the Farm Sanderstead No. 15566 –	The property measures 88.35 hectares.  The property can yield 557 residential sites, 1 worship site, 1 education site, 1 crèche, 1 commercial site, 5 public open spaces and 7 conservation sites.  <b><i>The PDOHS is currently in the process of acquiring the site</i></b>
Future housing developments (different density and typologies)	Ugu District Municipality	Erf 2554 Marburg and Rem 1627 – (Ugu District Municipality)	As this stage there is no approved layout plans
Integrated Residential	Mr Frik Pieterse	Portion 1 of Lot 7 Marburg	The site has been planned, surveyed, and serviced.

PROPOSED USAGE	OWNER/SELLER / AGENT	PROPERTY DESCRIPTION	PROPOSED DEVELOPMENT & STATUS
Housing Programme (mixed income housing)	Mr MM Gumede	Settlement 5344 - (Mr Frik Pieterse)  Lot 5 Marburg Settlement No. 5214 – (Mr MM Gumede)	The property yields 164 sites which have been serviced of which 20 sites will be considered for Military Veterans.  The property measures 40.46 hectares  <b><i>The PDOHS has acquired the site with conditions</i></b>
Integrated Residential Housing Programme (mixed income housing)	Mr Tony Kay	Consolidated Lot 1561 Shelly Beach. – (Mr Tony Kay).  The property is located 6 km from the town of Port Shepstone towards Shelly Beach, 500m from Esayidi FET College's Oslo Beach Campus; it is	The site has been planned, surveyed, and serviced  The property measures 88 hectares.  - The ROD and DFA are both in place and the Township is Registered  - The property can yield 335 residential sites plus 200 to 300 flats. But by rezoning two of the four phases to General Residential 3, you can reduce the number of sites to 180 but build an extra 678 flats to

PROPOSED USAGE	OWNER/SELLER / AGENT	PROPERTY DESCRIPTION	PROPOSED DEVELOPMENT & STATUS
		next to South Coast Mall, 2km from Shelly Beach Industrial Area, and 400m from the proposed High-tech College. The property is situated right in the heart of Shelly Beach area.	<p>create a mixed use development e.g. Conubia in the North Coast of KwaZulu Natal Province</p> <p>-There is no commercial site on the property, 5 private open spaces, 1 proposed crèche, 1 proposed place of worship, and 5 private roads</p> <p>- The property is serviced with Roads &amp; Storm water , Water, Electricity &amp; Sewer</p> <p>- Development can start immediately</p> <p>- The Development will create about a 1000 jobs during construction and 3000 permanent jobs post construction.</p>
Integrated Residential Housing Programme	Parry Anthuriums cc T/A/Orgi Nursery	Erf 21, Portion 1, Margate (1.4758 hectares).Rem ainder of Eft 21,	Site will be required for extension of Masingenge slums Clearance Housing Project.

<b>PROPOSED USAGE</b>	<b>OWNER/SELLER / AGENT</b>	<b>PROPERTY DESCRIPTION</b>	<b>PROPOSED DEVELOPMENT &amp; STATUS</b>
(mixed income housing)		Margate , (4407 meter square) . Remainder of Erf 2709, Margate (1384 meter Square)	Still to be undertaken- Feasibility study/valuation/bulk infrastructure/ planning/funding.
Future housing developments (different density and typologies)	Mr Chinnasami	The farm Lot 1 Marburg Settlement No, 5213 (20 2343 Hectares)	Still to be undertaken- Feasibility study/valuation/bulk infrastructure/ planning/funding.
Future housing developments (different density and typologies)	Mr SG &HA Moodley	Remainder – Remainder of Erf 2177, Marburg (15198 hectares)	Still to be undertaken- Feasibility study/valuation/bulk infrastructure/ planning/funding.

#### 4.6.5.4 Social Housing Development (Rental)

The National and Provincial Department of Human Settlements has approved a restructuring Zone within Ray Nkonyeni Municipality for the development of social housing. Social housing in the form of rental offers different housing typology and density to address the housing need. It caters for the working class and such accommodation are close to social and economic opportunities. Social Housing Institutions (Section 21 Company) undertakes the development of rental stock which they manage such stock, thus the

Municipality can enlist such institutions for undertake the role. The following sites within the restructuring zones have been approved at a Provincial /National level and is awaiting to be gazetted.

- Rem 26 of erf 4939 & 4941 Marburg
- Erf 2319 Marburg



#### 4.6.5.5 Institutional Capacity

The municipality is accredited through delegation to carry out the level 1 housing function which involves, policy, planning, subsidy budget planning, allocation process and priority programme / management. The municipality is also carrying out the level 2 housing function which involves full programme management, subsidy and property management. The municipality is still to be accredited for the level 2 housing function. Operational funding is only being received for Level 1 function. The Implementation of all housing programmes and projects and the number of sites serviced and top

structures built is totally depended on the amount of Human Settlement Grant funding being made available annually by Government.

The key focus in the future for the housing delivery programme will be Informal Settlement Upgrading (Urban & Rural), Integrated Residential development (mixed income housing), social housing (rental) and disposal of serviced sites (FLIPS). However due to National fiscal challenges the role out of these programmes are subject to the timeous provision of Human Settlement Grant Funding , the acquisition of developable land and funding provision /availability of bulk infrastructure services.

#### 4.5.6.6 Electrical infrastructure backlog

In the table below is a list of infrastructure backlogs within Ray Nkonyeni Municipality. It must be noted that in most instances where there are backlogs its in the rural wards.

**Table 33**  
**Infrastructure**  
**backlog**

Ward No.	No. of House Connections	No. of Robots	No. Streetlights
1	-	0	0,00
2	-	0	0,00
3	354	0	354
4	293	0	293
5	206	0	206
6		0	0
7	135	0	135
8	442	0	442
9	175	0	175
10	205	0	205
11	233	0	233
12	40	0	40
13	231	0	231
14	321	0	321
15	55	0	55
16	-	0	0
17	-	0	0
18	5	0	5
19	-	0	0

20	176	0	176
21	113	0	113
22	-	0	0
23	351	2	353
24	63	0	63
25	400	0	400
26	226	0	226
27	100	0	100
28	16	0	16
29	201	0	201
30	±66	0	0
31	0	0	0
32	0	0	0
33	0	0	0
34	0	0	0
35	0	0	0
36	0	0	0
<b>TOTALS</b>	<b>4 341</b>	<b>2</b>	<b>4 343</b>

## **4.7 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT ANALYSIS**

### **4.7.1. Executive Summary**

The application of sound financial management principles for the compilation of Ray Nkonyeni Municipality's Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainability, economically and equitably to all communities.

Ray Nkonyeni local Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF which indicates the following amongst other things: guidance on budgeting for municipalities affected by redetermination of boundaries.

### **4.7.2 MFMA Circulars**

National Treasury sent out MFMA Circular No. 82 and 86 providing guidance to municipalities on their 2016/17 budgets and Medium Term Revenue and Expenditure Framework (MTREF). Circular 66 was followed up by Circular no.67 dated 12 March 2013. Circular No. 66 & 67 reminds us of the key focus areas for the 2016/2017 budget process, and that it must be read together with MFMA Circulars no. 48, 51, 54, 55, 58 and 59. It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

#### 4.7.3 Funding the Budget

Section 18 (1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has surplus in its budget by ensuring that a budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget 'balancing' be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

#### 4.7.4 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with Current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that The financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and

- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The main challenges experienced during the compilation of the Budget 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2017/18 Budget:

- The 2015/16 Adjustments Budget priorities and targets for disestablished municipality's, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 budget;
- Audited AFS for 2015 for both municipalities were also used as a guide for the compilation of the 2016/17 Budget.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The 2016 Division of Revenue Bill issued on 18 February 2016 and a revised that details the allocations that the municipality need to be reflected in the budget

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- The relevant policy developments in the different sectors proposals from the National Energy Regulator of South Africa (NERSA)
- Macro economics forecast has been taken onto account when preparing the salaries budget, the current CPI plus 1 percent for 2017/18 financial year.
- The upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;
  - Refreshments and entertainment;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework.

# Table 34: Consolidated Overview

## KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
Service charges	-	-	-	183,536	175,536	175,536	-	166,659	176,658	187,258
Investment revenue	-	-	-	6,822	4,535	4,535	-	3,400	3,604	3,820
Transfers recognised - operational	-	-	-	200,962	202,662	202,662	-	217,730	218,711	222,685
Other own revenue	-	-	-	100,630	94,450	94,450	-	83,259	63,504	67,314
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	837,226	822,285	822,285	-	830,008	843,028	884,461
Employee costs	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors	-	-	-	25,448	25,448	25,448	-	26,974	28,593	30,308
Depreciation & asset impairment	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges	-	-	-	4,373	4,086	4,086	-	4,286	4,543	4,815
Materials and bulk purchases	-	-	-	136,879	130,851	130,851	-	124,208	138,887	148,149
Transfers and grants	-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	-	-	-	251,896	305,040	305,040	-	309,038	309,488	328,057
<b>Total Expenditure</b>	-	-	-	836,394	906,166	906,166	-	894,725	937,547	994,726
<b>Surplus/(Deficit)</b>	-	-	-	832	(83,881)	(83,881)	-	(64,717)	(94,519)	(110,265)
Transfers and subsidies - capital (monetary allocation)	-	-	-	121,838	82,280	82,280	-	98,202	102,880	130,103
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Transfers recognised - capital	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	19,930	11,610	11,610	-	34,586	37,875	19,097
<b>Total sources of capital funds</b>	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
<b>Financial position</b>										
Total current assets	-	-	-	326,888	315,087	315,087	-	308,809	319,258	348,576
Total non current assets	-	-	-	1,505,796	1,512,500	1,512,500	-	1,573,691	1,638,342	1,707,897
Total current liabilities	-	-	-	166,571	166,571	166,571	-	169,740	179,460	188,741
Total non current liabilities	-	-	-	116,715	117,513	117,513	-	117,513	114,776	113,990
Community wealth/Equity	-	-	-	949,443	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741
<b>Cash flows</b>										
Net cash from (used) operating	-	-	-	173,977	128,145	128,145	-	93,711	92,276	91,377
Net cash from (used) investing	-	-	-	(146,428)	(145,645)	(145,645)	-	(126,149)	(98,290)	(75,563)
Net cash from (used) financing	-	-	-	800	800	800	-	(5,722)	(4,724)	1,050
<b>Cash/cash equivalents at the year end</b>	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	-	-	103,906	95,305	95,305	-	57,145	46,407	63,271
Application of cash and investments	-	-	-	(109,599)	(102,162)	(102,162)	-	4,742	22,758	3,682
<b>Balance - surplus (shortfall)</b>	-	-	-	213,505	197,467	197,467	-	52,403	23,648	59,588
<b>Asset management</b>										
Asset register summary (WDV)	-	-	-	1,387,309	1,394,013	1,394,013	235,621	235,621	235,621	235,621
Depreciation	-	-	-	70,058	70,658	70,658	70,658	70,658	74,897	79,391
Renewal of Existing Assets	-	-	-	-	-	-	-	9,865	4,805	2,965
Repairs and Maintenance	-	-	-	54,052	50,139	50,139	43,959	43,959	46,596	49,392
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	44,403	47,375	47,375	87,064	87,064	92,288	97,825
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Total operating revenue is R830 million and increase by R13 020.8 million over the MTREF.

Total operating expenditure for the 2017/18 budget will be R894.7 million and overall budgeted performance is showing a surplus of R12.8 million. The budget performance also include non-cash item for depreciation and asset impairment to the value of R71 million.

Capital expenditure for the year as per the budget amounts to R132.8 million. This budget is funded through transfer's recognized capital and internal funds.

#### **4.7.5. Operating Revenue Framework**

For Ray Nkonyeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table: 35 Summary of revenue classified by main revenue source

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
Service charges	-	-	-	183,536	175,536	175,536	-	166,659	176,658	187,258
Investment revenue	-	-	-	6,822	4,535	4,535	-	3,400	3,604	3,820
Transfers recognised - operational	-	-	-	200,962	202,662	202,662	-	217,730	218,711	222,685
Other own revenue	-	-	-	100,630	94,450	94,450	-	83,259	63,504	67,314
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	837,226	822,285	822,285	-	830,008	843,028	884,461

Revenue generated from rates, services charges and transfers from grants forms a significant percentage of the revenue basket for the municipality. Rates, service charge revenues and transfers and grants comprise more than two thirds of the total revenue mix.

In the 2017/18 financial year, revenue from rates, services charges, other revenue and transfers and grants totaled R830.0 million. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Property rates are the first largest revenue source totaling R359 million rand in 2017/18. The second and third largest sources are revenue from transfers and grants operational followed by service charges which are R217.7 million and R166.7million respectively.

Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

## Figure 1 Sources of revenue

**Table 36: Operating Transfers and Grant Receipts**

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	188,598	188,598	188,598	201,028	203,012	205,593
Local Government Equitable Share					165,774	165,774	165,774	175,556	184,983	191,993
Finance Management					3,450	3,450	3,450	3,600	3,600	3,600
Integrated National Electrification Programme					7,000	7,000	7,000	14,000	14,429	10,000
EPWP Incentive					2,660	2,660	2,660	3,306	-	-
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566	-	-
<b>Provincial Government:</b>		-	-	-	12,365	14,065	14,065	16,702	15,699	17,092
Accreditation Grant					3,378	3,378	3,378	5,082	5,082	5,082
Museum Grant					344	344	344	350	368	386
Provincialisation of Libraries Grant					7,436	7,436	7,436	9,670	10,249	11,124
Community Library Service Grant					1,207	1,207	1,207	-	-	-
0						1,700	1,700	1,600	-	500
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	-	-	200,963	202,663	202,663	217,730	218,711	222,685

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

#### **4.7.6 Property Rates**

National Treasury's MFMA Circular No. 58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 and R50 000 reduction on the market value of a property for residential and vacant land categories respectively ,will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents and child headed household in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons whose household income equal 2 state pensions, 4 state pensions and 6 state pensions will receive a rebate of 75%, 50% and 25 % respectively in terms of Rates policy.
- Indigents, in terms of the indigent policy are exempt from paying rates if the value of the property is less than R320 000.00.

The categories of rate-able properties for purposes of levying rates the proposed rates increase for the 2017/18 financial year is 7 per cent and the table below reflect individual municipality tariff for rates since the new valuation and new tariffs will be implemented in 2017/18 budget year.

Table 37: Proposed rates increase for the 2017/18 financial year

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Property rates</b> (rate in the Rand)	1								
Residential properties						0.0254	0.0263	0.0272	0.0282
Residential properties - vacant land						0.0109	0.0113	0.0117	0.0121
Formal/informal settlements						-	-	-	-
Small holdings						0.0205	0.0212	0.0219	0.0227
Farm properties - used						0.0031	0.0032	0.0033	0.0034
Farm properties - not used						0.0023	0.0023	0.0024	0.0025
Industrial properties						0.0304	0.0314	0.0325	0.0337
Business and commercial properties						0.0304	0.0314	0.0325	0.0337
Communal land - residential						0.0005	0.0005	0.0005	0.0005
Communal land - small holdings						-	-	-	-
Communal land - farm property						0.0010	0.0011	0.0011	0.0011
Communal land - business and commercial						-	-	-	-
Communal land - other						0.0005	0.0005	0.0005	0.0005
State-owned properties						0.0050	0.0052	0.0054	0.0056
Municipal properties						-	-	-	-
Public service infrastructure						0.0038	0.0039	0.0041	0.0042
Privately owned towns serviced by the State trust land						0.0205	0.0212	0.0219	0.0227
Restitution and redistribution properties									
Protected areas									
National monuments properties									
<b>Exemptions, reductions and rebates</b> (Rands)									
<b>Residential properties</b>									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000

General residential rebate								
Indigent rebate or exemption								
Pensioners/social grants rebate or exemption								
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption								
<b>Other rebates or exemptions</b>	2							
<b>Water tariffs</b>								
<b>Domestic</b>								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff	(describe structure)							
Water usage - Block 1 (c/kl)	(fill in thresholds)							
Water usage - Block 2 (c/kl)	(fill in thresholds)							
Water usage - Block 3 (c/kl)	(fill in thresholds)							
Water usage - Block 4 (c/kl)	(fill in thresholds)							
<b>Other</b>	2							
<b>Waste water tariffs</b>								
<b>Domestic</b>								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
Waste water - flat rate tariff (c/kl)								
Volumetric charge - Block 1 (c/kl)	(fill in structure)							
Volumetric charge - Block 2 (c/kl)	(fill in structure)							
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
<b>Other</b>	2							
<b>Electricity tariffs</b>								
<b>Domestic</b>								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)							
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)								
Meter - IBT Block 1 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)	(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 2 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
<b>Other</b>	2							
<b>Waste management tariffs</b>								
<b>Domestic</b>								
Street cleaning charge								
Basic charge/ fixed fee								
80l bin - once a week								
250l bin - once a week								

#### 4.7.7 Sale of Electricity and Impact of Tariff Increases

Considering the Eskom increases of 0.31%, the consumer tariff had to be increased by 6 per cent to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

#### **4.7.8 Waste Removal and Impact of Tariff Increases**

The municipality has implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to solid waste are maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Currently solid waste removal is operating at a surplus.

#### **4.7.9 Other Tariff of Charges**

Other tariff of charges such licenses and permits, town planning, fines and other revenue have been increased by 6 per cent and tariff of charges is attached as annexure.

It must be noted that the Town planning related tariffs were not increased in the 2017/18 financial year in order to promote economic development in Ray Nkonyeni Municipal area.

#### **4.7.10 Operating Expenditure Framework**

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Table 38: Summary of operating expenditure by standard classification item

<b>Expenditure By Type</b>											
Employee related costs	2	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors					25,448	25,448	25,448		26,974	28,593	30,308
Debt impairment	3				682	3,882	3,882		3,200	3,392	3,596
Depreciation & asset impairment	2	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges					4,373	4,086	4,086		4,286	4,543	4,815
Bulk purchases	2	-	-	-	86,712	80,712	80,712	-	80,712	92,782	99,277
Other materials	8				50,167	50,139	50,139		43,496	46,105	48,872
Contracted services		-	-	-	38,179	49,168	49,168	-	50,412	53,440	56,646
Transfers and subsidies		-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	4, 5	-	-	-	213,035	251,990	251,990	-	255,425	252,656	267,816
Loss on disposal of PPE											
<b>Total Expenditure</b>		-	-	-	<b>836,394</b>	<b>906,166</b>	<b>906,166</b>	-	<b>894,725</b>	<b>937,547</b>	<b>994,726</b>

Table 39: Employee related costs details and Councillors

## KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages					23,580	23,580	23,580	23,736	25,160	26,669
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance					1,374	1,374	1,374	1,637	1,735	1,839
Housing Allowances										
Other benefits and allowances					493	493	493	571	605	641
<b>Sub Total - Councillors</b>		-	-	-	25,448	25,448	25,448	25,943	27,500	29,150
<b>% increase</b>	4		-	-	-	-	-	1.9%	6.0%	6.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages					11,033	11,033	11,033	9,890	10,484	11,113
Pension and UIF Contributions					6	6	6	317	337	357
Medical Aid Contributions										
Overtime										
Performance Bonus					799	799	799			
Motor Vehicle Allowance	3									
Cellphone Allowance	3							114	121	128
Housing Allowances	3									
Other benefits and allowances	3				298	298	298	226	240	254
Payments in lieu of leave					74	74	74			
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		-	-	-	12,209	12,209	12,209	10,548	11,180	11,851
<b>% increase</b>	4		-	-	-	-	-	(13.6%)	6.0%	6.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages					216,862	216,862	216,862	259,072	274,616	291,093
Pension and UIF Contributions					40,249	41,646	41,646	48,978	51,917	55,032
Medical Aid Contributions					20,860	20,992	20,992	26,050	27,613	29,269
Overtime					8,591	13,393	13,393	13,393	14,197	15,048
Performance Bonus					17,229	17,373	17,373	20,778	22,025	23,346
Motor Vehicle Allowance	3				11,525	11,996	11,996	13,908	14,743	15,627
Cellphone Allowance	3				1,937	2,073	2,073	701	743	787
Housing Allowances	3				3,043	3,128	3,128	2,409	2,554	2,707
Other benefits and allowances	3				7,598	8,388	8,388	11,495	12,184	12,915
Payments in lieu of leave					697	2,637	2,637	2,637	2,796	2,963
Long service awards					39	837	837	837	887	940
Post-retirement benefit obligations	6				161	10,278	10,278	10,278	10,895	11,548
<b>Sub Total - Other Municipal Staff</b>		-	-	-	328,791	349,602	349,602	339,069	359,392	380,935
<b>% increase</b>	4		-	-	-	6.3%	-	(3.0%)	6.0%	6.0%
<b>Total Parent Municipality</b>		-	-	-	366,448	387,258	387,258	375,560	398,072	421,936

The budgeted allocation for employee related costs, senior management and councilors for the 2017/18 financial year totals R349.6 million, which equals 39 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2017/18 financial year and

also it must be noted that there are other line items within employee costs e.g. overtime, standby allowances, salaries temps, pension funds contributions which were not kept at 7 per cent increase as compared to basic salary increase.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R71 million for the 2016/17 financial and equates to 8 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (Cost of capital). Finance charges make up 0.5 per cent (R4.3 million) of operating expenditure budget excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 0.31 per cent as per NERSA Guidelines. Repairs and maintenance comprises of amongst others the purchase of fuel, diesel, materials for maintenance, potholes, cleaning materials and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes.

R43. million repairs and maintenance budgeted.

Contracted services equal to 17.8 per cent of the expenditure budget and has been budgeted at R50.4 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in

which cost savings and efficiencies can be achieved. The salient features of general expenses have been the following:

- Tertiary registration assistance R 750 thousand
- Insurance all assets R 2.7 million
- Subscriptions SALGA–R 700 000
- Ward committee allowance –2.2 million
- Back to School Campaign –R250 thousand
- Caucus Fees R204 thousand
- Youth Empowerment-R1.7 million
- Children’s rights R120 thousand
- Senior Citizen R300 thousand
- People living with disability R139 thousand
- EPWP-R3.3 million
- Training and workshops R4.86 million
- Councilors training R250 thousand
- Security monitoring charges R12 million
- Refuse site disposal charges R5.9 million
- Refuse bags R2 million

#### **4.7.11 Priority given to repairs and maintenance**

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality’s infrastructure and historic deferred maintenance especially roads . To this end, repairs and maintenance was R43 million. The municipality has an infrastructure maintenance plan to ensure that assets That all are in good condition.

#### **4.7.12 Free Basic Services: Basic Social Service Package**

The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality’s Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### 4.7.13 Capital Expenditure Framework

**Table 40: Capital expenditure by funding source**

<b>Funded by:</b>											
National Government				57,817	57,817	57,817		62,615	66,187	69,956	
Provincial Government				68,681	83,885	83,885		35,587	36,693	60,147	
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					19,930	11,610	11,610		34,586	37,875	19,097
Total Capital Funding	7	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201

The main source of funding of the 2017/18 Capital budget of R132.8 million is transfers recognized capital from National and provincial departments, followed by internally generated funds from reserves of R7.2 million. Capital projects are group per cluster, municipal wide and departmental. Ray Nkonyeni has 7 clusters and subject to review by new council total capital amounts to 129 million.

### 4.7.14 PART 2 MAIN BUDGET TABLES

#### I. Annual Budget Tables

The following are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

Table 41: MBRR Table A1 - Budget Summary

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
Service charges	-	-	-	183,536	175,536	175,536	-	166,659	176,658	187,258
Investment revenue	-	-	-	6,822	4,535	4,535	-	3,400	3,604	3,820
Transfers recognised - operational	-	-	-	200,962	202,662	202,662	-	217,730	218,711	222,685
Other own revenue	-	-	-	100,630	94,450	94,450	-	83,259	63,504	67,314
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	837,226	822,285	822,285	-	830,008	843,028	884,461
Employee costs	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors	-	-	-	25,448	25,448	25,448	-	26,974	28,593	30,308
Depreciation & asset impairment	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges	-	-	-	4,373	4,086	4,086	-	4,286	4,543	4,815
Materials and bulk purchases	-	-	-	136,879	130,851	130,851	-	124,208	138,887	148,149
Transfers and grants	-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	-	-	-	251,896	305,040	305,040	-	309,038	309,488	328,057
<b>Total Expenditure</b>	-	-	-	836,394	906,166	906,166	-	894,725	937,547	994,726
<b>Surplus/(Deficit)</b>	-	-	-	832	(83,881)	(83,881)	-	(64,717)	(94,519)	(110,265)
Transfers and subsidies - capital (monetary allocation)	-	-	-	121,838	82,280	82,280	-	98,202	102,880	130,103
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Share of surplus / (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Transfers recognised - capital	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	19,930	11,610	11,610	-	34,586	37,875	19,097
<b>Total sources of capital funds</b>	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
<b>Financial position</b>										
Total current assets	-	-	-	326,888	315,087	315,087	-	308,809	319,258	348,576
Total non current assets	-	-	-	1,505,796	1,512,500	1,512,500	-	1,573,691	1,638,342	1,707,897
Total current liabilities	-	-	-	166,571	166,571	166,571	-	169,740	179,460	188,741
Total non current liabilities	-	-	-	116,715	117,513	117,513	-	117,513	114,776	113,990
Community wealth/Equity	-	-	-	949,443	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741
<b>Cash flows</b>										
Net cash from (used) operating	-	-	-	173,977	128,145	128,145	-	93,711	92,276	91,377
Net cash from (used) investing	-	-	-	(146,428)	(145,645)	(145,645)	-	(126,149)	(98,290)	(75,563)
Net cash from (used) financing	-	-	-	800	800	800	-	(5,722)	(4,724)	1,050
<b>Cash/cash equivalents at the year end</b>	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	-	-	103,906	95,305	95,305	-	57,145	46,407	63,271
Application of cash and investments	-	-	-	(109,599)	(102,162)	(102,162)	-	4,742	22,758	3,682
<b>Balance - surplus (shortfall)</b>	-	-	-	213,505	197,467	197,467	-	52,403	23,648	59,588
<b>Asset management</b>										
Asset register summary (WDV)	-	-	-	1,387,309	1,394,013	1,394,013	235,621	235,621	235,621	235,621
Depreciation	-	-	-	70,058	70,658	70,658	70,658	70,658	74,897	79,391
Renewal of Existing Assets	-	-	-	-	-	-	-	9,865	4,805	2,965
Repairs and Maintenance	-	-	-	54,052	50,139	50,139	43,959	43,959	46,596	49,392
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	44,403	47,375	47,375	87,064	87,064	92,288	97,825
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (financial performance, capital expenditure and funding sources, financial position, cash flow, MFMA funding compliance and asset management).

- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 42: MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN216 Ray Nkonyeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	-	-	592,339	546,227	546,227	560,247	593,916	629,551
Executive and council		-	-	-	128,047	170,631	170,631	175,566	186,100	197,266
Finance and administration		-	-	-	464,291	375,596	375,596	384,681	407,816	432,285
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	62,645	24,001	24,001	46,599	63,956	88,997
Community and social services		-	-	-	10,199	9,956	9,956	10,523	11,150	12,075
Sport and recreation		-	-	-	146	146	146	50	53	56
Public safety		-	-	-	7	5	5	-	-	-
Housing		-	-	-	52,293	13,895	13,895	36,026	52,754	76,866
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	113,770	151,030	151,030	150,360	106,772	103,876
Planning and development		-	-	-	29,596	68,887	68,887	47,349	28,313	30,011
Road transport		-	-	-	82,516	81,984	81,984	102,831	78,268	73,662
Environmental protection		-	-	-	1,659	159	159	180	191	202
<i>Trading services</i>		-	-	-	185,301	178,199	178,199	166,659	176,658	187,258
Energy sources		-	-	-	124,401	118,351	118,351	105,028	111,330	118,010
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	60,900	59,848	59,848	61,631	65,329	69,248
<i>Other</i>	4	-	-	-	5,008	5,108	5,108	4,345	4,606	4,882
<b>Total Revenue - Functional</b>	<b>2</b>	-	-	-	<b>959,063</b>	<b>904,565</b>	<b>904,565</b>	<b>928,210</b>	<b>945,908</b>	<b>1,014,564</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	-	-	322,541	350,332	350,332	309,030	327,572	347,226
Executive and council		-	-	-	140,790	148,755	148,755	131,044	138,906	147,241
Finance and administration		-	-	-	181,751	201,577	201,577	173,739	184,163	195,213
Internal audit		-	-	-	-	-	-	4,247	4,502	4,772
<i>Community and public safety</i>		-	-	-	66,580	85,552	85,552	62,196	65,928	69,883
Community and social services		-	-	-	20,958	21,848	21,848	20,770	22,016	23,337
Sport and recreation		-	-	-	6,918	16,020	16,020	91	97	103
Public safety		-	-	-	19,435	19,435	19,435	23,256	24,651	26,130
Housing		-	-	-	19,270	28,250	28,250	15,842	16,792	17,800
Health		-	-	-	-	-	-	2,237	2,371	2,513
<i>Economic and environmental services</i>		-	-	-	184,626	185,910	185,910	252,907	257,221	273,580
Planning and development		-	-	-	58,506	58,506	58,506	47,196	50,028	53,030
Road transport		-	-	-	126,120	127,404	127,404	181,800	192,708	204,270
Environmental protection		-	-	-	-	-	-	23,911	14,485	16,280
<i>Trading services</i>		-	-	-	255,598	277,352	277,352	263,823	279,652	296,432
Energy sources		-	-	-	103,483	97,793	97,793	106,610	113,007	119,787
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	152,115	179,559	179,559	157,213	166,645	176,644
<i>Other</i>	4	-	-	-	7,047	7,019	7,019	6,769	7,175	7,605
<b>Total Expenditure - Functional</b>	<b>3</b>	-	-	-	<b>836,393</b>	<b>906,166</b>	<b>906,166</b>	<b>894,725</b>	<b>937,547</b>	<b>994,726</b>
<b>Surplus/(Deficit) for the year</b>		-	-	-	<b>122,669</b>	<b>(1,600)</b>	<b>(1,600)</b>	<b>33,485</b>	<b>8,361</b>	<b>19,838</b>

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal

revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that both Electricity function and Waste management function are able to finance its services. As both service charges are reflecting a surplus.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues, other revenue sources and transfers recognized operational from both National and provincial departments.

Table 43: MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

KZN216 Ray Nkonyeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - TREASURY		-	-	-	459,935	375,420	375,420	405,202	392,734	407,149
Vote 2 - STRATEGIC PLANNING AND GOVERNANCE		-	-	-	128,047	170,631	170,631	175,566	186,100	197,266
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PLANNING		-	-	-	12,754	50,591	50,591	31,055	32,919	34,894
Vote 4 - CORPORATE SERVICES		-	-	-	2,706	56	56	15	16	17
Vote 5 - COMMUNITY SERVICES		-	-	-	99,835	69,452	69,452	70,884	75,137	79,645
Vote 6 - TECHNICAL SERVICES		-	-	-	255,786	209,783	209,783	216,194	227,951	262,678
Vote 7 - PUBLIC SAFETY		-	-	-	-	28,633	28,633	29,294	31,052	32,915
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	-	-	<b>959,063</b>	<b>904,565</b>	<b>904,565</b>	<b>928,210</b>	<b>945,908</b>	<b>1,014,564</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - TREASURY		-	-	-	128,108	124,822	124,822	71,844	76,154	80,724
Vote 2 - STRATEGIC PLANNING AND GOVERNANCE		-	-	-	142,141	150,106	150,106	145,059	153,763	162,989
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PLANNING		-	-	-	36,811	38,688	38,688	53,965	57,203	60,635
Vote 4 - CORPORATE SERVICES		-	-	-	39,426	80,198	80,198	79,108	83,854	88,886
Vote 5 - COMMUNITY SERVICES		-	-	-	297,776	142,547	142,547	204,222	205,615	218,878
Vote 6 - TECHNICAL SERVICES		-	-	-	192,131	193,397	193,397	180,802	191,651	203,150
Vote 7 - PUBLIC SAFETY		-	-	-	-	176,407	176,407	159,724	169,307	179,466
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	-	-	<b>836,393</b>	<b>906,166</b>	<b>906,166</b>	<b>894,725</b>	<b>937,547</b>	<b>994,726</b>
<b>Surplus/(Deficit) for the year</b>	2	-	-	-	<b>122,669</b>	<b>(1,600)</b>	<b>(1,600)</b>	<b>33,485</b>	<b>8,361</b>	<b>19,838</b>

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 44: MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
Service charges - electricity revenue	2	-	-	-	122,889	116,889	116,889	-	105,028	111,330	118,010
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	60,648	58,648	58,648	-	61,631	65,329	69,248
Service charges - other											
Rental of facilities and equipment					3,384	3,194	3,194		3,266	3,462	3,669
Interest earned - external investments					6,822	4,535	4,535		3,400	3,604	3,820
Interest earned - outstanding debtors					10,485	10,235	10,235		10,235	10,849	11,500
Dividends received					-	-	-				
Fines, penalties and forfeits					10,494	15,448	15,448		16,016	16,976	17,995
Licences and permits					13,092	12,527	12,527		13,279	14,076	14,920
Agency services					49	39	39		30	32	34
Transfers and subsidies					200,962	202,662	202,662		217,730	218,711	222,685
Other revenue	2	-	-	-	60,358	53,005	53,005	-	40,434	18,109	19,196
Gains on disposal of PPE					2,768						
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	<b>837,226</b>	<b>822,285</b>	<b>822,285</b>	-	<b>830,008</b>	<b>843,028</b>	<b>884,461</b>
<b>Expenditure By Type</b>											
Employee related costs	2	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors					25,448	25,448	25,448		26,974	28,593	30,308
Debt impairment	3				682	3,882	3,882		3,200	3,392	3,596
Depreciation & asset impairment	2	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges					4,373	4,086	4,086		4,286	4,543	4,815
Bulk purchases	2	-	-	-	86,712	80,712	80,712	-	80,712	92,782	99,277
Other materials	8				50,167	50,139	50,139		43,496	46,105	48,872
Contracted services		-	-	-	38,179	49,168	49,168	-	50,412	53,440	56,646
Transfers and subsidies		-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	4, 5	-	-	-	213,035	251,990	251,990	-	255,425	252,656	267,816
Loss on disposal of PPE											
<b>Total Expenditure</b>		-	-	-	<b>836,394</b>	<b>906,166</b>	<b>906,166</b>	-	<b>894,725</b>	<b>937,547</b>	<b>994,726</b>
<b>Surplus/(Deficit)</b>		-	-	-	<b>832</b>	<b>(83,881)</b>	<b>(83,881)</b>	-	<b>(64,717)</b>	<b>(94,519)</b>	<b>(110,265)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					121,838	82,280	82,280		98,202	102,880	130,103
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		-	-	-	<b>122,669</b>	<b>(1,600)</b>	<b>(1,600)</b>	-	<b>33,485</b>	<b>8,361</b>	<b>19,838</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		-	-	-	<b>122,669</b>	<b>(1,600)</b>	<b>(1,600)</b>	-	<b>33,485</b>	<b>8,361</b>	<b>19,838</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		-	-	-	<b>122,669</b>	<b>(1,600)</b>	<b>(1,600)</b>	-	<b>33,485</b>	<b>8,361</b>	<b>19,838</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		-	-	-	<b>122,669</b>	<b>(1,600)</b>	<b>(1,600)</b>	-	<b>33,485</b>	<b>8,361</b>	<b>19,838</b>

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R830 million and total capital revenue is R125.6 million in 2017/18
2. Total revenue for 2017/18 financial year is R 955 million.
3. Revenue to be generated from property rates is R358, 1 million in the 2017/18 financial year therefore remains a main funding source for the municipality.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government amounts to R 217, 7 million. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The municipality is not grant dependent since major part of revenue is own funding however we still has to ensure that we collect every single cent that is due to us.

Table 45: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	-	-	20,171	24,879	24,879	-	1,885	1,999	2,118
Executive and council					18,780	23,488	23,488		1,139	1,207	1,280
Finance and administration					400	400	400		746	791	839
Internal audit					991	991	991				
<b>Community and public safety</b>		-	-	-	75,843	35,785	35,785	-	45,657	48,396	51,300
Community and social services					11,741	11,241	11,241		21,728	23,032	24,414
Sport and recreation					8,606	8,606	8,606		1,720	1,823	1,932
Public safety					2,814	2,814	2,814		150	159	168
Housing					52,681	13,124	13,124		22,059	23,383	24,786
Health					-	-	-				
<b>Economic and environmental services</b>		-	-	-	46,385	88,885	88,885	-	58,899	62,433	66,179
Planning and development					10,502	55,502	55,502		19,709	20,891	22,145
Road transport					35,883	33,383	33,383		38,951	41,288	43,765
Environmental protection						-	-		239	253	269
<b>Trading services</b>		-	-	-	4,030	3,762	3,762	-	26,317	27,896	29,570
Energy sources					4,030	3,762	3,762		24,309	25,768	27,314
Water management											
Waste water management									2,008	2,129	2,256
Waste management									30	32	34
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
<b>Funded by:</b>											
National Government					57,817	57,817	57,817		62,615	66,187	69,956
Provincial Government					68,681	83,885	83,885		35,587	36,693	60,147
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					19,930	11,610	11,610		34,586	37,875	19,097
<b>Total Capital Funding</b>	7	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at R129.4 million for the 2017/18 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have

been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers and internally generated funds.

**Table 46: MBRR Table A6 - Budgeted Financial Position**

KZN216 Ray Nkonyeni - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash					37,049	33,929	33,929		20,001	16,242	22,145
Call investment deposits	1	-	-	-	66,857	61,376	61,376	-	37,144	30,165	41,126
Consumer debtors	1	-	-	-	211,056	207,856	207,856	-	242,408	264,520	276,974
Other debtors					7,697	7,697	7,697		5,450	4,905	4,905
Current portion of long-term receivables					1,964	1,964	1,964		1,768	1,591	1,591
Inventory	2				2,265	2,265	2,265		2,038	1,835	1,835
<b>Total current assets</b>		-	-	-	326,888	315,087	315,087	-	308,809	319,258	348,576
<b>Non current assets</b>											
Long-term receivables					8,037	8,037	8,037		7,233	6,148	6,148
Investments					-	-	-				
Investment property					235,621	235,621	235,621		235,621	235,621	235,621
Investment in Associate					-	-	-				
Property, plant and equipment	3	-	-	-	1,261,425	1,268,129	1,268,129	-	1,330,259	1,396,053	1,465,737
Agricultural											
Biological											
Intangible					713	713	713		577	519	390
Other non-current assets											
<b>Total non current assets</b>		-	-	-	1,505,796	1,512,500	1,512,500	-	1,573,691	1,638,342	1,707,897
<b>TOTAL ASSETS</b>		-	-	-	1,832,684	1,827,587	1,827,587	-	1,882,500	1,957,600	2,056,473
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	-	-	-	7,728	7,728	7,728	-	7,728	7,042	7,820
Consumer deposits					21,920	21,920	21,920		22,520	23,220	24,220
Trade and other payables	4	-	-	-	100,233	100,233	100,233	-	100,233	107,191	114,695
Provisions					36,690	36,690	36,690		39,259	42,007	42,007
<b>Total current liabilities</b>		-	-	-	166,571	166,571	166,571	-	169,740	179,460	188,741
<b>Non current liabilities</b>											
Borrowing		-	-	-	20,486	20,486	20,486	-	20,486	13,444	5,624
Provisions		-	-	-	96,229	97,027	97,027	-	97,027	101,331	108,366
<b>Total non current liabilities</b>		-	-	-	116,715	117,513	117,513	-	117,513	114,776	113,990
<b>TOTAL LIABILITIES</b>		-	-	-	283,286	284,084	284,084	-	287,253	294,235	302,732
<b>NET ASSETS</b>	5	-	-	-	1,549,398	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)					270,657	1,222,263	1,222,263		1,491,958	1,527,877	1,527,877
Reserves	4	-	-	-	678,785	321,240	321,240	-	103,289	135,487	225,864
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	-	-	949,443	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741

## Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents

Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non -current;
- Changes in net assets; and
- Reserves

The statement of financial position shows that the municipality is financially health as assets exceeds liabilities.

Table 47: MBRR Table A7 - Budgeted Cash Flow Statement

KZN216 Ray Nkonyeni - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates					327,544	327,835	327,835		341,011	323,961	383,215
Service charges					174,359	160,915	160,915		153,075	140,695	171,995
Other revenue					77,913	68,033	68,033		59,142	48,385	45,463
Government - operating	1				200,962	202,662	202,662		217,730	218,711	222,685
Government - capital	1				121,838	82,280	82,280		98,202	102,880	130,103
Interest					11,104	8,117	8,117		6,982	4,654	7,845
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees					(725,860)	(708,258)	(708,258)		(769,196)	(734,669)	(855,168)
Finance charges					(4,373)	(4,086)	(4,086)		(4,286)	(4,286)	(4,815)
Transfers and Grants	1				(9,509)	(9,354)	(9,354)		(8,950)	(8,055)	(9,945)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	-	-	173,977	128,145	128,145	-	93,711	92,276	91,377
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets					(146,428)	(145,645)	(145,645)		(126,149)	(98,290)	(75,563)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	(146,428)	(145,645)	(145,645)	-	(126,149)	(98,290)	(75,563)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits					800	800	800		1,000	900	1,050
<b>Payments</b>											
Repayment of borrowing									(6,722)	(5,624)	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	800	800	800	-	(5,722)	(4,724)	1,050
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	-	-	28,349	(16,700)	(16,700)	-	(38,160)	(10,738)	16,864
Cash/cash equivalents at the year begin:	2								95,305	57,145	46,407
Cash/cash equivalents at the year end:	2	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271

Table 48: MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN216 Ray Nkonyeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271
Other current investments > 90 days		-	-	-	75,556	112,005	112,005	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		-	-	-	103,906	95,305	95,305	-	57,145	46,407	63,271
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	54	54	54	-	54	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	(109,653)	(102,216)	(102,216)	-	(131,598)	(120,580)	(148,256)
Other provisions									136,286	143,338	151,939
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		-	-	-	(109,599)	(102,162)	(102,162)	-	4,742	22,758	3,682
<b>Surplus(shortfall)</b>		-	-	-	213,505	197,467	197,467	-	52,403	23,648	59,588

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality are not stabilized over the MTREF and prior years.
4. It can be seen that in 2017/18 the cash flow start to turn around and improves again.
5. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash flow reflects a positive balance of R103.6 million after defraying all the expenditure for the financial year.

### **Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

- a. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- b. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- c. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- d. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- e. From the table it can be seen that for the municipality is operating at a surplus.
- f. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF was funded as it reflect a positive balance in funding measurement.
- g. This reflects that the budget will be able to pay it expenditure for the current year and also be able to pay it obligations. It is assumed that all grants will be spend 100% and if not it is cash backed since our budget reflect a positive after all the current years expenditure paid and it liabilities.
- h. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 49: MBRR Table B9 - Asset Management

<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		-	-	-	125,007	131,711	131,711	132,788	125,163	125,913
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Roads Infrastructure</i>					855,851	853,851	853,851			
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>					9,084	8,816	8,816			
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
<b>Infrastructure</b>		-	-	-	864,935	862,667	862,667	-	-	-
Community Facilities					145,595	196,139	196,139			
Sport and Recreation Facilities										
<b>Community Assets</b>		-	-	-	145,595	196,139	196,139	-	-	-
<b>Heritage Assets</b>					1,657	1,657	1,657			
Revenue Generating										
Non-revenue Generating					235,621	235,621	235,621	235,621	235,621	235,621
<b>Investment properties</b>		-	-	-	235,621	235,621	235,621	235,621	235,621	235,621
Operational Buildings					140,445	98,872	98,872			
Housing										
<b>Other Assets</b>		-	-	-	140,445	98,872	98,872	-	-	-
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights					713	713	713			
<b>Intangible Assets</b>		-	-	-	713	713	713	-	-	-
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	-	-	-	1,387,309	1,394,013	1,394,013	235,621	235,621	235,621
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	-	-	-	70,058	70,658	70,658	70,658	74,897	79,391
<b>Repairs and Maintenance by Asset Class</b>	3	-	-	-	54,052	50,139	50,139	43,959	46,596	49,392
<i>Roads Infrastructure</i>		-	-	-	16,300	16,300	16,300	14,000	14,840	15,730
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	3,000	3,180	3,371
<i>Electrical Infrastructure</i>		-	-	-	1,475	1,475	1,475	3,273	3,470	3,678
<i>Water Supply Infrastructure</i>		-	-	-	755	755	755	863	915	970
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	18,530	18,530	18,530	21,137	22,405	23,749
Community Facilities		-	-	-	650	650	650	-	-	-
Sport and Recreation Facilities		-	-	-	550	550	550	-	-	-
<b>Community Assets</b>		-	-	-	1,200	1,200	1,200	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	13,641	9,728	9,728	6,047	6,409	6,794
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	13,641	9,728	9,728	6,047	6,409	6,794
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	968	968	968	-	-	-
Furniture and Office Equipment		-	-	-	370	370	370	1,617	1,714	1,817
Machinery and Equipment		-	-	-	1,535	1,535	1,535	197	208	221
Transport Assets		-	-	-	17,808	17,808	17,808	14,962	15,859	16,811
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		-	-	-	124,110	120,797	120,797	114,617	121,494	128,783

### **Explanatory notes to Table A9 - Asset Management**

- 1 Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- 2 National Treasury has recommended that municipalities should allocate at least 40 per cent of the capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is a lack of infrastructure in the municipality major part of funds are injected to new capital projects, it does not meet this recommendation and funds are directed to new and renewal of capital asset and 4.3% to repairs and maintenance.

Table 50 : Basic Service Delivery Measurement

KZN216 Ray Nkonyeni - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	44,403	47,375	47,375	87,064	92,288	97,825
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										

- 1 Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- 2 The municipality does not provide services such as water, sanitation, energy and refuse removal.
- 3 Water and sanitation is provided by Ugu District municipality, energy is supplied both by municipality and Eskom.
- 4 Refuse removal is done in urban area the rural part of the municipality uses its own dump site.

Assumptions used in preparation of the budget over the MTREF

Table 51: Collection and expenditure rates

Property rates	95%
Penalties and Collection Charges	85%
Electricity	95%
Refuse Removal	95%
Rental of facilities	90%
Interest earned in investment	100%
Interest earned on outstanding debts	65%
Fines	70%
Licenses and Permits	95%
Agency Fees	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	80%
Expenditure	
Employee related cost	98%
Remuneration of councilors	100%
Debt impairment	100%
Depreciation and asset impairment	100%
Bulk Purchases	95%
Finance Charges	100%
Contracted services	95%
Transfers and Grants	90%
Other Expenditure	90%
Other Material	98%

Capital performance =100%

Year end accruals =10% of total operating budget

=15% of capital budget

Provisions =10%

## Supporting Documentation

### 4.7.15 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- 1 that the process followed to compile the budget complies with legislation and good budget practices;
- 2 that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- 3 that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- 4 that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

#### 4.7.15.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

**July 2016** – Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;

**August 2016**–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;

**September 2016**– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;

**October 2016** – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;

**November 2016**–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval

**December 2016** – Submit budget instructions and 2016/17 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);

**January 2017** - Council considers the 2015/2016 Mid-year Review and Adjustments Budget;

**February 2017**– Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;

**March 2017** - Tabling in Council of the draft 2016/17 IDP and 2016/17 Draft MTREF for public consultation;

**April 2017**– Public consultation;

**May2017**–Finalisation of the 2016/17 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2017/18 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. These are the IDP and Budget process schedule for individual municipalities and both municipality did not deviate from processes.

#### **4.7.16 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 budget, based on the approved 2017/18 Budget, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning

links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

#### **4.7.17 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2017/18 budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 budget:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

#### **Community Consultation**

The Table 2017/18 Budget as tabled before Council on 28 March 2017 for community consultation has been published on the municipality's website and hard copies has been made available at municipal offices and other community centres. In addition budget road shows will held in different municipal clusters. Inputs were also collected via suggestion box and e-mails.

All documents in the appropriate format (electronic and printed) will provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April. The applicable dates and venues were published in the local newspapers. Imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation will include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the 2016/17 final budget.

### **Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated

development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan (NDP)
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2016/17 Budget and further planning refinements that have directly informed the compilation of the budget:

#### 4.7.18 IDP Strategic Objectives

2017/18 Financial Year
1. Municipal Financial Viability
2. Basic Service delivery and infrastructure
3. Good governance and public participation
4. Local economic Development
5. Municipal transformation and institutional development
6. Cross cutting issues

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2017/18 Budget has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 53: SA3 Detail financial position

## KZN216 Ray Nkonyeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

KENYA RAY KIRINYI - Supporting Table 3A3 Supporting detail to Budgetary Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits					66,857	61,376	61,376		37,144	30,165	41,126
Other current investments											
<b>Total Call investment deposits</b>	2	-	-	-	66,857	61,376	61,376	-	37,144	30,165	41,126
<b>Consumer debtors</b>											
Consumer debtors					211,056	207,856	207,856		242,408	264,520	276,974
<b>Less: Provision for debt impairment</b>											
<b>Total Consumer debtors</b>	2	-	-	-	211,056	207,856	207,856	-	242,408	264,520	276,974
<b>Debt impairment provision</b>											
Balance at the beginning of the year					30,671	30,671	30,671		30,671	34,552	38,596
Contributions to the provision					682	3,882	3,882		3,882	4,044	4,333
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	31,352	34,552	34,552	-	34,552	38,596	42,929
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)					2,372,041	2,378,744	2,378,744		2,511,532	2,652,287	2,801,488
Leases recognised as PPE					-	-	-				
<b>Less: Accumulated depreciation</b>					1,110,615	1,110,615	1,110,615		1,181,273	1,256,234	1,335,751
<b>Total Property, plant and equipment (PPE)</b>	2	-	-	-	1,261,425	1,268,129	1,268,129	-	1,330,259	1,396,053	1,465,737
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities					7,728	7,728	7,728		7,728	7,042	7,820
<b>Total Current liabilities - Borrowing</b>		-	-	-	7,728	7,728	7,728	-	7,728	7,042	7,820
<b>Trade and other payables</b>											
Trade and other creditors					100,179	100,179	100,179		100,179	107,191	114,695
Unspent conditional transfers					54	54	54		54	-	-
VAT					-	-	-		-		
<b>Total Trade and other payables</b>	2	-	-	-	100,233	100,233	100,233	-	100,233	107,191	114,695
<b>Non current liabilities - Borrowing</b>											
Borrowing					20,486	20,486	20,486		20,486	13,444	5,624
Finance leases (including PPP asset element)									-		
<b>Total Non current liabilities - Borrowing</b>		-	-	-	20,486	20,486	20,486	-	20,486	13,444	5,624
<b>Provisions - non-current</b>											
Retirement benefits					81,542	81,542	81,542		81,542	84,779	90,714
<b>List other major provision items</b>											
Refuse landfill site rehabilitation											
Other					14,687	15,485	15,485		15,485	16,552	17,652
<b>Total Provisions - non-current</b>		-	-	-	96,229	97,027	97,027	-	97,027	101,331	108,366
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance					147,989	1,223,863	1,223,863				
GRAP adjustments											
Restated balance		-	-	-	147,989	1,223,863	1,223,863	-	-	-	-
Surplus/(Deficit)		-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments					122,668	(1,600)	(1,600)		31,864	35,919	
<b>Accumulated Surplus/(Deficit)</b>	1	-	-	-	393,327	1,220,662	1,220,662	-	65,349	44,280	19,838
<b>Reserves</b>											
Housing Development Fund											
Capital replacement					678,785	321,240	321,240		103,289	135,487	225,864
Self-insurance											
<b>Other reserves</b>											
Revaluation											
<b>Total Reserves</b>	2	-	-	-	678,785	321,240	321,240	-	103,289	135,487	225,864
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	-	-	-	1,072,112	1,541,903	1,541,903	-	168,639	179,767	245,702

Table 54 : Explanatory notes to Table SA3

This table is a supporting table to table A6 and it has detailed information that is summarized in table A6.

KZN216 Ray Nkonyeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits					66,857	61,376	61,376		37,144	30,165	41,126
Other current investments											
<b>Total Call investment deposits</b>	2	-	-	-	66,857	61,376	61,376	-	37,144	30,165	41,126
<b>Consumer debtors</b>											
Consumer debtors					211,056	207,856	207,856		242,408	264,520	276,974
Less: Provision for debt impairment											
<b>Total Consumer debtors</b>	2	-	-	-	211,056	207,856	207,856	-	242,408	264,520	276,974
<b>Debt impairment provision</b>											
Balance at the beginning of the year					30,671	30,671	30,671		30,671	34,552	38,596
Contributions to the provision					682	3,882	3,882		3,882	4,044	4,333
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	31,352	34,552	34,552	-	34,552	38,596	42,929
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)					2,372,041	2,378,744	2,378,744		2,511,532	2,652,287	2,801,488
Leases recognised as PPE	3				-	-	-				
Less: Accumulated depreciation					1,110,615	1,110,615	1,110,615		1,181,273	1,256,234	1,335,751
<b>Total Property, plant and equipment (PPE)</b>	2	-	-	-	1,261,425	1,268,129	1,268,129	-	1,330,259	1,396,053	1,465,737
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities					7,728	7,728	7,728		7,728	7,042	7,820
<b>Total Current liabilities - Borrowing</b>		-	-	-	7,728	7,728	7,728	-	7,728	7,042	7,820
<b>Trade and other payables</b>											
Trade and other creditors					100,179	100,179	100,179		100,179	107,191	114,695
Unspent conditional transfers					54	54	54		54	-	-
VAT					-	-	-		-	-	-
<b>Total Trade and other payables</b>	2	-	-	-	100,233	100,233	100,233	-	100,233	107,191	114,695
<b>Non current liabilities - Borrowing</b>											
Borrowing	4				20,486	20,486	20,486		20,486	13,444	5,624
Finance leases (including PPP asset element)									-		
<b>Total Non current liabilities - Borrowing</b>		-	-	-	20,486	20,486	20,486	-	20,486	13,444	5,624
<b>Provisions - non-current</b>											
Retirement benefits					81,542	81,542	81,542		81,542	84,779	90,714
List other major provision items											
Refuse landfill site rehabilitation											
Other					14,687	15,485	15,485		15,485	16,552	17,652
<b>Total Provisions - non-current</b>		-	-	-	96,229	97,027	97,027	-	97,027	101,331	108,366
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance					147,989	1,223,863	1,223,863				
GRAP adjustments											
Restated balance		-	-	-	147,989	1,223,863	1,223,863	-	-	-	-
Surplus/(Deficit)		-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments					122,668	(1,600)	(1,600)		31,864	35,919	
<b>Accumulated Surplus/(Deficit)</b>	1	-	-	-	393,327	1,220,662	1,220,662	-	65,349	44,280	19,838
<b>Reserves</b>											
Housing Development Fund											
Capital replacement					678,785	321,240	321,240		103,289	135,487	225,864
Self-insurance											
Other reserves											
Rev allocation											
<b>Total Reserves</b>	2	-	-	-	678,785	321,240	321,240	-	103,289	135,487	225,864
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	-	-	-	1,072,112	1,541,903	1,541,903	-	168,639	179,767	245,702

Table 55: SA4 Reconciliation of IDP strategic objectives and Budget

KZN216 Ray Nkonyeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

NZNZ10 Ray Mkhoyeni - Supporting Table 5A: Reconciliation of IDP Strategic Objectives and Budget (Revenue)												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Good Governance and public participation	Clean administration & sound public participation						99,772	99,772	99,772	105,758	112,104	118,830
							-	-	-	-	-	-
							-	-	-	-	-	-
Service delivery and Infrastructure	Electricity, Roads , Housing and accelerate capital expenditure						119,013	119,013	119,013	126,153	133,723	141,746
Social, Economic Development and Planning	Youth empowerment,LED strategy,supporting SMMEs						-	-	-	-	-	-
							7,804	7,804	7,804	8,272	8,769	9,295
							-	-	-	-	-	-
Municipal Financial viability	Sound financial management						394,898	394,898	394,898	404,440	390,712	426,056
							-	-	-	-	-	-
							-	-	-	-	-	-
Spatial and Environment	Health hygienically safe environment Public Safety Community Facilities						-	-	-	-	-	-
							60,433	60,433	60,433	64,059	67,902	71,976
							25,216	25,216	25,216	26,729	28,332	30,032
							11,863	11,863	11,863	12,575	13,330	14,129
							83,591	83,591	83,591	88,607	93,923	99,559
							86,431	86,431	86,431	91,617	97,114	102,941
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	-	-	-	889,021	889,021	889,021	928,210	945,908	1,014,564

Table 56 : SA8 performance indicators

KZN216 Ray Nkonyeni - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%	0.0%	1.2%	1.1%	0.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.7%	0.7%	0.7%	0.0%	1.8%	1.6%	0.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	3.0%	6.4%	6.4%	0.0%	19.8%	9.9%	2.5%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	-	-	-	2.0	1.9	1.9	-	1.8	1.8	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	2.0	1.9	1.9	-	1.8	1.8	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	0.6	0.6	0.6	-	0.3	0.3	0.3
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	94.9%	93.9%	93.9%	0.0%	94.0%	83.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	94.9%	93.9%	93.9%	0.0%	94.0%	83.4%	94.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	27.3%	27.4%	27.4%	0.0%	30.9%	32.9%	32.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old								25.0%	20.0%	15.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))								100.0%	100.0%	100.0%
Creditors to Cash and Investments		0.0%	0.0%	0.0%	353.4%	-599.9%	-599.9%	0.0%	175.3%	231.0%	181.3%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (k?)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	40.3%	43.7%	43.7%	0.0%	42.1%	44.0%	44.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	43.8%	47.1%	47.1%		45.2%	47.2%	47.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	6.5%	6.1%	6.1%		5.3%	5.5%	5.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	8.9%	9.1%	9.1%	0.0%	9.0%	9.4%	9.5%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	-	78.4	78.4	78.4	-	59.6	79.6	84.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	41.5%	41.5%	41.5%	0.0%	47.2%	48.3%	47.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	0.6	(0.3)	(0.3)	-	1.1	0.8	1.1

**Table 57: SA13b Service Tariffs by Category**

KZN216 Ray Nkonyeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Exemptions, reductions and rebates (Rands)</b>									
<i>Rebates and Exemptions</i>						10,652,831	22,525,449	23,313,839	24,129,824
<i>Rebates, exemptions - indigent</i>						2,645,860	-		
<i>Rebates Residential Land</i>						25,845,000	26,098,493	27,011,940	27,957,358
<i>Impermissible and Reduction</i>						7,314,629	38,440,018	39,785,419	41,177,908

**Table 58: SA14 Households Bills**

KZN216 Ray Nkonyeni - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates					#####	#####	#####		#####	#####	#####
Electricity: Basic levy					267,640.36	267,640.36	267,640.36		277,007.78	286,703.05	296,737.65
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal					2,651,131.90	2,651,131.90	2,651,131.90		2,743,921.51	2,839,958.76	2,939,357.32
Other											
<b>sub-total</b>		-	-	-	#####	#####	#####	3.5%	#####	#####	#####
VAT on Services											
<b>Total large household bill:</b>		-	-	-	#####	#####	#####	3.5%	#####	#####	#####
<b>% increase/decrease</b>					-	-	-		3.5%	3.5%	3.5%

Table 59: SA15 Investment particulars

KZN216 Ray Nkonyeni - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank					66,857	61,376	61,376	37,144	30,165	41,126
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	-	-	-	66,857	61,376	61,376	37,144	30,165	41,126

Table 60: SA17 Borrowings

KZN216 Ray Nkonyeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)					20,486	20,486	20,486	13,444	5,624	-
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	20,486	20,486	20,486	13,444	5,624	-

Table 61: SA18 Transfers and Grants Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	188,598	188,598	188,598	201,028	203,012	205,593
Local Government Equitable Share					165,774	165,774	165,774	175,556	184,983	191,993
Finance Management					3,450	3,450	3,450	3,600	3,600	3,600
Integrated National Electrification Programme					7,000	7,000	7,000	14,000	14,429	10,000
EPWP Incentive					2,660	2,660	2,660	3,306	-	-
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566	-	-
<b>Provincial Government:</b>		-	-	-	12,365	14,065	14,065	16,702	15,699	17,092
Accreditation Grant					3,378	3,378	3,378	5,082	5,082	5,082
Museum Grant					344	344	344	350	368	386
Provincialisation of Libraries Grant					7,436	7,436	7,436	9,670	10,249	11,124
Community Library Service Grant					1,207	1,207	1,207	-	-	-
0						1,700	1,700	1,600	-	500
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	-	-	200,963	202,663	202,663	217,730	218,711	222,685
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	60,156	60,156	60,156	62,615	66,187	69,956
Municipal Infrastructure Grant (MIG)					60,156	60,156	60,156	62,615	66,187	69,956
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	52,681	13,124	13,124	35,587	36,693	60,147
Human Settlement and Treasury					52,681	13,124	13,124	35,587	36,693	60,147
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	112,837	73,280	73,280	98,202	102,880	130,103
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	313,800	275,943	275,943	315,932	321,591	352,788

## Explanatory notes to Table SA18 Grants and subsidies Receipts

1. This table reflects all expected grants receipts from national, provincial and other organization.
2. National treasury and provincial treasury grants are gazette in DORA and provincial gazette.

3. Other grant funding are through the memorandum of agreement are housing grant and Technology Hub grant of 20,5 million and 15 million respectively. These grants are usually not gazette in the bill or provincial gazette.

Table 62: SA 19 Grants and subsidies Expenditure

KZN216 Ray Nkonyeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	188,598	188,598	188,598	201,028	203,012	205,593
Local Government Equitable Share					165,774	165,774	165,774	175,556	184,983	191,993
Finance Management					3,450	3,450	3,450	3,600	3,600	3,600
Integrated National Electrification Programme					7,000	7,000	7,000	14,000	14,429	10,000
EPWP Incentive					2,660	2,660	2,660	3,306	-	-
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566	-	-
0										
<b>Provincial Government:</b>		-	-	-	12,365	14,065	14,065	16,702	15,699	17,092
Accreditation Grant					3,378	3,378	3,378	5,082	5,082	5,082
Museum Grant					344	344	344	350	368	386
Provincialisation of Libraries Grant					7,436	7,436	7,436	9,670	10,249	11,124
Community Library Service Grant					1,207	1,207	1,207	-	-	-
0						1,700	1,700	1,600	-	500
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants</b>		-	-	-	200,963	202,663	202,663	217,730	218,711	222,685
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	60,156	60,156	60,156	62,615	66,187	69,956
Municipal Infrastructure Grant (MIG)					60,156	60,156	60,156	62,615	66,187	69,956
Other capital transfers/grants <i>[insert desc]</i>										
<b>Provincial Government:</b>		-	-	-	52,681	13,124	13,124	35,587	36,693	60,147
Human Settlement and Treasury					52,681	13,124	13,124	35,587	36,693	60,147
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	112,837	73,280	73,280	98,202	102,880	130,103
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	-	-	313,800	275,943	275,943	315,932	321,591	352,788

Table 63: SA21 Grants and Subsidy made by the Municipality

KZN216 Ray Nkonyeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>											
Ugu S C Tourism & HC Development Agency					3,609	3,609	3,609		2,774	2,940	3,116
<b>Total Cash Transfers To Organisations</b>		-	-	-	3,609	3,609	3,609	-	2,774	2,940	3,116
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>											
<b>Total Cash Transfers To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	-	-	-	3,609	3,609	3,609	-	2,774	2,940	3,116
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>											
Africa Bike Week	1				450	450	450		500	500	500
Ugu Jazz					500	500	500		500	500	500
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	950	950	950	-	1,000	1,000	1,000
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Non-Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>											
Grants and Donations ( Douglas Michel , SPCA and ETC	3				1,041	1,041	1,041		1,114	1,181	1,251
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	1,041	1,041	1,041	-	1,114	1,181	1,251
<b>Non-Cash Grants to Organisations</b>											
<i>Insert description</i>											
Free Basic Services, indigent support and Refuse Removal	4				4,794	4,794	4,794		5,057	5,361	5,682
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	4,794	4,794	4,794	-	5,057	5,361	5,682
<b>Groups of Individuals</b>											
<i>Insert description</i>	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	6,784	6,784	6,784	-	7,171	7,541	7,934
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050

Table 64: SA22 Councilors and Staff Benefits

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages					23,580	23,580	23,580	23,736	25,160	26,669
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance					1,374	1,374	1,374	1,637	1,735	1,839
Housing Allowances										
Other benefits and allowances					493	493	493	571	605	641
<b>Sub Total - Councillors</b>		-	-	-	25,448	25,448	25,448	25,943	27,500	29,150
<b>% increase</b>	4	-	-	-	-	-	-	1.9%	6.0%	6.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages					11,033	11,033	11,033	9,890	10,484	11,113
Pension and UIF Contributions					6	6	6	317	337	357
Medical Aid Contributions										
Overtime										
Performance Bonus					799	799	799			
Motor Vehicle Allowance										
Cellphone Allowance	3							114	121	128
Housing Allowances	3									
Other benefits and allowances	3				298	298	298	226	240	254
Payments in lieu of leave					74	74	74			
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		-	-	-	12,209	12,209	12,209	10,548	11,180	11,851
<b>% increase</b>	4	-	-	-	-	-	-	(13.6%)	6.0%	6.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages					216,862	216,862	216,862	259,072	274,616	291,093
Pension and UIF Contributions					40,249	41,646	41,646	48,978	51,917	55,032
Medical Aid Contributions					20,860	20,992	20,992	26,050	27,613	29,269
Overtime					8,591	13,393	13,393	13,393	14,197	15,048
Performance Bonus					17,229	17,373	17,373	20,778	22,025	23,346
Motor Vehicle Allowance	3				11,525	11,996	11,996	13,908	14,743	15,627
Cellphone Allowance	3				1,937	2,073	2,073	701	743	787
Housing Allowances	3				3,043	3,128	3,128	2,409	2,554	2,707
Other benefits and allowances	3				7,598	8,388	8,388	11,495	12,184	12,915
Payments in lieu of leave					697	2,637	2,637	2,637	2,796	2,963
Long service awards					39	837	837	837	887	940
Post-retirement benefit obligations	6				161	10,278	10,278	10,278	10,895	11,548
<b>Sub Total - Other Municipal Staff</b>		-	-	-	328,791	349,602	349,602	339,069	359,392	380,935
<b>% increase</b>	4	-	-	-	-	6.3%	-	(3.0%)	6.0%	6.0%
<b>Total Parent Municipality</b>		-	-	-	366,448	387,258	387,258	375,560	398,072	421,936

### Explanatory notes to Table SA22 Councilors and Staff Benefits

1. The remuneration of councilors and staff are as per the councilor's upper limit approved by the MEC and staff as per SALGA respectively.

Table 65: SA24 Summary of personnel numbers

KZN216 Ray Nkonyeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)					69	–	69	69	–	69
Board Members of municipal entities	4				–	–	–	–	–	–
<b>Municipal employees</b>	5				–	–	–	–	–	–
Municipal Manager and Senior Managers	3				11	–	11	11	–	11
Other Managers	7				3	3	–	3	3	–
Professionals		–	–	–	171	148	12	171	148	12
Finance					100	82	12	100	82	12
Spatial/town planning					26	23	–	26	23	–
Information Technology					1	1	–	1	1	–
Roads					7	7	–	7	7	–
Electricity					28	28	–	28	28	–
Water					–	–	–	–	–	–
Sanitation					–	–	–	–	–	–
Refuse					2	2	–	2	2	–
Other					7	5	–	7	5	–
Technicians		–	–	–	1,058	1,012	7	1,058	1,012	7
Finance					17	7	5	17	7	5
Spatial/town planning					–	–	–	–	–	–
Information Technology					8	8	–	8	8	–
Roads					141	118	–	141	118	–
Electricity					–	–	–	–	–	–
Water					–	–	–	–	–	–
Sanitation					–	–	–	–	–	–
Refuse					538	494	–	538	494	–
Other					354	385	2	354	385	2
Clerks (Clerical and administrative)					21	19	–	21	19	–
Service and sales workers					–	–	–	–	–	–
Skilled agricultural and fishery workers					–	–	–	–	–	–
Craft and related trades					–	–	–	–	–	–
Plant and Machine Operators					6	5	1	6	5	1
Elementary Occupations					–	–	–	–	–	–
<b>TOTAL PERSONNEL NUMBERS</b>	9	–	–	–	1,339	1,187	100	1,339	1,187	100
<b>% increase</b>					–	–	–	–	–	–
<b>Total municipal employees headcount</b>	6, 10				1,250	1,139	7	1,250	1,139	7
Finance personnel headcount	8, 10				83	75	1	83	75	1
Human Resources personnel headcount	8, 10				17	15	1	17	15	1

Table 66: SA24 Capital expenditure Function

R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		157	157	157	157	157	157	157	157	157	157	157	157	1,885	1,999	2,118
Executive and council		95	95	95	95	95	95	95	95	95	95	95	95	1,139	1,207	1,280
Finance and administration		62	62	62	62	62	62	62	62	62	62	62	62	746	791	839
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	45,657	48,396	51,300
Community and social services		1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	21,728	23,032	24,414
Sport and recreation		143	143	143	143	143	143	143	143	143	143	143	143	1,720	1,823	1,932
Public safety		12	12	12	12	12	12	12	12	12	12	12	12	150	159	168
Housing		1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	22,059	23,383	24,786
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	58,899	62,433	66,179
Planning and development		1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	19,709	20,891	22,145
Road transport		3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	38,951	41,286	43,765
Environmental protection		20	20	20	20	20	20	20	20	20	20	20	20	239	255	269
<i>Trading services</i>		2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	26,317	27,896	29,570
Energy sources		2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	24,309	25,768	27,314
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		167	167	167	167	167	167	167	167	167	167	167	167	2,008	2,129	2,256
<i>Other</i>		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
<b>Total Capital Expenditure - Functional</b>	2	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	132,788	140,755	149,201
<b>Funded by:</b>																
National Government		8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	(33,659)	62,615	66,187	69,956
Provincial Government		1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	16,716	35,587	36,693	60,147
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	(16,943)	98,202	102,880	130,103
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		598	598	598	598	598	598	598	598	598	598	598	28,009	34,586	37,875	19,097
<b>Total Capital Funding</b>		11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	132,788	140,755	149,201

Table 67: SA30 Budgeted cash flow

KZN216 Ray Nkonyeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Receipts By Source</b>													1		
Property rates	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	341,011	323,961	383,215
Service charges - electricity revenue	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	94,525	85,073	106,209
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	58,549	55,622	65,786
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	245	245	245	245	245	245	245	245	245	245	245	245	2,939	2,645	3,302
Interest earned - external investments	283	283	283	283	283	283	283	283	283	283	283	283	3,400	3,400	3,820
Interest earned - outstanding debtors	299	299	299	299	299	299	299	299	299	299	299	299	3,582	1,254	4,025
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	934	934	934	934	934	934	934	934	934	934	934	934	11,211	7,848	12,597
Licences and permits	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	12,615	11,984	14,174
Agency services	3	3	3	3	3	3	3	3	3	3	3	3	30	30	34
Transfer receipts - operational	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	217,730	218,711	222,685
Other revenue	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	32,347	25,878	15,356
<b>Cash Receipts by Source</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>64,828</b>	<b>777,940</b>	<b>736,405</b>	<b>831,203</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	98,202	102,880	130,103
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)													-	-	-
Proceeds on disposal of PPE													-	-	-
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits	83	83	83	83	83	83	83	83	83	83	83	83	1,000	900	1,050
Decrease (increase) in non-current debtors													-	-	-
Decrease (increase) other non-current receivables													-	-	-
Decrease (increase) in non-current investments													-	-	-
<b>Total Cash Receipts by Source</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>73,095</b>	<b>877,143</b>	<b>840,185</b>	<b>962,356</b>
<b>Cash Payments by Type</b>															
Employee related costs	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	342,624	335,772	384,972
Remuneration of councillors	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	26,974	26,974	30,308
Finance charges	357	357	357	357	357	357	357	357	357	357	357	357	4,286	4,286	4,815
Bulk purchases - Electricity	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	76,677	72,843	94,313
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	42,626	41,773	47,894
Contracted services	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	50,412	50,412	56,646
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	746	746	746	746	746	746	746	746	746	746	746	746	8,950	8,055	9,945
Other expenditure	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	229,883	206,895	241,034
<b>Cash Payments by Type</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>65,203</b>	<b>782,432</b>	<b>747,010</b>	<b>869,929</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	126,149	98,290	75,563
Repayment of borrowing	2,241					2,241				2,241			6,722	5,624	
Other Cash Flows/Payments													-	-	-
<b>Total Cash Payments by Type</b>	<b>77,956</b>	<b>75,715</b>	<b>75,715</b>	<b>75,715</b>	<b>75,715</b>	<b>77,956</b>	<b>75,715</b>	<b>75,715</b>	<b>75,715</b>	<b>77,956</b>	<b>75,715</b>	<b>75,715</b>	<b>915,303</b>	<b>850,924</b>	<b>945,492</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(4,860)</b>	<b>(2,620)</b>	<b>(2,620)</b>	<b>(2,620)</b>	<b>(2,620)</b>	<b>(4,860)</b>	<b>(2,620)</b>	<b>(2,620)</b>	<b>(2,620)</b>	<b>(4,860)</b>	<b>(2,620)</b>	<b>(2,620)</b>	<b>(38,160)</b>	<b>(10,738)</b>	<b>16,864</b>
Cash/cash equivalents at the monthly/year begin:	95,305	90,444	87,824	85,205	82,585	79,965	75,105	72,485	69,865	67,245	62,385	59,765	95,305	57,145	46,407
Cash/cash equivalents at the monthly/year end:	90,444	87,824	85,205	82,585	79,965	75,105	72,485	69,865	67,245	62,385	59,765	57,145	57,145	46,407	63,271

Table 68: SA34a Capital expenditure on new assets

KZN216 Ray Nkonyeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	45,462	43,194	43,194	51,287	36,622	19,326
Roads Infrastructure		-	-	-	30,348	30,348	30,348	21,362	17,950	8,800
Roads					30,348	30,348	30,348	8,800	10,400	1,250
Road Structures								12,562	7,550	7,550
Road Furniture								-		
Capital Spares										
Storm water Infrastructure		-	-	-	6,030	4,030	4,030	7,500	13,417	5,650
Drainage Collection					6,030	4,030	4,030	7,500	13,417	5,650
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	9,084	8,816	8,816	22,425	5,255	4,876
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors					3,472	3,472	3,472			
MV Substations										
MV Switching Stations								650	650	650
MV Networks										
LV Networks					5,612	5,344	5,344	21,775	4,605	4,226
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										

Table 69: SA36 List of Capital Projects

KZN216 Ray Nkonyeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Parent municipality: List all capital projects grouped by Municipal Vote																
Cluster 1					Yes	Roads Infrastructure	Roads					10,300			ward 30, 31, 32, 33	
Cluster 2					Yes	Roads Infrastructure	Roads					7,000			ward 7, 8, 9, 29	
Cluster 3					Yes	Electrical Infrastructure	Power Plants					6,000			ward 1, 2, 6, 10, 11, 19	
Cluster 4					Yes	Electrical Infrastructure						28,021			ward 3, 5, 25, 26, 27, 28	
Cluster 5					Yes	Roads Infrastructure						5,362			Ward 21, 22, 23, 24	
Cluster 6					Yes	Electrical Infrastructure						30,555			Ward 4, 17, 18, 20	
Cluster 7					Yes	Roads Infrastructure						7,900			Ward 12, 13, 14, 15, 16	
Municipal Wide					Yes							34,265			all wards	
Parent Capital expenditure	1											129,403	-	-		

## 5. COMBINED SWOT ANALYSIS (Strengths, Weaknesses, Opportunities and Threats analysis)

### 5.1 Local Economic Development and Social Development

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Good number of formal jobs in the Ugu DM family of municipalities</li> <li>• Tourism industry as one of the prominent economic drivers</li> <li>• The coast stretching from Hibberdene to Port Edward consisting of 29 beaches</li> <li>• Located along the Tourism and Agricultural corridor in terms of the PSEDS</li> <li>• Increase in the property and construction industry and vehicle sales data</li> <li>• Operational Margate Airport weekly scheduled flights to OR Tambo airport.</li> </ul>	<ul style="list-style-type: none"> <li>• High youth unemployment</li> <li>• Limited coastal-hinterland linkage</li> <li>• Narrow roads, increasing traffic congestion.</li> <li>• Generally poor road network</li> <li>• There is a general lack of market infrastructure.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Intermodal Transport Facility at advanced planning</li> <li>• Margate Airport scheduled flights growing daily -Major tourism and entertainment events- Ugu Jazz festival, and SA Women Open European Tour Golf Tournament.</li> </ul>	<ul style="list-style-type: none"> <li>• The perception of the south coast as a retirement area</li> <li>• Most traders are not authorized to undertake street trading</li> <li>• Pressure on the available infrastructure due to informal trading causing chaos</li> <li>• Current infrastructure not coping with growing population</li> </ul>

## 5.2 Municipal Transformation and Organizational Development

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Inter-governmental Relation structures in place and functioning</li> <li>• Workplace skills Plan in place</li> <li>• Employment Equity Plan as well as the Human Resource Plan               <ul style="list-style-type: none"> <li>• Resignation rate is low</li> </ul> </li> <li>• There is an intern programme which runs for a period of 12months within the Municipality</li> </ul> <p>The Municipality is run in a democratic and transparent manner</p> <ul style="list-style-type: none"> <li>• All posts have been filled</li> <li>• The Council is fully functional</li> <li>• Effective portfolio committees</li> <li>• Diverse representation of political parties in Council (ANC, DA, IFP, VV and EFF)</li> <li>• All 7 Departments are fully operational</li> <li>• The Labour Forum is well functional Line 1 Managers are being capacitated to effectively run their units</li> </ul>	<ul style="list-style-type: none"> <li>• 2 of the 7 Heads of Departments, section 56/57 are females</li> <li>• 10 of the 40 managers are females</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Most Communities have access to basic services supplied by the different powers</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to attract and retain females at management level</li> </ul>

## 5.3 Good Governance and Public participation

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Ward committees are fully functional</li> <li>• Effective Municipal structures</li> <li>• Excellent task team Management</li> <li>• Internal audit and Risk Management in place</li> </ul>	<ul style="list-style-type: none"> <li>• Little alignment of IDP and the other Ugu Municipality family</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Improved flagship program</li> <li>• Improve the functionality of the District's Planners Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Poor participation of sector Departments</li> <li>• Slow pace of service delivery</li> </ul>

## 5.4 Basic Service Delivery

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• The municipal area is generally covered with well-developed bulk infrastructure and networks</li> <li>• Relative high levels of service provision with relatively low backlogs to RDP standards.</li> <li>• Partnering with Government in enhancing EPWP and CWP</li> <li>• The implementation of the IWMP</li> </ul>	<ul style="list-style-type: none"> <li>• Staff and skills shortages in key positions.</li> <li>• Overstretched technical services / PMU</li> <li>• An ageing fleet of vehicles</li> <li>• An ageing infrastructure</li> <li>• Absence of a multi-wide building maintenance plan in line with the asset register</li> <li>• No transport plan and roads maintenance plan</li> <li>• Backlog is electricity provision in some areas (peripheries).</li> </ul>
Opportunities	Threats

<ul style="list-style-type: none"> <li>• The existence of a number of sector plans.</li> <li>• Ensuring the release of public land for low and affordable housing.</li> <li>• Reviving the Airport through LED projects.</li> <li>• Proximity to the N2 corridor.</li> <li>• Vast undeveloped land in urban corridor as well as rural hinterland</li> </ul>	<ul style="list-style-type: none"> <li>• The need to reduce electricity revenue losses due to technical losses, illegal connections, tampering leading to unbilled usage.</li> <li>• Backlog in accessibility to roads by the general public in the rural areas of the municipality.</li> <li>• Storm water backlog caused by densities not considered original infrastructure layout</li> <li>• Most roads are in a deteriorating state, provincial and local</li> <li>• Illegal waste dumping</li> </ul>
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## 5.5 Municipal Transformation and Viability

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• -83% of income generated internal and sources being rates, electricity and refuse</li> <li>• income grant funding</li> <li>• -Unqualified Audit Report consecutively for the last 5 years</li> <li>• Annual financial statements developed internal</li> <li>• Robust PMS System</li> </ul>	<ul style="list-style-type: none"> <li>• Collection is not always 100%</li> <li>• Ageing infrastructure resulting in disgruntled ratepayers who are threatening to withhold rates which is the Municipality's main source of income</li> <li>• Amendments of the AFS which resulted in the none achievement of clean audit</li> </ul>
Opportunities	Threats

<ul style="list-style-type: none"> <li>• Being one of the most financial stable Municipalities in KZN and South Africa</li> <li>• Introduction of the case ware reporting system which will assist in addressing the issue of quality of AFS</li> </ul>	<ul style="list-style-type: none"> <li>• Ratepayers threatening to withhold rates</li> <li>• Irregularities within the procurement prices</li> <li>• Fixed asset register system have some weaknesses</li> <li>• Poor fleet management</li> <li>• Non planning for future replacement of capital items</li> <li>• Currently solid waste removal is operating at a deficit</li> </ul>
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## 6. IMPLEMENTATION FRAMEWORK

### 6.1 Introduction

This chapter provides indicators, under each focus area that an IDP must respond to. Importantly, this analysis to strategic programmes and project development, it also presents a discussion about the importance of linking planning, budgeting, and implementation, monitoring and reporting. It also outlines a process to be followed to ensure proper linkage of these processes to ensure effective implementation.

The municipality has developed its SDBIP to fulfill both the requirements of the Municipal Systems Act and the Municipal Finance management Act. In this section the policy framework for performance management system is summarized and the draft 2016-2017 SDBIP and complete policy framework attached as an Annexure. The Municipal Planning and Performance Management Regulations stipulate that a municipality's Organisational Performance Management System (OPMS) must entail a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players. In line with the said legal requirement this framework should be seen as a policy document that will set out:

- The requirements that the municipality's OPMS will need to fulfill,
- The principles that must inform its development and subsequent implementation,
- The preferred performance management model of the Municipality,
- The process by which the system will work,
- The delegation of responsibilities for different roles in the process and
- A plan for the implementation of the system.

## 6.2 The Legislative Framework for Performance Management

The major OPMS policy instruments are the 1998 White Paper on Local Government supported by the Batho Pele principles encompassed in the White Paper on the Transformation of Public Service Delivery (1997). These policies were given legal stature through the adoption of the Municipal Systems Act in 2000 (Act 32 of 2000).

The Municipal System Act requires all municipalities to:

- Develop a performance management system
- Set targets and monitor and review the performance of the Municipality based on indicators linked to their Integrated Development Plan (IDP)
- Publish an annual performance report on performance of the Municipality forming part of its annual report as per the Municipal Finance Management Act (MFMA).
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government
- Conduct, on a continuous basis, an internal audit of all performance measures
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance

The Minister responsible for local government published the Municipal Planning and Performance Management Regulations (2001) in terms of the Municipal Systems Act setting out in detail the requirements for a municipal OPMS. The Regulations also contain the general indicators prescribed by the Minister responsible for local government. In 2006 the Minister published a further set of Regulations dealing with Performance Management for Municipal

Managers and Managers Directly Accountable to Municipal Managers.

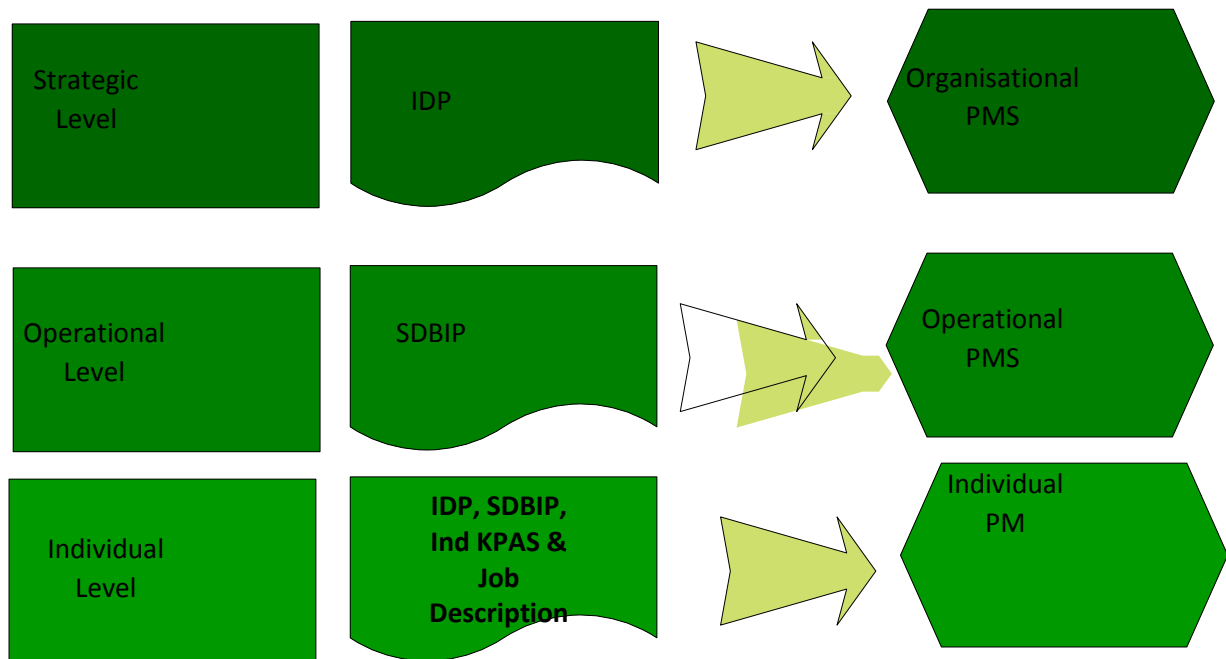
It is also important to note that the MFMA contains various important provisions related to municipal performance management. For instance, the MFMA requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with service delivery targets and performance indicators;

Provision is also made for this at departmental level in a circular issued by the National Treasury. Whilst considering and approving the annual budget the Municipality must also set measurable performance targets for each revenue source and vote. Finally, the Municipality must compile an annual report, which must include a performance report compiled in terms of the Systems Act

### **6.3 Managing and measuring performance at various levels**

Performance management can be applied to various levels within any organisation. The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.

**Illustration: Strategic (Organisational) Performance linked to the integrated development plan (IDP) of a municipality**



Objectives of the Municipality's Performance Management System as indicated in the previous section, the Municipality's OPMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to gauge the progress made in achieving the objectives set out in the IDP. The system should fulfill the following objectives:

- Facilitate increased accountability

The performance management system should provide a mechanism for ensuring increased accountability between the local community, politicians, the Municipal Council and the municipal management team.

## **Support Municipal Oversight**

The performance management system should support oversight by the Council and community over the performance of the Executive Committee and Municipal Administration.

- Facilitate learning and improvement

The OPMS should facilitate learning in order to enable the Municipality to improve delivery.

- Provide early warning signals

It is important that the system ensures decision-makers are timeously informed of performance related risks, so that they can facilitate intervention where necessary.

- Facilitate decision making

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The objectives listed above are not exhaustive, but summarise the intended benefits of the system. These intended objectives should be used to evaluate and review the performance management system on a regular basis.

## **6.4 Performance Reporting and Review**

The next two stages in the process of performance management, namely that of performance reporting and performance review, will be dealt with together. This section is further divided into three sub-sections dealing with the requirements for 'in-year' versus annual reporting and reviews and lastly a summary of the various reporting requirements.

## **In-year Performance Reporting and Review**

The submission of the scorecard to the Executive Committee for consideration and review of the performance of the Municipality as a whole is the next step in the process. The first such report is a major milestone in the implementation of any OPMS and it marks the beginning of what should become a regular event, namely using the performance report as a tool to assess and review the Municipality's performance and to make important political and management decisions on how the municipality can improve its performance.

As indicated earlier it is recommended that the organisational scorecard be submitted to the Executive Committee for consideration and review on a quarterly basis. The reporting should therefore take place in October (for the period July to end of September) January (for the period October to the end of December), April (for the period January to end of March) and July (for the period April to the end of June).

The review in January will coincide with the mid-year performance assessment as per Section 72 of the MFMA. This Section determines that the accounting officer must, by 25 January of each year, assess the performance of the municipality and report to the Executive Committee via the Mayor on, inter alia, its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

Performance review is the process whereby the leadership of an organisation, after the performance of the organisation has been measured and reported to it, reviews the results and decides on appropriate action to be taken. The Executive Committee, when reviewing the organisational scorecard submitted to it, will have to ensure that the targets committed to in the scorecard have been met, and where they have not, that satisfactory and sufficient reasons for this have been provided by senior management and that the sufficient and appropriate corrective action has been proposed to address the reasons for poor performance. If satisfied

with the corrective action as proposed these must be adopted as formal resolutions of Council and must be minuted and actioned accordingly.

Section 44(4) of the Municipal Structures Act, 1998 (Act 117 of 1998) as amended requires that the Executive Committee must report to Council on all its decisions taken. The outcome of the quarterly performance reviews by the Executive Committee must, in line with this requirement, be reported to the full Council for it to perform its oversight function over the performance of the Municipal Executive and Administration. In doing so Council must review the decisions taken and resolve whether it is satisfied with the corrective action adopted by the Executive Committee. If they are not then the Executive Committee recommendation must be amended accordingly and the amendments minuted and actioned.

### **Annual Performance Reporting and Review**

A comprehensive report on the performance of the Municipality also needs to be compiled on an annual basis. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA. In summary the MFMA requires that:

- All municipalities for each financial year compile an annual report which report must include the municipal performance report
- The annual report be tabled within seven months after the end of the financial year
- The annual report be made public immediately after it has been tabled and that the local community be invited to submit representations thereon
- The municipal Council considers the annual report within nine months of the end of the financial year and adopts an oversight report containing the Council's comments on the annual report

- The oversight report as adopted be made public
- The annual report as tabled and the Council's oversight report be forwarded to the Auditor-General, the Provincial Treasury and the Department responsible for local government in the Province
- The annual report as tabled and the Council's oversight report be submitted to the Provincial legislature.

It is important to note that the municipal performance report of a municipality is only one element of the annual report. To ensure that the annual report compilation, tabling and review process is completed in time to inform the next cycle of performance planning in accordance with the IDP compilation/review process, it is recommended that the annual performance report be compiled and completed as soon after the end of each financial year as possible but ideally not later than two months after financial-year end.

The oversight report to be adopted provides the opportunity for the full Council to review the performance of the Municipality in line with its oversight role. The requirement that the annual report, once tabled, and the oversight report be made public also provides a mechanism for the general public to review the performance of the Municipality in line with the community's oversight role.

In order to facilitate the oversight process it is recommended that a municipal oversight committee be established consisting of a selected number of Councillors not serving on the Executive Committee. Council should also consider in line with oversight best practice that the chairperson of the oversight committee be a member of an opposition party.

The oversight committee will be responsible for the detailed analysis and review of the annual report and the drafting of the oversight report. In doing so the committee must establish mechanisms to receive and review representations made by the public on the annual report and also seek inputs from other and Council portfolio committees. Such mechanisms could involve all or any combination of the following:

- Producing a user-friendly citizens' report in addition to the annual report for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.
- Using of various forms of media including radio, newspapers and billboards to convey the annual report.
- Inviting the public to submit comments on the annual report via
- Telephone, fax and email.
- Holding public hearings in a variety of locations to obtain their input on the annual report.
- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments.
- Debating the annual report at a meeting of the IDP Representative Forum
- Hosting a number of public meetings or road-shows at which the annual report could be discussed and input invited.
- Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public are invited to comment.
- Posting the annual report on the council website and inviting input
- Conducting Customer Satisfactory Surveys on annual basis as means of community consultation and involvement.

It is further proposed that the oversight committee functions as a MPAC. As such the committee must examine the performance of the municipality.

## Reporting requirements

The following table, based on the legislative framework for performance management and this OPMS framework, provides a summary of the various performance reporting deadlines which apply to the Municipality:

Table 70: OPMS Framework

<b>Report</b>	<b>Frequency</b>	<b>Submitted for consideration and/ or review to</b>	<b>Remarks</b>	<b>Responsibility</b>
<b>SDBIP's</b>	Quarterly	Executive Committee	Refer to MFMA Circular 13 of	MM
<b>Monthly budget Statements</b>	Monthly	Mayor (in consultation with Exco)	Refer to sections 71 and 54 of the MFMA	CFO
<b>Organisational Scorecard</b>	Quarterly	Executive Committee and then in terms of an Exco report to full Council	OPMS framework (see section above)	MM
<b>Implementation of the budget and financial state of affairs of the</b>	Quarterly	Council	Refer to section 52 of the MFMA	CFO
<b>SDBIP mid-year budget and performance assessment</b>	Annually during January of each year	Mayor (in consultation with Exco)	Refer to sections 72 and 54 of the MFMA	MM / CFO

<b>Performance report (including Customer Satisfactory Surveys)</b>	Annually	Council	Refer to section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report	MM
<b>Annual report</b>	Annually	Council	Refer to chapter 12 of the MFMA	MM

