

# **ALFRED NZO DISTRICT MUNICIPALITY**



**ALFRED NZO**  
DISTRICT MUNICIPALITY

**FINAL INTEGRATED DEVELOPMENT PLAN:**

**2023 – 2024 FY**

**5TH GENERATION OF IDPs (2022 – 2027)**

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## A. EXECUTIVE SUMMARY

### FOREWORD OF THE EXECUTIVE MAYOR



It is an honour for us as this sixth administration of Local Government in Alfred Nzo District that we are bringing this reviewed Integrated Development Plan of the District.

Having been in council for a period close to two years, during which we have been grappling with sustainable development engagements across our rural district I am confident that our intergrated development planning is on the right path.

I our approach to sustainable development and the new growth initiatives, we have come to harbour strong sentiments that growth and

sustainable development rely on a common vision between us and the communities and stakeholders across our district.

We have always understood governance as a social contract and a partnership wherein, the masses have given the Council a mandate to deliver upon the promise made to invest in education, fight corruption, provide primary healthcare, build infrastructure and grow the local economy of the district and create much needed jobs.

In our interactions with various segments of our society, it is clear to us that our district continues to suffer massive backlogs in infrastructure provision which is the pillar and the cornerstone for growth and development for our district.

Owing to recent disasters and floods, the backlogs have increased drastically in Roads, Bridges, Houses, and Basic infrastructure such as water schemes.

This has warranted the focus of our growth initiatives to those areas.

However the challenges, Alfred Nzo District remains alive with possibilities and massive potential for growth.

Our terrain is alive with all possibilities for economic growth, with enormous potential in Agriculture, Tourism, Mining, SMME development and Infrastructure development at large.

Our Agri-parks program continues to mark our district as one of the fastest growing districts in agriculture and farming in general.

This program has seen the ploughing and harvesting over 2000 hectares is intended to tap into this potential and our plan is to grow it to 4000 ha in the next three years. It is also important that we take into cognisance the huge potential in Livestock and wool

production that is harboured by the great quality of our Nguni cattle, indigenous goats and wool production from sheep.

The tourism potential continues to grow annually. The introduction of the Smart city and the Eastern Seaboard development initiative by National government will further enhance the growth potential of our tourism industry.

Our cultural diversity, historical heritage and hospitality continue to create potential for tourism to flourish in our area.

We have also committed to support the Presidential ambition of building the Eastern Sea board through creating of the envisaged New Smart city/coastal city in our area. By this we are placing our district in a better position to cease the oppotuniteis in skills revolution that is linked to this Eastern Sea Board. By this we shall enable our youth to access necessary skills to play a crucial role in building the smart city and becoming an industrial district.

Our IDP has placed priority into this endeavour and as Council, we have committed to do all within our power to make sure that this dream becomes a reality.

This IDP highlights our commitment to pushing back the frontiers of poverty by investing massively on infrastructure..

2023/24 IDP document express our continued commitment to deploy mechanisms that strengthen our oversight responsibilities to ensure good governance and sound financial management. In this regard, Municipal Public Accounts Committee (MPAC) and my office is constantly embarking on service delivery oversight and monitoring outreaches throughout the district to fulfil this commitment, and report its findings to the Council. All these affords as expressed in our IDP seek to fight poverty by radically reducing service delivery backlog emanating from our historical spatial planning disparities.

Together, working towards a common vision we will grow our district.

Thank you all.

Councillor V Mhlembana

**Executive Mayor**

## **BACKGROUND OF ALFRED NZO DISTRICT MUNICIPALITY**

The district municipality was established in 1996, at the time being a Wild Coast District Council covering the following towns:

Mt Fletcher, Maluti, Umzimkhulu, Lusikisiki, Flagstaff, Mbizana, Mt Frere, Mt Ayliff and Ntabankulu.

In year 2000, it was restructured and became Umzimvubu (Mt Frere and Mt Ayliff) and Maluti, Mzimkhulu, Ntabankulu and Mbizana, Lusikisiki, Flagstaff formed OR Tambo District Municipality. Mt Fletcher formed part of Joe Gqabi District Municipality.

In 2006, after the adjustment of provincial boundaries, Mzimkhulu joined Sisonke Municipality and Matatiele joined the Wild Coast District Council. After extensive consultations with relevant stakeholders, the MEC through Section 12 Notices proclaimed on the provincial gazette and in the first sitting of the council, endorsed a new name Alfred Nzo District Municipality instead of Wild Coast District Council. It was now named after a struggle stalwart Alfred Baphethuxolo Nzo.

### **HIERACHY OF MAYORS SINCE 1996**

Mr Goodman Mvuyo Socikwa (Chairman) 1996-1998

Cllr Mphuthumi Mafumbatha (Chairman) 1998-2000

Cllr Mbulelo Sogoni 2000-2006

Cllr Gcinikhaya Goodman Mpumza 2006-2011

Cllr Eunice Nowethu Diko 2011-2016

Cllr Sixolile Mehlomakhulu 2016-2021

Cllr Vukile Mhlembana 2021 to date

### **WHO IS ALFRED BAPHETHUXOLO NZO?**

Alfred Baphethuxolo Nzo was born on 19 June 1925 and lived until 13 January 2000.. He served as the longest-standing secretary-general of the African National Congress. He occupied this position (ANC) between 1969 and 1991. He was also the South African minister of foreign affairs from 1994 to 1999. He was also the first black health inspector in the country. The Alfred Nzo Award is now awarded to deserving health practitioners in South Africa.

He was sent off to the Eastern Cape to receive missionary education. After completing his matric, he enrolled for BSc degree at Fort Hare University in 1945. At Fort Hare he joined the African National Congress (ANC) Youth League and became actively involved in students politics. In his second year of study he left university and started work as health inspector at KwaDukathole in Germiston and was later transferred to the Alexandra health and community centre in 1951.

As health inspector, Nzo developed much understanding of the lives of millions of South Africans in the 1950s. He got actively involved in the organising of the Defiance Campaign in 1952. He was also involved in the campaign to interview people about the kind of society in which they would like to live. It was this campaign that culminated in the Congress of the People in 1955, at which the Freedom Charter was adopted.

In 1956 Nzo was elected the chairperson of ANC branch in Alexandra. In 1957 he organised the Alexandra bus boycotts in which people walked nine miles from the township to the city (Johannesburg) and back every day for three months to protest the increase in fares. His involvement in political activities cost him his job. His expulsion from work meant that he also lost his residential permit to live in Alexandra. He was subsequently arrested several times and finally sentenced to five months' imprisonment for not having a residence permit. He served his sentence at Modderbee Prison, where his father once worked.\

In 1958, Nzo was elected to the regional and national executive committees of the ANC. In 1962, he was placed under 24-hour house arrest and in June 1963 detained for a period of 238 days. The following year, Nzo went into exile and took up posts in various countries including Egypt, India, Zambia and Tanzania.

In 1969, Nzo was elected ANC Secretary-General at the Morogoro Conference in Tanzania, and re-elected to this position at the Kwabe Conference in 1985. On 30 December 1979 he and Oliver Tambo met Tim Jenkin, Stephen Lee and Alex Moumbaris, ANC members and escapees from incarceration at Pretoria Central Prison as political prisoners. Their presence was officially announced by the ANC in early January and Tambo introduced them at a press conference on 2 January 1980.[2]

After the unbanning of the liberation movements in 1989, Nzo formed part of the ANC delegation that entered into deliberations with the National Party government. Nzo lost the position of Secretary-General to Cyril Ramaphosa at the ANC July 1991 National Conference held in South Africa for the first time after the unbanning of the liberation movements. He was then elected deputy head of the ANC's security department. After the first democratic elections in 1994, Nzo was appointed Minister of Foreign Affairs in the government of Nelson Mandela.

After the 1999 national elections, Nzo retired from politics and in December of the same year he died of a stroke. He was buried at the Westpark Cemetery in Johannesburg.

In 2011 Mbizana and Ntabankulu local municipalities were brought back from OR Tambo to join the Alfred Nzo District Municipality which was originally composed of Matatiele and Umzimvubu.

Alfred Nzo District Municipality was historically part of the Transkei homelands. As such the district is characterized by high levels of poverty, based on both income inequality and low level of development. In response to this deprivation, the Alfred Nzo District was one of the presidential poverty nodes identified in the Integrated Sustainable Rural Development Programme (ISRDP), and has been a subject of different forms economic intervention through time.

The district is largely rural in nature, with village settlements defined by the district's geographical footprint through mountain ranges and river systems. Agriculture and tourism make up core components of the local economy. Matatiele municipality is close to the Lesotho/South Africa national border and has two urban nodes – the towns of Matatiele and Cedarville. Matatiele acts as a service node to the agrarian based economy of the area, while Cedarville serves as a secondary service centre. Umzimvubu municipality hosts the district's administrative capital in Mt Ayliff and the district's largest economic node in Mt Frere. The N2 traverses the course of the Umzimvubu municipality, and can be seen as its most prominent defining trait.

Ntabankulu municipality has small urban settlements at Ntabankulu town and Cacadu. Ntabankulu has a strong rural presence and is geographically defined by several mountain ranges. Mbizana municipality is the district's gateway to the Wild Coast and has a medium sized town at Bizana. The district has a very mountainous terrain. The land form of the district is generally rugged, with parts of it characterized by steep slopes and high elevations. The topography has implications on the district's natural, social and economic environment. The district is characterized by a high level of biodiversity, and natural resources include river systems, indigenous forests and rich soils. Socially, settlement patterns are determined by the courses of rivers, valleys and hills. The interaction between people and nature also means that the terrain either exacerbates or ameliorates human impacts on the environment.

Economically, a mountainous terrain provides opportunities and challenges not found in other areas. Opportunities include potential for scenic tourism and forestry activity. Challenges include high costs of doing business, given the implications of mountains and hills for the provision of infrastructure such as roads, electricity and telecommunications.



## **CHAPTER 1: INTRODUCTION**

The Integrated Development Planning (IDP) Process is a process through which municipalities prepare strategic development plans for a five-year period. An IDP is one of the key tools for Local Government to cope with its new developmental role and seeks to arrive at decisions on issues such as municipal budgets, service delivery, land use management, promotion of local economic development, and institutional transformation in a consultative, systematic and strategic manner.

In terms of Section 25 of the Municipal Systems Act (MSA) 2000, all municipalities have to undertake an Integrated Development Planning Process to produce Integrated Development Plans. The Integrated Development Plan is a legislative requirement. It has a legal status which supersedes all other plans that guide development at local government level.

The municipal systems Act, No 32 of 2000 (as amended) and the Municipal Finance Management Act No. 56 of 2003 confer the responsibility on the Executive Mayor to provide political guidance over the budget process and the priorities that must guide the preparation of the annual budgets. In terms of section 53 of the Municipal Finance Management Act the Executive Mayor must also coordinate the annual revision of the Integrated Development Plan in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget and determine how the integrated development plan is to be taken into account or revised for the purpose of the budget.

The Republic of South Africa had embarked on Local Government Elections during the month of August 2016 and that resulted in the new Councils for all Municipalities inaugurated. The Alfred Nzo District Municipality consists of four Local Municipalities (Winnie Madikizela-Mandela, Ntabankulu, Matatiele and Umzimvubu). This process further meant that a new Council Term came into place and thus the new Council has to develop plans that are in line with its new five-year term. As per Section 27(1) of the Municipal Systems Act 32 of 2000 as amended, Alfred Nzo District Municipality in consultation with all four local municipalities has developed an IDP Framework Plan for 2022 - 2023 financial year which gives guide on the approach that must be endorsed by all municipalities when embarking on IDP development processes to ensure coordination and alignment in the whole IDP development process by all role players. This process has allowed all four Local Municipalities when developing their IDP Process Plans to take into consideration the District IDP Framework Plan as it outlines all plans and government initiatives or priorities that must be considered within municipal plans.

Alfred Nzo District Municipality has further developed its IDP and Budget Framework Plan for 2022/23. This plan has to be adopted by the Council as guided by Section 28 of the Municipal Systems Act 32 of 2000 as amended. Integrated Development Plans are not developed to inform the municipalities only, but are supposed also to guide the activities of any agency, all spheres of government, NGOs and CBOs, private sector, parastatals and any other interested entity within and outside the municipal area.

### **1.1. PLANNING FRAMEWORK**

The annual IDP development and review process relate to assessing the municipality's performance against organisation objectives as well as implementation in terms of service delivery. An IDP is reviewed in the light of changing internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of the IDP. The annual revision of the IDP must inform the municipality's financial and institutional planning and most importantly, the drafting of the annual budget.

An IDP should be reviewed in order:

- To ensure its relevance to the Municipal strategic plan

- To inform other components of the municipal business process, including institutional and financial planning and budgeting.
- To inform the cyclical intergovernmental planning and budgeting cycles
- To reflect the impact of successes as well as corrective measures to address challenges.

## **The Annual budget**

The annual budget and the IDP are inextricably linked to one another, something that has been formalized through the promulgation of the Municipal Finance Management Act (2003). Chapter 4 and section 21 (1) of the municipal Finance Management Act (MFMA) indicates that:

The Executive Mayor of a municipality must –

(b) At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for

- i. The preparation, tabling and approval of the annual budget;
- ii. The annual review of –
  - aa) The Integrated Development Plan in terms of section 34 of the Municipal Systems Act; and
  - bb) The budget related policies.
- iii. The tabling and adoption of any amendments to the integrated development plan and the budget related policies; and
- iv. The consultative processes forming part of the process referred to in subparagraphs (i), (ii) and (iii).

This document constitutes the Framework Plan and Process Plan of the IDP review 2022/2023 and budget formulation 2022/2023 for the Alfred Nzo District Municipality and essentially fulfills the function of a business plan and or operational plan for the IDP process and presents, in a simple and transparent manner what should happen when, by whom and where during the process of formulating an IDP for the Alfred Nzo District Municipality.

## **The IDP Development Approach**

The IDP Development process will focus and be influenced by the following areas:

Local Government MEC's comments

- Improvement on the IDP/Budget Process based on the previous performance.
- Areas requiring additional attention in terms of legislative requirements
- Preparation, review or amendments of the existing sector plans and policies.

- Preparation of Performance Management System (PMS)

In order to ensure certain minimum quality standards of the IDP Development process, and a proper coordination between and within spheres of government, the preparation of the Process Plan has been regulated in the Municipal Systems Act. The preparation of a Process Plan, which is in essence the IDP Development Process set in writing, requires adoption by Council. This plan has to include the following:

- A programme specifying the time frames for the different planning steps; and
- Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP drafting process.

### **Framework Plan**

The Framework Plan provides the linkage and binding relationships to be established between the district and local municipalities in the region. In doing so, proper consultation, coordination and alignment of the development process of the district municipality and various local municipalities can be maintained.

### **Institutional arrangements**

#### **Steering Committee**

Before the development process commences, it is important that certain institutional arrangements be put in place to ensure that the process is managed well. The IDP Steering committee of the District comprises of the Municipal Managers for all four local municipalities, IDP Managers for all Local Municipalities, District Management Committee and administrative assistants in the Department of Planning and Economic Development.

The Steering Committee will perform amongst the following activities which guide as terms of reference for the functioning of the committee:

IDP Committee	Steering	Current Role	Envisaged Role
		<p>Responsible for the establishment of the IDP Representative Forum by:</p> <ul style="list-style-type: none"> <li>Defining TOR and criteria for members of the IDP Representative Forum</li> <li>Informing the public (issue an advertisement) about the establishment of the IDP Representative Forum and request submission of applications from stakeholders/ community groups (organised and unorganised) indicating goals, objectives, activities, numbers, and constitution.</li> <li>Processes, summarizes and documents outputs of the IDP</li> <li>Makes content recommendations.</li> <li>Prepares, facilitates and documents IDP steering committee meetings in the form of minutes for compliance with legislation.</li> <li>Develops the programme for Consultation process of Communities and any other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate the development of the IDP</li> <li>Facilitate the filling of identified gaps</li> <li>Approve nominated persons to be in charge of different roles, activities of the process of preparing draft and the final document (IDP)</li> </ul>

### **IDP Representative Forum**

The IDP Representative Forum (RF) for Alfred Nzo District Municipality will be established through a process where all interested and affected stakeholders will be invited to participate in the IDP development process. The approach will ensure that all stakeholders within all four local municipalities within the district municipalities are fully represented in the IDP Representative Forum. The IDP Rep Forum must also have full representatives from all Spheres of Government with emphasis on Provincial Government Departments and those sector departments located within the district and also government parastatals such as Eskom, Telkom and Government Agencies such as Eastern Cape Rural Development Agency, ECDC, ECATU, SALGA etc. The IDP Rep Forum will be

reviewed on an annual basis to ensure that it is continuously effective to ensure sustainable planning and service delivery within the district wide. It is therefore recommended that advertisements be placed in the local newspapers, on the notice boards, or in the local community radio to inform community members of the IDP Preparation and further invitation of interested parties to form part of the IDP Representative Forum to ensure wider representation and the need for continued participation in the IDP process through the Representative Forum to ensure that the final IDP is reflective and inclusive of all needs and programmes of all parties.

### **IDP Project Task Teams**

These are small operational teams composed of a number of relevant municipal sector departments and technical people, actors involved in the management of implementation and where appropriate community stakeholders directly affected by the projects. There will be a need for these teams in order to play a major role in the compilation of sector plans, implementation of projects, monitoring and review of the IDP implementation.

### **Roles and Responsibilities**

The roles and responsibilities during the IDP development process are outlined below as follows:

<b>Structure(s)/Person(s)</b>	<b>Roles &amp; Responsibilities</b>
<b>Council</b>	<ul style="list-style-type: none"> <li>-Adopts and approve the IDP and Budget Framework and Process Plans.</li> <li>-Responsible for the overall management, coordination and monitoring of the IDP development processes.</li> <li>-Approves the municipal budget and other IDP Sector Plans and Policies in line with the IDP.</li> </ul>
<b>Executive Mayor</b>	<ul style="list-style-type: none"> <li>-Gives direction on Framework Plan and Process Plan for IDP development</li> <li>-Provides political guidance and leadership for both IDP and the budget processes.</li> </ul>
<b>Members of Mayoral Committee</b>	<ul style="list-style-type: none"> <li>-Responsible for providing the overall management, coordination and monitoring of the process of the IDP development.</li> <li>-Recommends the approval of the IDP to Council</li> </ul>
<b>Municipal Manager</b>	<ul style="list-style-type: none"> <li>-Manages and coordinates the whole process.</li> <li>-Ensures that all departments fit in the</li> </ul>

	<p>organizational vision.</p> <ul style="list-style-type: none"> <li>-Ensures that resources are allocated accordingly and well managed.</li> <li>-Chairs the IDP management committee.</li> <li>-Ensures that performance management and evaluations are done on a quarterly basis.</li> </ul>
<b>IDP Manager/officer</b>	<ul style="list-style-type: none"> <li>-Works closely with the Municipal Manager in ensuring that the Council vision is met.</li> <li>- Undertakes the overall management and co-ordination of the planning process,</li> <li>-Ensures alignment and compliance with the legislative framework, IDP guidelines and Sector Departments.</li> <li>-Offers strategic guidance and management to the IDP development process.</li> <li>- Ensures that the planning process is participatory, strategic and implementation oriented and is aligned with and satisfies sector-planning requirements</li> <li>-Ensures that implementation takes place within the available resources.</li> <li>-Ensures that all relevant stakeholders are appropriately involved.</li> <li>- Responds to comments on the draft IDP from public, horizontal alignment and other spheres of government to the satisfaction of the Municipal Council.</li> </ul>
<b>IDP Management Committee</b>	<ul style="list-style-type: none"> <li>-Monitors, evaluates progress and provide feedback to all structures</li> <li>-Provides technical guidance through whole process in all municipalities</li> <li>-Ensure and maintain integration and alignment of all plans and programmes</li> <li>-Standardize the planning processes</li> <li>- Considers inputs from other committees or stakeholders and recommend corrective</li> </ul>

	<p>measures.</p> <ul style="list-style-type: none"> <li>-Considers and responds to comments by MEC for Department of Local Government and Traditional Affairs.</li> </ul>
<b>Budget Management Committee</b>	<ul style="list-style-type: none"> <li>-Ensures alignment of proposed budget with IDP;</li> <li>-Ensures that sufficient funding is provided on the budget for projects as per IDP;</li> <li>-Records realistic revenue and expenditure projections for current and future years;</li> <li>-Take cognisance of national, provincial budgets, DORA and national fiscal and macro-economic policy.</li> </ul>
<b>IDP Representative Forum</b>	<ul style="list-style-type: none"> <li>-Represents the interests of the constituencies in the IDP Planning and Review Processes.</li> <li>-Ensures communication and participation from all stakeholders in municipal planning and decision making.</li> <li>- To contribute by providing relevant information on provincial sector department plans, programmes, budgets, objectives, strategies and projects.</li> <li>-Assists in projects and budgeting linkages or alignments.</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>-Participate in the IDP Rep Forum</li> <li>-Identify and priorities their needs through guidance by municipalities.</li> <li>-Discuss and comment on the draft IDP and Budget documents</li> </ul>
<b>Private Sector</b>	<ul style="list-style-type: none"> <li>-Participate and ensures inclusion of their projects and programmes in the IDP of the municipality</li> <li>-Provide information on the opportunities that the communities may have in the private sector.</li> </ul>
<b>Traditional Leaders</b>	<ul style="list-style-type: none"> <li>-Traditional Leaders should work closely with ward councilors to identify priority developmental issues within their communities</li> <li>-Facilitate community consultation in collaboration</li> </ul>



	with ward councilors
<b>Other Organisations (FBOs, CBOs, Interested Groups etc)</b>	-Participate in the process to ensure that interests of structures they represent are considered within the municipal planning process (IDP and Budget).

### **Mechanism for Community and Stakeholder Participation**

Chapter 4 Section 16(1) of the Municipal Systems Act 32 of 2000 as amended stipulates that municipalities must develop a culture of municipal governance that compliments formal representative government with a system of participatory governance that encourages and create conditions for the local community to participate in the affairs of the municipality. This includes involvement of communities in the following:

- i. The preparation, implementation and review of the Municipal Integrated Development Plan in terms of Chapter 5 of Municipal Systems Act as amended;
- ii. The establishment, implementation and review of the Municipal Performance Management System in Terms of Chapter 6 of the Municipal Systems Act as amended;
- iii. The monitoring and review of the municipal performance including the outcomes and impact of such performance;
- iv. The preparation of the municipal budget; and
- v. Strategic decisions relating to the provision of municipal services in terms of Chapter 8 of the Municipal Systems Act 32 of 2000 as amended.

Therefore all municipalities and other government departments have a constitutional mandate to encourage the involvement and participation of community organisations in the matters of local government.

Municipalities will adopt the following mechanisms for participation:

#### **a) IDP Representative Forum**

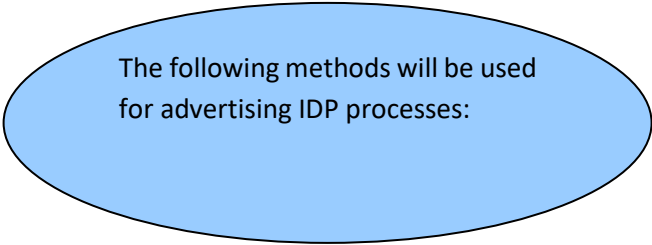
This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the RF and ensure their continued participation throughout the process.

The Membership of this forum should be extended to include:

1. Parastatals
2. National Government Departments
3. Service Providers/ Private Sector

#### **b) Media**

Local newspapers and Information brochures will be used to inform the community about of the progress of the planning phase.



The following methods will be used for advertising IDP processes:

1. News Paper: Local News Papers.
2. Municipal news letter
3. Notices at public institutions (libraries, schools, churches, municipal offices etc.)
4. Community Radio

### **1.2. PROCEDURES/ PROCESSES FOR PARTICIPATION**

#### **Representative Forum (RF)**

The representative forum will meet quarterly. The first RF meeting will involve a presentation of the IDP/PMS & Budget Framework and Process Plan. It will also capture the progress made in terms of projects since the approval of the IDPs.

#### **Council Approval**

It is proposed that in a Council Meeting open to public, the Council adopts First Draft IDP documentation by end of the month of March 2022. Council will also approve the various Sector Plans of the IDP on their completion. The Council in a meeting open to public will approve final IDP and Budget by end May 2022.

### **Newspapers**

The adopted first Draft and Final IDP will be published in the local news papers, notice boards, public facilities or community radio.

### **Information Sheets**

At the completion of each of the Sector Plans, as well as the sections of the IDP, an information sheet will be prepared for update of all stakeholders. The members of the Representative Forum shall assist with distribution of these information sheets. The information sheets will cover an executive summary of the completed sector plan or phase of the IDP. This will ensure that communities are kept updated on the progress of IDP preparation.

### **Mechanism for Alignment**

Both **horizontal and vertical alignments** will be ensured in the IDP process. The horizontal alignment will be between the district and local municipalities to ensure that planning activities and processes are coordinated and addressed jointly. Vertical alignment on the other hand will be between local government, the province and national governments as well as parastatals or service providers to ensure that the IDPs are in line with the national and provincial policies and strategies, so that it is considered for the allocation of departmental budgets and conditional grants.

The district municipality is given more responsibility to ensure that both alignments happen, however all role players should support and partake in the alignment process. The province should also play an important role as a coordinator to ensure alignment above district level and between districts within the province.

To manage alignment, the Municipal Manager and IDP manager will play a major role in coordinating information from all clusters. The Municipal Manager will ensure that the alignment mechanisms are properly followed and that all clusters are fully functional. Existing intergovernmental structures including clusters should be utilized to ensure integrated planning and alignment.

**Sector departments** should also be involved in the IDP process from the first phase to ensure that their programmes and projects are included in the IDP document. Cluster meetings and IDP Rep Forum will be used as platforms for information sharing and progress reporting on all programmes planned and implemented in the district. Sectoral

Plans should also be prepared and reviewed in line with IDP development and review process and such plans should form the basis for initiating and guiding development within the municipality and further assist the municipalities in having credible IDPs.

IDP review programmes or actions from the Provincial Departments, e.g. Department of Cooperative Government and Traditional Affairs should be aligned with the activities as reflected in the municipal process plans.

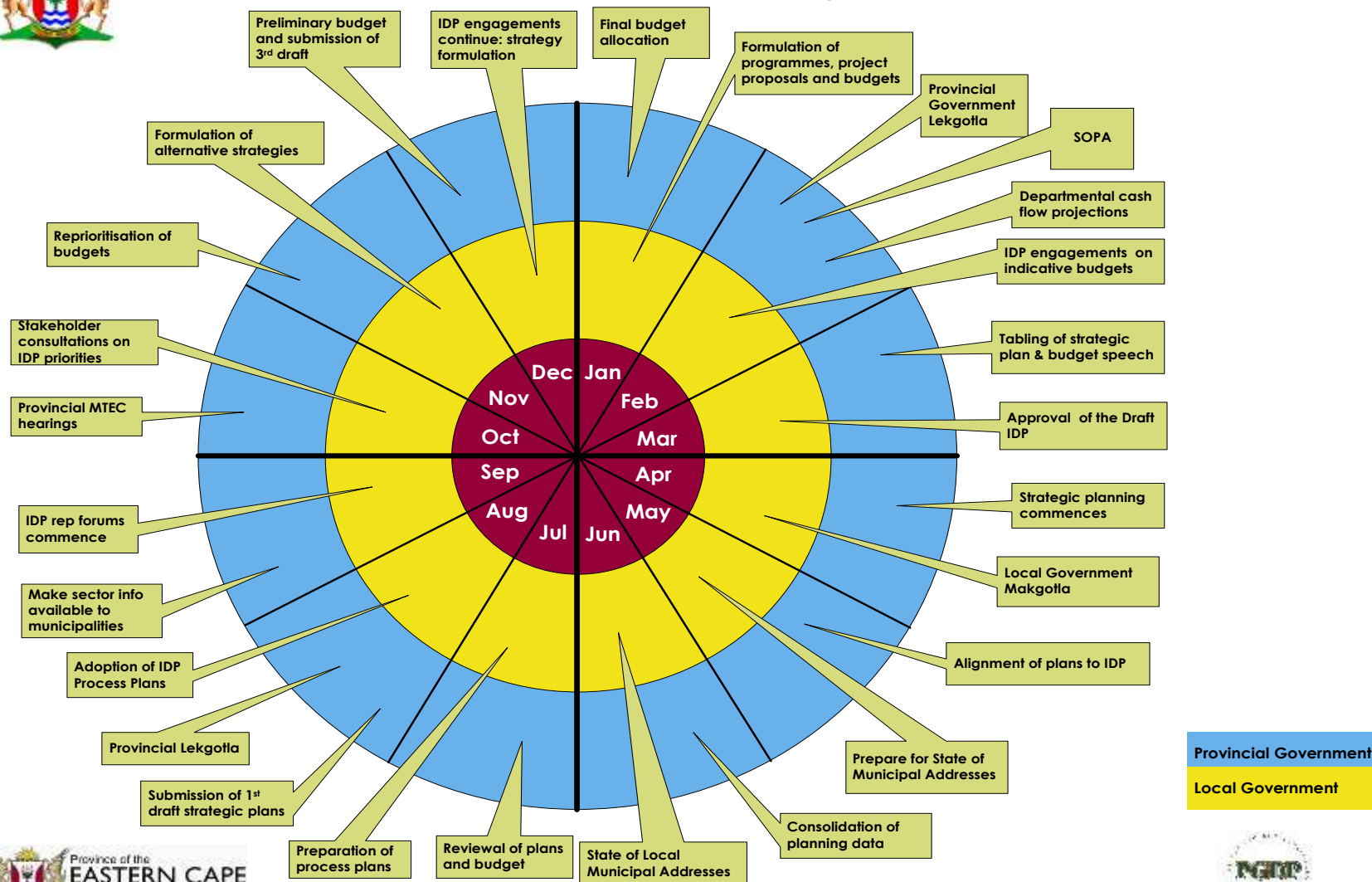
### **1.3. EASTERN CAPE PROVINCIAL PLANNING CYCLE**

It is important for municipalities to align its strategic objectives with national and provincial development policies, strategies and programmes. Chapter 5 of the MSA, in particular, provides direction on co-operative governance, encouraging municipalities to develop their strategies in line with other organs of state so as to give effect to the five year strategic plans. It goes further to instruct that the IDP must link, integrate and co-ordinate development plans for the municipality.

Alfred Nzo District Municipality is not an island and must ensure well-coordinated strategic relationship with other spheres of government and that is why Alfred Nzo District Municipality's Integrated Development Plan is aligned to the Eastern Cape Provincial Planning Cycle below.



# Eastern Cape Provincial Planning Cycle



#### 1.4. ANDM SCHEDULE OF ACTIVITIES

Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output	Binding Legislation
<b>Preparation Phase</b>	Development of IDP & Budget Process Plan	IDP manager/Manager Budget	29 Jul 2022	Desktop work	Approved IDP/PMS and Budget Framework Plan	<b>Section 27 of the Municipal Systems Act of 2000</b>
	Advert for the revival of the IDP and Budget Representative Forum and the IDP and Budget Process Plan (2022/2023)	IDP manager	29 Jul 2022	Media		
	Adoption of the IDP and Budget Framework/Process Plan	Executive Mayor, Senior Management	31 Aug 2022	Council Meeting		
	Submit Process Plan to the MEC Local Government	IDP Manager	02 Sep 2022	Courier & email		
<b>Analysis Phase</b>	First IDP & Budget Steering Committee	IDP Manager	06 Sep 2022	Committee	Determine and assess the current level of development and the emerging challenges, opportunities and	<b>Chapter 5 of the Municipal Systems Act of 2000</b>
	Rep Forum to present the IDP and Budget Framework/Process	IDP Manager	08 Sep 2022	Forum		

	Plan to Stakeholders				priority issues.	
	Attending to LMs IDP sessions to solicit inputs/ward priorities	IDP Manager	Sept – Nov 2022	Meeting		
<b>Strategies Phase</b>	Present first draft situational analysis to the IDP & Budget Steering Committee and request inputs for the Municipal Vision, Mission, Strategies & Objectives	IDP Manager	10 Nov 2022	MANCO	Develop Objectives for priority issues and determine programmes to achieve strategic intent including the development of the Strategic Scorecard.	<b>Chapter 5 of the Municipal Systems Act of 2000</b>
	Mayoral Committee to confirm and recommend approval of Situational Analysis, Municipal Vision, Mission, Strategies and Objectives	Executive Mayor	01 Dec 2022	Meeting		<b>Chapter 5 of the Municipal Systems Act of 2000</b>
<b>Projects Phase</b>	Set and agree on IDP priority programmes/projects	Senior Management	Jan – Feb 2023	Meeting	Identifying projects and set outputs & targets	<b>Chapter 5 of the Municipal Systems Act of 2000</b>
	Senior Management develop draft 2023/2024 SDBIP	Senior Management	24 Feb 2023	Meeting		

<b>Integration Phase</b>	Senior Management identifying programmes with external stakeholders	Senior Management	03 March 2023	Meeting	Incorporate programmes and projects into the IDP	<b>Chapter 5 of the Municipal Systems Act of 2000</b>
	Integration of sector plans and institutional programmes	IDP Manager	03 Mar 2023	Desktop work		
	Presentation of Draft IDP & Budget to the IDP and Budget Steering Committee	IDP Manager	14 Mar 2023	Meeting		
	Presentation of Draft IDP & Budget to the IDP and Budget Ref Forum	IDP Manager	16 Mar 2023	Meeting		
	Receive proposed budget from the board of directors of the municipal entity (MFMA S87 (1))	Accounting Officer	15 Feb 2023	Email		
<b>Approval Phase</b>	Tabling of the Draft IDP and Budget to Council	Executive Mayor	31 Mar 2023	Council Meeting		<b>Chapter 5 of the Municipal Systems Act of 2000</b>
	Submission of Draft IDP and Budget to MEC, Treasury and Local Government	IDP Manager	14 Apr 2023	Email/NT Portal		



	Invite public comments on Draft IDP and Budget including Outreaches	IDP Manager	Apr – May 2023	Media	Approved IDP, Budget and SDBIP	Chapter 5 of the Municipal Systems Act of 2000	
	IDP and Budget engagement sessions	IDP Manager	Apr – May 2023	Meeting			
	IDP & Budget Steering Committee considers submissions, representations and recommendations from IDP Outreaches. Executive Mayor be provided with an opportunity to respond to submissions during consultation and table amendments for Council consideration.	ALL	16 May 2023	Meeting			Chapter 5 of the Municipal Systems Act of 2000
	IDP Rep Forum	IDP Manager	18 May 2023	Meeting			
	Adoption of final IDP, Budget and Budget related policies	Council	31 May 2023	Council meeting		Chapter 5 of the Municipal Systems Act of 2000	
	Submission of final IDP and Budget to MEC, Treasury and Local	IDP Manager	09 Jun 2023	Email/NT Portal			

	Government.					
	Publication of approved IDP and Budget on website and local newspaper	IDP Manager	14 Jun 2023	Media/Website/Local Newspaper	Approved SDBIP and annual performance agreements	<b>Section 32 of the Municipal Systems Act of 2000</b>
	Finalisation and submission of draft 2023/2024 SDBIP and annual performance agreement by Municipal Manager to the Executive Mayor	Municipal Manager	14 Jun 2023	Meeting/Desktop		<b>Section 53 (c) (2) of the Municipal Finance Management Act of 2003</b>
	Executive Mayor approves the 2023/2024 SDBIP and annual performance agreements of the Municipal Manager and Senior Managers within 28 days after the approval of the IDP and Budget	Executive Mayor	28 Jun 2023	Meeting		<b>- Section 53 (c) (2) of the Municipal Finance Management Act of 2003.</b>  <b>- Section 57 (1) (b) of the Municipal Systems Act of 2000</b>
	Submit the approved SDBIP and performance agreements to MEC, Local Government, within 14 days after	IDP Manager, Corporate Services Manager	28 Jul 2023	Courier		<b>Section 53 of the Municipal Systems Act of 2003</b>

	approval.					
<b>Monitoring and Evaluation</b>	Commence with the compilation of the Annual Report	Senior Management	Jul 2022 – Mar 2023	Desktop work	Compile Annual Report	<b>Section 121 of the MFMA of 2003</b>
	Quarterly SDBIP performance progress report for first quarter Section 80 Committees, MAYCO and Council	Senior Management	31 Oct 2022	Desktop work	SDBIP performance reported	<b>Section 52 (d) of the MFMA of 2003</b>
	Quarterly SDBIP performance progress report for second quarter, Section 80 Committees, MAYCO and Council	Senior Management	13 Jan 2023	Desktop work	SDBIP performance reported	<b>Section 54 (d) of the MFMA of 2003</b>
	Mid-year budget and performance assessment <b>MFMA Section 72 (1)(2)(3)</b>	Senior Management	20 Jan 2023	Management Session	Mid-Term finance and service delivery performance report compliant with MFMA	<b>Section 72 of the MFMA of 2003</b>
	Mid-year budget and performance engagements	Senior Management, Executive Mayor, Provincial Treasury	24 Feb 2023	Meeting	Approved Mid-term Adjustment Budget	<b>Section 72 of the MFMA of 2003</b>
	Executive Mayor tables the Annual Report <b>MFMA Section 127 (2)</b>	Executive mayor	24 Jan 2023	Council meeting	Draft Annual Report	<b>Section 121 of the MFMA of 2003</b>

	Executive Mayor tables adjustment budget for approval by Council <b>MFMA Section 28</b>	Executive Mayor	28 Feb 2023	Council meeting	Approved Budget      Adjusted Budget	<b>Section 28 of the MFMA of 2003</b>
	Publicise both the Annual Report ( <b>invite public inputs into the report – MFMA 127 &amp; MSA section 21A</b> ) and the adjustment budget on the municipal website and in local newspapers.	Municipal Manager	14 March 2023	Media/Website/Local News Paper	Annual Report and adjustment budget publicized	<b>Section 127 of the</b>
	Council to consider and adopt Annual & Oversight Report by end March <b>MFMA Section 129 (1)</b>	Municipal Manager & Executive Mayor	31 Mar 2023	Council meeting	Approved Annual Report & Oversight Report	<b>Section 129 of the MFMA of 2003</b>
	Publicise Annual & Oversight Report, within 7 days of adoption <b>MFMA Section 129(3) &amp; MSA Section 21A</b>	Municipal Manager	7 Apr 2023	Media		<b>-Section 129 of the MFMA</b>  <b>- Section 21A of the Municipal Systems Act</b>
	Within 7 days of adoption of Annual Report & Oversight Report submit to	Municipal Manager	7 Apr 2023	Courier		<b>Section 121 of the MFMA</b>

	Provincial Legislature/MEC for Local Government					
	Draft Budget Engagements	Senior Management, Executive Mayor, Provincial Treasury	28 Apr 2023	Meeting	Tabled Draft Annual Budget	<b>Section 72 of the MFMA of 2003</b>
	Quarterly SDBIP performance progress report for third quarter, Section 80 Committees, MAYCO and Council	Senior Management, Executive Mayor	13 Apr 2023	Desktop work	SDBIP performance report noted	<b>Section 52 (d) of the MFMA of 2003</b>
	Quarterly SDBIP performance progress report for fourth quarter, Section 80 Committees, MAYCO and Council	Senior Management, Executive Mayor	14 Jul 2023	Desktop work		<b>Section 52 (d) of the MFMA of 2003</b>
	<b>Ensure board of Directors of a municipal entity approve the entity's budget after tabling account of any hearing or recommendations by Council (MFMA) (87) 4</b>	<b>Accounting Officer</b>	<b>31 May 2023</b>		<b>Approved Budget for the Municipal Entity</b>	<b>Section 87 of the MFMA</b>

### 1.5. CONSIDERATION OF MEC'S (COGTA) COMMENTS FOR IDP REVIEW 2021/2022 FY

As required in terms of Section 32 (a) of the Municipal Systems Act of 2000, ANDM submitted its adopted IDP as reviewed for 2021/22 to the MEC CoGTA. The District municipality further participated in the IDP Assessment process which was facilitated by the Office of the MEC and subsequently comments were obtained. The results a form of a summary for IDP 2017/18, it was declared to be credible as it was rated high in accordance with the Department's rating criteria. 2020/21. The overall assessment scorings are summarized below:

KPA	RATINGS 2016/17	RATINGS 2017/18	RATINGS 2018/19	RATINGS 2019/20	RATINGS 2020/21	RATINGS 2021/22
Spatial Development Framework	HIGH	HIGH	HIGH	HIGH	HIGH	HIGH
Basic Service Delivery	HIGH	HIGH	HIGH	HIGH	HIGH	HIGH
Financial Viability	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH
Local Economic Development	HIGH	HIGH	HIGH	HIGH	HIGH	HIGH
Good Governance & Public Participation	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH

Institutional Arrangements	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
<b>OVERALL RATING</b>	<b>HIGH</b>	<b>Medium</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>

## Legislative Provisions

### The Municipal Systems Act, 2000

“Each municipal council, within a prescribed period after the start of its elected term, must adopt a single, inclusive and strategic Integrated Development Plan...”

### Core components of integrated development plans

According to Section 26 of the Local Government Municipal Systems Act, 2000, an integrated development plan must reflect-

- a) The municipal council's vision for the long-term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- b) An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;

- c) The council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- d) The council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- e) A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- f) The council's operational strategies;
- g) Applicable disaster management plans;
- h) A financial plan, which must include a budget projection for at least the next three years; and
- i) The key performance indicators and performance targets determined in terms of section 41.

## Alfred Nzo District Municipality Strategic Agenda

### VISION

By 2030, Alfred Nzo will be a place where communities enjoy much improved public infrastructure in an environmentally sustainable manner, better quality of public services and socio-economic opportunities.



## MISSION

ANDM being a driver for change will ensure effective delivery of sustainable services in an economic and efficient manner.

## MUNICIPAL VALUES

Values	Description
Transparent and Openness	Involvement of public into municipality affairs
Honesty	Municipal business are done in an ethical manner
Integrity	Confidential information of the municipality is issued to public through authorised communication channels.
Accountability	Municipality responds to community needs by giving regular feedback and is answerable to the community.
Professionalism	Strive to intensify the culture of competence and good work ethics
Fairness	The municipal business is done in an equitable manner
Responsiveness	Municipality is responding to community needs

Diversity	Embrace- diversity of Culture within the district
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MOTTO

“Place of Unity in Diversity”

Process plan document – how this IDP was drawn up

This IDP was drawn up in terms of an IDP Process Plan to ensure the proper management of the planning process. The ANDM IDP/PMS and Budget Process Plan 2022 – 2023 was adopted by Council on the 31st of August 2021.

This plan outlined:

Structures to manage the planning process;

How the public could participate and structures to ensure this participation;

A time schedule for the planning process;

Who is responsible for what; and

How the process would be monitored.

At District Council level, a framework was developed in consultation with all our local municipalities. This ensured co-ordination, consultation and alignment between the district council and local municipalities. The framework also guides the development of an IDP process plan for each local municipality.

The process undertaken to produce this IDP consisted of 5 phases:

#### Phase 1: Analysis

During this phase information was collected on the existing conditions within the municipality. It focused on the types of problems faced by people in the area and the causes of these problems. Identified problems were assessed and prioritised. This phase allowed the municipality to provide:

An assessment of the existing level of development

Details on priority issues and problems and their causes

Information on available resources

## Phase 2: Strategies

During this phase, the municipality worked on finding solutions to the problems assessed in phase one.

This entailed:

### Developing a vision

The vision is a statement of the ideal situation the municipality would like to achieve in the long term once it has addressed the problems outlined in phase one. The following is an example of a vision statement:

“An economically vibrant municipality with citizens living in a secure, healthy and comfortable environment”

### Defining development objectives

Development objectives are clear statements of what the municipality intends to achieve in the medium term to deal with the problems outlined in phase one.

For example: Provide access to clean water for all residents living in informal settlements

### Development strategies

Once the municipality worked out where it wanted to go and what we needed to do to get there, we worked out how to get there. Our development strategies are about finding the best way for the municipality to meet its development objectives. For example: Co-operate with the Department of Water Affairs to provide one water stand pipe for every 20 households.

### Project identification

Once we had identified the best methods to achieving our development objectives we went on to the identification of specific projects.

### Phase 3: Projects

During this phase the municipality worked on the design and content of projects identified during Phase 2. Clear details for each project had to be worked out in terms of:

Who is going to benefit from the project?

How much is it going to cost?

How will it be funded?

How long will it take to complete?

Who is going to manage the project?

Clear targets were set and indicators worked out to measure performance as well as the impact of individual projects.

#### Phase 4: Integration

Once all projects had been identified, the municipality checked again that they contributed to meeting the objectives outlined in Phase 2. These projects provide an overall picture of our development plans.

All the development plans now had to be integrated. In addition, the municipality has also drawn up strategies for issues like poverty alleviation and disaster management. These are integrated with the overall IDP.

#### Phase 5: Approval

The IDP is then presented to the council for consideration, adoption and public comment, before approval of a finalised IDP.

The IDP Review took into consideration the MEC comments that were raised in the 2017/18 IDP. It is also one way of implementing the Council Resolutions. The Council further, made an invitation via the media for members of the public to register their interests to participate as organized interest groups.

ANDM Community Survey

In preparation for its IDP Situational Analysis, the District Municipality further undertook a process of a survey and this exercise targeted Community Development Workers (CWDs). The following are the key issues and challenges that were captured from the survey:

- Lack of water
- Lack of funding for SMMEs
- Lack of clinics or health facilities
- Evidence of mud schools in some wards i.e. Tembeni J.S.S ward 10 Umzimvubu
- Need for ABET programme
- Evidence of households without adequate shelter
- Evidence of child headed households
- Evidence of people living with disability
- Evidence of households without access to water and sanitation

#### National and Provincial Policy Context

Over the last few years there have been key changes in national and provincial policy that have reshaped the strategic environment. There is now a stronger commitment to ensuring harmony and alignment between the three spheres of government. The National Development Plan Vision for 2030, and other key national and provincial strategies are seen as primary mechanisms through which this will be achieved. This IDP document has been developed on the basis of critical reflection on the following key policy documents.

National Development Plan (NDP) - Vision For 2030

The National Development Plan (NDP) offers a long-term perspective. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal.

As a long-term strategic plan, it serves four broad objectives:

Providing overarching goals for what we want to achieve by 2030.

Building consensus on the key obstacles to us achieving these goals and what needs to be done to overcome those obstacles.

Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.

Creating a basis for making choices about how best to use limited resources.

The Plan aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality. The core elements of a decent standard of living identified in the Plan are:

Housing, water, electricity and sanitation

Safe and reliable public transport

Quality education and skills development

Safety and security

Quality health care

Social protection

Employment

Recreation and leisure



Clean environment

Adequate nutrition

The NDP aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. The NDP highlights the increasing levels of urbanisation with approximately 70% of the country's population expected to live in cities by 2030.

## PROBLEM TO PLAN THE JOURNEY TO 2030

THE PROBLEM **TODAY**  
POVERTY & INEQUALITY

THE PLAN 2030  
PROSPERITY & EQUITY



NDP targets by 2030 include the elimination of income poverty (i.e. reduce the proportion of households with a monthly income below R419 per person - in 2009 prices - from 39 percent to zero) and reduce the country's Gini coefficient from 0.69 to 0.6. In order to do this, a number of enabling milestones are detailed:

Increase employment from 13 million in 2010 to 24 million in 2030.

Raise per capita income from R50 000 in 2010 to R120 000 by 2030.

Increase the share of national income of the bottom 40 percent from 6 percent to 10 percent.

Establish a competitive base of infrastructure, human resources and regulatory frameworks.

Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.

Broaden ownership of assets to historically disadvantaged groups.

Increase the quality of education so that all children have at least two years of preschool education and all children in Grade 3 can read and write.

Provide affordable access to quality health care while promoting health and wellbeing.

Establish effective, safe and affordable public transport.

Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.

Ensure that all South Africans have access to clean running water in their homes.

Make high-speed broadband internet universally available at competitive prices.

Realise a food trade surplus, with one-third produced by small-scale farmers or households.

Ensure household food and nutrition security.

Entrench a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities.

Realise a developmental, capable and ethical state that treats citizens with dignity.

Ensure that all people live safely, with an independent and fair criminal justice system.

Broaden social cohesion and unity while redressing the inequities of the past.

Play a leading role in continental development, economic integration and human rights.

Critical actions that may affect ANDM include the need for a strategy to address poverty through broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes. Investment should be increased in labour-intensive areas.

#### National Government's Outcomes - Role of Local Government

National Government has agreed on 14 outcomes which have been expanded into high-level outputs and activities. These in turn form the basis of a series of performance agreements between the President and relevant ministers.

All of the outcomes can to some extent be supported through the work of local government, but Outcome 9 (A responsive, accountable, effective and efficient local government system) is particularly important. ANDM aims to comply with the following 14 outcomes by taking them into consideration in this IDP process:

Improve the quality of basic education;

Improve health and life expectancy;

All people in South Africa protected and feel safe;

Decent employment through inclusive growth;

A skilled and capable workforce to support inclusive growth;  
An efficient, competitive and responsive economic infrastructure network;  
Vibrant, equitable and sustainable rural communities and food security;  
Sustainable human settlements and improved quality of household life;  
A responsive, accountable, effective and efficient local government system;  
Protection and enhancement of environmental assets and natural resources;  
A better South Africa, a better and safer Africa and world;  
A development-orientated public service and inclusive citizenship;  
An inclusive and responsive social protection system;  
A diverse, socially cohesive society with a common national identity.

#### DDP Vision 2030 Proposition

By 2030 the district should have:

Much improved public infrastructure – water, sanitation, electricity, roads, education, health (with removal of backlogs)

Better quality public services

A growing economy with lower unemployment and higher living standards – key priority sectors identified

A sustainable and well-protected natural environment

Public sector organisational strengthening to drive the DDP

All these propositions should be achieved in all areas of the district

## DDM PROPOSITION

The purpose of the Alfred Nzo District Municipality DDM One Plan is:

To give effect to the District Development Model (DDM) approved by Cabinet as a practical method to improve service delivery and development impact in the Alfred Nzo District space through integrated planning, budgeting, and delivery by all three spheres of government working together with stakeholders and communities.

To localise and synergise the National Development Plan (NDP), the Medium-Term Strategic Framework (MTSF), National Spatial Development Framework (NSDF), Integrated Urban Development Framework (IUDF) and key national and provincial sector policies/strategies/plans with socio-economic and spatial development logic of the Alfred Nzo District Municipality;

To express a coherent and predictable government approach in relation to these key priorities through a Long-Term Strategic Framework (One Plan) for growth and development of the Alfred Nzo District Municipality space that is co-produced by all three spheres of government together with stakeholders and communities.

To enable a programmatic Intergovernmental Relations approach in relation to Alfred Nzo District Municipality through implementation of the One Plan that will serve as an impact performance framework tracking the commitments and spending of national and provincial sector departments and the Alfred Nzo District Municipality according to the shared vision and desired future development of Alfred Nzo District Municipality and its people.

To create an environment which is conducive for investment.

To stabilize governance and financial management practices in the Alfred Nzo District Municipality;

## ONE PLAN

The Alfred Nzo District Municipality is based on the DDM Theory of Change which postulates six transformations to move from the current problematic situation to a desired better future. Whilst existing plans across government seek to align to the NDP and to each other, there is no clear single line of sight and logical rationale or relations in terms of commonly agreed priorities and joint and coherent way of addressing them within the socio-economic and inclusive and integrated placemaking dynamics within specified spaces.

These six DDM Transformation Focal Areas are:

People Development and Demographics – the process of understanding the current population profile and development dynamics and by which a desired demographic profile and radical improvement in the quality of life of the people is achieved through skills development and the following 5 transformations discussed below (economic positioning, spatial restructuring and environmental sustainability, infrastructure engineering, housing and services provisioning, and governance and management).

Economic Positioning – the process by which a competitive edge is created that enables domestic and foreign investment attraction and job creation on the basis of an inclusive and transformed economy. The economic positioning informs the spatial restructuring and has to be sustained through protecting, nurturing and harnessing natural environment and resources.

Spatial Restructuring and Environmental Sustainability – the process by which a transformed, efficient and environmentally sustainable spatial development pattern and form is created to support a competitive local economy and integrated sustainable human settlements. Spatial restructuring informs infrastructure investment in terms of quantum as well as location and layout of infrastructure networks.

Infrastructure Engineering – the process by which infrastructure planning and investment especially bulk infrastructure installation occurs in order to

support the transforming spatial pattern and form, meet the needs of a competitive and inclusive local economy and integrated human settlements, and ensure demand for housing and services is met in a sustainable way over the long-term.

Integrated Services Provisioning – the process by which integrated human settlement, municipal and community services are delivered in partnership with communities so as to transform spatial patterns and development for planned integrated sustainable human settlements with an integrated infrastructure network. This also requires holistic household level service delivery in the context of a social wage and improved jobs and livelihoods.

Governance and Management – the process by which leadership and management is exercised that planning, budgeting, procurement, delivery, financial and performance management takes place in an effective, efficient, accountable and transparent manner. It also includes spatial governance, that is, the process by which the spatial transformation goals are achieved through assessing and directing land development and undertaking effective land use management and release of municipal/public land.



## MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) PRIORITY 1

A capable, ethical and developmental state underpins all seven priorities of the MTSF. It is a vision of strong leadership, a focus on people and improved implementation capability. Facilitating this vision into action will involve a transition to a more functional and integrated government, which is capacitated with professional, responsive and meritocratic public servants to strengthen relations and efficiency. Intergovernmental and citizen engagements are also key enablers of this priority to ensure the joint pursuit of a capable state.

### **CAPABLE STATE:**

A capable state has the required human capabilities, institutional capacity, service processes and technological platforms to deliver on the NDP through a social contract with the people.

### **ETHICAL STATE:**

An ethical state is driven by the constitutional values and principles of public administration and the rule of law, focused on the progressive realisation of socio-economic rights and social justice as outlined in the Bill of Rights.

### **DEVELOPMENTAL STATE:**

A developmental state aims to meet people's needs through interventionist, developmental, participatory public administration. Building an autonomous developmental state driven by the public interest and not individual or sectional interests; embedded in South African society leading an active citizenry through partnerships with all sectors of society.

## A capable state

Improved Leadership – consistency in community engagements, accountability mechanisms, impart capacity building programmes, undertake capacity exchange programmes/benchmarking exercises, (deterrence from creating false hopes)

Governance – improve on perceptions, responsive to the needs of the community, adherence to compliance matters, improve on audit opinion,

Accountability – consistent consultation with public through dialogue, transparency in matters of governance,

## Ethical State

Organisational integrity – anti-fraud and corruption initiatives

Clean governance – development of ethical code, business re-engineering, improve turnaround time, management of risks, consequence management, strengthening of oversight structures and committees such as Financial Misconduct Board , MPAC and Rules, Ethics & Members Interests Committee.

## Developmental State

Developmental Communication: Improve communication by constantly publicizing all programmes of the municipality both internally and externally.

Stakeholder Management: Inclusivity of key role players in all municipal business and programmes

#### ALIGNMENT OF THE ONE PLAN GOALS TO THE DDP AND THE IDP

ONE PLAN – LONG TERM PLAN	DDP – MEDIUM TO LONG-TERM PLAN	IDP (MEDIUM TERM - 5 YEARS)
Infrastructure Engineering (Pillar 4) Integrated Services Provisioning (Pillar 5)	An enabling Infrastructure Network (Goal 1)	1. Basic Service Delivery and Community Empowerment
Economic Positioning (Pillar 2)	An innovative, inclusive and growing economy (Goal 3) Rural Development and an innovative and high-value agriculture sector (Goal 5)	2. Inclusive Growth and Development
		3. A capable and financially viable institution
Governance and Management (6)	Capable demographic governance (Goal 2)	4. Effective Public Participation, Good Governance and Partnerships
People development and Demographics (1)	Human Development (Goal 6)	5. Human Resources Development and institutional management
Spatial Restructuring and Environmental Sustainability (Pillar 3)	Environmental sustainability (Goal 4)	

## MUNICIPAL GOALS AND OBJECTIVES

No	Key Performance Areas	Strategic Goals	Strategic Objectives	Proposed Targets with Time-frames
5	Good Governance and Public Participation	Effective Participation, Governance Partnerships Public Good and	To create a conducive environment for participatory development and promote a culture of good governance by 2027.	<p>Enhance functionality of IGR Forums to achieve aspirations of the DDM – One plan</p> <p>Enhance functionality of public participation structures</p> <p>Enhance functionality of oversight structures of council.</p> <p>Improve audit status of the municipality to a clean audit by 2025.</p> <p>Development and Implementation of policies and by-laws.</p>
			Strengthening Oversight Structures to eliminate mal administration, corruption, non-compliance and non –performance by 2027	<p>Implement Integrity Management Framework (prevention, detection, resolution, investigation &amp; reporting).</p> <p>Institutionalize and enforce anti- fraud and corruption programs.</p> <p>Enforce code of conduct</p> <p>Implement consequence Management.</p>

				<p>Implement efficient Performance Management System.</p> <p>Subject employees and members of council to capacity building programs and skills audit.</p>
			<p>To build strong links with all strategic partners and structures that will improve organizational efficiency by 2027</p>	<p>Enter into Public Private Partnerships.</p> <p>Strengthen IGR forums and sector coordination.(DIMAFO, District Speakers Forum, Municipal Manager's Forum and all other sub- forums</p> <p>Resuscitate Back to Basics and revival of war rooms.</p> <p>Restoration of relations with local ambassadors (e.g. academia and professionals)</p> <p>Revive twinning arrangements with the local and international community in order to improve our economy.</p>

## STRATEGIC RISK ASSESSMENT

Risk type	Broad definition	Examples of key risks	Risk Mitigation Strategies – 2022/23
Strategic	The risk that strategic intent and direction cannot be sustained and/or objectives cannot be achieved.	<p>Inappropriate strategy.</p> <p>Incorrect implementation of strategic objectives.</p> <p>Incorrect strategic decision making.</p> <p>Lack of visible leadership.</p> <p>Inadequate succession planning resulting in inability to achieve objectives.</p>	<p>Align strategies to local, provincial and national strategies(alignment with DDM,NDP,PDP,DDP&amp; IDP)</p> <p>Develop structured and clear strategic goals.</p> <p>Improved planning systems and decision making.</p> <p>Institutionalize programmes that ensure that leadership is upheld.</p> <p>Develop clear career pathing and succession plans.</p>

Governance	The structures and processes in place to ensure good governance in the organization.	<p>Lack of strategy and objectives.</p> <p>Lack of or inappropriate delegation of authority.</p> <p>Lack of or inadequate policies and procedures.</p> <p>Lack of or inappropriate communication and reporting structures.</p>	<p>Develop clear defined strategic goals, objectives and alignment thereof.</p> <p>Review and cascade a clear Delegation Framework and be reduced to writing.</p> <p>Review and develop policies, municipal code and procedures.</p> <p>Review a communication strategy (internal and external)</p>
Service Delivery	The strategic objective and mission of every department to ensure that they are meeting their objectives and service delivery targets.	<p>Poor / inefficient service delivery.</p> <p>Non-compliance with the Batho Pele principles.</p>	<p>Auditing performance and service delivery mechanisms and review, control and implementing.</p> <p>Institutionalize a customer -centric culture.</p> <p>Review a customer service Charter and appoint customer care departmental champions.</p>
Culture/Ethics	The alignment of ethics, culture and values in the organization.	<p>Poor or inconsistent ethics, culture and values throughout the organization.</p> <p>Different beliefs and values impacting goal alignment.</p> <p>Different beliefs and values impacting acceptance of change and integration.</p>	<p>Development ethical code, moral charter and corporate culture and instil values through awareness programmes</p> <p>Review and instil institutional values and management to model good value system</p>

Organizational Structure	The risk that organizational structure is not suited to achievement of objectives.	Inappropriate organizational structure.  Strategy change without appropriate organizational structure change.	Development of the organogram that responds to strategic intent, mandate and assigned functions of the institution.  Alignment of organisational structure to the changes in the strategic objectives.
Reputation	The risk that the actions or inaction harms the reputation of the ANDM/Department.	Damage to brand due to adverse public event.  Damage to reputation due to release of inaccurate information.	
Communication	Inappropriate or ineffective communication vertically within ANDM and horizontally within the departments.	Lack of communication structures or processes.  Inappropriate or inadequate reporting.	Strengthen the functionality of the district communicator's forum.  Communication strategy and policy to cover internal and external communication.
Legal	The risk that department will be exposed to contractual obligations which have not been provided for.  Unwillingness of a counterparty to discharge contractual obligations.	Incorrect legal advice given on the law or contractual interpretation.	
Compliance	Is the risk of not complying with policies and procedures/ laws and regulations?	Failure to comply, detect or report non-compliance with external (e.g. statutes, common law and client mandates) and internal requirements (e.g. approval framework)	Enhance the system of internal control.  Development of Standard Operating procedures.



Fraud	The risk of fraud, corruption of maladministration.	Loss of finance or assets due to fraud, corruption or misadministration.	Implement fraud prevention strategy
Security	The risk that human resources or physical assets are not appropriately safeguarded.	Loss or theft of assets. Loss of or endangerment of human life.	Explore security mechanisms that are of benefit to the municipality

Some of the targets that should be realised by 2030 are summarised below:

Infrastructure development
South Africa's infrastructure is seeing a major boost with the upgrading of major roads and the building of power stations
Dams are receiving priority from government, while rail infrastructure has not been left behind, with the Gautrain linking OR Tambo International Airport with the two major cities in Gauteng (Johannesburg and Pretoria).
The Passenger Rail Agency of South Africa is also introducing a new fleet of trains. About 3 600 trains, valued at R51 billion are expected to be delivered over a 10-year period from 2015.
Job creation
The NDP suggests the creation of 11 million jobs, increased infrastructure development, using mineral resources to benefit everyone while at the same time making sure that such resources can be used in the long-term.
Improving Education and Training
For South Africa to realise Vision 2030, education should take a central role. A lot of work has been done in ensuring that access to education is improved and more still needs to be done.
The NDP sets out what should be done in the next years to ensure that the country achieves its goals. Among others, there should be an increase in teacher training output by expanding the bursary scheme "Funza Lushaka", which means to educate the nation, to attract learners into teaching, especially those with good passes in maths, science and languages.
Teachers should also be regularly tested in the subjects they teach to determine their level of knowledge and competence, while teacher pay should be linked to learner performance improvements.
Quality Health Care
At the centre of achieving all the plans of a thriving nation is a healthy nation. The NDP sets out what should be done to ensure quality health care for all South Africans. Coverage of anti-retroviral treatment to all HIV-positive people should be increased.

Community specialists should be trained in medicine, surgery including anaesthetics, obstetrics, paediatrics and psychiatry, while between 700 000 and 1,3 million community health workers should be recruited, trained and deployed to implement community- based health care.

#### Working Together

The NDP is a plan for the whole country. Government will engage with all sectors to understand how they are contributing to implementation, and particularly to identify any obstacles to them fulfilling their role effectively.

The NDP sets out ambitious goals for poverty reduction, economic growth, economic transformation and job creation. The private sector has a major role to play in achieving these objectives.

Long-term planning and investment in the future is just as important for the private as the public sector. Government is clearly stating its commitment to the NDP, and it is important that the private sector does the same.

Where the private sector faces obstacles, sectoral dialogues will take place to identify how these obstacles can be addressed within the parameters laid out by the NDP.

Citizen participation in local government processes will continue to be promoted. Cooperative governance arrangements will be strengthened to better support and empower municipalities. A long-term approach will be taken to skills development and capacity building for the local government sector. Institutional problems will be addressed to improve the quality of municipal administrative and management practices including human resources and recruitment practices, supply chain and financial management, and anticorruption initiatives.

#### Back to Basics Local Government Programme

Our National Development Plan makes it clear that meeting our transformation agenda requires functional municipalities and 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. Our goal is to improve the functioning of municipalities to better serve communities by getting the basics right. The Department of Cooperative Governance is tasked to build and strengthen the capability and accountability of municipalities.

The Building Blocks for the Back-to-Basics approach are:

Basic services: Creating decent living conditions Municipalities must:

Develop fundable consolidated infrastructure plans. They should ensure infrastructure maintenance and repairs to reduce losses with respect to:

Water and sanitation.

Human Settlements.

Electricity.

Waste Management.

Roads.

Public Transportation.

Ensure the provision of Free Basic Services and the maintenance of Indigent register.

### Good governance

Good governance is at the heart of the effective functioning of municipalities. Municipalities will be constantly monitored and evaluated on their ability to carry out the following basics:

The holding of Council meetings as legislated.

The functionality of oversight structures, S79 committees, audit committees and District IGR Forums.

Whether or not there has been progress following interventions over the last 3 – 5 years:

The existence and efficiency of anti-corruption measures.

The extent to which there is compliance with legislation and the enforcement of by- laws.

The rate of service delivery protests and approaches to address them.

### Public participation

Measures will be taken to ensure that municipalities engage with their communities. 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.

## Financial management

Sound financial management is integral to the success of local government. Performance against the following basic indicators will be constantly assessed:

The number of disclaimers in the last three to five years.

Whether the budgets are realistic and based on cash available.

The percentage revenue collected.

The extent to which debt is serviced.

The efficiency and functionality of supply chain management.

## Institutional capacity

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. Targeted and measurable training and capacity building will be provided for councillors and municipal officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes. The basic requirements to be monitored include:

Ensuring that the top six posts (Municipal Manager, Finance, Infrastructure Corporate Services, Community development and Development Planning) are filled by competent and qualified persons.

That the municipal organograms are realistic, underpinned by a service delivery model and affordable.

That there are implementable human resources development and management programmes.

There are sustained platforms to engage organised labour to minimise disputes and disruptions.

Importance of establishing resilient systems such as billing.

## The Eastern Cape Provincial Development Plan

Based on the National Development Plan (NDP), the Provincial Development Plan (PDP) seeks to outline a development path for the province. Vision 2030 sets the development agenda and priorities for the next 15 years (2015-2030), building on the Provincial Growth and Development Plan (PGDP) of 2004-2014. The plan proposes key programmes and projects for implementation up to 2030 and suggests arrangements for implementation of the plan, tracking and accountability.

The diagnostic phase centred on the nine key challenges identified by the National Planning Commission's Diagnostic Report. Many of these challenges reflect the multi-generational

underdevelopment and alienation that is both a legacy of our colonial / apartheid past and a neo-colonial present that focuses on the comforts of a few rather than a concern for the well-being of the many. At the root of South Africa's and the province's developmental struggle is the structural legacy of under-development and deprivation inherited from colonialism and apartheid - the dispossession of land and property, the disruption of families and social institutions, the undermining of opportunities for the majority of the population, the disruption of organic intellectualism and self-determination, and a systematic destruction of self-worth that is replicated across generations for the majority of citizens.

The key challenges highlighted in the NDP and the PDP are:

Too few people work.

The standard of education for most black learners is poor.

Infrastructure is poorly located, under-maintained and insufficient for fostering higher growth and spatial transformation.

Spatial patterns exclude the poor from the fruits of development.

The economy is overly and unsustainably resource intensive.

A widespread disease burden is compounded by a failing public health system.

Public services are uneven and often of poor quality.

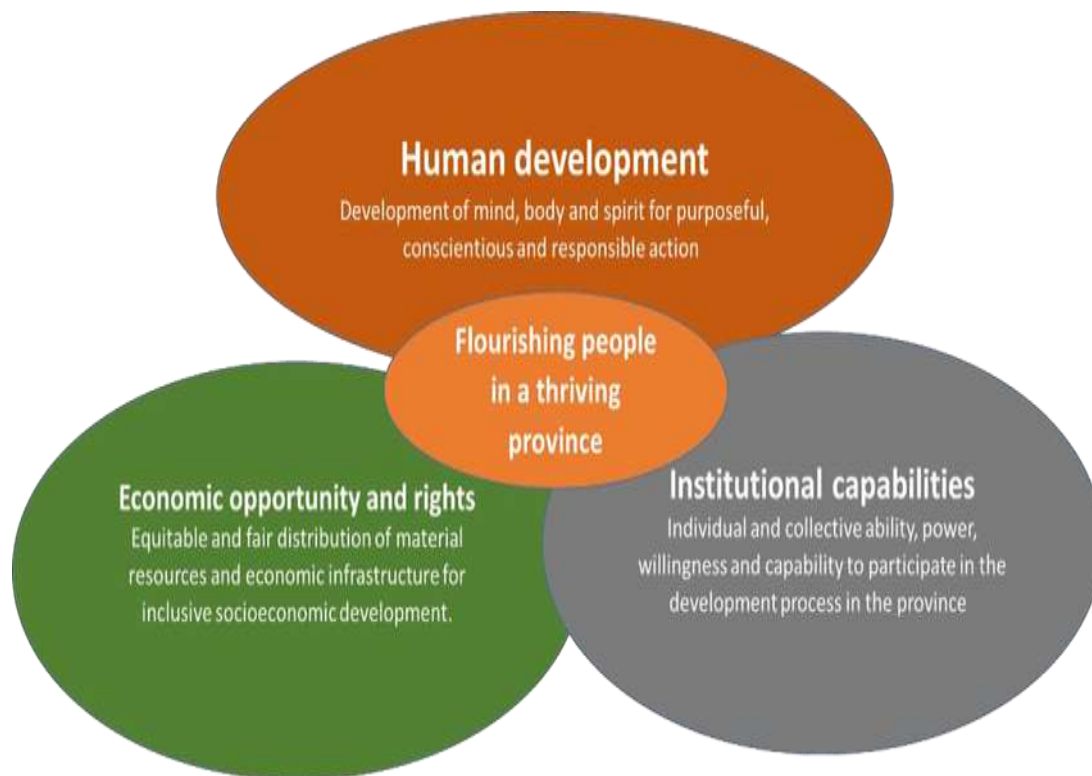
Corruption is widespread.

South Africa remains a divided society.

Unemployment in the former Bantustan areas is much higher than the rest of the province. A basic services index, constructed using Census 2011 data, provides scores for RDP level access to water and sanitation, as well as the use of electricity for lighting. The areas that make up the OR Tambo and Alfred Nzo districts show very low access in the majority of wards. The NDP characterises these areas of deprivation as "poverty traps" to be eliminated by 2050.

#### PDP Vision and conceptual framework

The 2030 vision for the Eastern Cape is of "flourishing people in a thriving province". This vision will be achieved by development in each of three areas of focus, namely: (i) human development, (ii) economic opportunity and rights and (iii) institutional capabilities. The PDP seeks to achieve "human flourishing and a thriving province" through strengthening the positive interactions between human, economic and institutional development. The framework is illustrated below.



#### Principles and assumptions of the PDP

The provincial plan starts from the premise that key structural features hobble the provincial economy and social progress. The plan therefore strives for social and economic justice. It places particular emphasis on transforming the apartheid spatial geography. The plan promotes cultural development, inclusion and respect for diversity. It further encourages citizen participation and co-responsibility for development. It promotes ethical, integrated multi-agent action predicated on relative strengths of institutional partners. This is not a plan for government alone, but for the entire province. Accountability is one of the most important principles of the plan – and must be the basis for renewed social partnerships. The plan and its proposals should be based on objective evidence and critical deliberation.

Vision 2030 is a strategic plan for the province rather than a detailed master plan. The plan outlines strategic departures from current practice and identifies “game-changers” to set the province on a necessarily different development path. However, the plan also argues for continuation and strengthening of current practice in some areas. The focus of the plan is on issues of implementation and execution. Hence it proposes new instruments to be designed, where budgets must be aligned and institutional capabilities re-modelled to implement the plan. Vision 2030 has put more emphasis on planning among strategic partners (government structures, enterprises, communities, civil society organisations etc.) and locating agency for implementation outside of the state. The plan proposes spatially targeted interventions.

To set the Eastern Cape on a new development trajectory, the plan is organised around five goals:



#### 1: A growing, inclusive and equitable economy

This goal emphasises a larger and more efficient provincial economy, more employment, and reduced inequalities of income and wealth. This proposals deal with: rural development; economic infrastructure; land reform; industry and enterprise support; and economic sector development. Proposals for priorities and interventions are district-specific.

#### Goal 2: A healthy population

This goal targets a healthy population through an improved healthcare system. The system should move from being hospital-centric to focusing on a primary care system that is integrated across primary, secondary, and tertiary levels. The proposals deal with: primary health care and strengthening of district health systems; improvement of leadership across the sector; infrastructure and facility improvement; health workforce planning and the social determinants of health.

#### Goal 3: An educated, innovative citizenry

This goal seeks to ensure that people are empowered to define their identity, are capable of sustaining their livelihoods, living healthy lives and raising healthy families, developing a just society and economy, and playing an effective role in the politics and governance of their communities. The proposals deal with: access to and quality of early childhood development; basic education and training, including foundation phase literacy and numeracy, mother- tongue education, teacher development, improved leadership, management and governance and infrastructure. For the post school education and training sector, it addresses adult education and training, community colleges, technical and vocational education training, universities as well as research and innovation.



#### Goal 4: Vibrant communities

This goal seeks to generate a shift from a focus on state-driven housing delivery to one that enables people to make own decisions, build their own liveable places and transform spatial patterns. The proposals deal with transformed human settlements, spatial planning and land use management, regional development, social infrastructure and community safety.

#### Goal 5: Capable, conscientious and accountable institutions

This goal seeks to build capable, resilient and accountable institutions to champion rapid inclusive development. The proposals deal with the creation of capable provincial and local government; leadership renewal across society; citizen-centred development and multi-agency partnerships.

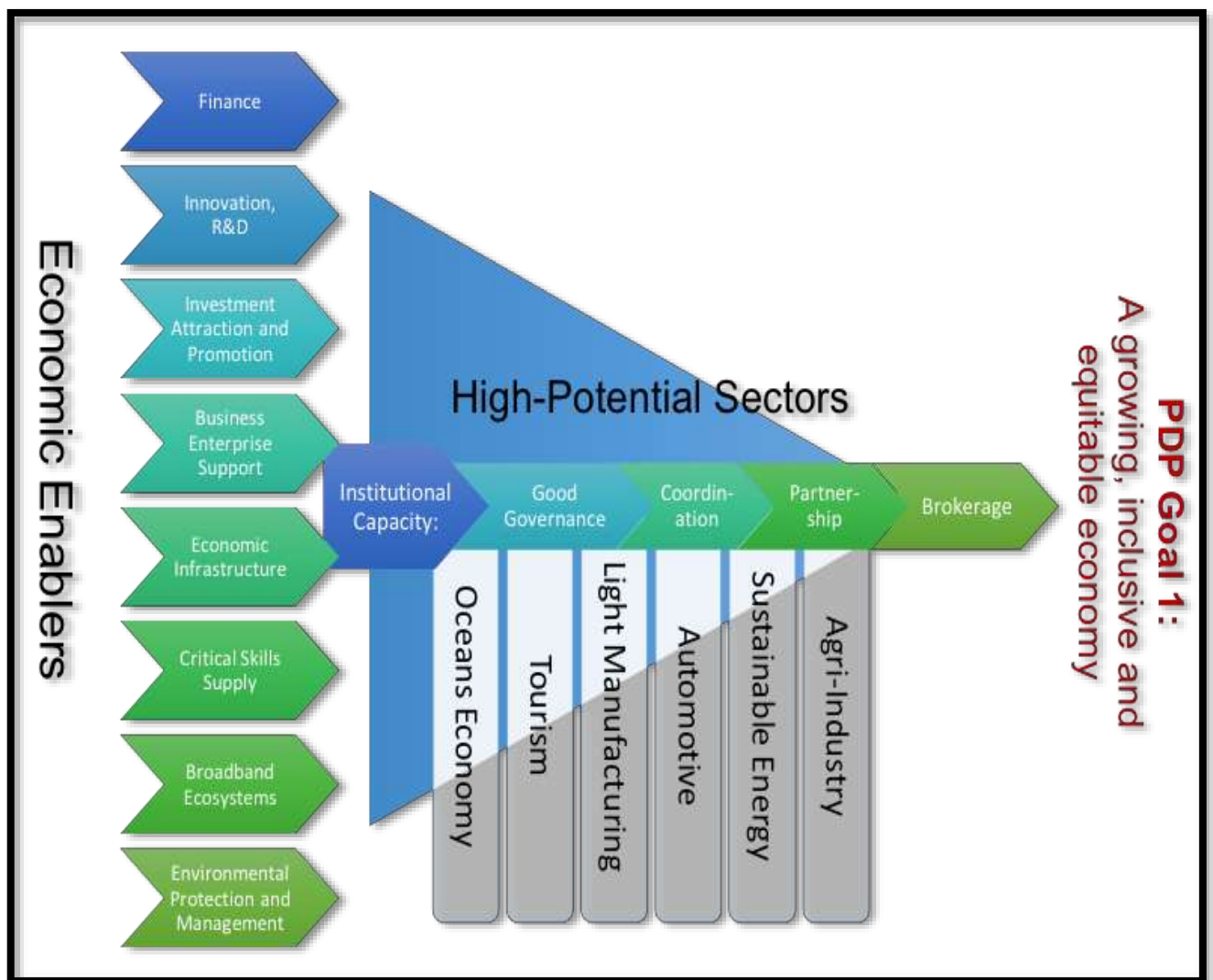
Achievement of the vision is impossible without concurrent, systemic and continuous interaction between an inclusive and equitable economy, a healthy population, an educated, innovative citizenry, vibrant communities and capable, conscientious and accountable institutions. There are complex interrelations between the goals, as well as the objectives and strategic actions proposed in this plan.

#### Prioritising rural development

Given that over 70% of the population is rural, the fortunes of the province are inherently bound up with the future of its rural areas. While urbanisation is an undeniable trend, we estimate that the majority of the population will still be outside of the metropolitan areas in 2030. The Eastern Cape is set to remain a rural province for the foreseeable future and this situation demands appropriate development and support measures. Therefore rural development is a key priority and has been integrated into all the goal areas.

#### EC Provincial Economic Development Strategy (PEDS) Strategic Framework

The diagram below synthesises neatly the framework for the strategy. The Economic Goal and Objectives of the PEDS is built upon the growth pillars of six 'high-potential sectors' and eight 'economic enablers'. All of these hinge critically upon institutional capacity – this is elaborated on below in "making the strategy work".



## Eastern Cape Infrastructure Plan 2030 (ECIP)

The overall purpose of the Eastern Cape Infrastructure Plan (ECIP) is to articulate the infrastructure priorities for the province between 2016 and 2030 and outline key programmes and interventions.

In addition to this the ECIP:

Supports the realisation of the Eastern Cape development priorities that are in the National Development Plan and the Eastern Cape Development Plan

Complements the National Infrastructure Plan (2012) in the Eastern Cape

Aims to derive more value from the large public expenditures on infrastructure assets through improved infrastructure planning and infrastructure delivery management.

Major infrastructure challenges in the province include:

Spatial inequalities of infrastructure provision inherited from our colonial and apartheid history.

Social infrastructure backlogs still persist especially in the eastern part of the Eastern Cape

Disconnect between the economic development strategy of the Eastern Cape and the infrastructure programme

Absence of central planning of infrastructure in the EC to ensure integrated planning, rational project prioritization

Premature announcement of infrastructure projects before completion of feasibility studies and resource allocations.

Under expenditure of major grants and CAPEX allocations

Capacity, skills and system required are inadequate.

The ECIP has four goals:

1. Infrastructure investment must respond to spatial aspects of future infrastructure demand and undo apartheid geography
2. Accelerate eradication of social infrastructure backlogs
3. Ensure effective infrastructural support for economic development
4. Improve infrastructure planning, delivery, operations and maintenance.

The goals are to be achieved through the implementation of Eleven Provincial Strategic Projects (PSPs):

1. Strategic catalytic projects;
2. Small Town Development;
3. Urban Settlements Infrastructure
4. Water & Sanitation
5. Energy and Electricity;
6. Agro-logistics;

7. Education Infrastructure
8. Health Infrastructure;
9. Transport infrastructure;
10. ICT Infrastructure; and
11. Enabling interventions.

An implementation matrix has been developed that identifies lead agents; strategic risks; proposed interventions and immediate action required. The ECIP contains a summary of priorities per district. For Alfred Nzo district these are:

Household electrification

Completion of five regional bulk water schemes

Reticulation infrastructure for Ludeke Dam

Infrastructure for Mbizana peri-urban area

Small-scale irrigation schemes

Matatiele Agri-park

#### Eastern Cape Agriculture Economic Transformation Strategy

Between 95% and 99% of agricultural output in the Eastern Cape is produced by commercial farmers. Commercial farmers have however declined in numbers both nationally and provincially (SA: 60 000 to 37 000, EC: 6 000 to 4 000). Only about one to five per cent of agricultural output now comes from smallholder farmers whose practices are deeply rooted in former homeland subsistence farming practices.

The Eastern Cape has the smallest commercial agricultural sector. The document argues that the strength of EC agriculture lies in the untapped potential of the smallholder and communal sector. The challenge is to make smallholder and communal farmers commercially viable and derive real economic value from their land.

The strategy documents suggests treating agriculture as a business and enabling the private sector to intervene and invest alongside government. Smallholder/communal farmers should be developed into agro-entrepreneurs who partner with businesses that are willing to invest for reasons beyond short-term profit. Partnerships will focus on expansion, market access, creating more value through

appropriate funding, technology development, skills development, innovation and job creation.

The point is to stimulate both public and private procurement directly from primary producers. Government should put in place appropriate policies and regulations to strengthen these partnerships and drive investment in infrastructure. The goal is to increase agriculture's contribution to GDP by at least 2% and create 10 000 (direct and indirect) job opportunities annually.

Critical success factors include:

The expansion of production

Market access and off-take agreements

Training and development of farmers

Value addition and local beneficiation

Increased employment, especially for unemployed graduates

Increased farm income

Increased opportunity and business for SMMEs

Increased total investment into industry

Increased transformation within the industry.

## State of the Nation Addresss (SONA)

Highlights of the State of the Nation Address (SoNA) 2022 His Excellency President Cyril Ramaphosa delivered the SoNA to a hybrid Joint Sitting of the two houses of Parliament – the National Assembly and National Council of Provinces – in Cape Town on Thursday, 10 February 2022. In his opening remarks, the President said “this year, for the first time since the dawn of our democracy, the SoNA is not being delivered in the Chamber of the National Assembly.”

On 2 January 2022, a raging fire damaged the Old Assembly Chamber and building, the National Assembly Chamber and critical offices of Parliament. As a result of the extensive damage, the SoNA in 2022 was held at the Cape Town City Hall. “As we entered this New Year, a huge fire engulfed the seat of our democracy. We all watched in outrage and sadness as the flames devoured the buildings in which our democratic Constitution was born, in which laws of transformation and progress have been passed, in which the freely-chosen representatives of the people have shaped our young nation. “For many, what happened in Parliament speaks to a broader devastation in our land. For many, the fire was symbolic of the devastation caused by the Coronavirus Disease (COVID-19) pandemic, by rising unemployment and deepening poverty.

“It spoke to the devastation of a pandemic that over the past two years has taken the lives of tens of thousands of South Africans, put two million people out of work and brought misery to families. “The fire in Parliament reminded us of the destruction, violence and looting that we witnessed in parts of the country in July last year, of the more than 300 lives lost and many more livelihoods ruined. As we reflect on the past year, we recall the words of President Thabo Mbeki who reminded us that: “Trying times need courage and resilience. Our strength as a people is not tested during the best of times”. ‘That we are gathered together in the Cape Town City Hall instead of the National Assembly Chamber reflects the extraordinary circumstances of this time. It reflects the determination of the Presiding Officers of Parliament and indeed all the members of our two houses that the work of this democratic institution should continue without interruption.

“There are moments in the life of a nation when old certainties are unsettled and new possibilities emerge. In these moments, there is both the prospect of great progress and the risk of reversal. Today, we are faced with such a moment. “The path we choose now will determine the course for future generations. That is why we are taking steps to strengthen our democracy and reaffirm our commitment to a Constitution that protects us all. We are working together to revitalise our economy and end the inequality and injustice that impedes our progress. “We are standing together against corruption and to ensure that those who are responsible for state capture are punished for their crimes. We are rebuilding the State and restoring trust and pride in public institutions. If there is one thing we all agree on, it is that the present situation – of deep poverty, unemployment and inequality – is unacceptable and unsustainable.

“There is agreement among a broad and diverse range of South Africans that fundamental reforms are needed to revive economic growth. There is a need both to address the immediate crisis and to create conditions for long-lasting stability and development. To achieve this, South Africa needs a new consensus. “A consensus that is born out of a common understanding of our current challenging situation and a recognition of the need to address the challenges of unemployment, poverty and inequality. “This should be a new consensus which recognises that the State must create an environment in which the private sector can invest and unleash the dynamism of the economy.

But equally, an environment in which South Africans can live a better life and unleash the energy of their capabilities. “This should also be a new consensus which embraces our shared responsibility to one another, and acknowledges that we are all in this together. As the social partners – government, labour, business and communities – we are working to determine the actions we will take together to build such a consensus. “We have begun discussions on what trade-offs are needed and what contribution we will each need to make.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

Government has given itself 100 days to finalise a comprehensive social compact to grow the economy, create jobs and combat hunger. This work will build on the foundation of the Economic Reconstruction and Recovery Plan (ERRP), which remains the common programme to rebuild the economy. Government remains focused on the priorities it identified in the SoNA last year: • overcoming the COVID-19 pandemic; • a massive rollout of infrastructure; • a substantial increase in local production; • an employment stimulus to create jobs and support livelihoods; and • the rapid expansion of the energy generation capacity. “To be effective, this social compact needs to include every South African and every part of our society. No one must be left behind. “When I last addressed the state of our nation, we were deep in the throes of the worst pandemic in more than a century. Since COVID-19 reached our shores, we have endured successive waves of infection, the emergence of new variants and the devastating cost of nearly 100 000 recorded COVID-19 deaths. South Africans have responded to this grave threat with courage and resilience, with compassion and restraint.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## STRENGTHENING THE HEALTH SYSTEM

Over the past two years, government has taken unprecedented actions to strengthen the health system, build laboratory capacity and prevent infections. The nation owes a great debt of gratitude to the dedicated healthcare workers and other frontline staff who put their health and their lives at risk to care for the ill and vulnerable during this pandemic.

## SOLIDARITY FUND

Within weeks of the first reported infection in the country, government announced the establishment of the Solidarity Fund, with the goal of uniting the country in the fight against the pandemic. In a wave of generosity that swept the country, the fund raised R3.4 billion from more than 300 000 individuals and 3 000 companies and foundations. More than 400 individuals and 100 companies volunteered their time and services.

The fund has played a pivotal role in supporting the national health response and alleviating the humanitarian crisis. Government thanks everyone who contributed to the Solidarity Fund and the great many who came together in countless other initiatives to support those affected by the pandemic. “As the trajectory of the pandemic has continued to change, we have had to adapt and evolve. Our approach has been informed throughout by the best available scientific evidence, and we have stood out both for the quality of our scientists and for their involvement in every step of our response.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## VACCINE ROLL-OUT

During the past year, government focused on accelerating vaccine roll-out. By mid-February 2022, government had administered 30 million doses of COVID-19 vaccines. Consequently, nearly 42% of all adults and 60% of everyone over 50 is fully vaccinated. Government is now ready to enter a new phase in the management of the pandemic. It is government's intention to end the National State of Disaster as soon as it has finalised other measures under the National Health Act, 2003 (Act 61 of 2003) and other legislation to contain the pandemic. Nearly all restrictions on economic and social activity have already been lifted. Vaccines have proven to be the best defence against illness and death from COVID-19.

“If we all get vaccinated, continue to observe basic health measures and remain ever vigilant, we will be able to get on with our lives even with the virus in our midst. The state of the nation is linked inextricably to the state of our economy. In addition to the divides of race, geography and education, COVID-19 has exacerbated the divide between those who are employed and unemployed.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall

## JOB CREATION

Last year, the unemployment rate reached its highest recorded level. Unemployment had been caused by low growth, which in turn resulted from a long-term decline in investment. In the last year, government benefited from a clear and stable macroeconomic framework, strong commodity prices and a better-than-expected recovery. However, government has been held back by an unreliable electricity supply, inefficient network industries and the high cost of doing business. Government has been taking extraordinary measures to enable businesses to grow and create jobs alongside expanded public employment and social protection.

“We all know that government does not create jobs. Business creates jobs. Around 80% of all the people employed in South Africa are employed in the private sector.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. The key task of government is to create the conditions that will enable the private sector – both big and small – to emerge, to grow, to access new markets, to create new products, and to hire more employees. The problems in the South African economy are deep and they are structural.

## STRUCTURAL REFORMS

When electricity supply cannot be guaranteed, when railways and ports are inefficient, when innovation is held back by a scarcity of broadband spectrum, when water quality deteriorates, companies are reluctant to invest and the economy cannot function properly. With a view to addressing these challenges, government is accelerating the implementation of far-reaching structural reforms to modernise and transform these industries, unlock investment, reduce costs



and increase competitiveness and growth.

## ELECTRICITY

The electricity crisis is one of the greatest threats to economic and social progress. In the last few days, government has once again been reminded of the fragility of the electricity system. Loadshedding continues to have a huge impact on the lives of all South Africans, disrupting business activities, and placing additional strains on families and communities. Due to the aging power stations, poor maintenance, policy missteps and the ruinous effects of state capture, the country has a shortfall of around 4 000 megawatts (MW) of electricity.

During the past year, government has taken firm steps to bring additional generation capacity online as quickly as possible to close the shortfall. As a result, several new energy generation projects will be coming online over the next few years.

This includes:

- Over 500 MW from the remaining projects in Bid Window 4 of the renewable energy programme, which are at advanced stages of construction.
- 2 600 MW from Bid Window 5 of the renewable energy programme, for which the preferred bidders were announced last year.
- Up to 800 MW from those risk mitigation power projects that are ready to proceed.
- 2 600 MW from Bid Window 6 of the renewal energy programme, which will soon be opened.
- 3 000 MW of gas power and 500 MW of battery storage, for which requests for proposals will be released later this year.
- An estimated 4 000 MW from embedded generation projects in the mining sector.
- Approximately 1 400 MW currently in the process of being secured by various municipalities.

In addition to closing the energy supply shortfall, government is implementing fundamental changes to the structure of the electricity sector. Eskom has established a separate transmission subsidiary and is on track to complete its unbundling by December 2022. The utility has continued with its intensive maintenance programme to reverse many years of neglected maintenance and underperformance of existing plants. To regulate all of these reforms, on 9 May 2022 Cabinet approved amendments to the Electricity Regulation Act, 2006 (Act 4 of 2006) for public comment.

These far-reaching amendments will enable a competitive market for electricity generation and the establishment of an independent state-owned transmission company.

## PORTS AND RAILWAYS

The economy cannot grow without efficient ports and railways. Over several years, the functioning of the ports has declined relative to ports in other parts of the world and on the African continent. This constrains economic activity. The agricultural sector, for example, relies heavily on efficient, well-run ports to export their produce to overseas markets. Fresh produce cannot wait for days and even weeks stuck in a terminal. This hurts businesses and compromises the country's reputation as an exporter of quality fresh produce.

Transnet is addressing these challenges and is currently focused on improving operational efficiencies at the ports through procuring additional equipment and implementing new systems to reduce congestion. Transnet will ask for proposals from private partners for the Durban and Ngqura Container Terminals within the next few months, which will enable partnerships to be in place at both terminals by October 2022. Transnet will start the process of providing third-party access to its freight rail network from April 2022 by making slots available on the container corridor between Durban and City Deep in Gauteng. Transnet has developed partnerships with the private sector to address cable theft and vandalism on the freight rail network through advanced technologies and additional security personnel. This collaborative effort is already showing results in reduced disruptions to rail operations. The poor state of passenger rail in South Africa has a direct and detrimental impact on the lives of the people. Government is working hard to rehabilitate the passenger rail network in 10 priority corridors. The Southern Line in Cape Town and the Mabopane Line in Pretoria have been reopened to be followed by the remaining lines in the next year.

## DIGITAL MIGRATION

One of the greatest constraints on the technological development of the economy has been the unacceptable delay in the migration of broadcasting from analogue to digital. The switch-off of analogue transmission has been completed in a number of provinces. As announced in the SoNA last year, the other provinces will move to digital signal by the end of March 2022. As part of this process, government will continue to subsidise low-income households so that they can access a set-top box and make the switch to digital TV.

The communications regulator, Independent Communications Authority of South Africa, will commence with the auctioning of the high frequency communications spectrum in about three weeks from now. This will unlock new spectrum for mobile telecommunications for the first time in over a decade.

In addition, government will facilitate the rapid deployment of broadband infrastructure across all municipalities by establishing a standard model for the granting of municipal permissions. These reforms will revolutionise the country's technological development, making faster broadband

accessible to more people and reducing the costs of digital communications.

## SKILLED IMMIGRANTS

The world over, the ability to attract skilled immigrants is the hallmark of a modern, thriving economy. Government is therefore streamlining and modernising the visa application process to make it easier to travel to South Africa for tourism, business and work. As committed last year, the eVisa system has now been launched in 14 countries, including China, India, Kenya and Nigeria. The revised Critical Skills List has been published for the first time since 2014, following detailed technical work and extensive consultations with business and labour. The updated list reflects the skills that are in shortage today, to ensure that the immigration policy matches the demands of the economy. A comprehensive review of the work visa system is currently underway, led by a former Director-General of Home Affairs, Mr Mavuso Msimang. This review is exploring the possibility of new visa categories that could enable economic growth, such as a start-up visa and a remote working visa.

## WATER

Water is the country's most precious natural resource. It is vital to life, to development and to economic growth. That is why government has prioritised institutional reforms in this area to ensure future water security, investment in water resources and maintenance of existing assets. Government has embarked on the process of institutional reform in capacitating the Department of Water and Sanitation (DWS) and reviewing water boards in as far as their mandates are concerned and ensuring that they serve municipalities in terms of the District Development Model (DDM).

These reforms are being championed by the Minister of Water and Sanitation, who has visited every water source in the country. A comprehensive turnaround plan is being implemented to streamline the process for water-use licence applications. The target is to clear the backlog of applications by June 2022 and to process 80% of all applications within 90 days during the next financial year. Legislation has been prepared for the establishment of the National Water Resources Infrastructure Agency, and will be published for public comment within the next month. The Water Quality Monitoring System has been reinstated to improve enforcement of water standards at municipal level, and enable the DWS to intervene where water and sanitation services are failing.

## INDUSTRIAL HEMP AND CANNABIS

Government will review the policy and regulatory framework for industrial hemp and cannabis to realise the huge potential for investment and job creation.

## SMALL BUSINESS DEVELOPMENT

“While structural reforms are necessary for us to revive economic growth, they are not enough on their own.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. This year, government is undertaking far-reaching measures to unleash the potential of small businesses, micro businesses and informal businesses. These are the businesses that create the most jobs and provide the most opportunities for poor people to earn a living. Government has started discussions with social partners as part of the social compact process to review labour market regulations for smaller businesses to enable them to hire more people while continuing to protect workers’ rights.

A new, redesigned Loan Guarantee Scheme is being introduced to enable small businesses to bounce back from the pandemic and civic unrest. This new bounce-back scheme incorporates the lessons from the previous Loan Guarantee Scheme. It will involve development finance institutions and non-bank small and medium-sized enterprises providers in offering finance, expand the types of financing available and adjust eligibility criteria to encourage greater uptake. National Treasury is working with industry stakeholders to finalise the scheme and will provide details soon. Government is reviewing the Business Act, 1991 (Act 71 of 1991) – alongside a broader review of legislation that affects small, medium and micro enterprises (SMMEs) – to reduce the regulatory burden on informal businesses. There are too many regulations in this country that are unduly complicated, costly and difficult to comply with.

This prevents companies from growing and creating jobs. Government is, therefore, working to improve the business environment for companies of all sizes through a dedicated capacity in The Presidency to reduce red tape. If government is to make progress in cutting unnecessary bureaucratic delays for businesses, it needs dedicated capacity with the means to make changes. President Ramaphosa has therefore appointed Mr Sipho Nkosi to head up a team in his office to cut red tape across government. Mr Nkosi has extensive experience in business, including as the Chief Executive Officer of Exxaro Resources, and is currently the Chairperson of the Small Business Institute. The red tape team will identify priority reforms for the year ahead, including mechanisms to ensure government departments pay suppliers within the required 30 days. The team will also work with other departments and agencies to unblock specific obstacles to investment and business growth. It will support current initiatives to simplify processes relating to property registration, cross-border trade and construction permits.

## INFRASTRUCTURE DEVELOPMENT

Infrastructure is central to economic reconstruction and recovery. Through innovative funding and improved technical capabilities, government has prioritised infrastructure projects to support

@GovernmentZA #SONA2022 5 #SONA2022 HIGHLIGHTS economic growth and better livelihoods, especially in energy, roads and water management. The Infrastructure Fund is at the centre of this effort, with a R100 billion allocation from the fiscus over 10 years.

The fund is now working with state entities to prepare a pipeline of projects with an investment value of approximately R96 billion in student accommodation, social housing, telecommunications, water and sanitation and transport. Several catalytic projects to the value of R21 billion are expected to start construction this year. Of this, R2.6 billion is contributed by government, and the balance from the private sector and developmental finance institutions. Government will make an initial investment of R1.8 billion in bulk infrastructure, which will unlock seven private sector projects to the value of R133 billion.

For millions of South Africans in rural areas, roads and bridges provide access to markets, employment opportunities and social services. Yet, many children still have to brave overflowing rivers to reach schools and motorists have to battle impassable roads to reach the next town. Government is therefore upscaling the Welisizwe Rural Bridges Programme to deliver 95 bridges a year from the current 14.

The South African National Defence Force (SANDF) is the implementing agent of the Welisizwe programme and has demonstrated the expertise of SANDF engineers in bridge construction.

## RURAL ROADS PROGRAMME

Earlier this week, President Ramaphosa visited Thakgalane village Limpopo to launch a new road that is going to make a huge difference in the lives of neighbouring communities. This road was constructed using block paving and other materials, which is a method that enables us to build durable roads faster and more cost-effectively. The rural roads programme will use labour-intensive methods to construct or upgrade 685 kilometres of rural road over the next three years. This social enterprise programme includes access roads in Limpopo and Eastern Cape, gravel-to-surface upgrades in the Free State and North West, and capacity and connectivity improvements in the Western Cape.

## UMZIMVUBU WATER PROJECT

Government has initiated the process of delivering the uMzimvubu Water Project. The project is made of the Ntabelanga Dam and Lalini Dam, irrigation infrastructure and hydro-electric plant, Ntabelanga water treatment works and bulk distribution infrastructure to reticulate to the neighbouring communities. The closing date for the first of the two-stage procurement process is scheduled to close later this month, with the preferred bidder likely to be announced in September

2022.

## SCHOOL EDUCATION INFRASTRUCTURE

Government is introducing an innovative social infrastructure delivery mechanism to address issues that afflict the delivery of school infrastructure. The mechanism will address the speed, financing and funding, quality of delivery, mass employment and maintenance. The new delivery mechanism will introduce a Special Purpose Vehicle, working with prominent Development Finance Institutions and the private sector, to deliver school education infrastructure. This approach is being piloted in schools in the Northern Cape and Eastern Cape.

## HYDROGEN SA STRATEGY

Over the past year, government has built on its successful Hydrogen SA strategy to make major strides in positioning South Africa as a global leader in this new market. This includes the development of a Hydrogen Society Roadmap for the next 10 years as well as a Green Hydrogen Strategy for the Northern Cape, supporting the development of a green hydrogen pipeline worth around R270 billion.

## THEFT OF SCRAP METAL AND CABLE

The damage caused by the theft of scrap metal and cable on the infrastructure like electricity, trains and other vital services is enormous. Government will take decisive steps this year both through improved law enforcement and by considering further measures to address the sale or export of such scrap metal.

## MANUFACTURING BASE

An important pillar of the ERRP is to revitalise the manufacturing base and create globally competitive export industries. In the past year, government launched new master plans in the steel industry, furniture and global business services.” Through these plans, business, government and labour are working together to increase production and create more jobs in the sector. In the clothing industry, a number of retailers have announced ambitious localisation sourcing plans. “One of these retailers, Foschini, kindly made the suit that I am wearing today at its new formal wear factory, Prestige Epping. Five years ago, more than 80% of all Foschini Group merchandise came from the East. Today, nearly half of the merchandise is locally made. “The genuine leather shoes I am

wearing were made by members of the National Union of Leather and Allied Workers from Bolton Footwear in Cape Town and Dick Whittington Shoes in Pietermaritzburg.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## SOUTH AFRICA INVESTMENT CONFERENCE (SAIC)

Nearly four years ago, government set itself a target of mobilising R1.2 trillion in new investment over five years. By the time of the third SAIC in November 2020, government had reached R776 billion in investment commitments. Next month, on 24 March, government will be holding the fourth SAIC in Johannesburg. Government will showcase the many investment opportunities available as South Africa continues its recovery from the COVID-19 pandemic and report back on the progress of previous commitments.

## INTRA-AFRICA TRADE

Following the resolutions of the African Union Summit over the past weekend, trading can now begin under the African Continental Free Trade Area (AfCFTA) agreement. South African companies @GovernmentZA #SONA2022 6 #SONA2022 HIGHLIGHTS are poised to play a key role in taking up the opportunities that this presents for preferential access to other African markets. The AfCFTA agreement is about Africa taking charge of its destiny and growing its economies faster. Government will continue to pursue Africa's health sovereignty, working with other African countries and international partners to support the strengthening of the continent's capacity to respond to pandemics.

## VACCINE PRODUCTION

Government will increase its efforts to develop Africa's ability to manufacture vaccines. It has made significant progress here in South Africa. Government now has two South African companies – Aspen and Biovac – with contracts to produce COVID-19 vaccines. Two additional vaccine projects have also been announced. In addition, government has full local production capability for ventilators, hand sanitisers, medical-grade face masks and gloves and therapeutic drugs and anaesthetics. This production capability worth many billions of rand of production annually, has

been put in place in less than two years. South African products have been exported to other African countries, securing them vital supplies and expanding jobs for young South Africans.

## ECONOMIC GROWTH AND JOBS

While government helps existing industries to grow, it is also nurturing new opportunities for growth and jobs. Government and the private sector have worked closely together to grow the global business services sector from a small group of companies to one of the world's leading players. The global business services sector is on track to create 500 000 new jobs over the next few years. The hemp and cannabis sector has the potential to create more than 130 000 new jobs. Government is therefore streamlining the regulatory processes so that the hemp and cannabis sector can thrive like it is in other countries such as Lesotho. People in the Eastern Cape, KwaZulu-Natal and elsewhere are ready to farm with this age-old commodity and bring it to market in new and innovative forms. The social economy, including early childhood development, nursing, social work and community services, has significant potential not only to create jobs, but to provide vital services that communities need. Some of the country's mature industries also have a lot to offer in revamping the industrial and manufacturing potential of the country.

## AGRICULTURE

The agriculture sector has significant potential for job creation in crops such as citrus, table and dried grapes, subtropical fruit, avocados, berries and nuts. Masterplans in the sugar and poultry industries are contributing significantly to increased investment, improved production and transformation. To attract investors into the mining minerals needed in the new global economy, government will soon be finalising the Mining Exploration Strategy. Government will continue to support the development of the upstream gas industry, as it holds huge potential for job creation and broader economic development.

It will ensure that this is done in strict accordance with the environmental and other laws of the country, and that where there are differences, it worked together to resolve them in the interest of the country and its people. "We live in one of the regions of the world that is most affected by climate change. We frequently experience droughts, floods and other extreme weather events associated with global warming." – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## CLIMATE CHANGE

Recently floods affected a number of provinces, including KwaZulu-Natal, Gauteng and the Eastern



Cape. These have already caused enormous damage to infrastructure and livelihoods. In the last year, government made important strides in the fight against climate change, and, at the same time, securing economic competitiveness. For the first time, South Africa's climate targets are compatible with limiting warming to 1.5°C. This is the goal that all countries agreed to as part of the Paris Climate Agreement, and is essential to prevent the worst effects of climate change. Since the establishment of the Presidential Climate Commission a little more than a year ago, it has done much work to support a just transition to a sustainable, inclusive, resilient and low-carbon economy. At the international climate conference in Glasgow last November, South Africa struck a historic R131 billion deal with the European Union, France, Germany, United Kingdom and the United States. This first-of-its-kind partnership will involve repurposing and repowering some of the coal plants that are reaching the end of their lives, and creating new livelihoods for workers and communities most impacted by this change. To ensure that South Africa is able to derive the full benefit of this and other partnerships, Mr Daniel Mminele, a former Deputy Governor of the Reserve Bank, was appointed as Head of the Presidential Climate Finance Task Team to lead the mobilisation of funds for a just transition. Properly managed, the energy transition will benefit all.

## GREEN ECONOMY

Renewable energy production will make electricity cheaper and more dependable, and will allow South Africa's industries to remain globally competitive. Investments in electric vehicles and hydrogen will equip South Africa to meet the global clean energy future. Government will be able to expand the mining industry in strategic minerals that are crucial for clean energy like platinum, vanadium, cobalt, copper, manganese and lithium. Government also has a unique opportunity in green hydrogen, given the country's worldclass solar and wind resources and local technology and expertise. All of these measures – from structural reforms to support for SMMEs, investments in infrastructure and the emergence of new sectors – will drive a turnaround in economic growth driven by the private sector growth over the coming years. @GovernmentZA #SONA2022 7 #SONA2022 HIGHLIGHTS “We know, however, that even with the best business environment and much faster rates of economic growth, it will take time for the private sector to create enough jobs for the millions of South Africans who need them. Our intent is to leave no one behind. That is why we are expanding public and social employment.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## PRESIDENTIAL EMPLOYMENT STIMULUS

The first two phases of the Presidential Employment Stimulus programmes, which government launched in October 2020, have supported over 850 000 opportunities. More than 80% of participants were young people and over 60% were women. It has supported young women like Tracy Nkosi from Springs, who was employed as an education assistant at Welgedag Primary School, and who says this opportunity has motivated her to further her studies in the educational sphere. It has also supported Mama Nosipho Cekwana from Impendle in KwaZulu-Natal who used her farming input voucher to buy maize, manure and supplements for her livestock. The total number of direct beneficiaries will soon rise to over one million South Africans. This includes over

half a million young people appointed as education assistants, making it the largest youth employment programme ever undertaken in the country's history. The employment stimulus will also enable the Department of Home Affairs to recruit 10 000 unemployed young people for the digitisation of paper records, enhancing their skills and contributing to the modernisation of citizen services. EMPLOYMENT The Social Employment Fund will create a further 50 000 work opportunities using the capability of organisations beyond government, in areas such as urban agriculture, early childhood development, public art and tackling gender-based violence (GBV). In addition to expanding public employment, government is providing support to young people to prepare them for work and link them to opportunities. To encourage hiring by smaller businesses, it will be increasing the value and expanding the criteria for participation in the Employment Tax Incentive. For several years, this has been an effective way to encourage companies to hire new work seekers. The changes to the incentive will make it easier for small businesses in particular to hire young people. The Minister of Finance will announce the details of these changes in the budget. Government calls on companies to support this effort, take up the incentive and give young people a place in the world of work. Youth employment The SAYouth.mobi platform for young work seekers to access opportunities and support now has more than 2.3 million young South Africans registered. Of these over 600 000 have been placed into employment opportunities. A revitalised National Youth Service will recruit its first cohort of 50 000 young people during the next year, creating opportunities for young people to contribute to their communities, develop their skills and grow their employability. The Department of Higher Education and Training will place 10 000 unemployed Technical and Vocational Education and Training graduates in workplaces from April 2022. "In preparing this SoNA, I was assisted by two young South Africans who are working as interns in The Presidency, Ms Naledi Malatji and Ms Kearabetswe Mabatle. They told me about the pain felt by young people who find themselves with a qualification, but are unemployed because of lack of experience. This forces many into jobs that have little or nothing to do with what they studied. All of the measures I have outlined are essential to provide young people with the work experience that they need to take their first step into the labour market." – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. Government calls on the private sector to support these measures – and wherever possible, to drop experience as a hiring requirement – to give as many young people as possible their first job. As government works to grow the economy and create jobs, it will expand support to poor families to ensure that no person in this country has to endure the pain and indignity of hunger.

## SOCIAL PROTECTION SYSTEM

The social protection system is among the greatest achievements of the democratic government, reaching more than 18 million people every month. Without this support, millions more people would live in dire poverty. Since the onset of COVID-19, the Social Relief of Distress Grant has provided support to more than 10 million unemployed people who were most vulnerable to the impact of the pandemic. Some people used that money to start businesses: • Mr Thando Makhubu from Soweto received the R350 grant for seven months last year and saved it to open an ice-cream store that now employs four people. • Mr Lindokuhle Msomi, an unemployed TV producer from KwaMashu Hostel, saved the R350 grant he received for nine months to start a fast food stall and to support his family. @GovernmentZA #SONA2022 8 #SONA2022 HIGHLIGHTS "As much as it has had a substantial impact, we must recognise that we face extreme fiscal constraints. A fiscal crisis would hurt the poor worst of all through the deterioration of the basic services on which they rely." –

President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. Mindful of the proven benefits of the grant, government will extend the R350 grant for one further year, to the end of March 2023.

During this time, government will engage in broad consultations and detailed technical work to identify the best options to replace this grant. Any future support must pass the test of affordability and must not come at the expense of basic services or at the risk of unsustainable spending. It remains government's ambition to establish a minimum level of support for those in greatest need.

## LAND REFORM

Expanding access to land is vital for government's efforts to reduce hunger and provide people with meaningful livelihoods. Government is moving ahead with land reform in terms of the Constitution, and anticipate the approval of the Expropriation Bill during this year. The establishment of the Agriculture and Land Reform Development Agency will be finalised this year. The Department of Public Works and Infrastructure will finalise the transfer of 14 000 hectares of state land to the Housing Development Agency. South Africa has enough arable land to support millions of thriving small-scale farmers in poultry, livestock, fruit and vegetables. Through the Presidential Employment Stimulus and the Solidarity Fund, over 100 000 farmers have already received input vouchers to expand their production. This scheme has proven to be effective and impactful.

## SUPPORT TO SMALL-SCALE FARMERS

The agriculture sector has also recognised the importance of supporting small-scale farmers and integrating them into value chains. Through the Sugar Master Plan, the industry has provided R225 million to over 12 000 small-scale sugar cane growers as part of a R1 billion commitment to support black farmers. Government will be expanding the provision of input vouchers and calling on other sectors to join this effort, so that they can collectively reach up to 250 000 small-scale farmers this year.

## FIGHT AGAINST CORRUPTION

"None of our efforts to revive our economy will succeed if we do not tackle the scourge of corruption once and for all. Since the beginning of the year, I have been provided with the first two parts of the

report of the Commission of Inquiry into State Capture headed by Acting Chief Justice Raymond Zondo.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. While the definitive conclusion has yet to be delivered at the end of this month, the first two parts of the report make it plain that there was indeed ‘state capture’. This means that public institutions and stateowned enterprises (SOEs) were infiltrated by a criminal network intent on looting public money for private gain.

The reports have detailed the devastating effects of this criminal activity on South African Airways, Transnet, Denel, South African Revenue Service (SARS) and Government Communications. State capture had a direct and very concrete negative impact on the lives of all South Africans, but especially the poorest and most vulnerable members of society. It has weakened the ability of the State to deliver services and to meet the expectations and constitutional rights of people. “We must now do everything in our power to ensure that it never happens again. My responsibility is to ensure that the commission report is properly and carefully considered and then acted upon. By no later than 30 June, I will present a plan of action in response to the commission’s recommendations.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. Government will, as the commission’s first report recommends, strengthen the system to protect whistle-blowers, who are a vital safeguard in the fight against corruption and who take huge personal risk in reporting wrongdoing.

It is doing a detailed review of all applicable legislation and a comparative study of other jurisdictions to strengthen whistle-blower protection. The relevant law-enforcement agencies are taking the necessary steps to address the immediate concern about the safety of whistleblowers. Many individuals and companies that the commission has found were responsible for state capture must now be held to account. “I have every confidence that the National Prosecuting Authority (NPA) will carry out the further investigations that the commission has recommended, and that it will bring the members of the criminal network that infiltrated government and captured the State swiftly to justice.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

The Investigating Directorate in the NPA is now poised to deliver on its crucial mandate, and a dedicated team has been established to pursue these cases. Government will be appointing a new head of the Investigating Directorate following the departure of Adv Hermione Cronje from that position. An amendment to the State Capture Commission regulations in June 2020, empowered the sharing of information between the commission and law-enforcement agencies. This amendment also permitted the employment of the State Capture Commission personnel by law-enforcement agencies.

These empowering provisions have geared the Investigating Directorate to more effectively pursue the investigations emanating from the commission. Government has gratefully acknowledged the offer of support from the private sector to assist in providing those skills which are lacking in government to enable investigation and prosecution of crime. @GovernmentZA #SONA2022 9 #SONA2022 HIGHLIGHTS. To ensure that the prosecuting authority remains true to its constitutional obligation and to ensure transparency, government is developing a framework for

private sector cooperation that will be managed through National Treasury. There are also discussions underway with the Judiciary for the creation of special court rolls for state capture and corruption cases. While government has taken decisive steps to end the era of state capture, it knows that the fight against corruption is far from over. Even as the country was suffering the devastation of the COVID-19 pandemic, companies and individuals were conspiring with public officials to defraud government of billions of rand in COVID-related contracts.

As soon as evidence emerged of this corruption, government acted. Government withdrew certain emergency procurement regulations, set up a fusion centre that brought together various law-enforcement agencies, published the details of all COVID-related contracts online and instituted the most extensive investigation that the Special Investigating Unit (SIU) has undertaken since its formation. In December, the SIU submitted its final report on its investigation into COVID-related contracts. As a result, 45 matters, with a combined value of R2.1 billion, have been enrolled with the Special Tribunal.

The SIU has referred 224 government officials for disciplinary action and referred 386 cases for possible prosecution to the NPA. The Presidency has set up mechanisms to monitor implementation of the recommendations of the SIU and ensure that government departments and entities act against those who have violated regulations and broken the law. The fight against corruption will take on a new intensity thanks to the outcomes of the State Capture Commission, the strengthening of law-enforcement agencies and the implementation of new anticorruption practices in the public service.

## ROLE OF SOEs

SOEs play a vital role in South Africa's economy. From water and roads, to energy and ports, to defence and aviation, these strategic assets are necessary to keep the country running. It is essential that government reverses their decline and position them to contribute positively. Government has embarked on several immediate measures to restore these companies to health, at the same time as it undertakes far-reaching reforms that will make SOEs more efficient, competitive, accountable and sustainable.

The Presidential SOE Council, appointed in 2020, has recommended that government adopt a centralised shareholder model for its key commercial state-owned companies. This would separate the State's ownership functions from its policy-making and regulatory functions, minimise the scope for political interference, introduce greater professionalism and manage state assets in a way that protects shareholder value. As part of this, preparatory work has begun for the establishment of a state-owned holding company to house strategic SOEs and to exercise coordinated shareholder oversight. To ensure that SOEs are effectively fulfilling their responsibilities, the Presidential SOE Council is preparing recommendations on SOEs to be retained, consolidated or disposed of. Any recommendations would be subject to extensive consultation with all stakeholders.

## SAFETY AND SECURITY

Government is taking steps to safeguard democracy, protect the economic infrastructure and build safer communities for all. Earlier this week, government released the report of the expert panel into the civil unrest in July last year. The report paints a deeply disturbing picture of the capabilities of security services and the structures that exist to coordinate their work. The report concludes that government's initial handling of the July 2021 events was inept, police operational planning was poor, there was poor coordination between the state security and intelligence services, and police are not always embedded in the communities they serve. The expert panel said that if the violence has exposed anything it was the poverty and inequality that is the root cause of the desperation of the people of South Africa.

The expert panel found that Cabinet must take overall responsibility for the events of July 2021. This is a responsibility that government acknowledge and accept. Government will, as recommended by the panel, develop and drive a national response plan to address the weaknesses that the panel has identified. It will begin immediately by filling critical vacancies and addressing positions affected by suspensions in the State Security Agency and Crime Intelligence. Government will soon be announcing leadership changes in a number of security agencies to strengthen the security structures. The staffing of the public order policing unit of the South African Police Service (SAPS) will be brought to an appropriate level, with appropriate training courses in place. The ongoing damage to and theft of economic infrastructure has damaged confidence and severely constrained economic growth, investment and job creation. At the same time, government needs to confront the criminal gangs that invade construction sites and other business places to extort money from companies.

This requires a focused and coordinated response. Government has therefore established specialised multidisciplinary units to address economic sabotage, extortion at construction sites and vandalism of infrastructure. Government will make resources available to recruit and train an additional 12 000 new police personnel to ensure that the SAPS urgently gets the capacity it needs. Another area of immediate attention will be the re-establishment of community policing forums to improve relations and coordination between local police and residents of the areas they serve. "It is clear from the observations of the expert panel that we need to take a more inclusive approach to assessing the threats to our country's security and determining the necessary responses. I am calling on all South Africans through their various formations to participate in developing our National Security Strategy. I will be approaching Parliament's presiding officers to request that Parliament plays a key role in facilitating inclusive processes of consultation." – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. @GovernmentZA #SONA2022 10 #SONA2022 HIGHLIGHTS The security services have been tasked by the National Security Council to urgently develop implementation plans that address the range of recommendations made by the expert panel. These measures will go a long way to address the serious concerns about the breakdown of law and order in society.

## FIGHT AGAINST GBVF

This year, government is intensifying the fight against GBVF through implementation of the National Strategic Plan on GBVF and other measures to promote the empowerment of women. Earlier this month, President Ramaphosa signed into law three new pieces of legislation, which has strengthened the criminal justice system, promoting accountability across the State and supporting survivors. The implementation of this legislation will go a long way to ensuring that cases are successfully prosecuted, that survivors are protected and that there are more effective deterrents in place. Government has made significant progress in reducing the backlog in DNA processing, reducing it from 210 000 exhibits in April 2021 to around 58 000 at present. “However, the fight against GBV will never be won unless, as society, we mobilise all formations and all citizens behind a sustained programme of social action.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## HEALTH

As the COVID-19 pandemic has starkly demonstrated, a nation’s health is inextricably linked with its economic progress and social development. Government will therefore continue with the work underway to ensure universal health coverage for everyone in South Africa, regardless of their ability to pay. While public hearings on the National Health Insurance (NHI) Bill are continuing in Parliament, much progress is being made in preparing for the introduction of NHI. More than 59 million people are registered in the Health Patient Registration System. By September 2021, more than 56 000 additional health workers had been recruited and more than 46 000 community health workers integrated into the public health system. For the last two years, the education of children and young people has been severely disrupted. “As we return to normal educational activity, we will work harder to ensure that all learners and students get the quality education they need and deserve.” – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.

## CAPABLE, ETHICAL AND DEVELOPMENTAL STATE

Government must work for the people. That is why its foremost priority is to build a capable, ethical and developmental state. Government will soon be finalising a framework for the professionalisation of the Public Service. This will include tighter measures for recruitment of public servants, continuous professional development through the National School of Government and partnerships between state bodies, professional associations and universities. Lifestyle audits are already being implemented across the Public Service. This year, government will continue with the implementation of the DDM.

This model brings all three spheres of government together with other social partners in every district to grow inclusive local economies and improve the lives of citizens. In particular, the DDM

facilitates integrated planning and budgeting across spheres of government and improves integration of national projects at a district level. While there are many parts of the State that require much work, there are institutions that continue to serve the people of this country effectively and efficiently. One such institution is the SARS, which will be 25 years old this year. While SARS was badly damaged by state capture, it has made remarkable progress in restoring its integrity, credibility and performance. Since its formation, SARS has collected some R16 trillion for the country's social and economic development.

This revenue has enabled government to improve the lives of millions through the provision of healthcare, education, social grants and other basic services. A capable state is not only about the quality of public servants and the efficiency of institutions. It is also, fundamentally, about how citizens are empowered to participate. "We must work together to ensure that platforms like schools governing bodies and community policing forums are more active and inclusive. A vibrant civil society is crucial for a capable state and for development." – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall. Government will be working with social partners to convene the long awaited Social Sector Summit. This summit will seek to improve the interface between the State and civil society and address the challenges that non-governmental organisations and community based organisations face. "Our country has suffered several damaging blows in recent times. A confluence of forces, many of them outside of our control, has brought us to where we are now.

We face steep and daunting challenges. Indeed, we are engaged in a battle for the soul of this country. "But there can be no doubt that we will win. I ask every South African to rally together in our fight against corruption, in our fight to create jobs, in our fight to achieve a more just and equal society. "We have faced many crises in our past, and we have overcome them. We have been confronted with difficult choices, and we have made them. In trying times, we have shown courage and resilience.

Time and time again, we have pulled ourselves back from the brink of despair and inspired hope, renewal and progress. Now, we must do so again. "Let us forge a new consensus to confront a new reality, a consensus that unites us behind our shared determination to reform our economy and rebuild our institutions. Let us get to work. Let us rebuild our country. And let us leave no one behind." – President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall

## State of the Province Address

The agenda for the sixth term remains informed by the Eastern Cape Provincial Development 3 Plan (EC-PDP) - Our Vision 2030. As committed in the EC-PDP, we must address the unemployment challenge which sits at 47.4%, affecting men, women, and the youth of our province. We must end the sea of poverty that we see with our own eyes, with 12.7 % of households living in



poverty. We must also end the inequality that persists in our democratic order, which affects mainly Black people in all the facets of socio-economic life. In response to this reality, we are implementing the Provincial Medium Term Strategic Framework (P-MTSF), to contribute towards addressing unemployment, poverty, and inequality. In our plan we said, to address these three challenges, we must:

- Build a capable, ethical, and developmental state
- Transform the economy and create jobs
- Invest in Education, Skills and Health
- Consolidate the social wage through reliable and quality basic services
- Integrate spatial planning, rural economy, and local government
- Build social cohesion and safe communities and lastly
- Build a better Africa and the World.

We believe that, through these seven priorities, we are building the Eastern Cape we want, by creating jobs for the jobless, reducing unemployment, enhancing food security, alleviating hunger, and building equal opportunities for all our citizens. While we were implementing programmes to achieve these priorities, the Covid-19 pandemic hit our shores. It exposed the weaknesses in our government and the inequalities in our communities. We had to adjust our sails to navigate the worst health crisis of the 21st century.

The pandemic not only claimed lives, but impacted negatively on the economy. We then developed a Provincial Economic Recovery Plan to resuscitate our economy. Honourable Members, the people of our Province expect government and social partners to solve the unemployment challenge. In response to this expectation, we have started to collectively address the economy that is not growing at an acceptable rate. In this regard we are building an enabling infrastructure as a catalyst to grow the economy and create jobs. I now report on the progress made in the implementation of Infrastructure Projects across the Province.

Roads infrastructure is the wheels of the economy, and it also plays the important role of connecting our people to social services and economic centres. A few years ago, the Province decided to partner with SANRAL in the construction and maintenance of our strategic roads. In the past year, 8 major road infrastructure projects, worth R3.1 billion, have been completed.

These are:

- R72 Port Alfred to Fish River
- R72 Bhirha River to Openshaw
- N2 Makanda to Fish River (Phase 2)

- N2 Tetyana to Sithebe Komkhulu
- R67 Whittlesea to Black Kei River
- R61 Majola Tea to Tombo
- R61 Libode to Mngazi Mouth
- R75 Jansenville to R63 Intersection to Somerset East Your government is currently implementing 18 other major road infrastructure projects worth R7 billion in our province. These roads include:
- N2 Msikaba Bridge in OR Tambo District,
- N2 Nqadu to Mbokotwana and Dan's Lodge to Tsolo junction in OR Tambo District
- R63 Fort Beaufort to Alice in Amathole District
- N2 Green River (Bulembu) to Buffalo River (eQonce)
- Black Kei River to Komani in Chris Hani District
- R58 Lady Grey to Barkley East in Joe Gqabi District
- R61 Baziya to Mthatha Airport in the OR Tambo District, and 6
- N2 Breidbach & Belstone Interchange in the Buffalo City Metro Small towns like Middelburg, Steynsburg, Molteno, Dordrecht, Indwe and Nqanqarhu (Maclear) are benefiting from the rehabilitation works that are currently undertaken on the R56. Over R1.5 billion has been invested in the rehabilitation of this route. Despite the negative effects of the COVID 19 pandemic, over 4 500 job opportunities have been created. Of these, 2 020 benefitted youth and 1 076 women. A total of R228 million was spent on wages and salaries. Work packages worth more than R5.5 billion were allocated to 696 black owned contractors, with R120 million spent on those within CIDB Grades 1 – 4. Sesiqalisile ukulungiselela ukwakha ezinye iindlela ezilishumi elinethoba eziquka leyo iza kunciphisa ingxinano yezithuthi kwidolophu yaseGcuwa naseDutywa. Sinethemba ukuba olu phuculo lweendlela luza kuba negalelo elibonakayo kukhuseleko ezindleleni zethu nasekunciphiseni ixesha elichithwa ngabaqhubi ezindleleni kwiPhondo Lethu.

The R1.6 billion Mtentu Bridge project, in Mbizana, was delayed after contractors left the site, citing violent protests. We also acknowledge that in some instances there were weaknesses in public participation and social facilitation processes. We are looking into strategies to improve in this area because the voice of the people is critical in development. However, I am pleased to note that the announcement of a new contractor for this project is imminent. In the construction of the Msikaba Bridge that is currently underway in OR Tambo District, 522 local people are employed on site, all coming from the 4 surrounding administrative areas of Lambasi, Mgezwa, Nkunzimbini and Njombela on the South and KwaThahle and Khanyayo on the North. Siyaqhubeka nokuphucula iindlela zeli Phondo. Akusekudala siwugqibe umsebenzi wokwakha ezi ndlela zilandelayo: ukusuka kwisibhedlele iNtloza ukuya eHluleka, N2 ukuya esibhedlele iSiphethu, ukusuka kuGatyana ukuya eDwesa nokusuka eSterkspruit ukuya esibhedlele uMlamli.

Reseal and rehabilitation projects are being implemented on various sections of our provincial

roads, including Maluti to Matatiele, Makanda to Port Alfred, Butterworth to Centane and Magusheni to Flagstaff. Meanwhile, preparations are underway for the implementation of phase 3 of R61 Magusheni to Mzamba, Coghlan to Clarkebury Phase 1 and Ntlaza to Hluleka Phase 2. 8 We re-gravelled 3 554 km and bladed 62 708 km. Road Maintenance was however adversely affected by various factors like COVID-19 and community protests, resulting in constrained progress. The re-gravelling and blading are just not enough because during rainy season gravel roads are washed away. It is now time to ramp up paving because it is both durable and labour intensive. We welcome the announcement by the President that national government will work with us to use labour intensive methods to construct or upgrade rural roads. This will augment similar initiatives that the Province has started, for example, Machubeni Road, Qumbu to Tsilitwa and Healdtown to Ngumbela Oval. We have another challenge in our province, that of lowlying bridges which are easily damaged by water in rainy season.

We will take advantage of the upscaled Welisizwe Rural Bridges Programme as announced by the President last week. Honourable members, the Wild Coast Industrial Park is no longer a dream, it is a reality. Fencing at the Wild Coast Industrial Park site is 95 % complete. This project has benefited eight SMMEs and created jobs for local people. The next phase is the implementation of bulk infrastructure, which includes sanitation, water, and 9 electricity. The Department of Trade, Industry and Competition has invested R49.5 million for installation of bulk infrastructure and the project will be completed in November 2022.

We have already signed an investment pipeline of R1,4 billion with 4 investors committing to locate in the Wild Coast Industrial Park. These entail investments in the following sectors: vegetable cultivation and processing; beverage manufacturing and cold storage; poultry processing and starch manufacturing. Honourable Members, the private sector contribution on our economy has mitigated the negative impact of Covid19. The private sector has truly embraced our call to work together to build the Eastern Cape we want. In the Buffalo City Metro, sixteen new investors have injected a combined R3.3 billion to our economy and are linked to the Mercedes Benz South Africa's (MBSA) new C-Class project (W206). These investors have pledged to create 2 078 new jobs in the next two years. We have no doubt they will fulfil their commitment, because they have already created 751 new jobs within EL IDZ. As a platform that is anchored on the auto sector, the EL IDZ is looking at deepening local content by localising the 2 nd and 3rd tier car components that are not currently in 10 South Africa.

That is a bold futuristic outlook that we need for our manufacturing sector and as a shareholder we will support the EL IDZ to realise this strategic objective. In the past year we have received two new investments from the OEMs. Isuzu invested R1,2 billion effectively rescuing half of the jobs that would have been lost when General Motors de-invested in South Africa. Ford Motor Company on the other hand, has committed to invest R600 million in their plant in Gqeberha for modernizing and growing their local operations. The presence of these OEMs has contributed to the growth of tier 1, tier 2 and tier 3 automotive supplier network which stands at 118, providing over 55,000 jobs in the Province.

The Coega SEZ has recently been chosen by Hive Hydrogen SA as the location of a Green Hydrogen project which will be fully operational by 2026. The project entails the construction of about R69.6 billion green ammonia plant with its own dedicated green power supply. This is a game changer project for our province and the country as it will boost the Coega SEZ's value proposition platform for sustainable investments. The Coega SEZ is seized with two more projects that will contribute a combined 824 new operational jobs to the 11 economy. One of these investors is Seraphim Solar Cell Manufacturing company that is investing R362 million into our province to increase the local content of its solar value chain. The second investor is African Port Logistics and Infrastructure, that is investing R300 million in the agroprocessing value chain. These are real investments that will benefit the people of our province. Madame Speaker, I can confirm that Transnet has budgeted R5,6 billion in the medium-term to sustain and expand investments. The East London Port has been allocated R1 billion to establish boat building and ship repair facilities as well as a Maritime Training College as part of Operation Phakisa Projects.

Following the commitment to migrate fuel tanks and the manganese exports from the Port of Port Elizabeth to the Port of Ngqura, Transnet has appointed COEGA as the implementing agent for the R3,4 billion new Ngqura Manganese Export Terminal. The Cookhouse – Blaney branch line is now in operation and connects to the Agri Port Terminal at the East London Port, reducing the costs of logistics by moving goods from road to rail. Last year, Aspen invested R3,3 billion in their Gqeberha Plant to produce vaccines for Africa. This investment has created 1 775 jobs in our province, of which 52% 12 benefitted women. We also welcomed an R80 million investment by Siemens in a 100-bed modular hospital in Cecilia Makiwane Hospital. Honourable Members, energy security is critical for our socio-economic transformation.

Our country's energy challenges have stifled growth as disruptions in electricity supply affect industries and threaten jobs as well as lives in critical services such as health care. Our province is playing an active role in offering sustainable solutions to the country's energy challenges. We are a suitable environment for the energy mix that our country is pursuing, and we have the capacity to host wind farms, solar farms, gas fired power plants and roof-top solar systems. We tick all the boxes and investors must look in our direction to locate their green energy projects. The construction of four wind farms that were awarded to our province has been completed and are now operational: two are in the Blue Crane Municipality, one in the Kouga Municipality, and one in the Ngqushwa Municipality. They have added 433 Megawatts of capacity to the national grid. In addition to these, two more wind farms were recently awarded to our province; one is in the Chris Hani District Municipality and the other in the Sarah Baartman District Municipality.

These wind farms will add an extra 224 Megawatts to the national grid with an 13 estimated investment value of R4.6 billion. One thousand three hundred jobs will be created from this investment. Our Province has been earmarked for two investments projects on Liquefied Natural Gas, located in the Coega SEZ. The two projects, Karpowership and Mulilo Total Coega have a combined capacity of 650 Megawatts which will ensure energy security for investors in the Coega precinct. This development affirms Coega as the designated Gas Hub of South Africa and SMMEs in our province should be ready to benefit from this development. During the State of the Nation Address, the President announced that requests for proposals for 3,000 MW of gas power and 500 MW of battery storage will be released later this year. Our Special Economic Zones are gearing up

for these two initiatives.

Like energy, water is a precious resource that contributes immensely to the socio-economic development of a nation. We welcome the President's pronouncement that the closing date for the first of the two-stage procurement on the Mzimvubu Water Project, is expected to be later this month, while the announcement of a successful bidder is expected in September 2022. We are constantly following up on this project through our intergovernmental relations platforms. 14 One of the commitments we made at the beginning of this term was to improve office accommodation and bring services closer to the people. In this regard, we invested R439 million to build three government office parks in Alfred Nzo, Joe Gqabi and Chris Hani. We named the office parks after three late citizens of our Province Mr Thobile Bam, Mr Themba Kojana and Mr Bathandwa Ndondo, respectively, who were selfless and dedicated to the upliftment of our people.

The Office Parks are now offering multiple government services to our communities and are saving our people time and money. SMMEs and local people were prioritised for business opportunities and jobs in these construction projects. A contractor is currently on site at eMaXesibeni Office Park while the Mqanduli Office Complex site will soon be handed over. Honourable Members, the performance of the agricultural sector is one of those that have sustained our economy during this tough Covid-19 period, with exports increasing and imports declining. In support of this sector, we invested R417.4 million in 107 agricultural initiatives in various value chains across the province. These include production in grain, red meat, citrus fruit, macadamia, poultry and cannabis. We also invested R160.5 million to support small holder farmers with infrastructure for livestock, horticulture, and grain production.

15 Our province is an exporter of agricultural commodities to international markets. Today, lemons produced from our province were shipped to China at the Durban Port. While we celebrate this milestone, we want the produce from our farmers to be shipped from our ports and we are engaging Transnet regarding improvements at the EL Port. There is progress in the revitalisation of irrigation schemes. All the 8 irrigation schemes in the province were supported with funding in various aspects including infrastructure refurbishment (at Zanyokhwe, Igqange leMpumalanga, Masibazise); cropping (at Bilatye, Ncorha, Qamata); and livestock (at Keiskammahoek, Shiloh). Sixhase amakhaya angaphezu kwe48 000 ngeembewu, izithole, izichumiso nezixhobo zokulima. Sikhuthaza iiNkosi zezwe lakowethu nabantu bakuthi bavuselele ulimo kwiindawo abakuzo ukuqubisana nendlala. SinguRhulumente sikhuthaza amalinge ezolimo afana neliya likaWiphold kuCentane, Dalasile Agri Park eNgcobo, Ukhanyo Farmer Development in Mthatha.

Cannabis is emerging as a potential sector for growth in the country. The streamlining of the regulatory processes towards enabling the Cannabis and Hemp sector will accelerate our efforts to build the Cannabis industry. Going forward, we will strengthen this work with the 16 appointment of an advisory panel drawing in experts from the sector. Honourable Speaker, we are starting to see the results of our intervention in the Magwa- Majola Tea Estate. We have sustained 1 558 jobs in the impoverished communities. Bulk sales generated R18.5 million for the estate and re-inforced our commitment to commercialise and diversify production at the estate to ensure self-sustenance.

Our ocean has abundant marine resources that should help us grow our economy and create jobs. We are implementing the Oceans Economy Master Plan and already 73 co-operatives of small-scale fisheries have been awarded 15-year long licenses by the Department of Forestry, Fisheries, and Environment.

The licences will ensure participation of rural communities in the oceans economy through legal trading. In line with our pronouncement in last year's State of the Province Address, we have invested R206 million for the construction of phase 1 of the Aquaculture Development Zone which is underway in Coega, creating approximately 500 construction and 900 operational jobs. Madame Speaker, SMMEs play an important role in job creation and in the economy. Through the Local Economic Development Framework, we continue to enhance SMME development. From the beginning of this term until end December 2021, the Provincial Departments spent a total of R42,3 billion, of which R24,3 billion (58%) was spent on Eastern Cape based suppliers. In the current financial year, Provincial Departments had cumulatively spent R10,9 billion as at the end of the 3rd quarter.

Out of this amount R6,1 billion (56%) was spent on Eastern Cape based suppliers. The percentage local spending for the current financial year has increased from 47% in Quarter 1 to 64% in Quarter 3. Honourable Members, SMMEs, especially those that are owned by designated groups, are supported by government as part of our work of growing and transforming our economy to serve the people. The Department of Small Business Development's Shared Economic Infrastructure Facility is investing R34.7 million to support various projects in our province. These are: KwaNtozonke Product Market in King Sabata Dalindyebo Municipality, the Chris Hani Co-operative Development Centre in Chris Hani District. In addition to this, R1,9 million has been allocated for 141 informal and micro businesses in the Amathole and Joe Gqabi District Municipalities. Honourable Speaker, in this term we have created 90 000 jobs, mainly through our three public entities, EL IDZ, 18 Coega and ECDC.

Designated groups continue to benefit from the Expanded Public Works Programme, with 349 500 participating in this term. We expect this number to grow as we constantly intervene to address unemployment and poverty. The NTT Group has invested R35 million in Mthatha, to open a fully-fledged VW and Audi dealership. This will alleviate the struggles that motorists endure in that region to buy and service cars. The new investment will create 40 jobs for the people of OR Tambo District. We appreciate investment by entrepreneurs into our economy, such as Mr Mava Mkukwana who has created 400 direct jobs through his business investments in the retail sector. He is building a service station at Fort Jackson that will have a pharmacy, and a variety of fastfood outlets. By injecting a lifeline of R24.2 million, we rescued 38 companies that were distressed because of the Covid-19.

This saved 1 178 jobs across the Province. This was in addition to the Covid-19 UIF Temporary Employment Relief Scheme (TERS) which paid R3,2 billion to 13 793 employers and 255 588 employees. Madame Speaker, as part of reviving the township and rural economy, we have initiated a programme to support 19 community-owned stores. This initiative is designed to ensure that

communities, especially women, are shareholders for the common good of the community. This will also ensure that we stimulate economic activity in our communities. To mitigate the effect of COVID-19 on small businesses, 1 279 SMMEs in rural areas and in townships were supported thereby saving jobs. Madame Speaker, in response to the perennial challenge of youth unemployment, we are implementing three key strategies, namely, labour-intensive high-impact government projects, youth entrepreneurship as well as Work Integrated Learning. More than 278 000 young people have benefitted from various youth development initiatives implemented across the Province. We invested R1, 7 billion in youth development through efforts, such as: Skills Development, Training, Bursaries, Internships and Learnerships; financial and non-financial support to youth owned SMMEs; Work opportunities as well as student debt relief intervention. The latter benefitted needy students in our universities. As committed last year, in partnership with the Liquid Intelligent Telecoms South Africa, we have established an 20 ICT Academy in Mthatha.

This year the institution has increased its intake to 100 from 73, last year. Madam Speaker, our province attracted R363 million from Sector Education and Training Authorities (SETAs) in the fields of Manufacturing, Engineering and Related Services, Public Sector, Mining Qualifications Authority, Banking, Chemical, Local Government, Wholesale and Retail, Education Training and Development and the Insurance SETAs. This investment benefitted more than 7 520 young people in our province. In this regard, we want to appreciate their valuable contributions to skills development. We are making strides in affirming youth owned businesses. We have increased beneficiation of youth owned SMMEs from 5%, in 2019/20 to 18.3% by mid 2021/22.

We are determined to continue increasing these thresholds until we reach the 30% target set in the National Youth Policy. We are collaborating with the Department of Employment and Labour to train young people in Digital Technology and Solar Energy, under an initiative called Youth Digital eXponential (YDx) Project. Funded by the Unemployment Insurance Fund, the project is implemented through the South African Digital Content Organisation, and 500 young 21 people from across the Province are already participating in it. The revitalisation of our state-owned industrial parks remains one of our top priorities. Construction work is continuing in all the targeted industrial parks. At least 379 jobs were created and 71 local SMMEs are benefitting from this program. To this effect, we have completed the 1st phase upgrades at Dimbaza Industrial Park and we will continue with Phase 2 in the new-year. In all other parks construction work is underway. Taking into account the work that has been done, we are making strides to attract investors to the industrial parks. Honourable Speaker, we identified tourism as a sector that could jumpstart our economic recovery. International travel bans at the height of the Covid-19 pandemic in 2020, forced us to focus on domestic tourism.

This has proven to be a master stroke. According to SA Tourism there were 3.7 million domestic arrivals in our Province in 2021, contributing R7.1 billion direct spend in our provincial economy. We appreciate the tourists for choosing our Province as their destination of choice. We are on course to complete infrastructure upgrades at some of our tourism sites and these include: 22 • Interpretation Centre at Baviaanskloof, our only World Heritage site in EC, which was funded by National Department of Tourism to a tune of R42m is complete and to be launched in March 2022. This will further position the EC as destination attraction linking this with hiking trail funded by NDT for about R9m funded. •

The Cape Morgan's chalets/dining facilities funded to the tune of R45 million by the Department of Forestry, Fisheries and Environment, (DFFE). This project will be completed in April 2022, improving our coastal offerings. • The newly revamped Silaka Nature reserve in Port St Johns is receiving positive reviews from tourists since it opened in December. This facility has been revamped to a tune of R11m by the DFFE and is completed. The Eastern Cape Parks and Tourism Agency (ECPTA) will continue to capitalise on the province's potential and attract a greater market share of domestic tourists to the Province. Some of the strategies being employed, include tracking and profiling tourists needs and their perception about the EC. This valuable tool will sharpen marketing investment across the sector.

Our top 15 iconic tourist destinations have been digitised and are available on the virtual platforms, where potential 23 tourists could virtually tour them. To spoil the tourists with choice these virtual tours are being increased to 27 as we speak. We look forward to welcoming visitors during the Easter holidays. Madame Speaker, the development of the African Coastal Smart City is gaining momentum, following the President's Roadshow on the Eastern Seaboard towards the end of 2021. This initiative is going to serve as a game changer and a catalyst for further development and investment attraction throughout the Wild Coast. There are already investors who have expressed an interest in the area. To facilitate implementation on the Eastern Cape side of the programme, we have appointed Coega to package our projects.

Honourable Speaker, we are working to ensure that our province is not left behind in the auctioning of the high frequency communication spectrum. The Eastern Cape will transition from analogue to digital broadcasting next month. Amongst other benefits, viewers will enjoy improved picture quality on their television sets. Madame Speaker, the Grade 12 results for the class of 2021 are an outcome of a successful implementation of the Education Transformation Plan in our Province. The fact that 17 000 more learners passed in 2021, than in 2020 is a cause for celebration. Similarly, that bachelor 24 passes increased by 4.1 % from 30 % in 2020 to 34.1 % in 2021, is also a good reason to rejoice. We reduced the number of districts performing below 70% drastically from 9 to 3. We wish all the matriculants well in their future endeavours.

Malungu abekékileyo, siyandisile inkqubo yokuhanjiswa kokutya ezikolweni, ngokuthi songeze isidlo sakusasa. Esi sidlo sixhanyulwa ngabantwana abayi 173 358, abasuka kwawona makhaya ahlelekileyo. Xa sisithi singurhulumente onenkathalo, asithethi mampunge. We continue to rollout school infrastructure in the rural districts of the Province to level the education playing field. A R50 million state of the art science centre, named after Mama Albertina Nontsikelelo Sisulu, has been built in Cofimvaba. The centre will enhance the teaching of maths, science and technology and further widen career choices of learners. The ASIDI programme allocated 298 schools to the Province and to date 168 schools (56%) have been completed. In the 2021 school year 23 schools were completed and these include Mfesane SSS- in Nelson Mandela Metro, Mbuqe Extension in OR Tambo, Themba Mzizi in Alfred Nzo, Bhongweni Primary School in Sara Baartman. These schools comprise 156 classrooms, libraries, laboratories, electricity, water and sanitation. 25 The Eastern Cape is one of two provinces in which an innovative social infrastructure delivery mechanism will be piloted. In this regard, we have packaged 77 Schools which are ready to be built



once the R6,6 billion is made available by National Treasury.

The Provincial Government continues to provide scholar transport to more than 103 000 learners a year. The programme is not without its challenges, such as budgetary constraints and the delayed payment of service providers. Having resolved the funding challenges, legitimate claims will be processed. Honourable Members, the Covid-19 fourth wave has not been severe in our Province. We attribute this to two main factors: the adherence of our people to Covid-19 protocols and the uptake of the vaccine. We want to applaud the 1.8 million people of our Province who took their Covid-19 jabs.

They have contributed to the reduction in the spread of the virus. We urge the age group between 12 to 49 years to come forward to get their jabs so we can reach herd immunity. The vaccines are safe and have protected many of our people against severe illnesses in the 4th wave. Honourable Speaker, with the establishment of the second medical school at the Nelson Mandela University, our efforts to build capacity in the health sector received a 26 boost. This school has admitted its first intake of students. We have also established two cerebral palsy centres at Nelson Mandela Academic Hospital and Cecilia Makiwane Hospital. Honourable Members, will remember that we invested R590 million to rehabilitate health facilities as part of the Covid-19 response plan.

We have completed 77 of the 85 projects and this gave us 2 209 Covid-19 isolation beds. This is a legacy that will benefit our communities beyond Covid-19. As part of our health infrastructure improvement we are renovating Siphethu Hospital. We also appreciate the private sector contribution to our health care service. These include a private general centre offering access to private paying patients eQonce, the East London Eye Day Hospital, and the full-fledged Royal Buffalo City Specialist Hospital in East London. In addition to these, two other private health care facilities have been established in Gqeberha with a combined investment of more than R700 million, creating about 500 permanent jobs and close to 300 construction jobs. Somlomo, intlupheko yinto esifuna ukuyisiphula neengcambu kweli phondo lethu.

Through the SASSA social grants, R29 billion per annum is invested in the provincial economy, supporting 3 million people per 27 month. In addition, more than 6 000 needy people, who do not qualify for social grants, benefitted through the social relief of distress. In an effort to restore family units, 33 300 families participated in parenting programmes to enhance strong relationships between children, their parents, and the entire family. More than 1 300 family members from all eight Districts and Metros were reunited with their families. The Non-Profit Organisations are critical partners in supporting government on the implementation of social upliftment programmes. To this end, R121 million has been allocated to 6 600 Non-Profit Organisations (NPOs). We are also assisting Ex-Mine Workers in our Province to access their benefits from Mining Provident Funds. So far, 13 639 claimants have been compensated for occupational diseases. Somlomo, sikholelwa ukuba ukuze sikwazi ukuphelisa intswela ngqesho, intlupheko, ukungalingani kwanokuvuselela uqoqosho lwethu, kufuneka sibe norhulumente onesiseko esiluhlile. I want to assure the people of our Province that we are making progress in building a capable state that is fit-for-purpose to address the challenges facing us. 28 One major step that we have taken in ensuring the

administrative leadership stability in the Province is to fill all thirteen posts of Heads of Departments. Six of these posts are filled by women. Malibongwe!!!

To build capacity in the administration, 3 336 vacant posts were filled and 6 370 young people were appointed as Interns. We have initiated lifestyle audits prioritising Members of the Executive Council and Heads of Departments. For the first time in the history of our democracy, we removed the cloud of secrecy on procurement, by disclosing- on a quarterly basis- the names of companies that were awarded bids. Our government is committed in quelling the perception that we are a haven for corruption. In this regard, we are considering recommendations emanating from forensic and investigative reports by state institutions, including the findings of the Commission on State Capture and the Special Investigations Unit. In cases where actions are recommended, we will not hesitate to act against those implicated, both in the public and private sectors. We call upon the law enforcement agencies and the justice system to act without fear or favour and with greater speed in bringing the perpetrators to book. 29 Sayiphelisa into yabasebenzi abashishina norhulumente, kuba banemivuzo abayirhola qho ngenyanga. We strive to restore credibility and sound ethics in our procurement system.

We urge Eastern Cape citizens to report acts of soliciting bribes and acts of corruption. In this environment of tight fiscal constraints, it became necessary for us to find creative ways of augmenting our resources. Our revenue collection has improved and so far we have collected R3.8 billion towards our term target of R4.5 billion. As a caring government, we have instituted dedicated measures to assist our former employees and their beneficiaries to access their long-outstanding benefits from the Government Employment Pension Fund. In partnership with the Government Pension Administration Agency, we have since traced nearly half of these beneficiaries and 245 of them have been paid already. To ensure that we do not subject our people to this pain again Departments are already implementing measures to ensure timely processing of employee exit benefits. Improving audit outcomes is another target of our administration and we see light at the end of the tunnel. There has been an improvement in the 2020/21 provincial audit outcomes of departments compared to the previous financial year.

Two more departments, COGTA and DSRAC, have attained clean audit outcomes, adding to 30 Provincial Treasury and Community Safety - thereby increasing the number of departments with clean audit outcomes to four. It is also worth mentioning that seven Public Entities out of eleven sustained their unqualified audit opinion with no findings. We are already implementing measures to increase the number of institutions attaining clean audit outcomes. On education and health, we have red flags that we need to respond to, as they lead to perennial budget shortages.

The financial instability in the two departments leads to poor quality education and health services, non-payment of service providers and budget cuts in other government departments. In response, we have developed integrated turn-around strategies for both departments. For Health, our focus is on financial sustainability, amongst other areas. This, we will do by optimising budgets, reducing losses, increasing revenue collection, managing cost drivers, doing more with less, leveraging ICT and ensuring effective finance and supply chain management. To reduce medico legal litigation

costs, we want to stop the outflow of lump sum payments, by effectively managing current cases and strengthening administration systems to prevent recurrence. 31 On Education, we are eliminating CoE inefficiencies, improving corporate governance, automating leave management and streamlining business processes. We are also resourcing learning and teaching for improved learner attainment. The ongoing provincial government intervention in the Department of Health will be extended to include the Department of Education.

To ensure the desired effect the OTP will strengthen coordination of these interventions. Somlomo, siphuma kunyulo lorhulumente wasemakhaya apho imibutho ibizithengise khona, icacisa ukuba iza kuluqhubela phambili njani uphuhliso loluntu. Following the conclusion of the elections, new councillors were sworn in, and Troikas elected. We hope they will uphold the principle of putting people first. We congratulate the newly elected leadership of SALGA. We look forward to working with SALGA in the province to improve the performance of our municipalities on service delivery and financial management. The dedicated support we provide to municipalities on financial management is yielding positive results.

In the 2019/20 outcomes we saw a movement of 4 municipalities from a disclaimer to a qualified audit outcome and 2 municipalities obtaining a clean audit. We anticipate 32 further improvement in the 2020/21 municipal audit outcomes. As a province that has huge developmental challenges, particularly in the local government sphere, we embraced the District Development Model, (DDM), which calls on the three spheres of government, including non-government actors, to plan, budget and execute developmental projects together. Towards this, we completed and submitted eight DDM One Plans to Department of Cooperative Governance. It is now time to implement these plans.

The DDM will also be used as a lever for successful implementation of our province's catalytic projects. The Office of the Premier will strengthen coordination of all stakeholders to ensure the meaningful contribution to local development. We will work with the new leadership in municipalities to achieve the following:

- Development of a provincial green economy strategy to mitigate the climate change effects, to keep local spaces clean and to ensure sustainable development
- Improvement of land use for development
- Engagement of traditional leaders • Strengthening and enforcement of by-laws
- Building the capacity of municipalities to enhance their response to disasters 33
- Reduction of debt owed to municipalities through "pay for services campaign"

The provincial government has been providing support to municipalities so that they can attract investors whilst improving the quality of services rendered to communities. Part of this support is the Small Towns Revitalisation programme which focuses on improving water, sanitation, electrification, and roads infrastructure. We have attained our target of implementing the programme in the initial ten (10) small towns. Through this programme 7 218 jobs were created and 207 SMMEs

benefited from contracts. We expect municipalities to maintain the infrastructure provided in these small towns. An amount of R433 million is allocated in 2021/22 MTEF to expand the programme with an addition of fourteen projects in eight more municipalities. Honourable Members, housing delivery is a basic human right enshrined in and our Constitution. In the current term, we have restored the dignity of thousands of destitute families through the housing units we have built. These have mainly benefitted the most vulnerable in our province, including 12 475 women, 3 341 young people and 109 persons with disabilities. 34 However, many of our people have not yet enjoyed this basic human right and are living in informal settlements. In order to meet our term targets, we have put in place mechanisms to address weaknesses in planning, project management and beneficiary administration in the Department of Human Settlements. Somlomo, ulwaphulo mthetho ngomnye umceli mngeni esiqubisana nawo kweli phondo lethu. Ukugetyengwa kosapho lwakwaGeorge kuTsolo lulele, kunye nokubulawa ngolunya kukaNosicelo Mtebeni kudandalazisa elubala ubunzima bomthwalo esijongene nawo. Our response to the pandemic of GBV and Femicide will be enhanced with the establishment of the provincial DNA Laboratory. This facility is at construction stage.

In 2022 the focus will be on resourcing the laboratory in order to be fully operational by February 2023. This investment will go a long way in reducing backlogs in GBVF cases. We are worried about the long time it takes to prosecute and to finalise GBVF cases. The convictions also do not seem to serve as an effective deterrent as sexual offenses have continued to be on the increase. Ngako oko sisazibongoza iinkokheli zomthonyama, iinkokheli zoPolitiko, iinkokheli zakwaLizwi, iinkokheli zokuhlala kunye namadoda jikelele ukuba athabathe uxanduva 35 ukulwa lo mkhuba. Siyabulela kubantu bafana nooTat 'uPetros Majola abathe gqolo ukukhalimela uhlukumezo lwamananina nabantwana. Sihlaba ikhwelo kuwe onke amadoda eli Phondo ukuba azeke mzekweni. Madame Speaker, we strongly condemn the emerging incidents of organised killings in our communities. We appreciate the announcement by the National Minister of Police to establish a specialized investigation unit to speed up investigations into the Gqeberha murders, which appear to be organised crime.

This is in addition to the newly established Chatty Police Station which opened three weeks ago. Seven more police stations will be opened in the near future: two in the next financial year, namely, Huku Police Station kwaBhaca and Moyeni Police Station eNgqushwa. The Majola, Mdeni, Ntamonde, Tabase, Tafalehashe Police Stations will be opened from 2024 to 2026. Honourable Members, in building a better Africa and the World we have interacted with several countries and multilateral institutions. We are establishing a new cooperation with the Secretariat of the Africa Continental Free Trade Area and building relations with regions in the African continent. 36 The German government will continue to assist us to grow and improve the performance of the agricultural sector. We urge the Eastern Cape businesses to leverage opportunities that will accrue out of these diplomatic and economic relations.

Honourable members, the Province of the Eastern Cape prides itself as the Home of the Legends. In appreciating the role played by our forebears in bringing us where we are, we have renamed a number of our government facilities and places after these legends, for example: • The Bhisho State House is now Lillian Diedericks House, (Bhisho), Lilian Diedericks Municipal Building. • In the Nelson Mandela Metro the Brister House has been renamed after Mama Lilian Diedericks • Dawid

Stuurman Airport and King Phalo Airport. Honourable Speaker, we all have the responsibility of contributing to the building of a prosperous Eastern Cape, the one we all want. Sihlaba ikhwelo kubo bonke abemi beli phondo, ukuba baphakame balime umhlaba, bafuye imfuyo ukugxotha ikati eziko. 37 Sikwahlab'ikhwelo kuluntu lonke ekulweni nobundlobongela, ukusetyenziswa kwezinyobisi, nolwaphulo mthetho olugqugqisayo kwiPhondo lethu. Let us stand together to fight lawlessness and rampant crime in our Province: it is in our hands!!! Somlomo obekekileyo, liyinene elithi xa sibambisene, simxhelo mnye senza lukhulu.

The work we have done in pursuing our priorities would not have been possible without the involvement of critical stakeholders in our Province. The multi-stakeholder collaboration in the implementation of the Provincial Covid-19 Response Plan has considerably contributed in mitigating the effects of the pandemic. The Provincial Government takes this opportunity to thank all our partners who continue to walk with us throughout this difficult journey. Through our collaborative efforts, we saved a lot of lives. Sibamba ngazibini mawethu ngentsebenziswano. We extend a word of gratitude to all health care workers and frontline workers who have been at the coalface of fighting the pandemic. Bantu, base Mpumpa Kapa, kukho intetho ethi: "Uhambo lweemayile eziliwaka luqala ngenyathelo elinye" (a journey of a thousand miles begins with a single step). linjongo zale ntetho besiyenza apha namhlanje 38 ibikukunibonisa amanyathelo esiwathathileyo kumsebenzi wokwakha eli phondo lethu, libe liphondo elinekamva eliqaqambileyo. Yes, there are challenges, but they are not insurmountable. We are motivated by the desire to see you, the people of our province, living a better life. Kulithamsanqa kuthi ukuba zizicaka zenu kulo msebenzi enisithume wona wokuphucula ubomi benu. Hlalani nisazi ukuba iingqondo zethu zixakeke kukuphucula intlalo nobomi benu mihla yonke, hayi ukuphuhlisa iziqu zethu. Sisebenzisene kakuhle kakhulu ekulweni intsholongwane yeCovid-19, nangona siphulekene nabantu abaninzi. Kuphinde kwafika ixesha lwenkqubo yokubalwa kwabanatu. Siyabulela kubantu bePhondo lethu esele bebaliwe, ngokubonakalisa umdla nokuthabatha kwabo inxaxheba kolu balo lweCensus 2022.

Siyabakhuthaza abo bangekabalwa ukuba basabele kweli phulo kuba kaloku ubungakanani besabelo-mali sethu buxhomekeke kumanani achanekileyo abemi beli Phondo. Yiyo ke loo nto simemelela kubo bonke abantu ukuba baphakame baqinisekise ukuba babaliwe. Masiqhubeke sibambisane nakwezinye iinkqubo zikaRhulumente. 39 Continue to walk with us on our journey of building the Eastern Cape we want. Step by step, year by year we make this province better for the benefit of all our people.

#### Powers and functions of the municipality

The Alfred Nzo District Municipality executes amongst others the following functions and powers:

No.	Public service	responsibility to deliver	role by Alfred District Municipality
1	water	Alfred Nzo DM	

2	sanitation	Alfred Nzo DM	
3	electricity	LMS	
4	refuse removal	LMS	
5	Air pollution	ANDM	The municipality renders the service from the Community Development department. The core function is local economic development and environmental tourism.
6	building regulations	LMS	
7	child care facilities	LMS	
8	fire fighting	Alfred Nzo DM	Alfred Nzo is performing the function under the department of Community Development Services.
9	local tourism	Alfred Nzo	Alfred Nzo does this from the Planning and Economic Development department. There is staff available for rendering the service but there is limitation of budget for development of the local tourism attractions/destinations.
10	municipal airport	LMS	
11	municipal planning	Alfred Nzo	The municipality has staff and equipment available for rendering the service.

12	municipal health services	Alfred Nzo DM	This is performed by the DM and has dedicated staff for this purpose.
13	municipal public transport	LMs	.
14	pontoons and ferries	LMs	
15	storm water	LMs	
16	trading regulations	LMs	
17	beaches and amusement facilities	LMS	
18	Billboards and the display of advertisements in public places	LMs	.
19	Cemeteries, funeral parlours and crematoria	LLMs	
20	Cleansing	LMs	
21	Control of public nuisance	LMs	
22	Control of undertakings that sell liquor to the public	LMs	
23	Facilities for the accommodation, care and burial of animals	LMs	
24	Fencing and fences	LMs and DM	The DM renders this infrastructure from the PED Department as part of the Agri-Parks Development Programme.

25	Licensing of dogs	LMs	
26	Licensing and control of undertakings that sell food to the public	LMs	
27	Local amenities	LMs	
28	Local sport facilities	LMs	
29	Markets	Alfred Nzo DM	Municipality does not perform this function as yet, however, there are plans to have a market in the silo-facility precinct in EmaXesibeni town.
30	Municipal abattoirs	LMs	
31	Municipal parks and recreation	LMs	
32	Municipal roads	LMs	The district is responsible for development of Rural Road Asset Management System (RRAMS).
33	Noise pollution	LMs	
34	Pounds	LMs	
35	Public places	LMs	
36	Street trading	LMs	



37	Street lighting	LMs	
38	Traffic and parking	LMs	

## Situational Analysis

### 2.1. Socio-economic Overview



Source: ECSECC, 2016

#### 2.1.1. General Overview of Alfred Nzo District Municipality

Alfred Nzo District Municipality was historically part of the Transkei homelands. As such the district is characterized by high levels of poverty, based on both income inequality and low level of development. In response to this deprivation, the Alfred Nzo District was one of the presidential poverty nodes identified in the Integrated Sustainable Rural Development Programme (ISRDP), and has been a subject of different forms economic intervention through time.

The District is largely rural in nature, with village settlements defined by the district's geographical footprint through mountain ranges and river systems. Agriculture and tourism make up core components of the local economy. Matatiele municipality is close to the Lesotho/South Africa national border and has two urban nodes – the towns of Matatiele and Cedarville. Matatiele acts as

a service node to the agrarian based economy of the area, while Cedarville serves as a secondary service centre. Umzimvubu municipality hosts the district's administrative capital in Mt Ayliff and the district's largest economic node in Mt Frere. The N2 traverses the course of the Umzimvubu municipality, and can be seen as its most prominent defining trait.

Ntabankulu municipality has small urban settlements at Ntabankulu town and Cacadu. Ntabankulu has a strong rural presence and is geographically defined by several mountain ranges. Mbizana municipality is the district's gateway to the Wild Coast and has a medium sized town at Bizana. The district has a very mountainous terrain. The land form of the district is generally rugged, with parts of it characterized by steep slopes and high elevations. The topography has implications on the district's natural, social and economic environment. The district is characterized by a high level of biodiversity, and natural resources include river systems, indigenous forests and rich soils. Socially, settlement patterns are determined by the courses of rivers, valleys and hills. The interaction between people and nature also means that the terrain either exacerbates or ameliorates human impacts on the environment.

Economically, a mountainous terrain provides opportunities and challenges not found in other areas. Opportunities include potential for scenic tourism and forestry activity. Challenges include high costs of doing business, given the implications of mountains and hills for the provision of infrastructure such as roads, electricity and telecommunications.

#### 2.1.2. Total Population

Population statistics is important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

Total population - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Numbers percentage]

	Alfred Nzo	Eastern Cape	National Total	Alfred Nzo as % of province	Alfred Nzo as % of national
2010	815,000	6,640,000	51,200,000	12.3%	1.59%
2011	820,000	6,690,000	52,000,000	12.3%	1.58%
2012	826,000	6,750,000	52,800,000	12.2%	1.56%
2013	832,000	6,810,000	53,700,000	12.2%	1.55%
2014	840,000	6,880,000	54,500,000	12.2%	1.54%
2015	848,000	6,950,000	55,300,000	12.2%	1.53%
2016	856,000	7,020,000	56,200,000	12.2%	1.52%
2017	865,000	7,100,000	57,000,000	12.2%	1.52%
2018	874,000	7,180,000	57,900,000	12.2%	1.51%
2019	883,000	7,250,000	58,800,000	12.2%	1.50%
2020	892,000	7,330,000	59,600,000	12.2%	1.50%

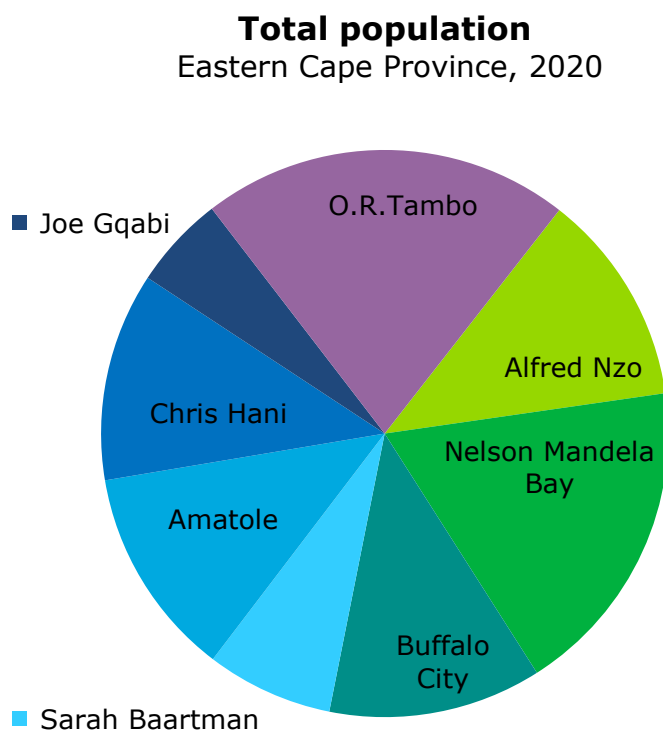
Average Annual growth

2010-2020	0.92%	1.00%	1.55%
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Source: IHS Markit Regional eXplorer version 2201

With 892 000 people, the Alfred Nzo District Municipality housed 1.5% of South Africa's total population in 2020. Between 2010 and 2020 the population growth averaged 0.92% per annum which is about half than the growth rate of South Africa as a whole (1.55%). Compared to Eastern Cape's average annual growth rate (1.00%), the growth rate in Alfred Nzo's population at 0.92% was very similar than that of the province.

Total population - Alfred Nzo and the rest of Eastern Cape, 2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

When compared to other regions, the Alfred Nzo District Municipality accounts for a total population

of 892,000, or 12.2% of the total population in the Eastern Cape Province, with the O.R.Tambo being the most populous region in the Eastern Cape Province for 2020. Alfred Nzo increased in importance from ranking fifth in 2010 to third in 2020. In terms of its share the Alfred Nzo District Municipality was slightly smaller in 2020 (12.2%) compared to what it was in 2010 (12.3%). When looking at the average annual growth rate, it is noted that Alfred Nzo ranked sixth (relative to its peers in terms of growth) with an average annual growth rate of 0.9% between 2010 and 2020.

Total population - local municipalities of Alfred Nzo District Municipality, 2010, 2015 and 2020 [Numbers percentage]

	2010	2015	2020	Average Annual growth
Matatiele	206,000	216,000	229,000	1.05%
Umzimvubu	197,000	198,000	204,000	0.37%
Mbizana	284,000	307,000	329,000	1.47%
Ntabankulu	127,000	127,000	130,000	0.24%
Alfred Nzo	814,687	847,752	892,440	0.92%

Source: IHS Markit Regional eXplorer version 2201

The Mbizana Local Municipality increased the most, in terms of population, with an average annual growth rate of 1.5%, the Matatiele Local Municipality had the second highest growth in terms of its population, with an average annual growth rate of 1.1%. The Ntabankulu Local Municipality had the lowest average annual growth rate of 0.24% relative to the other within the Alfred Nzo District Municipality.

#### Population projections

Based on the present age-gender structure and the present fertility, mortality and migration rates, Alfred Nzo's population is projected to grow at an average annual rate of 0.9% from 892 000 in 2020 to 932 000 in 2025.

Population projections - Alfred Nzo, Eastern Cape and National Total, 2020-2025 [Numbers percentage]

	Alfred Nzo	Eastern Cape	National Total	Alfred Nzo as % of province	Alfred Nzo as % of national
2020	892,000	7,330,000	59,600,000	12.2%	1.50%
2021	899,000	7,400,000	60,300,000	12.2%	1.49%
2022	908,000	7,470,000	61,100,000	12.1%	1.49%
2023	916,000	7,550,000	61,900,000	12.1%	1.48%
2024	924,000	7,630,000	62,700,000	12.1%	1.47%
2025	932,000	7,710,000	63,500,000	12.1%	1.47%

#### Average Annual growth

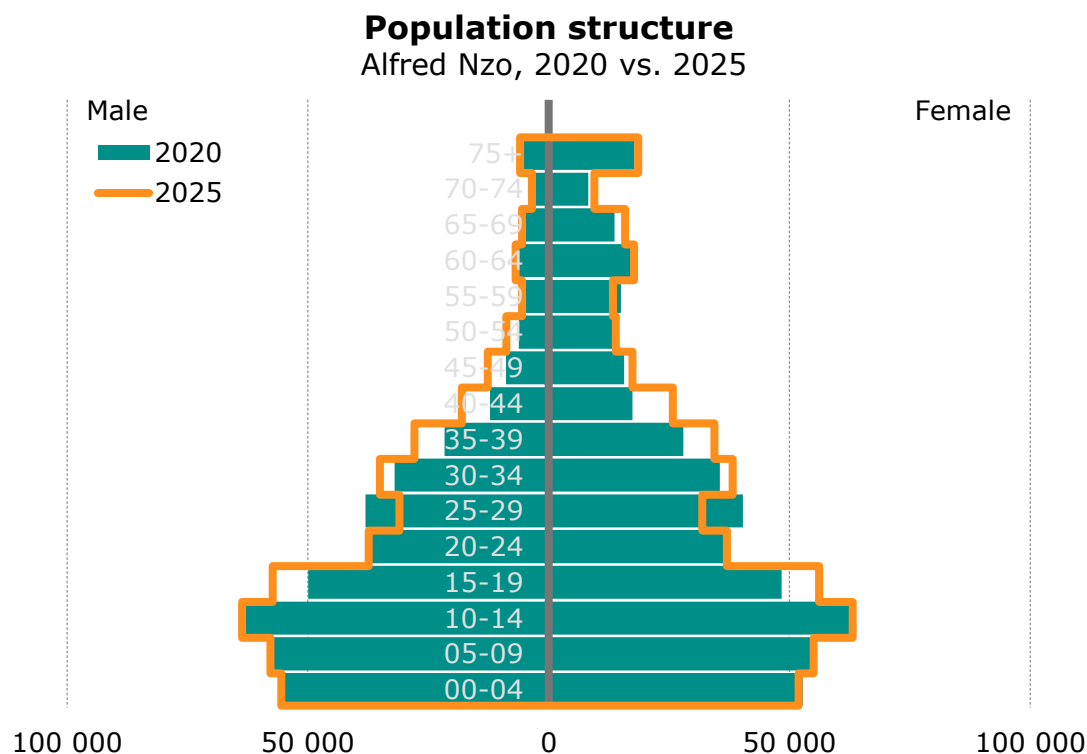
2020-2025	0.87%	0.99%	1.27%
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Source: IHS Markit Regional eXplorer version 2201

The population projection of Alfred Nzo District Municipality shows an estimated average annual growth rate of 0.9% between 2020 and 2025. The average annual growth rate in the population

over the forecasted period for Eastern Cape Province and South Africa is 1.0% and 1.3% respectively. The Eastern Cape Province is estimated to have average growth rate of 1.0% which is higher than the Alfred Nzo District Municipality. The South Africa as a whole is estimated to have an average annual growth rate of 1.3% which is higher than that of Alfred Nzo's growth rate.

Population pyramid - Alfred Nzo District Municipality, 2020 vs. 2025 [Percentage]



The population pyramid reflects a projected change in the structure of the population from 2020 and 2025. The differences can be explained as follows:

In 2020, there is a significantly larger share of young working age people between 20 and 34 (24.6%), compared to what is estimated in 2025 (22.6%). This age category of young working age population will decrease over time.

The fertility rate in 2025 is estimated to be slightly higher compared to that experienced in 2020.

The share of children between the ages of 0 to 14 years is projected to be significant smaller (37.2%) in 2025 when compared to 2020 (39.2%).

In 2020, the female population for the 20 to 34 years age group amounts to 12.6% of the total female population while the male population group for the same age amounts to 12.0% of the total male population. In 2025, the male working age population at 11.1% does not exceed that of the female population working age population at 11.5%, although both are at a lower level compared to 2020.

Population by population group, Gender and Age

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The population groups include African, White, Coloured

and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into 5-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

Population by gender - Alfred Nzo and the rest of Eastern Cape Province, 2020 [Number].

	Male	Female	Total
Alfred Nzo	411,813	480,627	892,440
Nelson Mandela Bay	648,360	690,450	1,338,810
Buffalo City	428,994	462,151	891,146
Sarah Baartman	263,786	266,085	529,871
Amatole	418,160	462,032	880,192
Chris Hani	419,685	452,780	872,465
Joe Gqabi	186,617	203,223	389,841
O.R.Tambo	719,690	819,309	1,538,999
Eastern Cape	3,497,105	3,836,657	7,333,763

Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality's male/female split in population was 85.7 males per 100 females in 2020. The Alfred Nzo District Municipality has significantly more females (53.86%) than males, when compared to a typical stable population. This is most probably an area with high male out migration to look for work elsewhere. In total there were 481 000 (53.86%) females and 412 000 (46.14%) males. This is different from the Eastern Cape Province as a whole where the female population counted 3.84 million which constitutes 52.31% of the total population of 7.33 million.

Population by population group, Gender and Age - Alfred Nzo District Municipality, 2020 [Number].

	African		White		Coloured		Asian	
	Female	Male	Female	Male	Female	Male	Female	Male
00-04	52,400	55,700	66	92	186	194	99	86
05-09	55,300	57,300	80	68	204	219	88	75
10-14	63,000	63,900	91	86	148	222	77	68
15-19	48,000	49,600	101	68	209	225	53	91
20-24	36,300	37,100	80	66	143	143	49	104
25-29	40,000	37,700	63	49	192	200	88	145
30-34	35,300	31,600	47	50	137	111	69	175
35-39	27,800	21,400	66	33	107	100	48	144
40-44	17,200	11,900	86	68	90	95	33	107
45-49	15,500	8,640	66	76	80	70	29	48
50-54	13,700	6,030	56	89	66	68	25	32
55-59	14,800	6,010	68	57	128	107	15	24
60-64	18,400	6,910	51	39	59	72	20	36
65-69	13,500	5,040	73	59	38	38	25	25
70-74	8,140	3,630	35	55	40	11	6	5
75+	17,600	5,410	68	45	77	37	30	12
<b>Total</b>	<b>477,000</b>	<b>408,000</b>	<b>1,100</b>	<b>1,000</b>	<b>1,900</b>	<b>1,910</b>	<b>756</b>	<b>1,180</b>

Source: IHS Markit Regional eXplorer version 2201

In 2020, the Alfred Nzo District Municipality's population consisted of 99.12% African (885 000), 0.24% White (2 100), 0.43% Coloured (3 820) and 0.22% Asian (1 930) people.

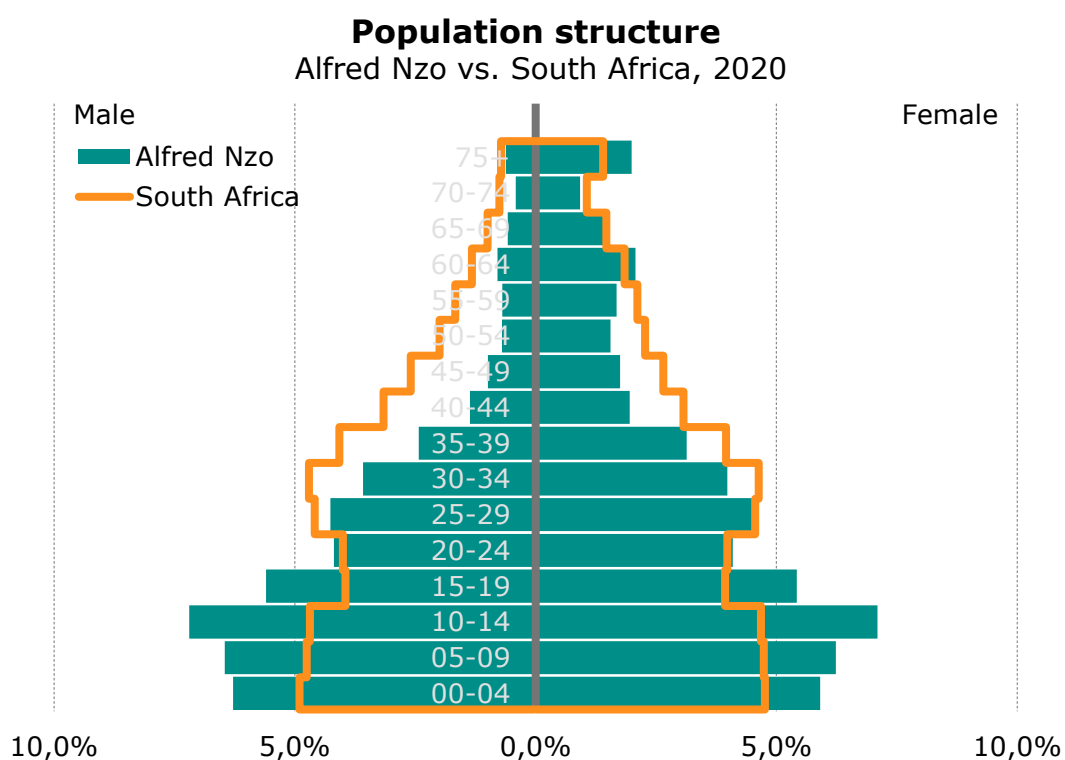
The largest share of population is within the babies and kids (0-14 years) age category with a total number of 350 000 or 39.2% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 25.2%, followed by the teenagers and youth (15-24 years) age category with 172 000 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 54 000 people, as reflected in the population pyramids below.

### Population Pyramids

A population pyramid is a graphic representation of the population categorised by gender and age, for a specific year and region. The horizontal axis depicts the share of people, where the male population is charted on the left-hand side and the female population on the right-hand side of the vertical axis. The vertical axis is divided in 5-year age categories.

With the African population group representing 99.1% of the Alfred Nzo District Municipality's total population, the overall population pyramid for the region will mostly reflect that of the African population group. The chart below compares Alfred Nzo's population structure of 2020 to that of South Africa.

Population pyramid - Alfred Nzo District Municipality vs. South Africa, 2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

By comparing the population pyramid of the Alfred Nzo District Municipality with the national age structure, the most significant differences are:

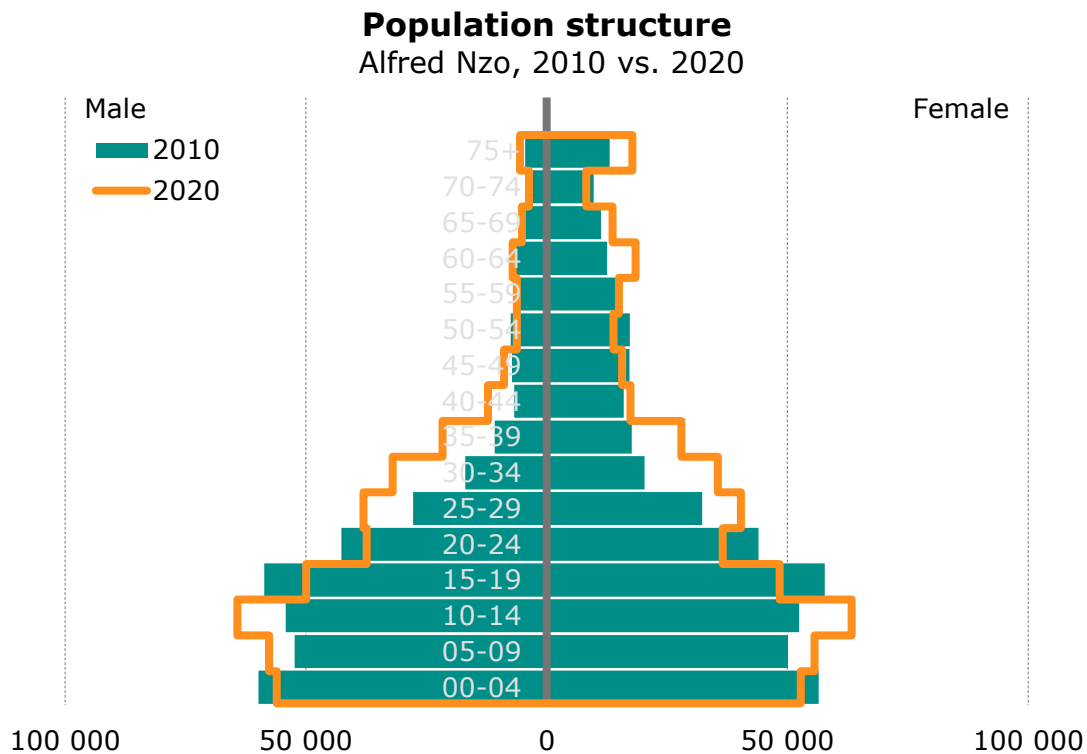
There is a significant smaller share of young working age people - aged 20 to 34 (24.6%) - in Alfred Nzo, compared to the national picture (26.5%).

Fertility in Alfred Nzo is significantly higher compared to South Africa as a whole.

Spatial policies changed since 1994.

The share of children between the ages of 0 to 14 years is significantly larger (39.2%) in Alfred Nzo compared to South Africa (28.5%). Demand for expenditure on schooling as percentage of total budget within Alfred Nzo District Municipality will therefore be higher than that of South Africa.

Population pyramid - Alfred Nzo District Municipality, 2010 vs. 2020 [Percentage]



When comparing the 2010 population pyramid with the 2020 pyramid for the Alfred Nzo District Municipality, some interesting differences are visible:

In 2010, there were a significant smaller share of young working age people - aged 20 to 34 (22.6%) - compared to 2020 (24.6%).

Fertility in 2010 was significantly higher compared to that of 2020.

The share of children between the ages of 0 to 14 years is slightly larger in 2010 (39.9%) compared to 2020 (39.2%).

Life expectancy is increasing.

In 2020, the female population for the 20 to 34 years age group amounted to 11.9% of the total female population while the male population group for the same age amounted to 10.7% of the total male population. In 2010 the male working age population at 12.0% did not exceeds that of the female population working age population at 12.6%.

Number of Households by Population Group

A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. An individual is



considered part of a household if he/she spends at least four nights a week within the household. To categorise a household according to population group, the population group to which the head of the household belongs, is used.

If the number of households is growing at a faster rate than that of the population it means that the average household size is decreasing, and vice versa. In 2020, the Alfred Nzo District Municipality comprised of 186 000 households. This equates to an average annual growth rate of 0.50% in the number of households from 2010 to 2020. With an average annual growth rate of 0.92% in the total population, the average household size in the Alfred Nzo District Municipality is by implication increasing. This is confirmed by the data where the average household size in 2010 increased from approximately 4.6 individuals per household to 4.8 persons per household in 2020.

Number of households - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Number percentage]

	Alfred Nzo	Eastern Cape	National Total	Alfred Nzo as % of province	Alfred Nzo as % of national
2010	177,000	1,690,000	14,000,000	10.5%	1.26%
2011	178,000	1,710,000	14,300,000	10.4%	1.24%
2012	179,000	1,730,000	14,600,000	10.4%	1.23%
2013	181,000	1,750,000	14,900,000	10.3%	1.21%
2014	181,000	1,760,000	15,200,000	10.3%	1.19%
2015	184,000	1,790,000	15,600,000	10.3%	1.18%
2016	188,000	1,830,000	16,000,000	10.3%	1.18%
2017	193,000	1,880,000	16,300,000	10.3%	1.19%
2018	195,000	1,900,000	16,400,000	10.3%	1.19%
2019	191,000	1,870,000	16,500,000	10.2%	1.16%
2020	186,000	1,830,000	16,500,000	10.2%	1.13%

Average Annual growth

2010-2020	0.50%	0.79%	1.60%
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Source: IHS Markit Regional eXplorer version 2201

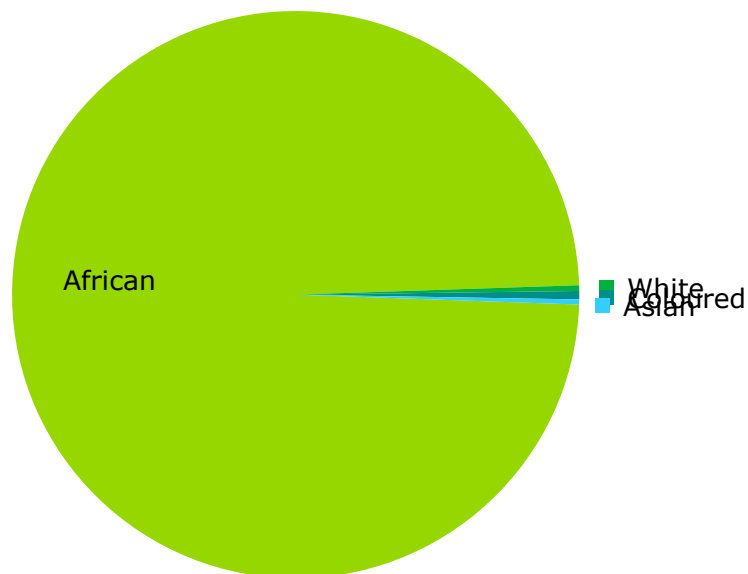
Relative to the province, the Alfred Nzo District Municipality had a lower average annual growth rate of 0.50% from 2010 to 2020. In contrast, the South Africa had a total of 16.5 million households, with a growth rate of 1.60%, thus growing at a higher rate than the Alfred Nzo.

The composition of the households by population group consists of 98.9% which is ascribed to the African population group with the largest amount of households by population group. The Coloured population group had a total composition of 0.5% (ranking second). The White population group had a total composition of 0.3% of the total households. The smallest population group by households is the Asian population group with only 0.3% in 2020.

Number of households by population group - Alfred Nzo District Municipality, 2020 [Percentage]

## Number of Households by Population group

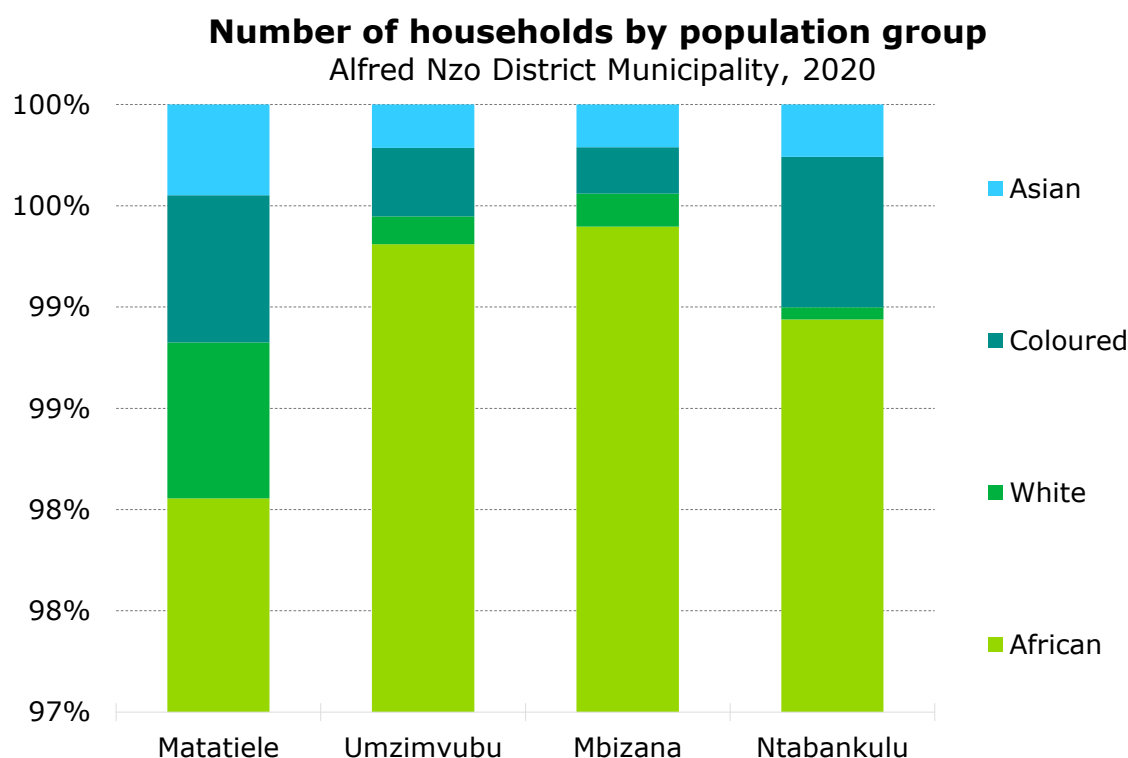
Alfred Nzo, 2020



Source: IHS Markit Regional eXplorer version 2201

The growth in the number of African headed households was on average 0.49% per annum between 2010 and 2020, which translates in the number of households increasing by 8 770 in the period. Although the Asian population group is not the biggest in size, it was however the fastest growing population group between 2010 and 2020 at 6.61%. The average annual growth rate in the number of households for all the other population groups has increased with 0.49%.

Number of households by population group - local municipalities of Alfred Nzo District Municipality, 2020 [percentage]



*Source: IHS Markit Regional eXplorer version 2201*

#### HIV+ and AIDS estimates

HIV and AIDS can have a substantial impact on the growth of a particular population. However, there are many factors affecting the impact of the HIV virus on population progression: adult HIV prevalence rates; the speed at which the virus progresses; age distribution of the virus; the mother-to-child transmission; child treatment; adult treatment; and the percentage by which the virus decreases total fertility. ARV treatment can also prolong the lifespan of people that are HIV+. In the absence of any treatment, people diagnosed with HIV live for approximately 10 years before reaching the final stage of the disease (called AIDS). When patients reach this stage, recovery is highly unlikely.

HIV+ and AIDS estimates are defined as follows:

The HIV+ estimates are calculated by using the prevalence rates from the HIV/AIDS model built by the Actuarial Society of Southern Africa (ASSA-2008). These rates are used as base rates on a provincial level. IHS slightly adjusted the provincial ASSA-2008 data to more accurately reflect the national HIV Prevalence rate per population group as used in the national demographic models. The ASSA model in turn uses the prevalence rates from various primary data sets, in particular the HIV/AIDS surveys conducted by the Department of Health and the Antenatal clinic surveys. Their rates are further adjusted for over-reporting and then smoothed.

Number of HIV+ people - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Number and percentage]

	Alfred Nzo	Eastern Cape	National Total	Alfred Nzo as % of province	Alfred Nzo as % of national
2010	84,100	717,000	6,310,000	11.7%	1.33%
2011	85,700	732,000	6,480,000	11.7%	1.32%
2012	87,100	746,000	6,630,000	11.7%	1.31%
2013	88,400	759,000	6,770,000	11.6%	1.31%
2014	89,600	772,000	6,910,000	11.6%	1.30%
2015	91,000	786,000	7,050,000	11.6%	1.29%
2016	92,200	799,000	7,200,000	11.5%	1.28%
2017	93,700	815,000	7,360,000	11.5%	1.27%
2018	95,100	830,000	7,530,000	11.5%	1.26%
2019	96,600	847,000	7,710,000	11.4%	1.25%
2020	98,100	863,000	7,900,000	11.4%	1.24%

Average Annual growth

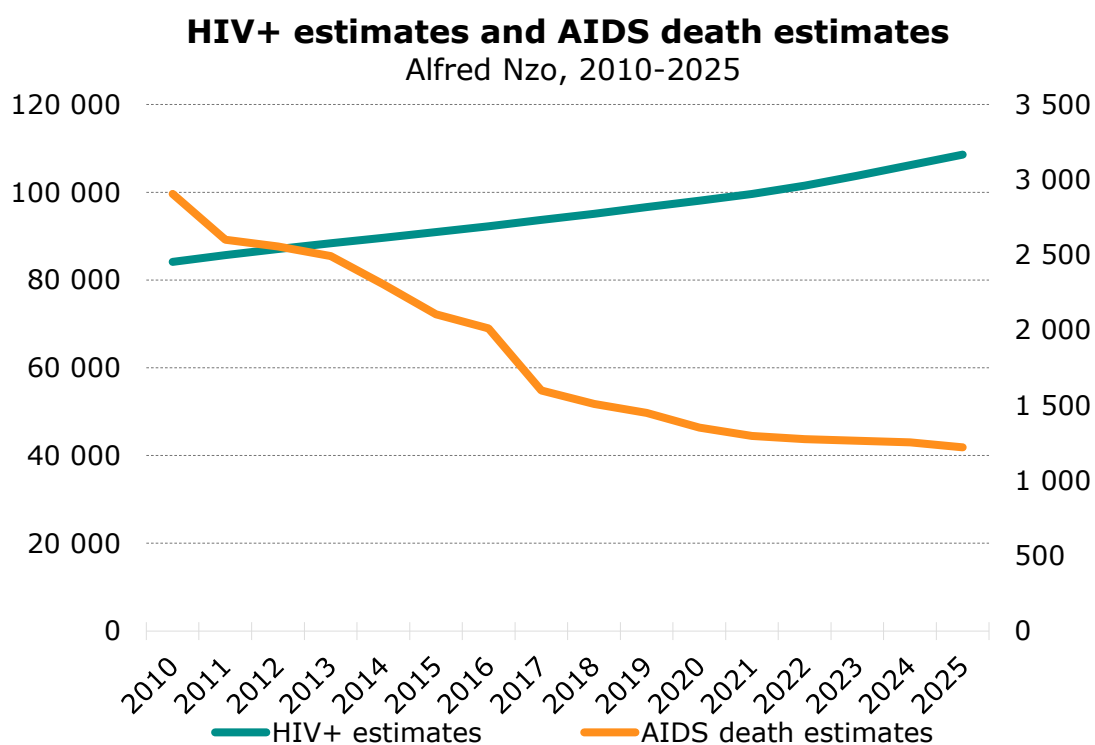
2010-2020	1.55%	1.88%	2.28%
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Source: IHS Markit Regional eXplorer version 2201

In 2020, 98 100 people in the Alfred Nzo District Municipality were infected with HIV. This reflects an increase at an average annual rate of 1.55% since 2010, and in 2020 represented 10.99% of the district municipality's total population. The Eastern Cape Province had an average annual growth rate of 1.88% from 2010 to 2020 in the number of people infected with HIV, which is higher than that of the Alfred Nzo District Municipality. When looking at the South Africa as a whole it can be seen that the number of people that are infected increased from 2010 to 2020 with an average annual growth rate of 2.28%.

The lifespan of people that are HIV+ could be prolonged with modern ARV treatments. In the absence of any treatment, people diagnosed with HIV can live for 10 years and longer before they reach the final AIDS stage of the disease.

AIDS profile and forecast - Alfred Nzo District Municipality, 2010-2025 [numbers]



*Source: IHS Markit Regional eXplorer version 2201*

Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 2910 in 2010 and 1350 for 2020. This number denotes an decrease from 2010 to 2020 with a high average annual rate of -7.36% (or -1550 people). For the year 2020, they represented 0.15% of the total population of the entire district municipality.

## Economy

The economic state of Alfred Nzo District Municipality is put in perspective by comparing it on a spatial level with its neighbouring district municipalities, Eastern Cape Province and South Africa. The section will also allude to the economic composition and contribution of the regions within Alfred Nzo District Municipality.

The Alfred Nzo District Municipality does not function in isolation from Eastern Cape, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

### Gross Domestic Product by Region (GDP-R)

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

GDP-R can be measured using either current or constant prices, where the current prices measures the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

Gross Domestic Product (GDP) - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [R billions, Current prices]

	<b>Alfred Nzo</b>	<b>Eastern Cape</b>	<b>National Total</b>	<b>Alfred Nzo as % of province</b>	<b>Alfred Nzo as % of national</b>
2010	8.6	241.1	3,055.6	3.6%	0.28%
2011	9.2	255.4	3,327.0	3.6%	0.28%
2012	10.3	283.4	3,566.4	3.6%	0.29%
2013	11.0	305.7	3,868.6	3.6%	0.28%
2014	11.8	326.3	4,133.9	3.6%	0.29%
2015	12.8	352.9	4,420.8	3.6%	0.29%
2016	13.6	373.2	4,759.6	3.6%	0.28%
2017	14.6	400.4	5,078.2	3.6%	0.29%
2018	15.3	421.2	5,357.6	3.6%	0.29%
2019	15.9	435.6	5,605.0	3.6%	0.28%
2020	15.5	423.5	5,521.1	3.7%	0.28%

Source: IHS Markit Regional eXplorer version 2201

With a GDP of R 15.5 billion in 2020 (up from R 8.63 billion in 2010), the Alfred Nzo District Municipality contributed 3.66% to the Eastern Cape Province GDP of R 423 billion in 2020 increasing in the share of the Eastern Cape from 3.58% in 2010. The Alfred Nzo District Municipality contributes 0.28% to the GDP of South Africa which had a total GDP of R 5.52 trillion in 2020 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2010 when it contributed 0.28% to South Africa, but it is lower than the peak of 0.29% in 2015.

Gross Domestic Product (GDP) - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Annual percentage change, Constant 2010 prices]

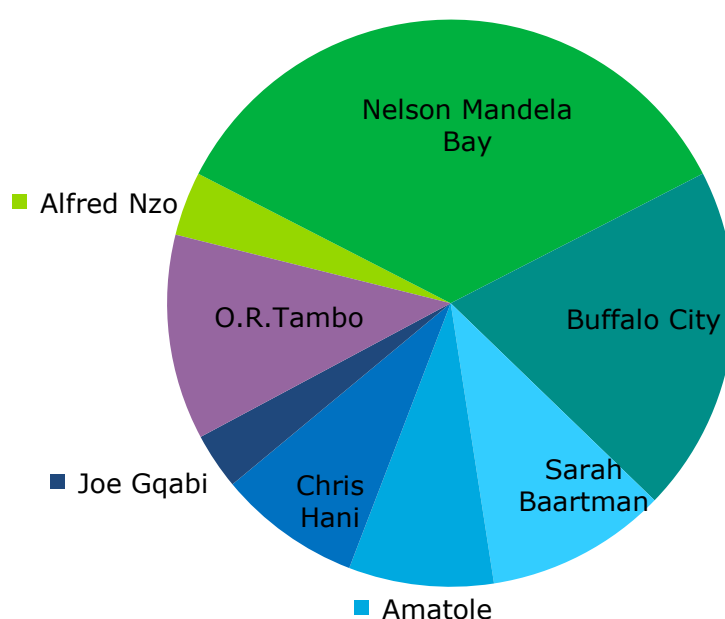
	Alfred Nzo	Eastern Cape	National Total
2010	-2.2%	1.9%	2.6%
2011	2.8%	3.3%	3.2%
2012	0.5%	2.0%	2.4%
2013	0.6%	1.4%	2.5%
2014	1.3%	0.7%	1.4%
2015	1.8%	1.0%	1.3%
2016	0.9%	0.8%	0.7%
2017	0.6%	0.5%	1.2%
2018	0.5%	1.0%	1.5%
2019	0.0%	-0.1%	0.1%
2020	-5.4%	-6.6%	-6.4%
Average Annual growth 2010-2020	0.35%	0.39%	0.74%

Source: IHS Markit Regional eXplorer version 2201

In 2020, the Alfred Nzo District Municipality achieved an annual growth rate of -5.41% which is a significantly higher GDP growth than the Eastern Cape Province's -6.58%, and is higher than that of South Africa, where the 2020 GDP growth rate was -6.43%. Contrary to the short-term growth rate of 2020, the longer-term average growth rate for Alfred Nzo (0.35%) is slightly lower than that of South Africa (0.74%). The economic growth in Alfred Nzo peaked in 2011 at 2.79%.

Gross Domestic Product (GDP) - Alfred Nzo District Municipality and the rest of Eastern Cape, 2020 [Percentage]

### Gross Domestic Product (GDP) Eastern Cape Province, 2020



Source: IHS Markit Regional eXplorer version 2201

The Alfred Nzo District Municipality had a total GDP of R 15.5 billion and in terms of total contribution towards Eastern Cape Province the Alfred Nzo District Municipality ranked seventh relative to all the regional economies to total Eastern Cape Province GDP. This ranking in terms of size compared to other regions of Alfred Nzo remained the same since 2010. In terms of its share, it was in 2020 (3.7%) very similar compared to what it was in 2010 (3.6%). For the period 2010 to 2020, the average annual growth rate of 0.3% of Alfred Nzo was the sixth relative to its peers in terms of growth in constant 2010 prices.

Gross Domestic Product (GDP) - local municipalities of Alfred Nzo District Municipality, 2010 to 2020, share and growth

	<b>2020 (Current prices)</b>	<b>Share district municipality</b>	<b>of 2010 (Constant prices)</b>	<b>2020 (Constant prices)</b>	<b>Average Annual growth</b>
Matatiele	4.82	31.12%	3.51	3.76	0.69%
Umzimvubu	4.30	27.76%	3.12	3.29	0.53%
Mbizana	5.01	32.38%	3.79	3.83	0.11%
Ntabankulu	1.35	8.74%	1.10	1.05	-0.51%
Alfred Nzo	15.48		11.51	11.92	

Source: IHS Markit Regional eXplorer version 2201

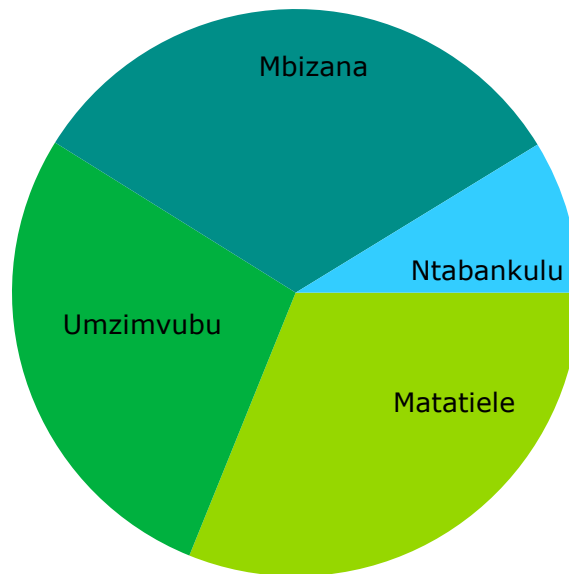
Matatiele had the highest average annual economic growth, averaging 0.69% between 2010 and 2020, when compared to the rest of the regions within the Alfred Nzo District Municipality. The Umzimvubu Local Municipality had the second highest average annual growth rate of 0.53%. Ntabankulu Local Municipality had the lowest average annual growth rate of -0.51% between 2010 and 2020.

GDP contribution - local municipalities of Alfred Nzo District Municipality, 2020 [Current prices, percentage]



## Gross Domestic Product (GDP)

Alfred Nzo District Municipality, 2020



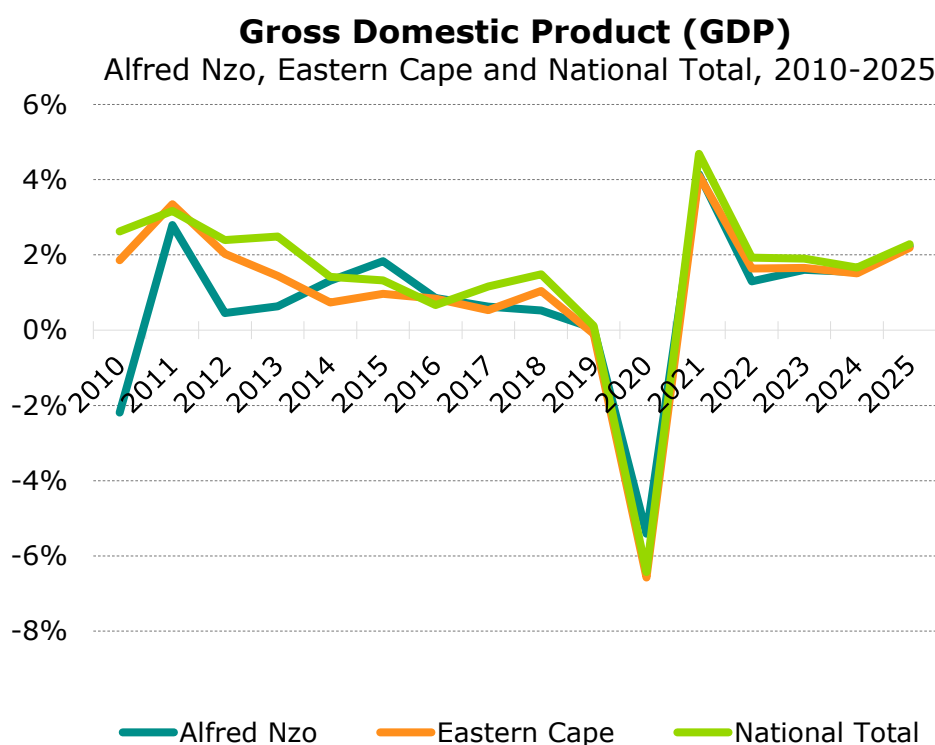
Source: IHS Markit Regional eXplorer version 2201

The greatest contributor to the Alfred Nzo District Municipality economy is the Mbizana Local Municipality with a share of 32.38% or R 5.01 billion, increasing from R 2.87 billion in 2010. The economy with the lowest contribution is the Ntabankulu Local Municipality with R 1.35 billion growing from R 826 million in 2010.

### Economic Growth Forecast

It is expected that Alfred Nzo District Municipality will grow at an average annual rate of 2.16% from 2020 to 2025. The average annual growth rate of Eastern Cape Province and South Africa is expected to grow at 2.22% and 2.49% respectively.

Gross Domestic Product (GDP) - Alfred Nzo, Eastern Cape and National Total, 2010-2025 [Average annual growth rate, constant 2010 prices]



*Source: IHS Markit Regional eXplorer version 2201*

In 2025, Alfred Nzo's forecasted GDP will be an estimated R 13.3 billion (constant 2010 prices) or 3.6% of the total GDP of Eastern Cape Province. The ranking in terms of size of the Alfred Nzo District Municipality will remain the same between 2020 and 2025, with a contribution to the Eastern Cape Province GDP of 3.6% in 2025 compared to the 3.6% in 2020. At a 2.16% average annual GDP growth rate between 2020 and 2025, Alfred Nzo ranked the third compared to the other regional economies.

Gross Domestic Product (GDP) - local municipalities of Alfred Nzo District Municipality, 2020 to 2025, share and growth

	2025 (Current prices)	Share of district municipality	2020 (Constant prices)	2025 (Constant prices)	Average Annual growth
Matatiele	6.71	30.82%	3.76	4.15	2.01%
Umzimvubu	6.24	28.64%	3.29	3.79	2.89%
Mbizana	6.93	31.81%	3.83	4.15	1.62%
Ntabankulu	1.90	8.73%	1.05	1.17	2.31%
Alfred Nzo	21.78		11.92	13.26	

Source: IHS Markit Regional eXplorer version 2201

When looking at the regions within the Alfred Nzo District Municipality it is expected that from 2020 to 2025 the Umzimvubu Local Municipality will achieve the highest average annual growth rate of 2.89%. The region that is expected to achieve the second highest average annual growth rate is that of Ntabankulu Local Municipality, averaging 2.31% between 2020 and 2025. On the other hand the region that performed the poorest relative to the other regions within Alfred Nzo District Municipality was the Mbizana Local Municipality with an average annual growth rate of 1.62%.

Gross Value Added by Region (GVA-R)

The Alfred Nzo District Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its value added produced in the local economy.

Gross Value Added (GVA) is a measure of output (total production) of a region in terms of the value that was created within that region. GVA can be broken down into various production sectors.

The summary table below puts the Gross Value Added (GVA) of all the regions in perspective to that of the Alfred Nzo District Municipality.

Gross Value Added (GVA) by broad economic sector - Alfred Nzo District Municipality, 2020 [R billions, current prices]

	Alfred Nzo	Eastern Cape	National Total	Alfred Nzo as % of province	Alfred Nzo as % of national
Agriculture	0.2	7.4	139.5	2.9%	0.15%
Mining	0.0	0.5	353.2	5.4%	0.01%
Manufacturing	0.4	49.1	648.4	0.9%	0.07%
Electricity	0.3	8.6	157.3	3.6%	0.20%
Construction	0.3	10.4	134.3	3.0%	0.24%
Trade	3.9	66.1	659.5	5.9%	0.59%
Transport	0.6	25.1	368.8	2.3%	0.15%
Finance	2.0	85.7	1,216.0	2.4%	0.17%
Community services	6.5	130.1	1,320.8	5.0%	0.49%
<b>Total Industries</b>	<b>14.2</b>	<b>383.0</b>	<b>4,997.9</b>	<b>3.7%</b>	<b>0.29%</b>

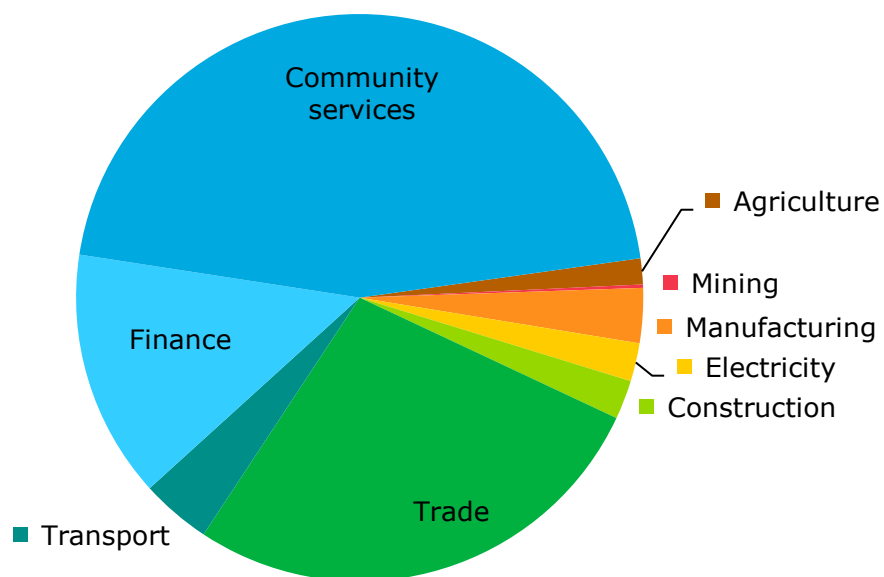
Source: IHS Markit Regional eXplorer version 2201

In 2020, the community services sector is the largest within Alfred Nzo District Municipality accounting for R 6.46 billion or 45.3% of the total GVA in the district municipality's economy. The sector that contributes the second most to the GVA of the Alfred Nzo District Municipality is the trade sector at 27.3%, followed by the finance sector with 14.2%. The sector that contributes the least to the economy of Alfred Nzo District Municipality is the mining sector with a contribution of R 27 million or 0.19% of the total GVA.

Gross Value Added (GVA) by broad economic sector - Alfred Nzo District Municipality, 2020 [percentage composition]

## Gross Value Added (GVA) by broad economic sector

Alfred Nzo District Municipality, 2020



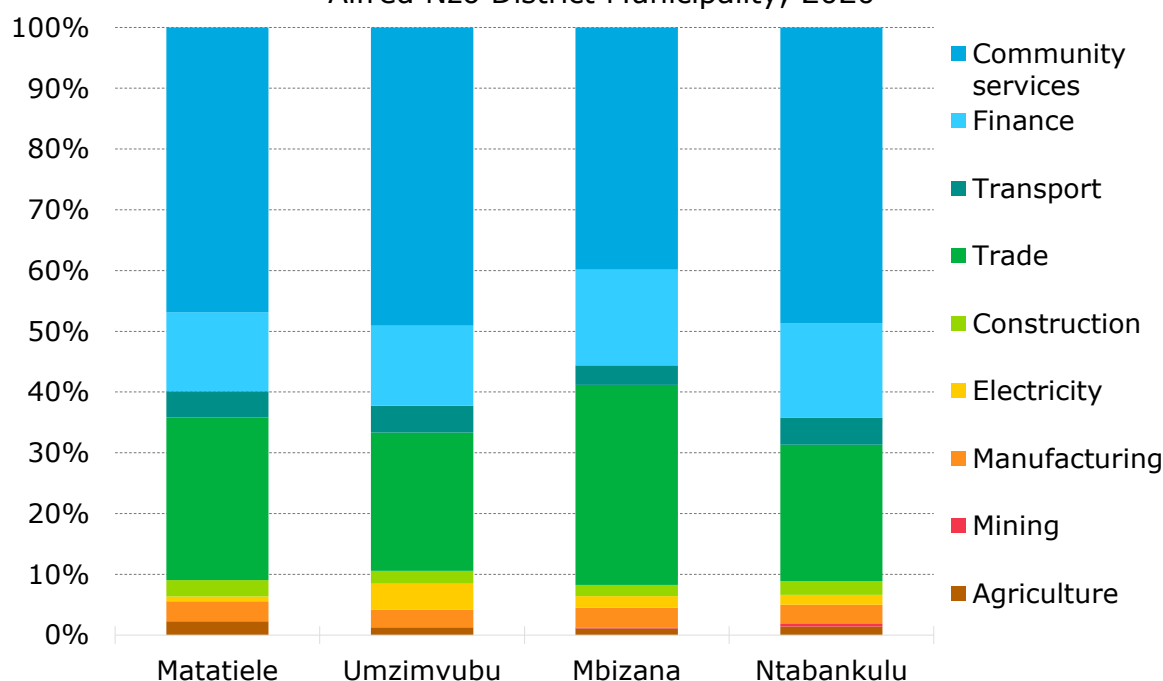
Source: IHS Markit Regional eXplorer version 2201

The community sector, which includes the government services, is generally a large contributor towards GVA in smaller and more rural local municipalities. When looking at the regions within the district municipality, the Matatiele Local Municipality made the largest contribution to the community services sector at 32.26% of the district municipality. As a whole, the Matatiele Local Municipality contributed R 4.45 billion or 31.21% to the GVA of the Alfred Nzo District Municipality. The region within Alfred Nzo District Municipality that contributes the most to the GVA of the district municipality was the Mbizana Local Municipality with a total of R 4.65 billion or 32.63%.

Gross Value Added (GVA) by broad economic sector - local municipalities of Alfred Nzo District Municipality, 2020 [percentage composition]

## Gross Value Added (GVA) by broad economic sector

Alfred Nzo District Municipality, 2020



Source: IHS Markit Regional eXplorer version 2201

### Historical Economic Growth

For the period 2020 and 2010, the GVA in the finance sector had the highest average annual growth rate in Alfred Nzo at 2.94%. The industry with the second highest average annual growth rate is the agriculture sector averaging at 1.04% per year. The electricity sector had an average annual growth rate of -1.43%, while the construction sector had the lowest average annual growth of -2.32%. Overall a negative growth existed for all the industries in 2020 with an annual growth rate of -4.61% since 2019.

Gross Value Added (GVA) by broad economic sector - Alfred Nzo District Municipality, 2010, 2015 and 2020 [R millions, 2010 constant prices]

	2010	2015	2020	Average Annual growth
Agriculture	121.6	143.2	134.8	1.04%
Mining	34.1	34.0	30.6	-1.07%
Manufacturing	368.1	362.5	341.7	-0.74%
Electricity	163.0	158.6	141.1	-1.43%
Construction	335.4	355.6	265.3	-2.32%
Trade	3,081.0	3,345.0	2,930.5	-0.50%
Transport	509.6	551.2	493.3	-0.32%
Finance	1,194.9	1,472.2	1,596.0	2.94%
Community services	4,711.0	4,843.8	5,034.3	0.67%
<b>Total Industries</b>	<b>10,518.7</b>	<b>11,265.9</b>	<b>10,967.6</b>	<b>0.42%</b>

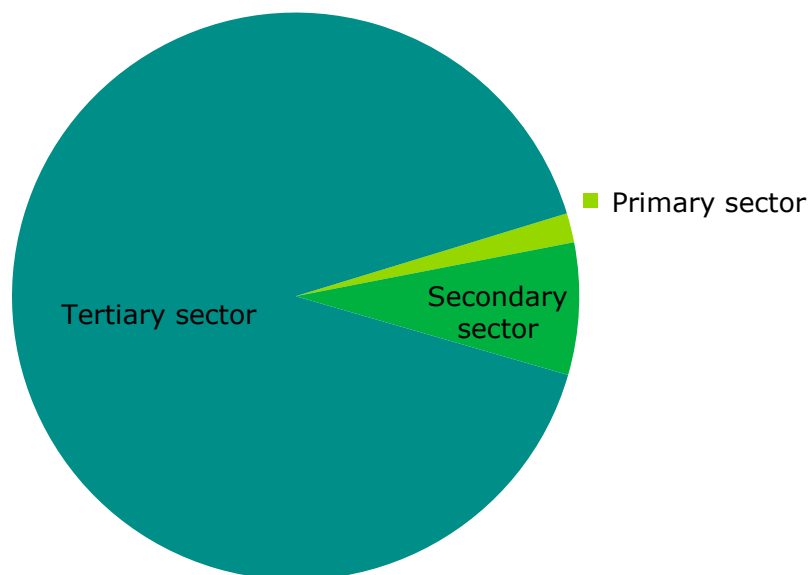
Source: IHS Markit Regional eXplorer version 2201

The tertiary sector contributes the most to the Gross Value Added within the Alfred Nzo District Municipality at 90.8%. This is significantly higher than the national economy (71.3%). The secondary

sector contributed a total of 7.5% (ranking second), while the primary sector contributed the least at 1.7%.

Gross Value Added (GVA) by aggregate economic sector - Alfred Nzo District Municipality, 2020  
[percentage]

**Gross Value Added (GVA) by aggregate sector**  
Alfred Nzo District Municipality, 2020



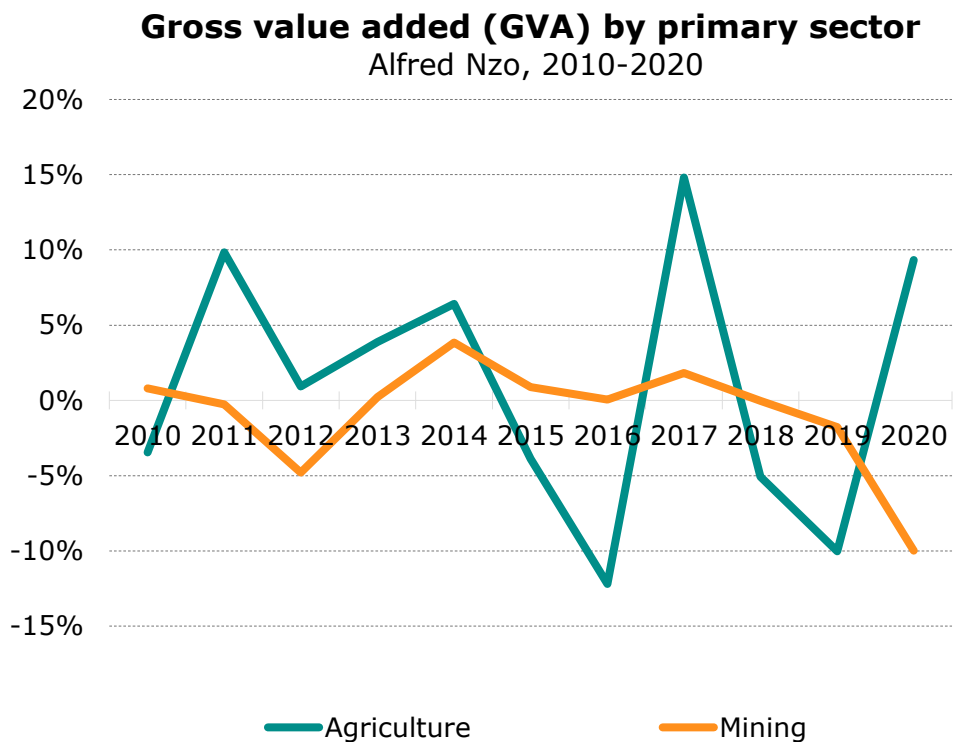
*Source: IHS Markit Regional eXplorer version 2201*

The following is a breakdown of the Gross Value Added (GVA) by aggregated sector:

**Primary Sector**

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector. The following chart represents the average growth rate in the GVA for both of these sectors in Alfred Nzo District Municipality from 2010 to 2020.

Gross Value Added (GVA) by primary sector - Alfred Nzo, 2010-2020 [Annual percentage change]



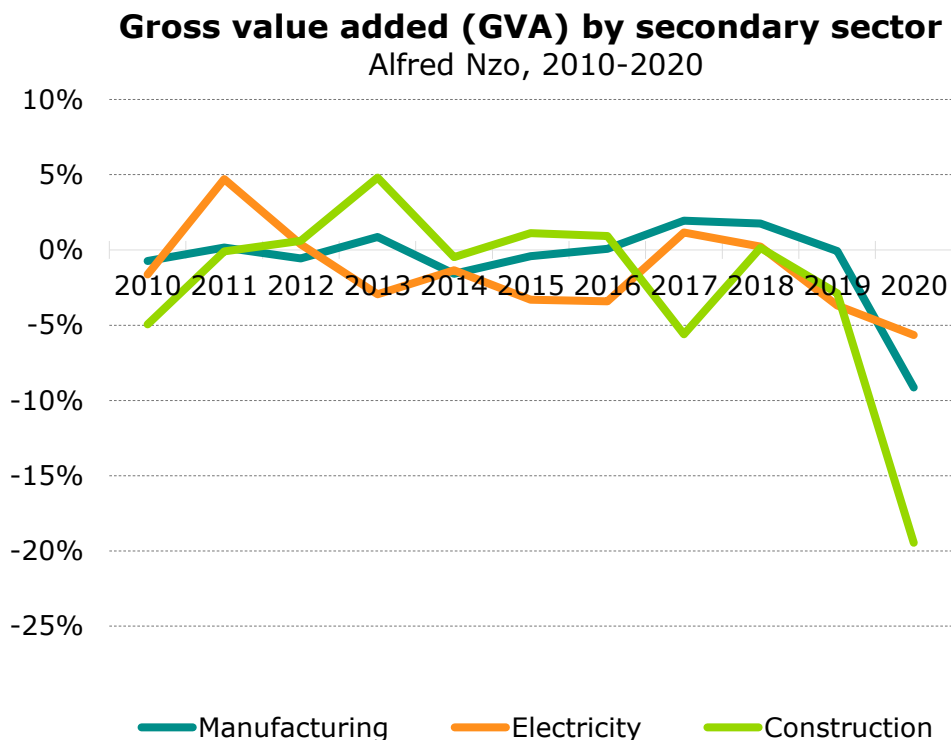
*Source: IHS Markit Regional eXplorer version 2201*

Between 2010 and 2020, the agriculture sector experienced the highest positive growth in 2017 with an average growth rate of 14.8%. The mining sector reached its highest point of growth of 3.8% in 2014. The agricultural sector experienced the lowest growth for the period during 2016 at -12.2%, while the mining sector reaching its lowest point of growth in 2020 at -10.0%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period.

### Secondary Sector

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector. The following chart represents the average growth rates in the GVA for these sectors in Alfred Nzo District Municipality from 2010 to 2020.

Gross Value Added (GVA) by secondary sector - Alfred Nzo, 2010-2020 [Annual percentage change]



*Source: IHS Markit Regional eXplorer version 2201*

Between 2010 and 2020, the manufacturing sector experienced the highest positive growth in 2017 with a growth rate of 1.9%. The construction sector reached its highest growth in 2013 at 4.8%. The manufacturing sector experienced its lowest growth in 2020 of -9.1%, while construction sector also had the lowest growth rate in 2020 and it experiences a negative growth rate of -19.5% which is higher growth rate than that of the manufacturing sector. The electricity sector experienced the highest growth in 2011 at 4.7%, while it recorded the lowest growth of -5.7% in 2020.

### Tertiary Sector

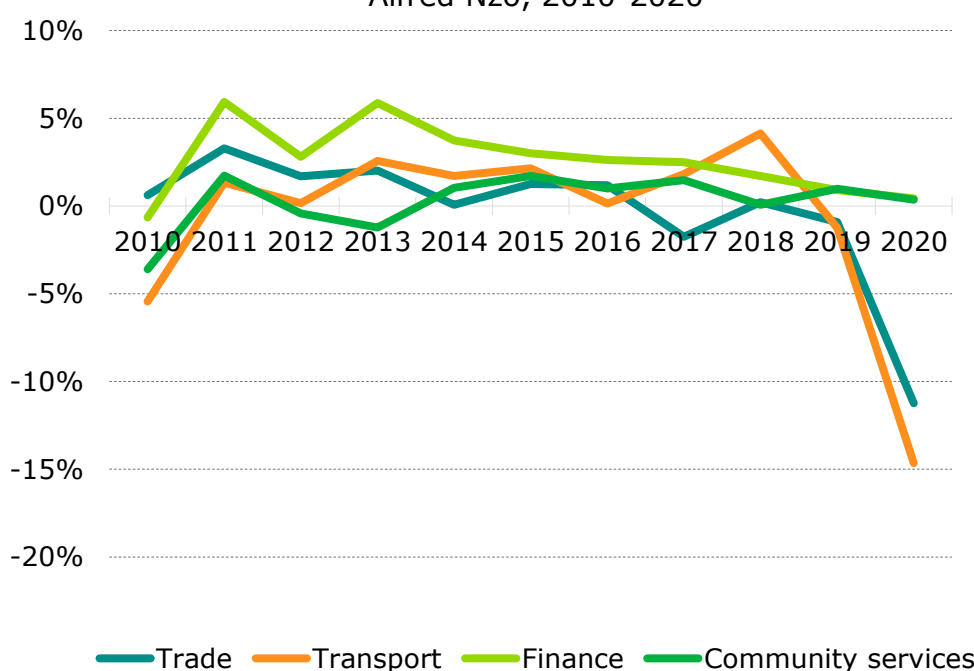
The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector. The following chart represents the average growth rates in the GVA for these sectors in Alfred Nzo District Municipality from 2010 to 2020.

Gross Value Added (GVA) by tertiary sector - Alfred Nzo, 2010-2020 [Annual percentage change]



## Gross value added (GVA) by tertiary sector

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

The trade sector experienced the highest positive growth in 2011 with a growth rate of 3.3%. The transport sector reached its highest point of growth in 2018 at 4.1%. The finance sector experienced the highest growth rate in 2011 when it grew by 5.9% and recorded the lowest growth rate in 2010 at -0.6%. The Trade sector had the lowest growth rate in 2020 at -11.2%. The community services sector, which largely consists of government, experienced its highest positive growth in 2011 with 1.7% and the lowest growth rate in 2010 with -3.6%.

### Sector Growth forecast

The GVA forecasts are based on forecasted growth rates derived from two sources: historical growth rate estimates and national level industry forecasts. The projections are therefore partly based on the notion that regions that have performed well in the recent past are likely to continue performing well (and vice versa) and partly on the notion that those regions that have prominent sectors that are forecast to grow rapidly in the national economy (e.g. finance and telecommunications) are likely to perform well (and vice versa). As the target year moves further from the base year (2010) so the emphasis moves from historical growth rates to national-level industry growth rates.

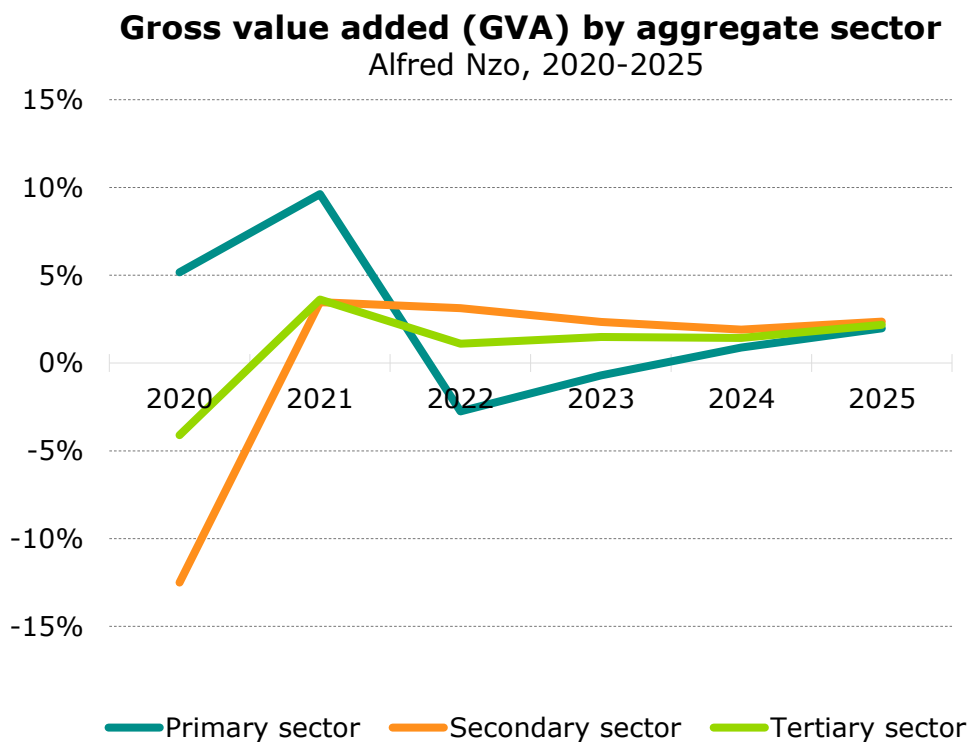
Gross value added (GVA) by broad economic sector - Alfred Nzo District Municipality, 2020-2025  
[R millions, constant 2010 prices]

	2020	2021	2022	2023	2024	2025	Average Annual growth
Agriculture	134.8	144.4	140.4	140.2	142.2	146.0	1.61%
Mining	30.6	36.9	36.0	34.9	34.5	34.2	2.20%
Manufacturing	341.7	363.2	372.6	379.5	383.5	389.7	2.66%
Electricity	141.1	146.6	151.4	155.2	159.0	163.9	3.04%
Construction	265.3	264.2	274.1	282.1	289.7	298.3	2.37%
Trade	2,930.5	3,133.2	3,199.7	3,263.6	3,315.2	3,381.8	2.91%
Transport	493.3	516.4	525.8	538.9	551.5	567.9	2.86%
Finance	1,596.0	1,672.9	1,727.6	1,773.9	1,817.7	1,873.7	3.26%
Community services	5,034.3	5,095.1	5,079.1	5,112.3	5,157.3	5,253.6	0.86%
<b>Total Industries</b>	<b>10,967.6</b>	<b>11,373.0</b>	<b>11,506.6</b>	<b>11,680.6</b>	<b>11,850.6</b>	<b>12,109.0</b>	<b>2.00%</b>

Source: IHS Markit Regional eXplorer version 2201

The finance sector is expected to grow fastest at an average of 3.26% annually from R 1.6 billion in Alfred Nzo District Municipality to R 1.87 billion in 2025. The community services sector is estimated to be the largest sector within the Alfred Nzo District Municipality in 2025, with a total share of 43.4% of the total GVA (as measured in current prices), growing at an average annual rate of 0.9%. The sector that is estimated to grow the slowest is the community services sector with an average annual growth rate of 0.86%.

Gross value added (GVA) by aggregate economic sector - Alfred Nzo District Municipality, 2020-2025 [Annual growth rate, constant 2010 prices]



Source: IHS Markit Regional eXplorer version 2201

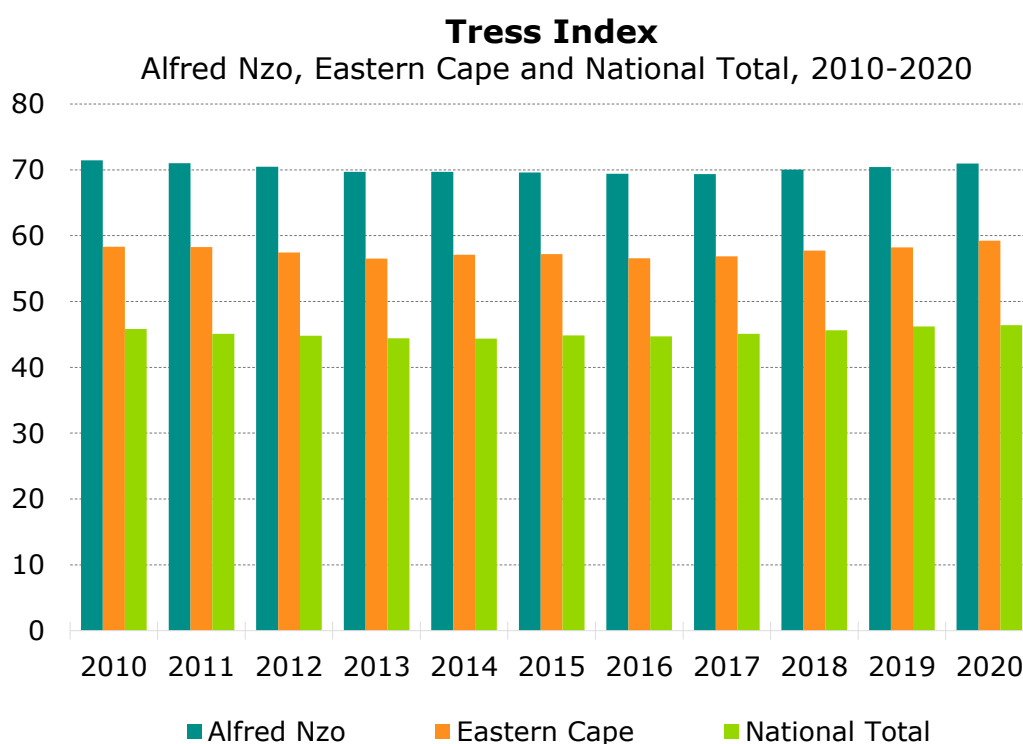
The Primary sector is expected to grow at an average annual rate of 1.72% between 2020 and 2025, with the Secondary sector growing at 2.63% on average annually. The Tertiary sector is expected to grow at an average annual rate of 1.96% for the same period.

Based on the typical profile of a developing country, we can expect faster growth in the secondary and tertiary sectors when compared to the primary sector. Also remember that the agricultural sector is prone to very high volatility as a result of uncertain weather conditions, pests and other natural causes - and the forecasts presented here is merely a long-term trend rather than trying to forecast the unpredictable weather conditions.

## Tress Index

The Tress index measures the degree of concentration of an area's economy on a sector basis. A Tress index value of 0 means that all economic sectors in the region contribute equally to GVA, whereas a Tress index of 100 means that only one economic sector makes up the whole GVA of the region.

Tress index - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Number]



*Source: IHS Markit Regional eXplorer version 2201*

In 2020, Alfred Nzo's Tress Index was estimated at 70.9 which are higher than the 59.2 of the province and higher than the 45.2 of the South Africa as a whole. This implies that - on average - Alfred Nzo District Municipality is less diversified in terms of its economic activity spread than the national's economy.

The Alfred Nzo District Municipality has a concentrated trade sector.

The more diverse an economy is, the more likely it is to create employment opportunities across all skills levels (and not only - for instance - employment opportunities that cater for highly skilled labourers), and maintain a healthy balance between labour-intensive and capital-intensive

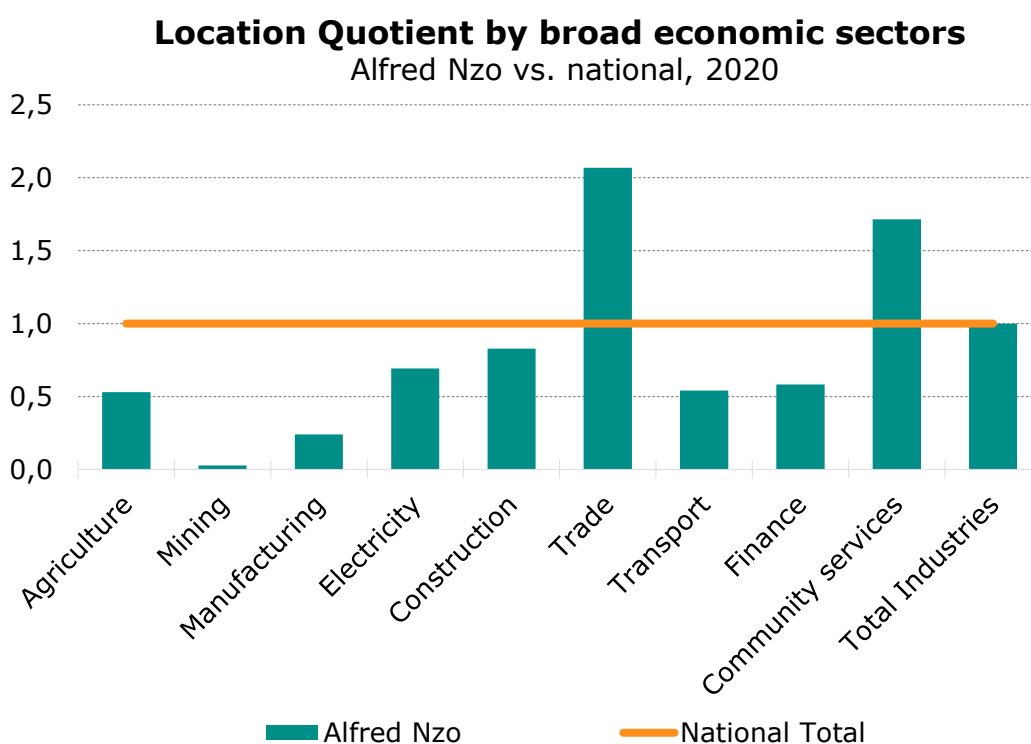
industries. If both economic growth and the alleviation of unemployment are of concern, clearly there need to be industries that are growing fast and also creating jobs in particular the lower skilled categories. Unfortunately, in practice many industries that are growing fast are not those that create many employment opportunities for unskilled labourers (and alleviate unemployment).

## Location Quotient

A specific regional economy has a comparative advantage over other regional economies if it can more efficiently produce the same good. The location quotient is one way of measuring this comparative advantage.

If the location quotient is larger than one for a specified sector within a region, then that region has a comparative advantage in that sector. This is because the share of that sector of the specified regional economy is greater than the same sector in the national economy. The location quotient is usually computed by taking the percentage share of the sector in the regional economy divided by the percentage share of that same sector in the national economy.

Location quotient by broad economic sectors - Alfred Nzo District Municipality and South Africa, 2020 [Number]



*Source: IHS Markit Regional eXplorer version 2201*

For 2020 Alfred Nzo District Municipality has a very large comparative advantage in the trade sector. The community services sector also has a very large comparative advantage. The Alfred Nzo District Municipality has a comparative disadvantage when it comes to the mining and manufacturing sector which has a very large comparative disadvantage. In general mining is a very concentrated economic sector. Unfortunately the Alfred Nzo District Municipality area currently does not have a lot of mining activity, with an LQ of only 0.0268.

## Labour

The labour force of a country consists of everyone of working age (above a certain age and below retirement) that are participating as workers, i.e. people who are actively employed or seeking employment. This is also called the economically active population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work.

Working age population in Alfred Nzo, Eastern Cape and National Total, 2010 and 2020 [Number]

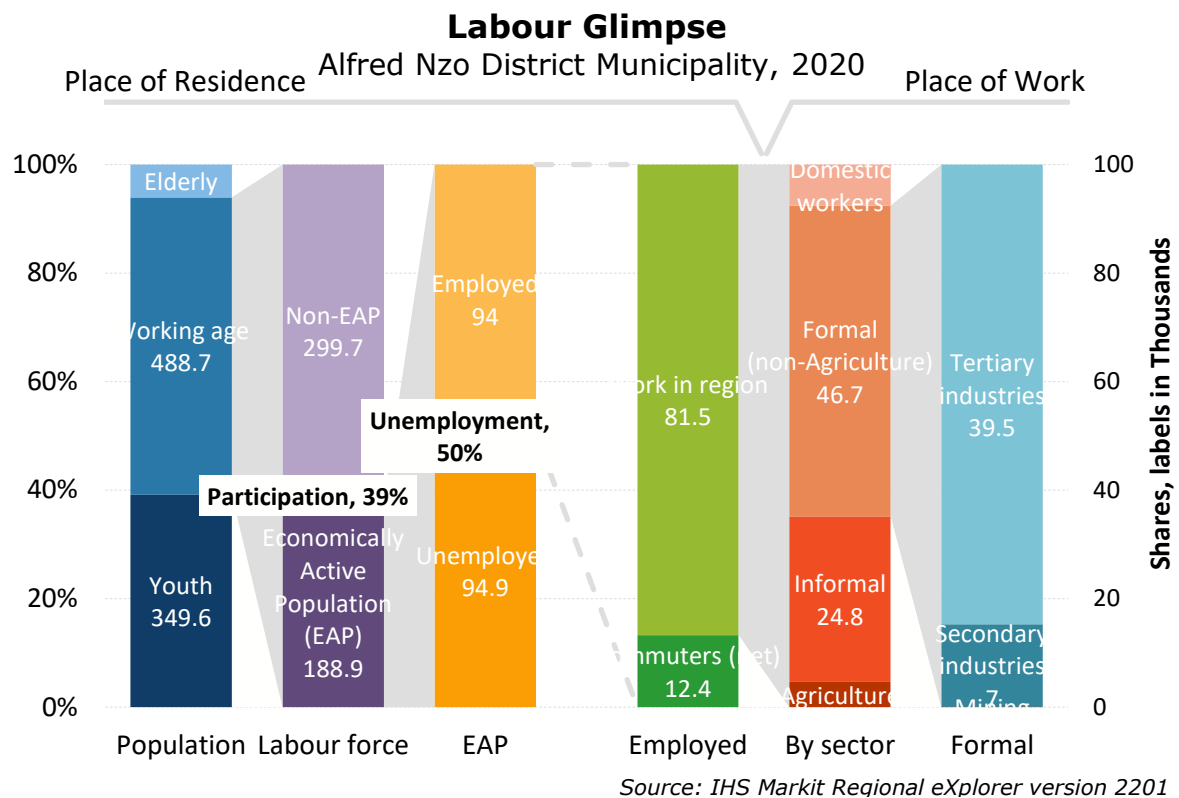
	Alfred Nzo		Eastern Cape		National Total	
	2010	2020	2010	2020	2010	2020
15-19	116,000	98,400	809,000	651,000	5,220,000	4,700,000
20-24	86,600	74,000	737,000	620,000	5,360,000	4,760,000
25-29	60,000	78,400	578,000	726,000	4,800,000	5,460,000
30-34	37,200	67,500	389,000	655,000	3,890,000	5,570,000
35-39	28,500	49,600	313,000	514,000	3,390,000	4,790,000
40-44	22,700	29,600	265,000	349,000	2,790,000	3,710,000
45-49	24,400	24,500	274,000	283,000	2,510,000	3,130,000
50-54	24,800	20,100	267,000	240,000	2,150,000	2,540,000
55-59	21,000	21,200	222,000	247,000	1,740,000	2,250,000
60-64	19,200	25,500	188,000	235,000	1,400,000	1,890,000
<b>Total</b>	<b>441,000</b>	<b>489,000</b>	<b>4,040,000</b>	<b>4,520,000</b>	<b>33,300,000</b>	<b>38,800,000</b>

Source: IHS Markit Regional eXplorer version 2201

The working age population in Alfred Nzo in 2020 was 489 000, increasing at an average annual rate of 1.03% since 2010. For the same period the working age population for Eastern Cape Province increased at 1.12% annually, while that of South Africa increased at 1.56% annually.

The graph below combines all the facets of the labour force in the Alfred Nzo District Municipality into one compact view. The chart is divided into "place of residence" on the left, which is measured from the population side, and "place of work" on the right, which is measured from the business side.

Labour Glimpse - Alfred Nzo District Municipality, 2020



Reading the chart from the left-most bar, breaking down the total population of the Alfred Nzo District Municipality (892 000) into working age and non-working age, the number of people that are of working age is about 489 000. As per definition, those that are of age 0 - 19 (youth) or age 65 and up (pensioners) are part of the non-working age population. Out of the working age group, 38.7% are participating in the labour force, meaning 189 000 residents of the district municipality forms currently part of the economically active population (EAP). Comparing this with the non-economically active population (NEAP) of the district municipality: fulltime students at tertiary institutions, disabled people, and those choosing not to work, sum to 300 000 people. Out of the economically active population, there are 94 900 that are unemployed, or when expressed as a percentage, an unemployment rate of 50.2%. Up to here all the statistics are measured at the place of residence.

On the far right we have the formal non-Agriculture jobs in Alfred Nzo, broken down by the primary (mining), secondary and tertiary industries. The majority of the formal employment lies in the Tertiary industry, with 39 600 jobs. When including the informal, agricultural and domestic workers, we have a total number of 81 600 jobs in the area. Formal jobs make up 57.2% of all jobs in the Alfred Nzo District Municipality. The difference between the employment measured at the place of work, and the people employed living in the area can be explained by the net commuters that work outside of the district municipality.

In theory, a higher or increasing population dividend is supposed to provide additional stimulus to economic growth. People of working age tend to uphold higher consumption patterns (Final Consumption Expenditure, FCE), and a more dense concentration of working age people is supposed to decrease dependency ratios - given that the additional labour which is offered to the market, is absorbed.

Economically Active Population (EAP)

The economically active population (EAP) is a good indicator of how many of the total working age population are in reality participating in the labour market of a region. If a person is economically active, he or she forms part of the labour force.

The economically active population (EAP) is defined as the number of people (between the age of 15 and 65) who are able and willing to work, and who are actively looking for work. It includes both employed and unemployed people. People, who recently have not taken any active steps to find employment, are not included in the measure. These people may (or may not) consider themselves unemployed. Regardless, they are counted as discouraged work seekers, and thus form part of the non-economically active population.

Economically active population (EAP) - Alfred Nzo, Eastern Cape and National Total, 2010-2020  
[number, percentage ]

	<b>Alfred Nzo</b>	<b>Eastern Cape</b>	<b>National Total</b>	<b>Alfred Nzo as % of province</b>	<b>Alfred Nzo as % of national</b>
2010	126,000	1,720,000	18,000,000	7.3%	0.70%
2011	124,000	1,730,000	18,300,000	7.2%	0.68%
2012	127,000	1,760,000	18,700,000	7.2%	0.68%
2013	134,000	1,830,000	19,300,000	7.3%	0.70%
2014	144,000	1,920,000	20,100,000	7.5%	0.72%
2015	152,000	2,000,000	20,800,000	7.6%	0.73%
2016	162,000	2,090,000	21,500,000	7.8%	0.75%
2017	173,000	2,180,000	22,000,000	7.9%	0.78%
2018	179,000	2,240,000	22,300,000	8.0%	0.80%
2019	190,000	2,330,000	22,700,000	8.2%	0.84%
2020	189,000	2,330,000	22,100,000	8.1%	0.85%

Average Annual growth

2010-2020	4.12%	3.08%	2.08%
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Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality's EAP was 189 000 in 2020, which is 21.17% of its total population of 892 000, and roughly 8.12% of the total EAP of the Eastern Cape Province. From 2010 to 2020, the average annual increase in the EAP in the Alfred Nzo District Municipality was 4.12%, which is 1.04 percentage points higher than the growth in the EAP of Eastern Cape's for the same period.

EAP as % of total population - Alfred Nzo and the rest of Eastern Cape, 2010, 2015, 2020  
[percentage]

	2010	2015	2020
Alfred Nzo	15.5%	18.0%	21.2%
Nelson Mandela Bay	43.0%	43.9%	44.6%
Buffalo City	37.4%	40.5%	43.9%
Sarah Baartman	37.4%	40.3%	42.0%
Amatole	18.1%	21.3%	25.4%
Chris Hani	20.6%	24.0%	27.6%
Joe Gqabi	22.7%	26.6%	29.6%
O.R.Tambo	16.4%	19.0%	22.6%

Source: IHS Markit Regional eXplorer version 2201

In 2010, 15.5% of the total population in Alfred Nzo District Municipality were classified as economically active which increased to 21.2% in 2020. Compared to the other regions in Eastern Cape Province, Nelson Mandela Bay Metropolitan Municipality had the highest EAP as a percentage of the total population within its own region relative to the other regions. On the other hand, Alfred Nzo District Municipality had the lowest EAP with 21.2% people classified as economically active population in 2020.

#### Labour Force participation rate

The labour force participation rate (LFPR) is the Economically Active Population (EAP) expressed as a percentage of the total working age population.

The following is the labour participation rate of the Alfred Nzo, Eastern Cape and National Total as a whole.

The labour force participation rate - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [percentage]

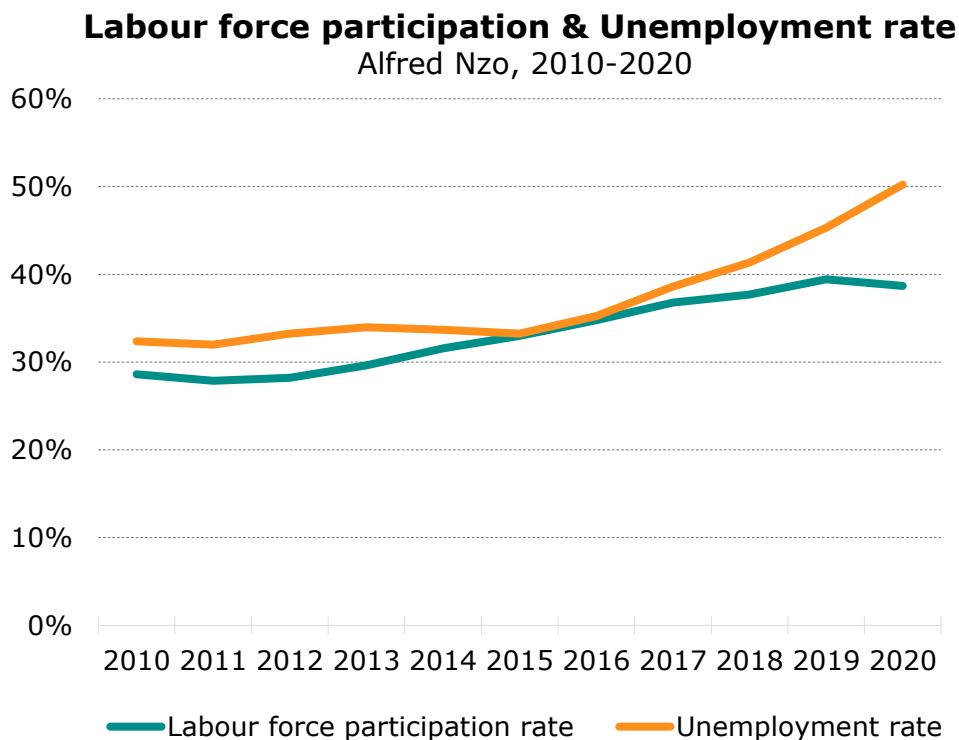
	Alfred Nzo	Eastern Cape	National Total
2010	28.6%	42.5%	54.1%
2011	27.9%	42.2%	53.9%
2012	28.2%	42.5%	54.3%
2013	29.6%	43.8%	55.2%
2014	31.6%	45.6%	56.6%
2015	33.0%	47.0%	57.7%
2016	34.8%	48.5%	58.8%
2017	36.8%	50.2%	59.5%
2018	37.7%	50.9%	59.4%
2019	39.4%	52.3%	59.4%
2020	38.7%	51.5%	57.0%

Source: IHS Markit Regional eXplorer version 2201

The Alfred Nzo District Municipality's labour force participation rate increased from 28.62% to 38.66% which is an increase of 10 percentage points. The Eastern Cape Province increased from 42.52% to 51.49%, South Africa increased from 54.14% to 57.01% from 2010 to 2020. The Alfred Nzo District Municipality labour force participation rate exhibited a higher percentage point change compared to the Eastern Cape Province from 2010 to 2020. The Alfred Nzo District Municipality had a lower labour force participation rate when compared to South Africa in 2020.



The labour force participation and unemployment rates - Alfred Nzo District Municipality, 2010-2020 [percentage]



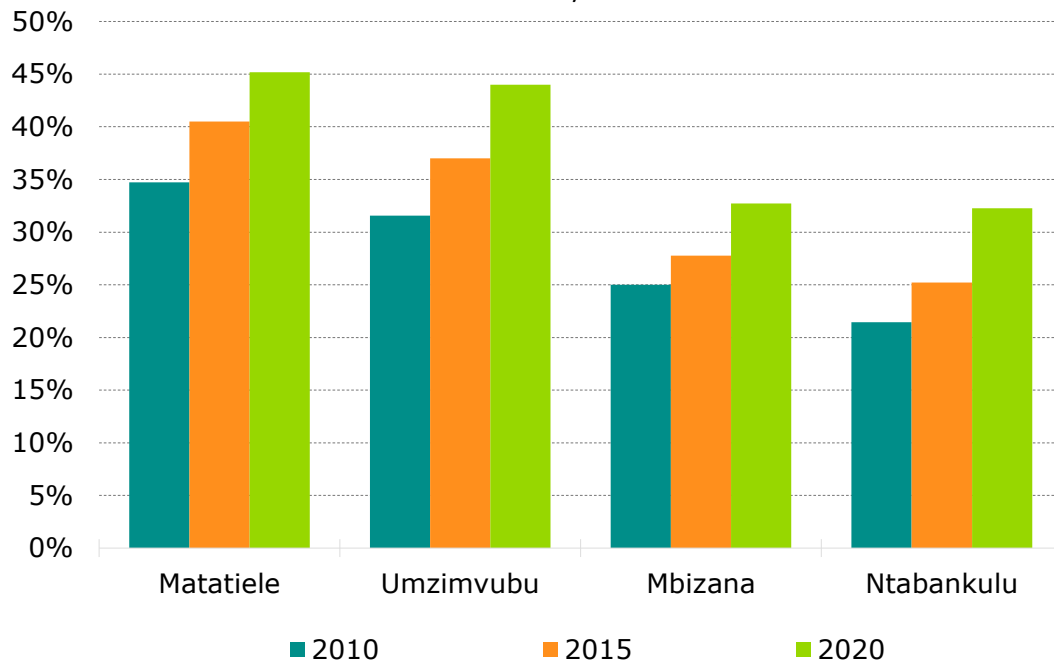
Source: IHS Markit Regional eXplorer version 2201

In 2020 the labour force participation rate for Alfred Nzo was at 38.7% which is significantly higher when compared to the 28.6% in 2010. The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2010, the unemployment rate for Alfred Nzo was 32.4% and increased overtime to 50.2% in 2020. The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for the employment within Alfred Nzo District Municipality.

The labour force participation rate - local municipalities and the rest of Alfred Nzo District Municipality, 2015 and 2020 [percentage]

## Labour force participation rate

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

Matatiele Local Municipality had the highest labour force participation rate with 45.2% in 2020 increasing from 34.7% in 2010. Ntabankulu Local Municipality had the lowest labour force participation rate of 32.3% in 2020, this increased from 21.5% in 2010.

### Total Employment

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

Total employment consists of two parts: employment in the formal sector, and employment in the informal sector

Total employment - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [numbers]

	Alfred Nzo	Eastern Cape	National Total
2010	74,800	1,230,000	13,500,000
2011	74,000	1,230,000	13,700,000
2012	74,100	1,240,000	14,000,000
2013	77,300	1,270,000	14,400,000
2014	83,300	1,340,000	15,000,000
2015	88,400	1,400,000	15,500,000
2016	91,000	1,430,000	15,800,000
2017	92,100	1,440,000	16,000,000
2018	91,200	1,440,000	16,200,000
2019	90,100	1,430,000	16,200,000
2020	81,600	1,340,000	15,400,000
Average Annual growth			
2010-2020	0.87%	0.89%	1.33%

Source: IHS Markit Regional eXplorer version 2201

In 2020, Alfred Nzo employed 81 600 people which is 6.09% of the total employment in Eastern Cape Province (1.34 million), 0.53% of total employment in South Africa (15.4 million). Employment within Alfred Nzo increased annually at an average rate of 0.87% from 2010 to 2020.

Total employment per broad economic sector - Alfred Nzo and the rest of Eastern Cape, 2020  
[Numbers]

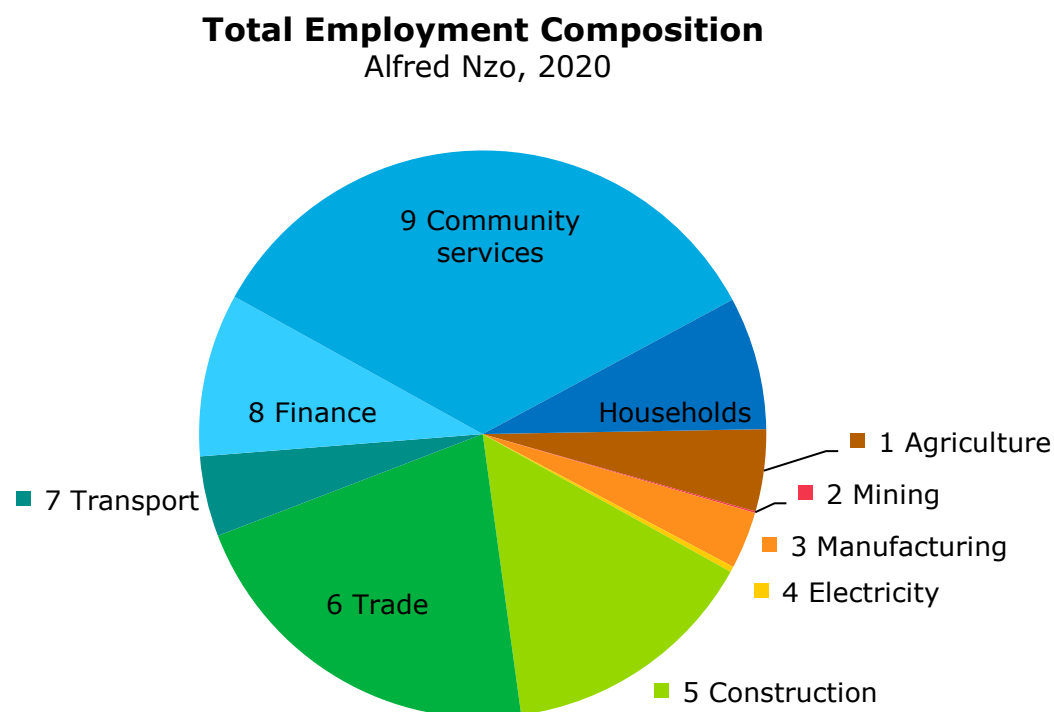
	Alfred Nzo	Nelson Mandela Bay	Buffalo City	Sarah Baartman	Amathole	Chris Hani	Joe Gqabi	O.R.Tambo	Total Eastern Cape
Agriculture	3,820	9,680	17,600	29,000	8,520	10,200	7,480	5,740	92,120
Mining	72	481	315	36	63	140	89	214	1,410
Manufacturing	2,670	67,100	15,700	13,800	5,570	5,070	2,820	4,760	117,500
Electricity	259	817	673	377	412	470	241	548	3,797
Construction	12,000	29,600	17,400	14,400	11,500	13,700	8,150	17,200	123,926
Trade	17,400	89,600	48,100	31,900	28,200	24,100	13,600	39,300	292,180
Transport	3,740	28,200	9,410	7,080	5,250	4,660	2,580	7,960	68,854
Finance	7,590	58,900	25,300	13,900	12,000	11,000	5,270	18,300	152,397
Community services	27,800	94,400	59,500	28,700	40,700	42,300	20,100	61,100	374,660
Households	6,180	32,300	18,700	14,700	10,400	10,900	7,340	12,900	113,372
<b>Total</b>	<b>81,600</b>	<b>411,000</b>	<b>213,000</b>	<b>154,000</b>	<b>123,000</b>	<b>123,000</b>	<b>67,700</b>	<b>168,000</b>	<b>1,340,215</b>

Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality employs a total number of 81 600 people within its district municipality. The district municipality that employs the highest number of people relative to the other regions within Eastern Cape Province is Nelson Mandela Bay district municipality with a total number of 411 000. The district municipality that employs the lowest number of people relative to the other regions within Eastern Cape Province is Joe Gqabi district municipality with a total number of 67 700 employed people.

In Alfred Nzo District Municipality the economic sectors that recorded the largest number of employment in 2020 were the community services sector with a total of 27 800 employed people or 34.1% of total employment in the district municipality. The trade sector with a total of 17 400 (21.3%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 72.3 (0.1%) is the sector that employs the least number of people in Alfred Nzo District Municipality, followed by the electricity sector with 259 (0.3%) people employed.

Total employment per broad economic sector - Alfred Nzo District Municipality, 2020 [percentage]



Source: IHS Markit Regional eXplorer version 2201

### Formal and Informal employment

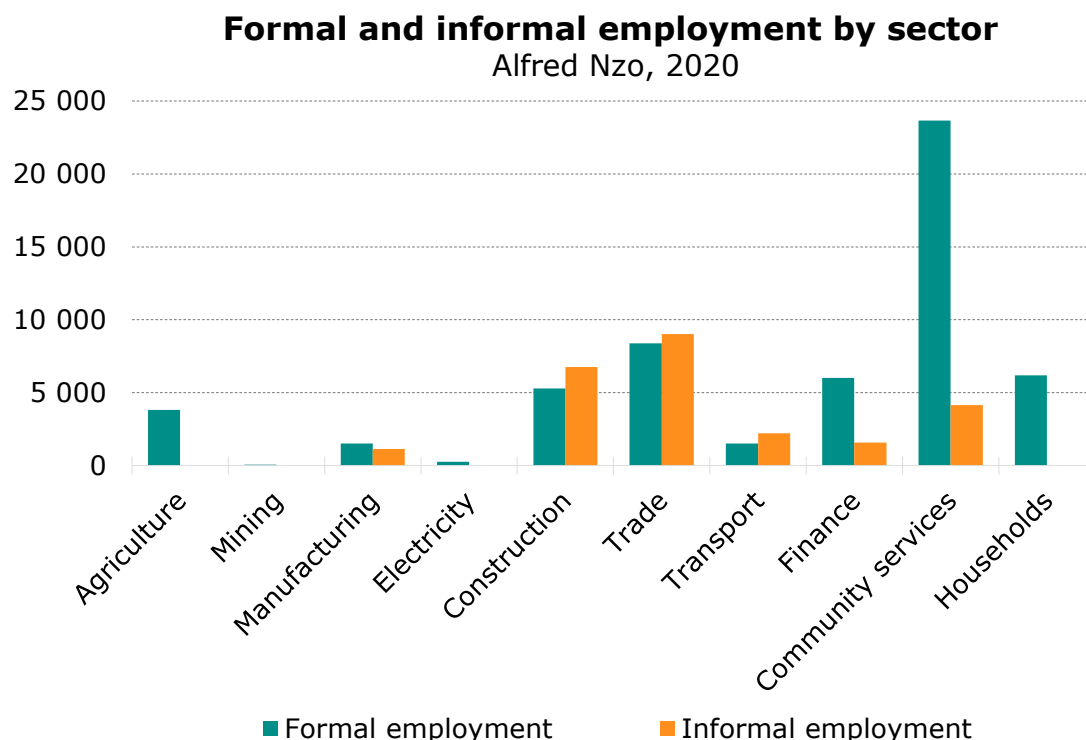
Total employment can be broken down into formal and informal sector employment. Formal sector employment is measured from the formal business side, and the informal employment is measured from the household side where formal businesses have not been established.

Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the formal business side of the economy. Informal employment is however a reality in South Africa and cannot be ignored.

The number of formally employed people in Alfred Nzo District Municipality counted 56 700 in 2020, which is about 69.51% of total employment, while the number of people employed in the informal

sector counted 24 900 or 30.49% of the total employment. Informal employment in Alfred Nzo increased from 22 200 in 2010 to an estimated 24 900 in 2020.

Formal and informal employment by broad economic sector - Alfred Nzo District Municipality, 2020  
[numbers]



*Source: IHS Markit Regional eXplorer version 2201*

Some of the economic sectors have little or no informal employment:

Mining industry, due to well-regulated mining safety policies, and the strict registration of a mine, has little or no informal employment. The Electricity sector is also well regulated, making it difficult to get information on informal employment. Domestic Workers and employment in the Agriculture sector is typically counted under a separate heading.

In 2020 the Trade sector recorded the highest number of informally employed, with a total of 9 030 employees or 36.28% of the total informal employment. This can be expected as the barriers to enter the Trade sector in terms of capital and skills required is less than with most of the other sectors. The Manufacturing sector has the lowest informal employment with 1 140 and only contributes 4.60% to total informal employment.

Formal and informal employment by broad economic sector - Alfred Nzo District Municipality, 2020  
[numbers]

	Formal employment	Informal employment
Agriculture	3,820	N/A
Mining	72	N/A
Manufacturing	1,520	1,140
Electricity	259	N/A
Construction	5,290	6,750
Trade	8,380	9,030
Transport	1,510	2,230
Finance	6,020	1,580
Community services	23,700	4,150
Households	6,180	N/A

Source: IHS Markit Regional eXplorer version 2201

The informal sector is vital for the areas with very high unemployment and very low labour participation rates. Unemployed people see participating in the informal sector as a survival strategy. The most desirable situation would be to get a stable formal job. But because the formal economy is not growing fast enough to generate adequate jobs, the informal sector is used as a survival mechanism.

### Unemployment

The unemployed includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).

The choice of definition for what constitutes being unemployed has a large impact on the final estimates for all measured labour force variables. The following definition was adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, 1982): The "unemployed" comprise all persons above a specified age who during the reference period were:

"Without work", i.e. not in paid employment or self-employment;

"Currently available for work", i.e. were available for paid employment or self-employment during the reference period; and

"Seeking work", i.e. had taken specific steps in a specified reference period to seek paid employment or self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land.

Unemployment (official definition) - Alfred Nzo, Eastern Cape and National Total, 2010-2020  
[Number percentage]

	<b>Alfred Nzo</b>	<b>Eastern Cape</b>	<b>National Total</b>	<b>Alfred Nzo as % of province</b>	<b>Alfred Nzo as % of national</b>
2010	40,800	480,000	4,490,000	8.5%	0.91%
2011	39,800	487,000	4,580,000	8.2%	0.87%
2012	42,200	509,000	4,700,000	8.3%	0.90%
2013	45,600	540,000	4,850,000	8.4%	0.94%
2014	48,600	565,000	5,060,000	8.6%	0.96%
2015	50,600	583,000	5,300,000	8.7%	0.95%
2016	57,000	636,000	5,670,000	9.0%	1.01%
2017	66,600	718,000	5,990,000	9.3%	1.11%
2018	73,900	782,000	6,100,000	9.5%	1.21%
2019	86,000	885,000	6,450,000	9.7%	1.33%
2020	94,900	971,000	6,710,000	9.8%	1.41%

Average Annual growth

2010-2020	8.80%	7.31%	4.10%
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Source: IHS Markit Regional eXplorer version 2201

In 2020, there were a total number of 94 900 people unemployed in Alfred Nzo, which is an increase of 54 100 from 40 800 in 2010. The total number of unemployed people within Alfred Nzo constitutes 9.77% of the total number of unemployed people in Eastern Cape Province. The Alfred Nzo District Municipality experienced an average annual increase of 8.80% in the number of unemployed people, which is worse than that of the Eastern Cape Province which had an average annual increase in unemployment of 7.31%.

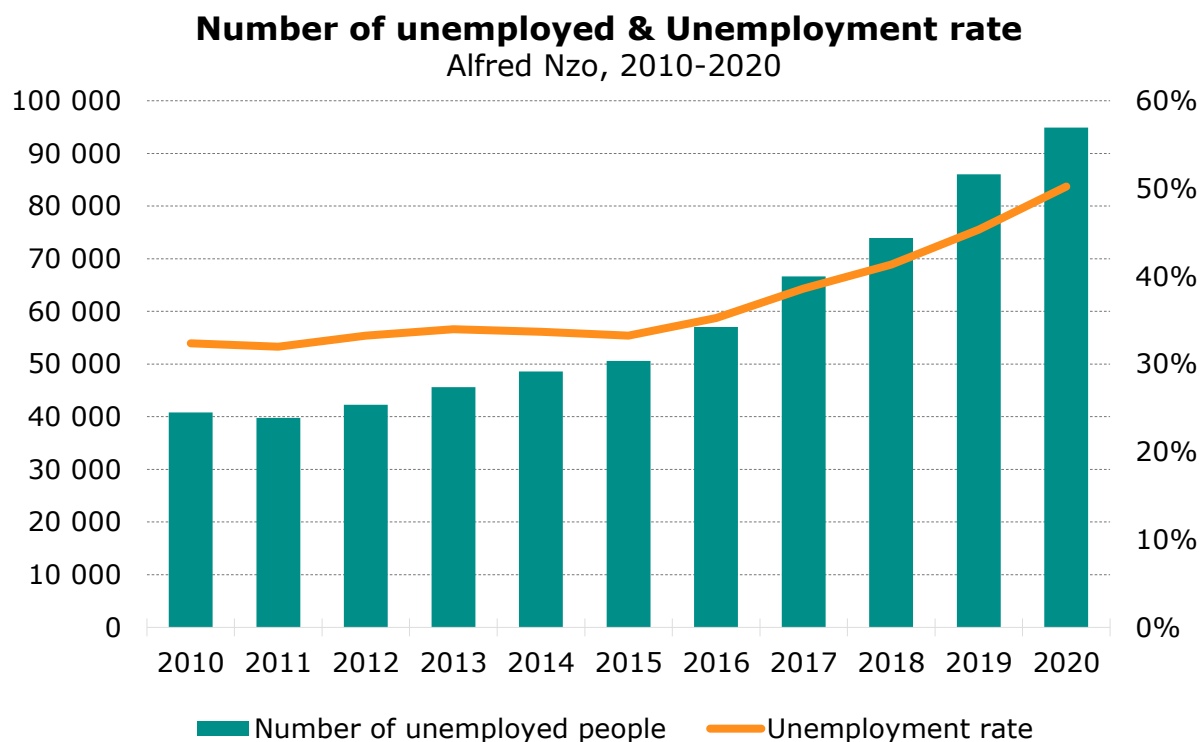
Unemployment rate (official definition) - Alfred Nzo, Eastern Cape and National Total, 2010-2020  
[Percentage]

	<b>Alfred Nzo</b>	<b>Eastern Cape</b>	<b>National Total</b>
2010	32.4%	27.9%	24.9%
2011	32.0%	28.2%	25.1%
2012	33.2%	28.9%	25.1%
2013	34.0%	29.6%	25.2%
2014	33.7%	29.4%	25.2%
2015	33.2%	29.2%	25.5%
2016	35.3%	30.5%	26.4%
2017	38.6%	32.9%	27.2%
2018	41.3%	35.0%	27.4%
2019	45.3%	38.0%	28.4%
2020	50.2%	41.7%	30.3%

Source: IHS Markit Regional eXplorer version 2201

In 2020, the unemployment rate in Alfred Nzo District Municipality (based on the official definition of unemployment) was 50.22%, which is an increase of 17.9 percentage points. The unemployment rate in Alfred Nzo District Municipality is higher than that of Eastern Cape. The unemployment rate for South Africa was 30.32% in 2020, which is a increase of -5.39 percentage points from 24.93% in 2010.

Unemployment and unemployment rate (official definition) - Alfred Nzo District Municipality, 2010-2020 [number percentage]



Source: IHS Markit Regional eXplorer version 2201

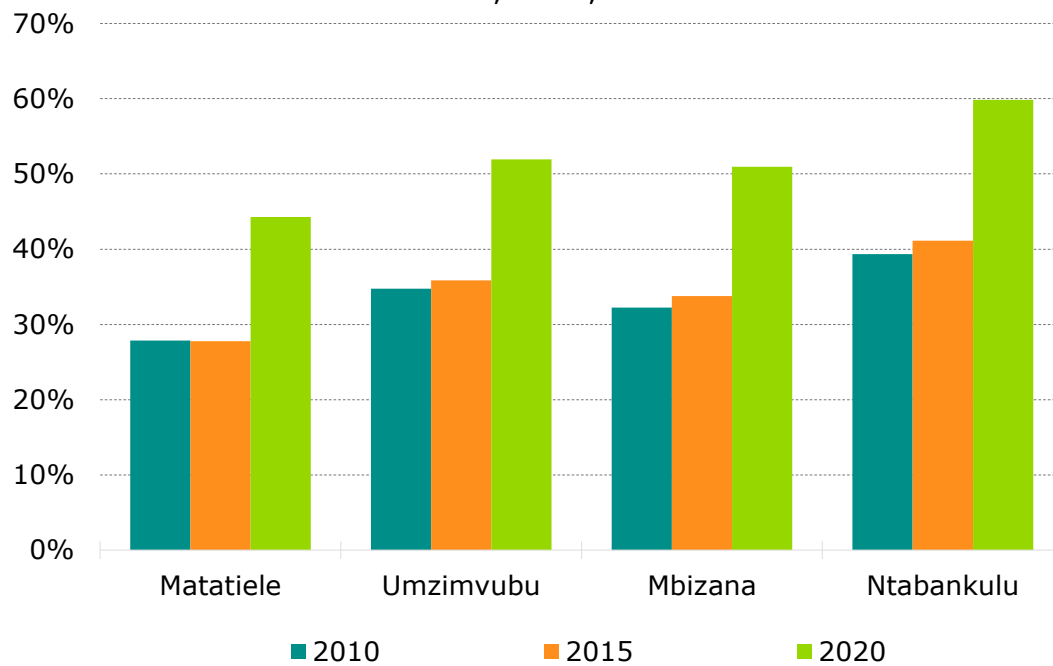
When comparing unemployment rates among regions within Alfred Nzo District Municipality, Ntabankulu Local Municipality has indicated the highest unemployment rate of 59.8%, which has increased from 39.4% in 2010. It can be seen that the Matatiele Local Municipality had the lowest unemployment rate of 44.3% in 2020, which increased from 27.8% in 2010.

Unemployment rate - local municipalities and the rest of Alfred Nzo District Municipality, 2010, 2015 and 2020 [percentage]



## Unemployment rate

Alfred Nzo, 2010, 2015 and 2020



Source: IHS Markit Regional eXplorer version 2201

## Income and Expenditure

In a growing economy among which production factors are increasing, most of the household incomes are spent on purchasing goods and services. Therefore, the measuring of the income and expenditure of households is a major indicator of a number of economic trends. It is also a good marker of growth as well as consumer tendencies.

### Number of Households by Income category

The number of households is grouped according to predefined income categories or brackets, where income is calculated as the sum of all household gross disposable income: payments in kind, gifts, homemade goods sold, old age pensions, income from informal sector activities, subsistence income, etc.). Note that income tax is included in the income distribution.

Income categories start at R0 - R2,400 per annum and go up to R2,400,000+ per annum. A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. These income brackets do not take into account inflation creep: over time, movement of households "up" the brackets is natural, even if they are not earning any more in real terms.

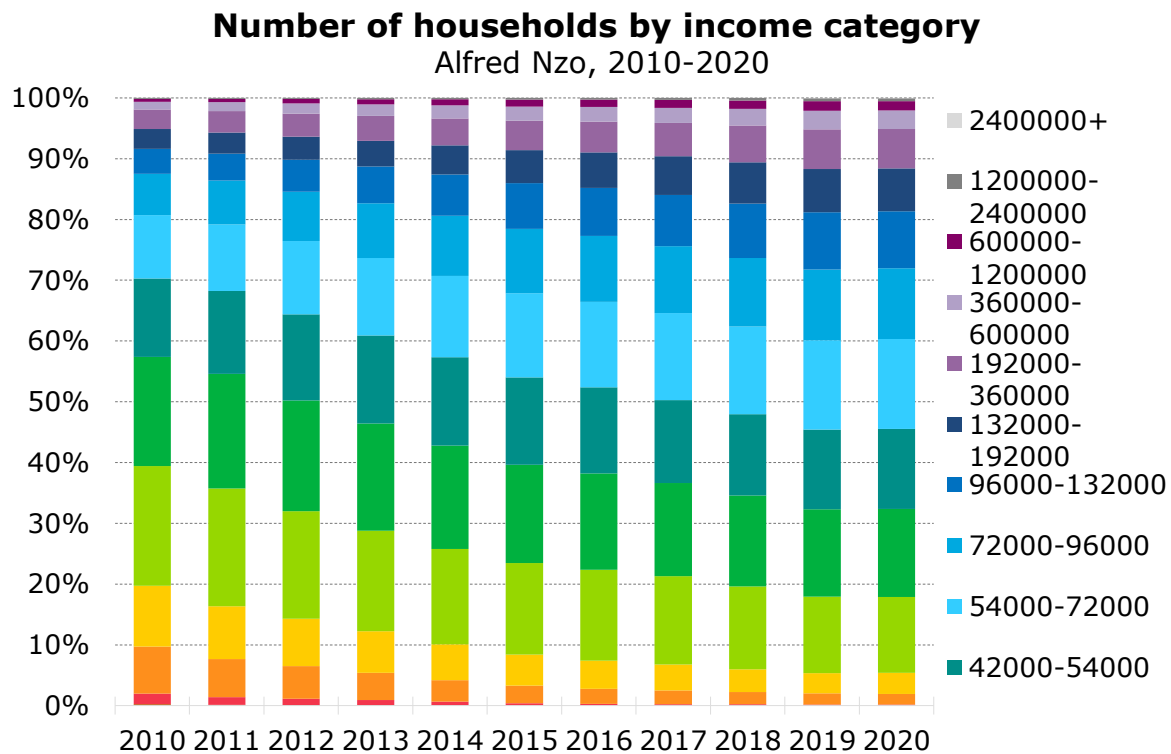
Households by income category - Alfred Nzo, Eastern Cape and National Total, 2020 [Number Percentage]

	Alfred Nzo	Eastern Cape	National Total	Alfred Nzo as % of province	Alfred Nzo as % of national
0-2400	16	136	1,350	11.4%	1.15%
2400-6000	296	2,720	25,000	10.9%	1.19%
6000-12000	3,090	27,000	229,000	11.5%	1.35%
12000-18000	6,170	53,400	439,000	11.6%	1.41%
18000-30000	22,300	185,000	1,440,000	12.0%	1.55%
30000-42000	25,800	212,000	1,550,000	12.2%	1.66%
42000-54000	23,500	201,000	1,510,000	11.7%	1.56%
54000-72000	26,400	238,000	1,870,000	11.1%	1.41%
72000-96000	20,700	196,000	1,640,000	10.5%	1.26%
96000-132000	16,700	179,000	1,620,000	9.4%	1.04%
132000-192000	12,600	151,000	1,450,000	8.4%	0.87%
192000-360000	11,500	168,000	1,830,000	6.8%	0.62%
360000-600000	5,430	103,000	1,270,000	5.3%	0.43%
600000-1200000	2,720	75,400	1,040,000	3.6%	0.26%
1200000-2400000	902	33,500	466,000	2.7%	0.19%
2400000+	85	5,770	82,900	1.5%	0.10%
<b>Total</b>	<b>178,000</b>	<b>1,830,000</b>	<b>16,500,000</b>	<b>9.7%</b>	<b>1.08%</b>

Source: IHS Markit Regional eXplorer version 2201

It was estimated that in 2020 17.88% of all the households in the Alfred Nzo District Municipality, were living on R30,000 or less per annum. In comparison with 2010's 39.40%, the number is about half. The 54000-72000 income category has the highest number of households with a total number of 26 400, followed by the 30000-42000 income category with 25 800 households. Only 16 households fall within the 0-2400 income category.

## Households by income bracket - Alfred Nzo District Municipality, 2010-2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

For the period 2010 to 2020 the number of households earning more than R30,000 per annum has increased from 60.60% to 82.12%. It can be seen that the number of households with income equal to or lower than R6,000 per year has decreased by a significant amount.

### Annual total Personal Income

Personal income is an even broader concept than labour remuneration. Personal income includes profits, income from property, net current transfers and net social benefits.

Annual total personal income is the sum of the total personal income for all households in a specific region. The definition of income is the same as used in the income brackets (Number of Households by Income Category), also including the income tax. For this variable, current prices are used, meaning that inflation has not been taken into account.

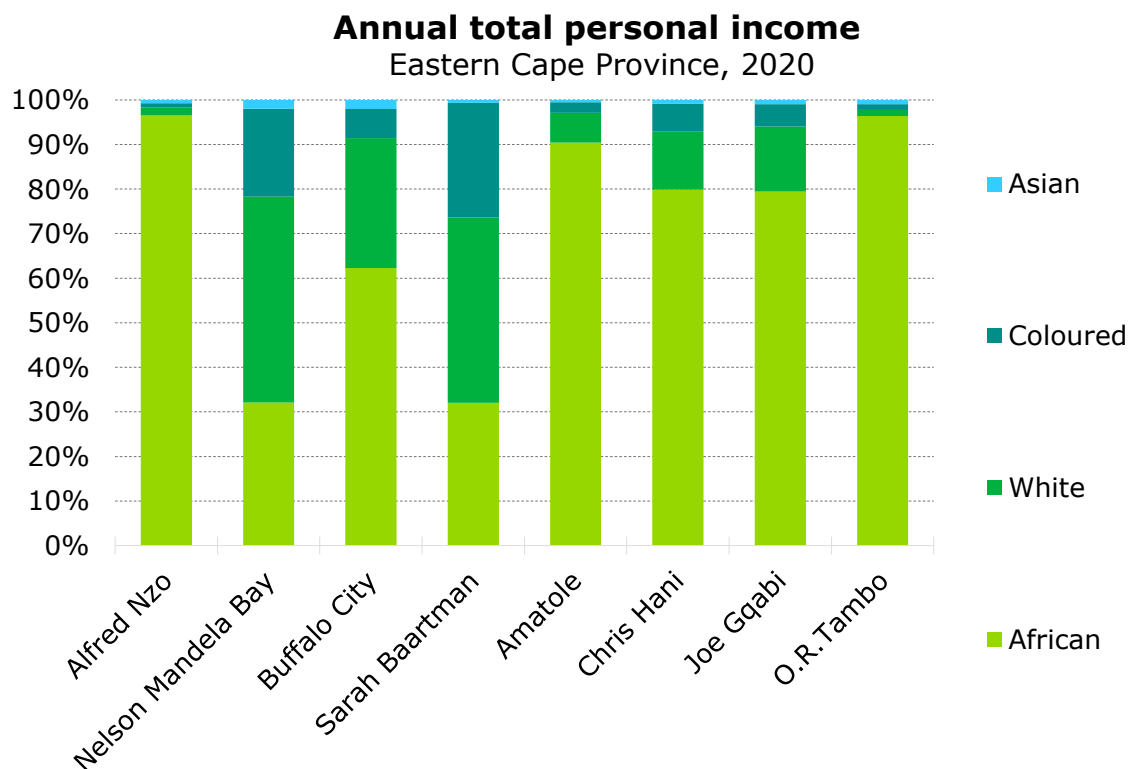
Annual total personal income - Alfred Nzo, Eastern Cape and National Total[Current Prices, R billions]

	Alfred Nzo	Eastern Cape	National Total
2010	10.9	174.0	2,114.5
2011	11.7	188.7	2,314.9
2012	12.8	210.7	2,525.0
2013	13.7	229.3	2,729.4
2014	14.6	247.2	2,938.2
2015	15.8	269.8	3,180.0
2016	16.7	288.5	3,413.6
2017	18.2	312.1	3,662.1
2018	19.6	333.3	3,899.6
2019	20.6	349.6	4,092.3
2020	19.9	338.7	3,970.5
Average Annual growth			
2010-2020	6.25%	6.89%	6.50%

Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality recorded an average annual growth rate of 6.25% (from R 10.9 billion to R 19.9 billion) from 2010 to 2020, which is less than both Eastern Cape's (6.89%) as well as South Africa's (6.50%) average annual growth rates.

Annual total personal income by population group - Alfred Nzo and the rest of Eastern Cape [Current Prices, R billions]



Source: IHS Markit Regional eXplorer version 2201

The total personal income of Alfred Nzo District Municipality amounted to approximately R 19.9 billion in 2020. The African population group earned R 19.2 billion, or 96.57% of total personal income, while the White population group earned R 348 million, or 1.75% of the total personal income. The Coloured and the Asian population groups only had a share of 0.94% and

0.74% of total personal income respectively.

Annual total personal income - Matatiele, Umzimvubu, Mbizana and Ntabankulu local municipalities[Current Prices, R billions]

	<b>Matatiele</b>	<b>Umzimvubu</b>	<b>Mbizana</b>	<b>Ntabankulu</b>
2010	3.26	3.06	3.12	1.43
2011	3.51	3.28	3.36	1.52
2012	3.90	3.57	3.66	1.63
2013	4.22	3.80	3.93	1.71
2014	4.56	4.05	4.21	1.80
2015	4.97	4.36	4.60	1.92
2016	5.29	4.58	4.88	2.00
2017	5.76	4.98	5.30	2.17
2018	6.20	5.36	5.72	2.34
2019	6.50	5.61	5.99	2.46
2020	6.30	5.43	5.80	2.40
Average Annual growth				
2010-2020	6.82%	5.90%	6.39%	5.28%

Source: IHS Markit Regional eXplorer version 2201

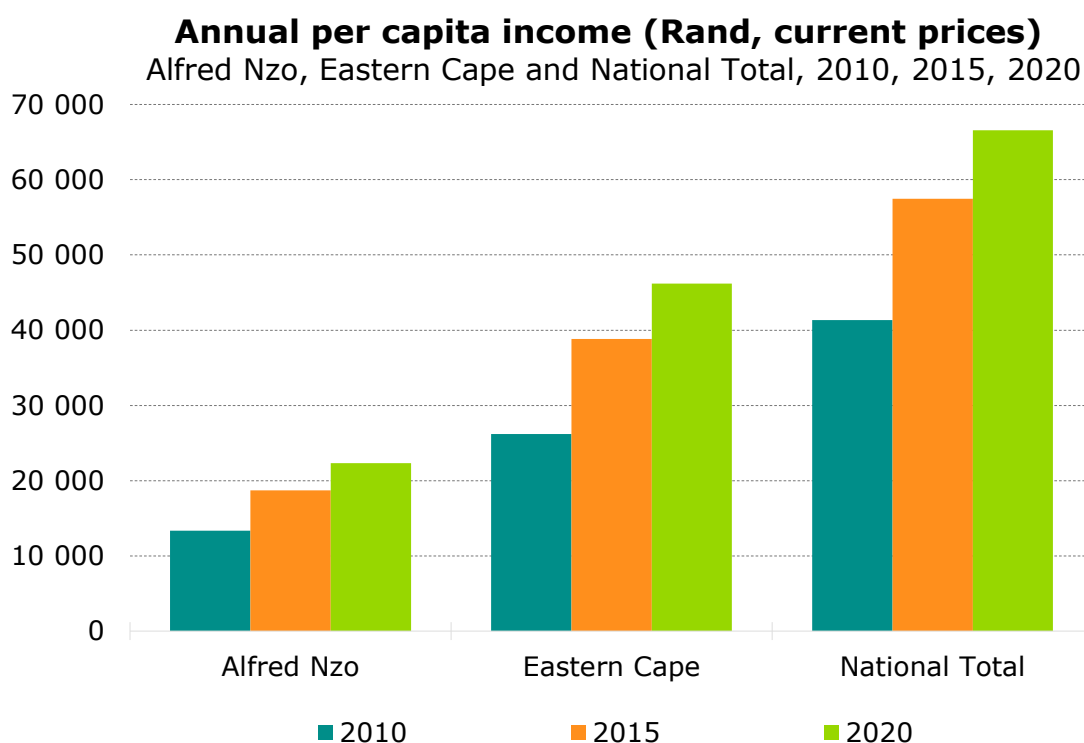
When looking at the annual total personal income for the regions within Eastern Cape Province it can be seen that the Matatiele Local Municipality had the highest total personal income with R 6.3 billion which increased from R 3.26 billion recorded in 2010. It can be seen that the Ntabankulu Local Municipality had the lowest total personal income of R 2.4 billion in 2020, this increased from R 1.43 billion in 2010.

#### Annual per Capita Income

Per capita income refers to the income per person. Thus, it takes the total personal income per annum and divides it equally among the population.

Per capita income is often used as a measure of wealth particularly when comparing economies or population groups. Rising per capita income usually indicates a likely swell in demand for consumption.

Per capita income - Alfred Nzo, Eastern Cape and National Total, 2020 [Rand, current prices]



*Source: IHS Markit Regional eXplorer version 2201*

The per capita income in Alfred Nzo District Municipality is R 22,300 and is lower than both the National Total (R 66,600) and of the Eastern Cape Province (R 46,200) per capita income.

Per capita income by population group - Alfred Nzo and the rest of Eastern Cape Province, 2020 [Rand, current prices]

	African	White	Coloured	Asian
Alfred Nzo	21,800	166,000	49,000	76,400
Nelson Mandela Bay	39,900	290,000	65,600	146,000
Buffalo City	47,400	295,000	73,200	148,000
Sarah Baartman	38,700	279,000	51,500	108,000
Amatole	31,500	217,000	48,900	88,500
Chris Hani	33,000	274,000	58,600	99,600
Joe Gqabi	33,200	268,000	58,200	120,000
O.R.Tambo	25,800	184,000	66,100	90,700

Source: IHS Markit Regional eXplorer version 2201

Nelson Mandela Bay Metropolitan Municipality has the highest per capita income with a total of R 78,100. Sarah Baartman District Municipality had the second highest per capita income at R 67,500, whereas Alfred Nzo District Municipality had the lowest per capita income at R 22,300. In Alfred Nzo District Municipality, the White population group has the highest per capita income, with R 166,000, relative to the other population groups. The population group with the second highest per capita income within Alfred Nzo District Municipality is the Asian population group (R 76,400), where the Coloured and the African population groups had a per capita income of R 49,000 and R 21,800 respectively.

Index of Buying Power

The Index of Buying Power (IBP) is a measure of a region's overall capacity to absorb products and/or services. The index is useful when comparing two regions in terms of their capacity to buy products. Values range from 0 to 1 (where the national index equals 1), and can be interpreted as the percentage of national buying power attributable to the specific region. Regions' buying power usually depends on three factors: the size of the population; the ability of the population to spend (measured by total income); and the willingness of the population to spend (measured by total retail sales).

Index of buying power - Alfred Nzo, Eastern Cape and National Total, 2020 [Number]

	Alfred Nzo	Eastern Cape	National Total
Population	892,440	7,333,763	59,646,053
Population - share of national total	1.5%	12.3%	100.0%
Income	19,924	338,731	3,970,503
Income - share of national total	0.5%	8.5%	100.0%
Retail	5,854,283	88,189,936	1,063,415,000
Retail - share of national total	0.6%	8.3%	100.0%
Index	0.01	0.09	1.00

Source: IHS Markit Regional eXplorer version 2201

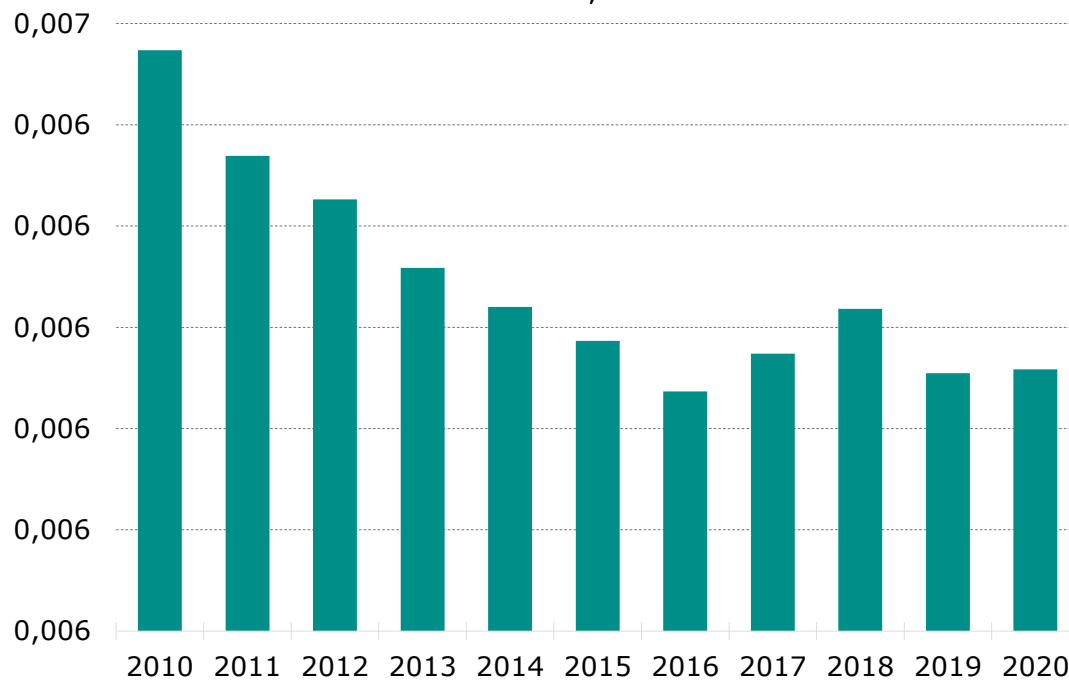
Alfred Nzo District Municipality has a 1.5% share of the national population, 0.5% share of the total national income and a 0.6% share in the total national retail, this all equates to an IBP index value of 0.0062 relative to South Africa as a whole. Eastern Cape has an IBP of 0.088. , were South Africa has and IBP index value of 1 relative to South Africa as a whole.

The considerable low index of buying power of the Alfred Nzo District Municipality suggests that the district municipality has access to only a small percentage of the goods and services available in all of the Eastern Cape Province. Its residents are most likely spending some of their income in neighbouring areas.

Index of buying power Alfred Nzo District Municipality, 2010-2020 [Index value]

### Index of buying power

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

Between 2010 and 2020, the index of buying power within Alfred Nzo District Municipality increased to its highest level in 2010 (0.006473) from its lowest in 2016 (0.006137). The buying power within Alfred Nzo District Municipality is relatively small compared to other regions and it decreased at an average annual growth rate of -0.50%.



## Development

Indicators of development, like the Human Development Index (HDI), Gini Coefficient (income inequality), poverty and the poverty gap, and education, are used to estimate the level of development of a given region in South Africa relative to the rest of the country.

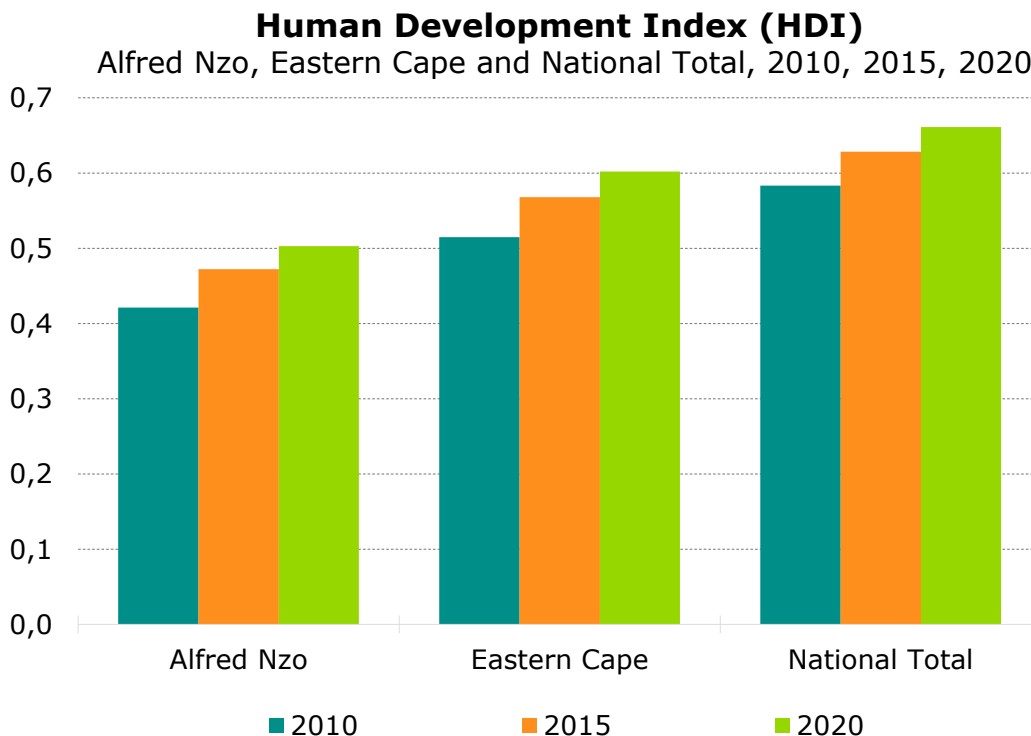
Another indicator that is widely used is the number (or percentage) of people living in poverty. Poverty is defined as the deprivation of those things that determine the quality of life, including food, clothing, shelter and safe drinking water. More than that, other "intangibles" is also included such as the opportunity to learn, and the privilege to enjoy the respect of fellow citizens. Curbing poverty and alleviating the effects thereof should be a premise in the compilation of all policies that aspire towards a better life for all.

### Human Development Index (HDI)

The Human Development Index (HDI) is a composite relative index used to compare human development across population groups or regions.

HDI is the combination of three basic dimensions of human development: A long and healthy life, knowledge and a decent standard of living. A long and healthy life is typically measured using life expectancy at birth. Knowledge is normally based on adult literacy and / or the combination of enrolment in primary, secondary and tertiary schools. In order to gauge a decent standard of living, we make use of GDP per capita. On a technical note, the HDI can have a maximum value of 1, indicating a very high level of human development, while the minimum value is 0, indicating no human development.

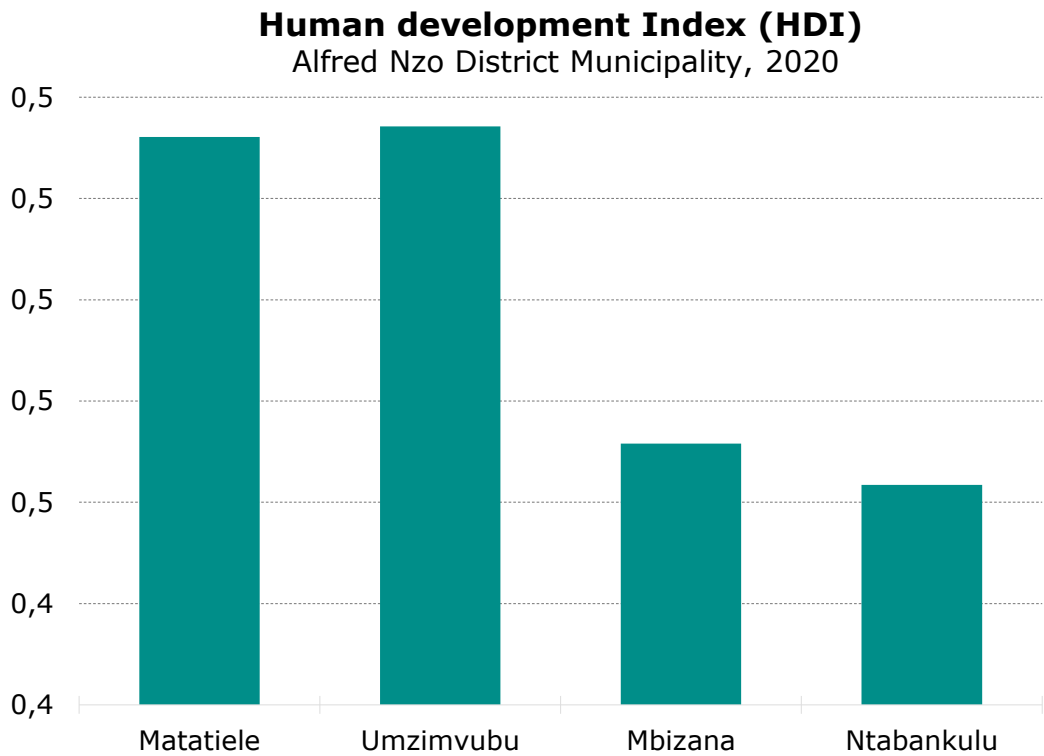
Human Development Index (HDI) - Alfred Nzo, Eastern Cape and National Total, 2010, 2015, 2020  
[Number]



Source: IHS Markit Regional eXplorer version 2201

In 2020 Alfred Nzo District Municipality had an HDI of 0.503 compared to the Eastern Cape with a HDI of 0.602 and 0.661 of National Total as a whole. Seeing that South Africa recorded a higher HDI in 2020 when compared to Alfred Nzo District Municipality which translates to worse human development for Alfred Nzo District Municipality compared to South Africa. South Africa's HDI increased at an average annual growth rate of 1.26% and this increase is lower than that of Alfred Nzo District Municipality (1.79%).

Human development Index (HDI) - local municipalities and the rest of Alfred Nzo District Municipality, 2020 [Number]



*Source: IHS Markit Regional eXplorer version 2201*

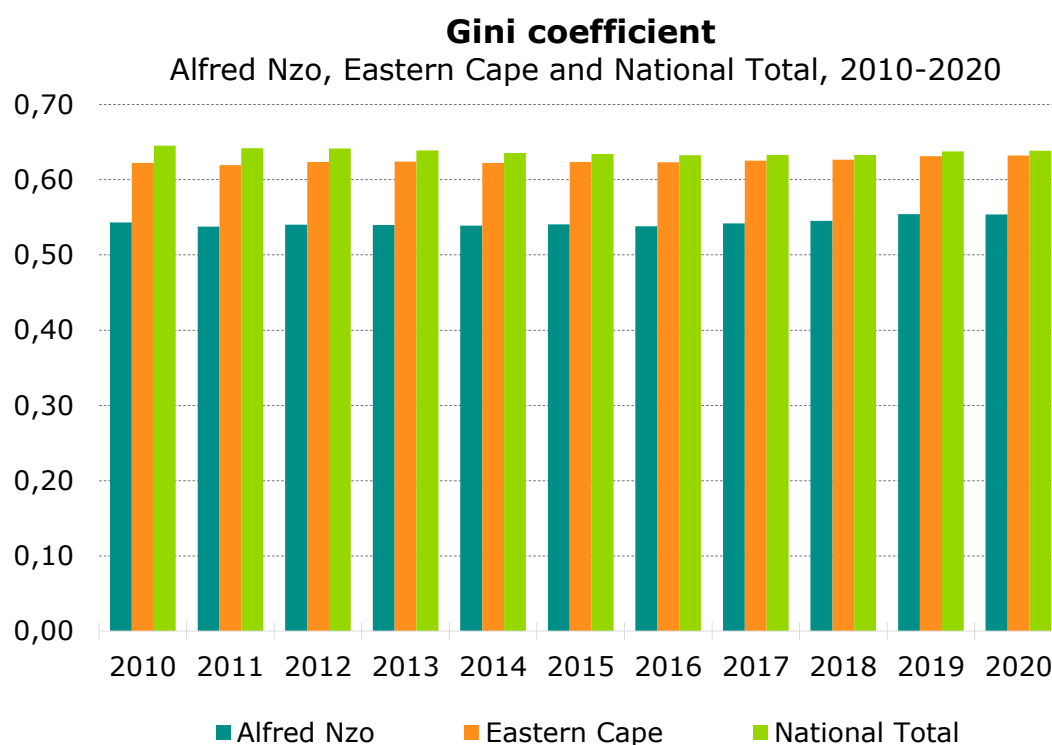
In terms of the HDI for each the regions within the Alfred Nzo District Municipality, Umzimvubu Local Municipality has the highest HDI, with an index value of 0.534. The lowest can be observed in the Ntabankulu Local Municipality with an index value of 0.463.

Gini Coefficient

The Gini coefficient is a summary statistic of income inequality. It varies from 0 to 1.

If the Gini coefficient is equal to zero, income is distributed in a perfectly equal manner, in other words there is no variance between the high and low income earners within the population. In contrast, if the Gini coefficient equals 1, income is completely inequitable, i.e. one individual in the population is earning all the income and the rest has no income. Generally this coefficient lies in the range between 0.25 and 0.70.

Gini coefficient - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Number]



*Source: IHS Markit Regional eXplorer version 2201*

In 2020, the Gini coefficient in Alfred Nzo District Municipality was at 0.554, which reflects a increase in the number over the ten-year period from 2010 to 2020. The Eastern Cape Province and South Africa, both had a more unequal spread of income amongst their residents (at 0.632 and 0.638 respectively) when compared to Alfred Nzo District Municipality.

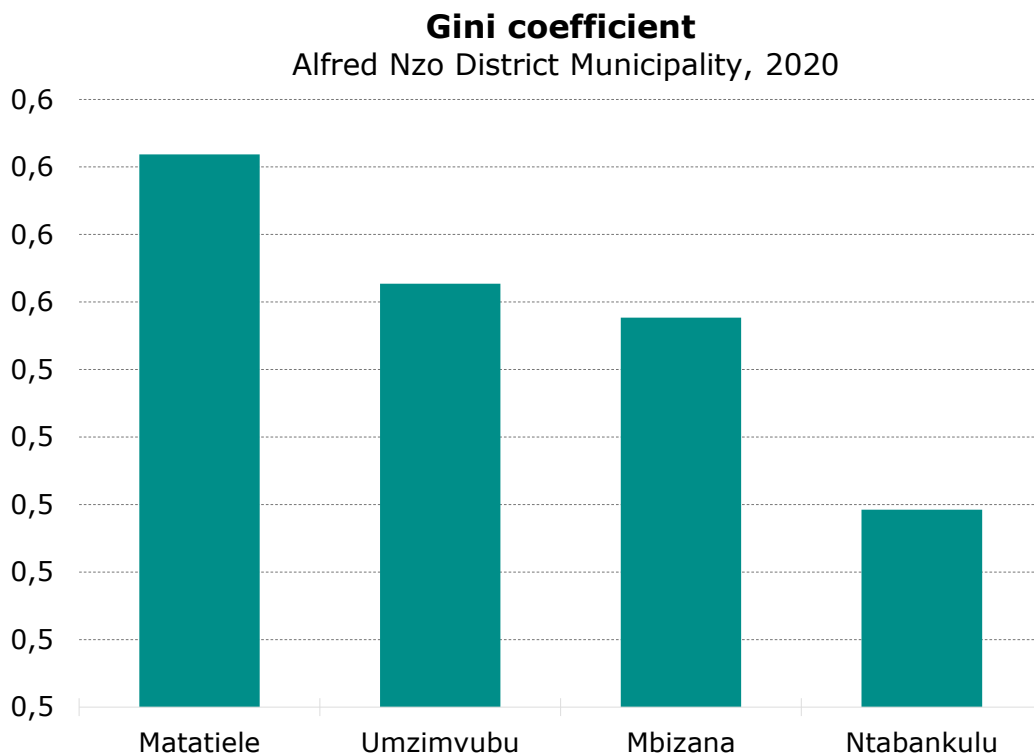
Gini coefficient by population group - Alfred Nzo, 2010, 2020 [Number]

	African	White	Coloured
2010	0.54	0.47	0.56
2020	0.55	0.46	0.58
Average Annual growth			
2010-2020	0.22%	-0.26%	0.41%

Source: IHS Markit Regional eXplorer version 2201

When segmenting the Alfred Nzo District Municipality into population groups, it can be seen that the Gini coefficient for the Coloured population group increased the most amongst the population groups with an average annual growth rate of 0.41%. The Gini coefficient for the White population group decreased the most with an average annual growth rate of -0.26%.

Gini coefficient - local municipalities and the rest of Alfred Nzo District Municipality, 2020 [Number]



*Source: IHS Markit Regional eXplorer version 2201*

In terms of the Gini coefficient for each of the regions within the Alfred Nzo District Municipality, Matatiele Local Municipality has the highest Gini coefficient, with an index value of 0.572. The lowest Gini coefficient can be observed in the Ntabankulu Local Municipality with an index value of 0.519.

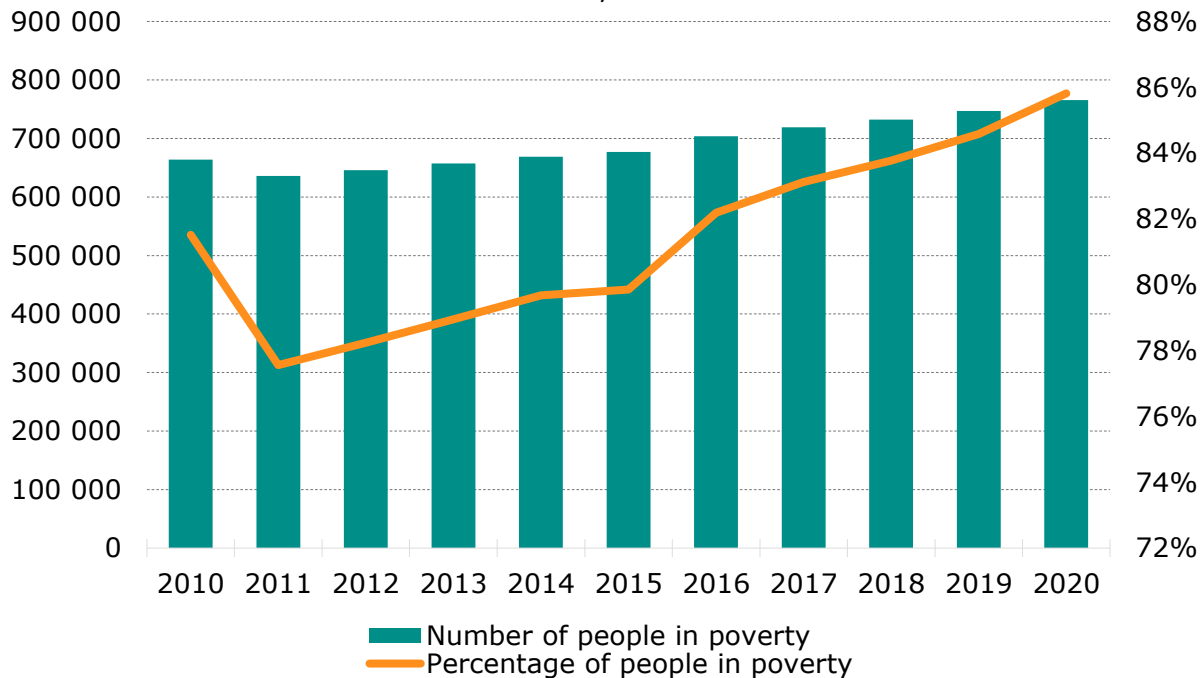
### Poverty

The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. This variable measures the number of individuals living below that particular level of consumption for the given area, and is balanced directly to the official upper poverty rate as measured by StatsSA.

Number and percentage of people living in poverty - Alfred Nzo District Municipality, 2010-2020  
[Number percentage]

## Number and percentage of people in poverty

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

In 2020, there were 766 000 people living in poverty, using the upper poverty line definition, across Alfred Nzo District Municipality - this is 15.32% higher than the 664 000 in 2010. The percentage of people living in poverty has increased from 81.51% in 2010 to 85.81% in 2020, which indicates a increase of -4.3 percentage points.

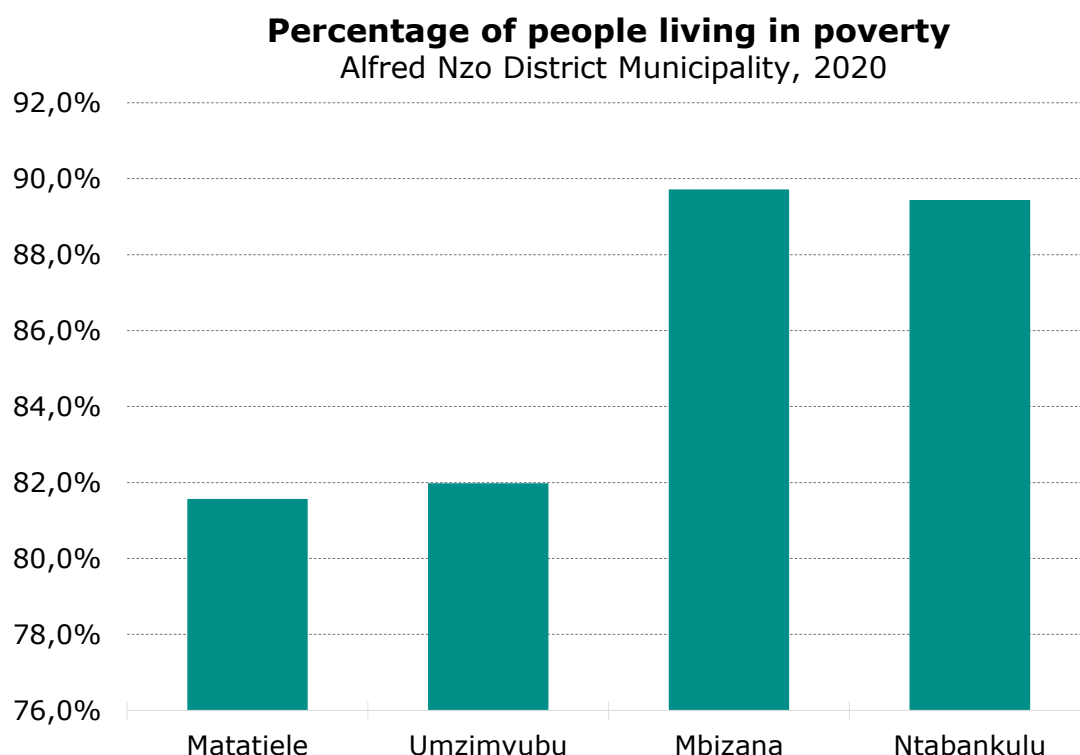
Percentage of people living in poverty by population group - Alfred Nzo, 2010-2020 [Percentage]

	African	White	Coloured	Asian
2010	81.9%	4.0%	50.1%	18.0%
2011	78.0%	2.8%	47.3%	13.1%
2012	78.6%	3.0%	49.7%	14.1%
2013	79.3%	4.1%	51.7%	14.8%
2014	80.1%	5.6%	53.7%	14.6%
2015	80.3%	7.4%	54.5%	13.8%
2016	82.6%	9.3%	56.7%	18.0%
2017	83.5%	10.0%	57.4%	21.2%
2018	84.2%	10.8%	57.2%	25.2%
2019	85.0%	12.0%	57.5%	29.7%
2020	86.2%	13.8%	59.5%	36.6%

Source: IHS Markit Regional eXplorer version 2201

In 2020, the population group with the highest percentage of people living in poverty was the African population group with a total of 86.2% people living in poverty, using the upper poverty line definition. The proportion of the African population group, living in poverty, decreased by -4.3 percentage points, as can be seen by the change from 81.91% in 2010 to 86.21% in 2020. In 2020 13.77% of the White population group lived in poverty, as compared to the 3.96% in 2010. The Asian and the Coloured population group saw a decrease in the percentage of people living in poverty, with a decrease of -18.6 and -9.39 percentage points respectively.

Percentage of people living in poverty - local municipalities and the rest of Alfred Nzo District Municipality, 2020 [percentage]



*Source: IHS Markit Regional eXplorer version 2201*

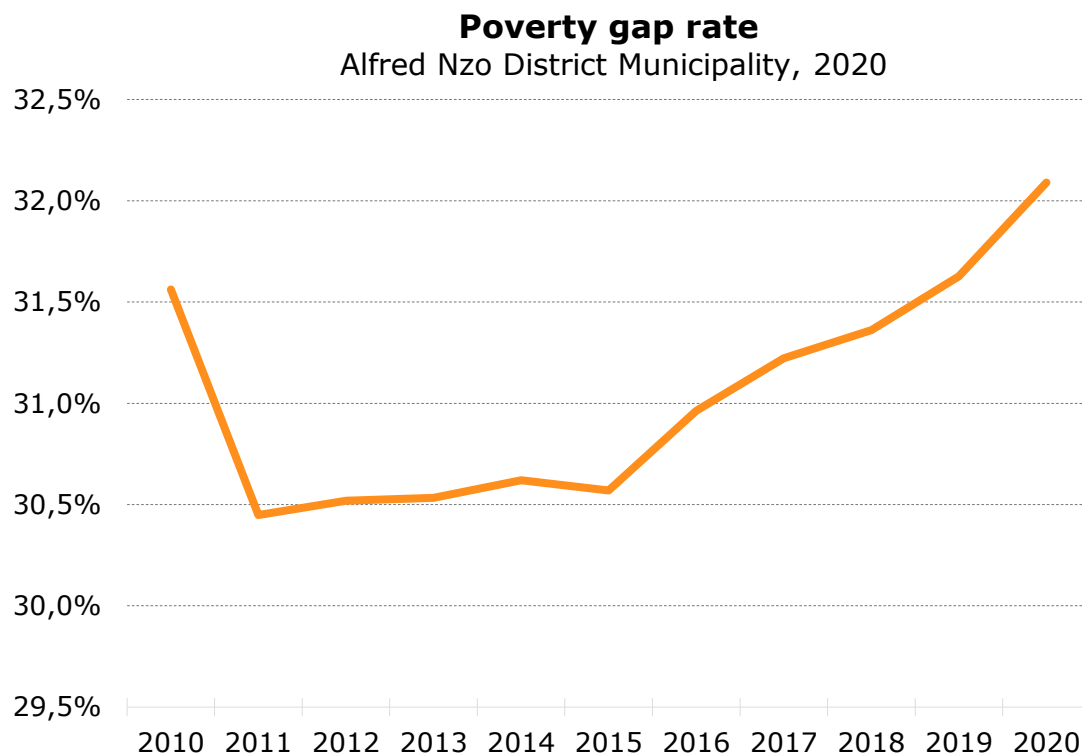
In terms of the percentage of people living in poverty for each of the regions within the Alfred Nzo District Municipality, Mbizana Local Municipality has the highest percentage of people living in poverty, using the upper poverty line definition, with a total of 89.7%. The lowest percentage of people living in poverty can be observed in the Matatiele Local Municipality with a total of 81.6% living in poverty, using the upper poverty line definition.

### Poverty Gap Rate

The poverty gap is used as an indicator to measure the depth of poverty. The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. The Poverty Gap deals with a major shortcoming of the poverty rate, which does not give any indication of the depth, of poverty. The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other.

It is estimated that the poverty gap rate in Alfred Nzo District Municipality amounted to 32.1% in 2020 - the rate needed to bring all poor households up to the poverty line and out of poverty.

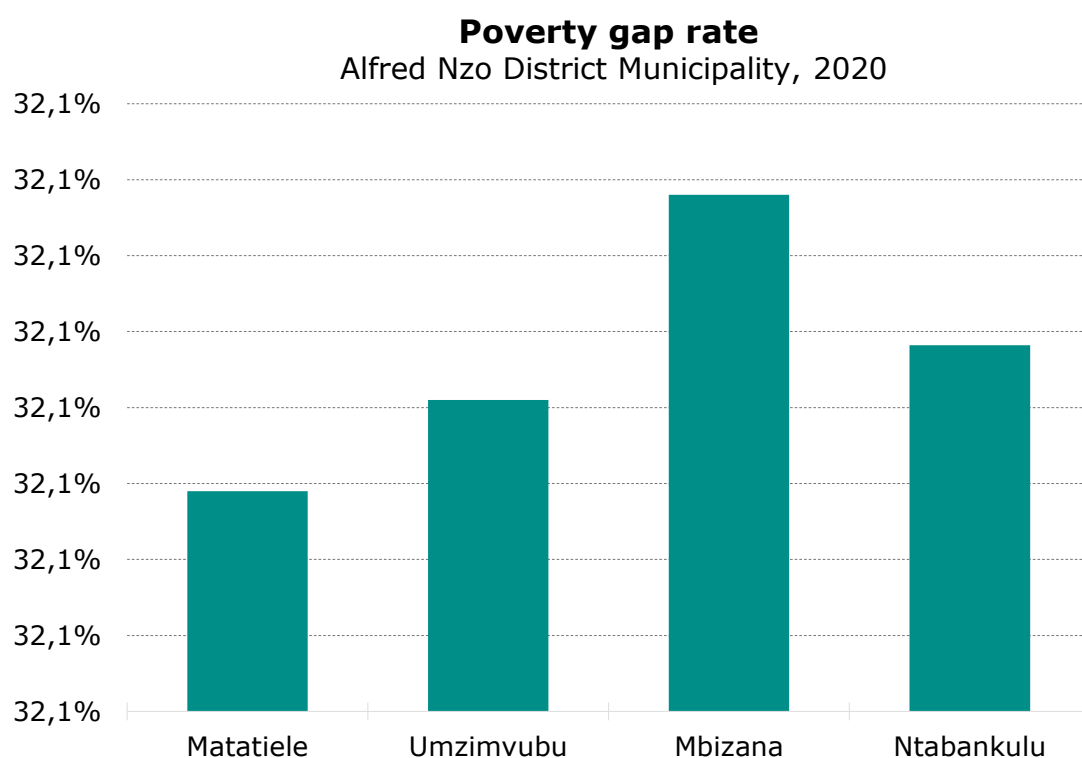
Poverty gap rate by population group - Alfred Nzo District Municipality, 2010-2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

In 2020, the poverty gap rate was 32.1% and in 2010 the poverty gap rate was 31.6%, it can be seen that the poverty gap rate increased from 2010 to 2020, which means that there were no improvements in terms of the depth of the poverty within Alfred Nzo District Municipality.

Poverty gap rate - local municipalities and the rest of Alfred Nzo District Municipality, 2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

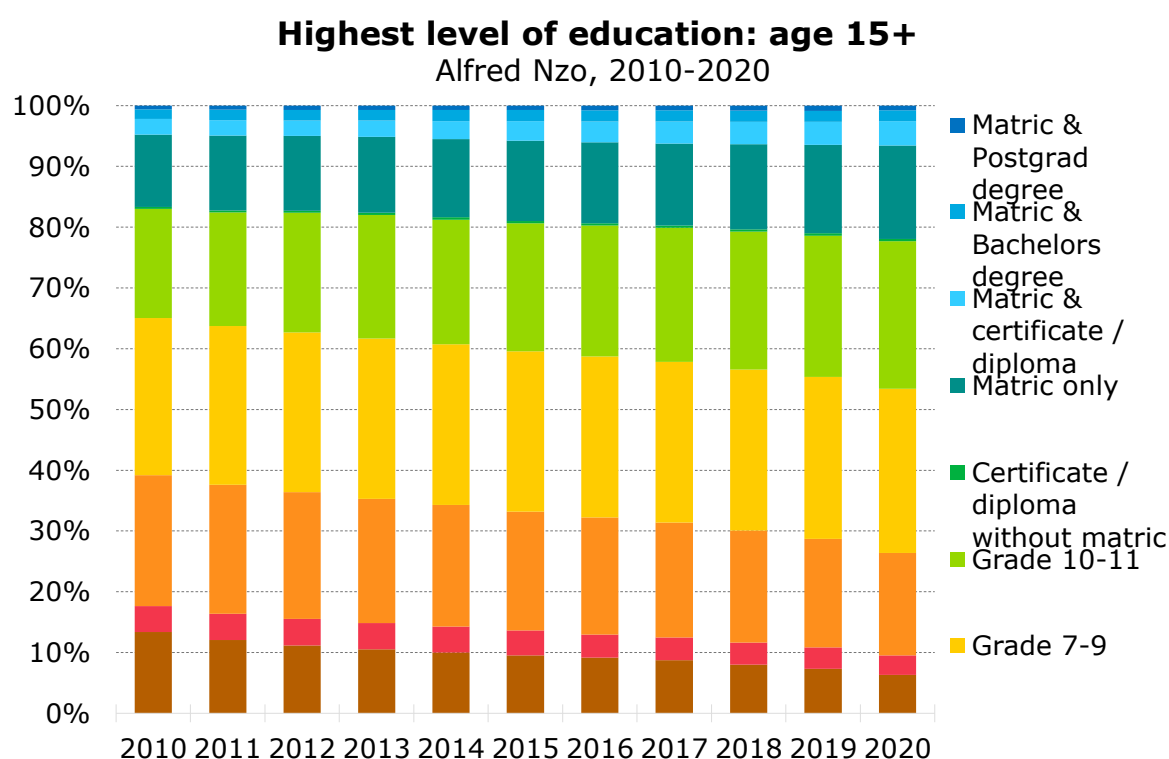
In terms of the poverty gap rate for each of the regions within the Alfred Nzo District Municipality, Mbizana Local Municipality had the highest poverty gap rate, with a rand value of 32.1%. The lowest poverty gap rate can be observed in the Matatiele Local Municipality with a total of 32.1%.

## Education

Educating is important to the economic growth in a country and the development of its industries, providing a trained workforce and skilled professionals required.

The education measure represents the highest level of education of an individual, using the 15 years and older age category. (According to the United Nations definition of education, one is an adult when 15 years or older. IHS uses this cut-off point to allow for cross-country comparisons. Furthermore, the age of 15 is also the legal age at which children may leave school in South Africa).

Highest level of education: age 15+ - Alfred Nzo District Municipality, 2010-2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

Within Alfred Nzo District Municipality, the number of people without any schooling decreased from 2010 to 2020 with an average annual rate of -5.67%, while the number of people within the 'matric only' category, increased from 44,200 to 67,700. The number of people with 'matric and a certificate/diploma' increased with an average annual rate of 6.18%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 3.04%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education.

Highest level of education: age 15+ - Alfred Nzo, Eastern Cape and National Total, 2020 [Numbers]

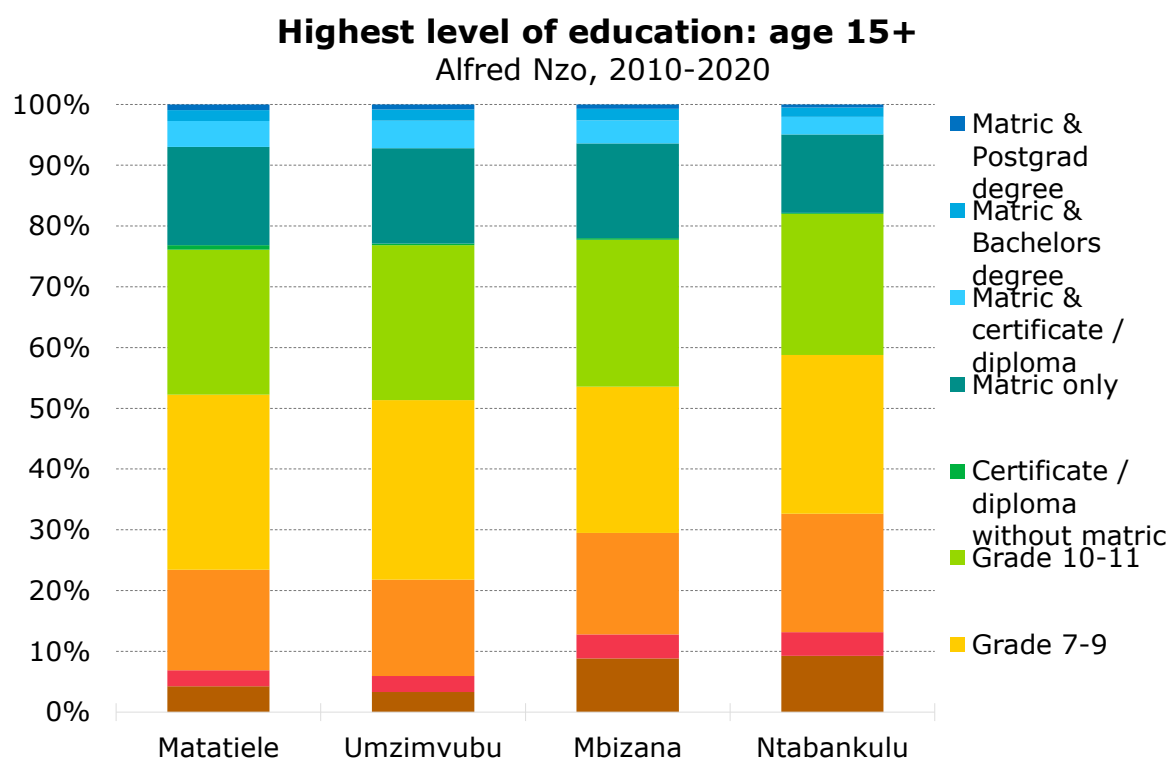


	Alfred Nzo	Eastern Cape	National Total	Alfred as % of province	Nzo as % of national
No schooling	27,700	228,000	1,700,000	12.2%	1.63%
Grade 0-2	14,300	106,000	520,000	13.5%	2.75%
Grade 3-6	74,200	505,000	2,810,000	14.7%	2.64%
Grade 7-9	119,000	981,000	5,910,000	12.1%	2.01%
Grade 10-11	107,000	1,120,000	9,440,000	9.5%	1.13%
Certificate / diploma without matric	1,600	15,700	185,000	10.2%	0.86%
Matric only	67,700	1,010,000	12,200,000	6.7%	0.55%
Matric certificate / diploma	17,500	241,000	2,580,000	7.3%	0.68%
Matric Bachelors degree	7,910	121,000	1,620,000	6.6%	0.49%
Matric Postgrad degree	3,390	58,300	932,000	5.8%	0.36%

Source: IHS Markit Regional eXplorer version 2201

The number of people without any schooling in Alfred Nzo District Municipality accounts for 12.18% of the number of people without schooling in the province and a total share of 1.63% of the national. In 2020, the number of people in Alfred Nzo District Municipality with a matric only was 67,700 which is a share of 6.70% of the province's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 6.55% of the province and 0.49% of the national.

Highest level of education: age 15+, local municipalities of Alfred Nzo District Municipality, 2020 [Percentage]



*Source: IHS Markit Regional eXplorer version 2201*

### Functional literacy

For the purpose of this report, IHS defines functional literacy as the number of people in a region that are 20 years and older and have completed at least their primary education (i.e. grade 7).

Functional literacy describes the reading and writing skills that are adequate for an individual to cope with the demands of everyday life - including the demands posed in the workplace. This is contrasted with illiteracy in the strictest sense, meaning the inability to read or write. Functional literacy enables individuals to enter the labour market and contribute towards economic growth thereby reducing poverty.

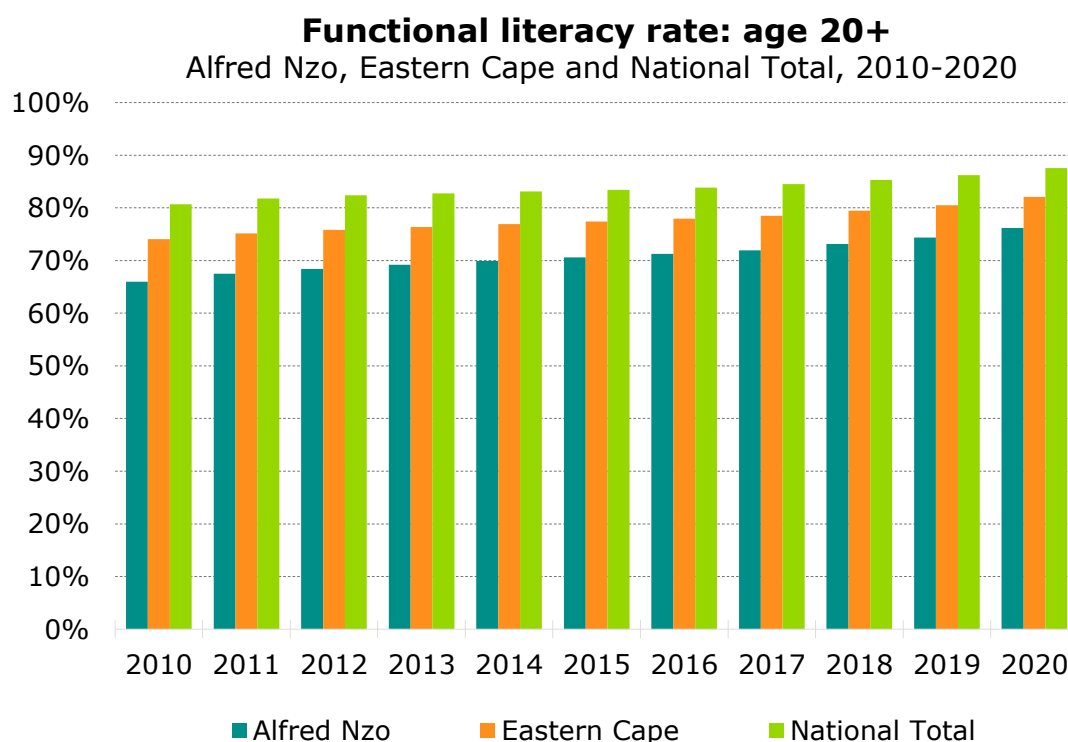
Functional literacy: age 20+, completed grade 7 or higher - Alfred Nzo District Municipality, 2010-2020 [Number percentage]

	Illiterate	Literate	%
2010	165,810	321,699	66.0%
2011	160,240	332,657	67.5%
2012	156,758	339,898	68.4%
2013	153,654	345,618	69.2%
2014	151,349	351,915	69.9%
2015	149,293	358,497	70.6%
2016	147,100	364,980	71.3%
2017	145,017	371,652	71.9%
2018	140,384	382,386	73.1%
2019	135,699	394,296	74.4%
2020	128,146	410,049	76.2%
Average Annual growth			
2010-2020	-2.54%	2.46%	1.45%

Source: IHS Markit Regional eXplorer version 2201

A total of 410 000 individuals in Alfred Nzo District Municipality were considered functionally literate in 2020, while 128 000 people were considered to be illiterate. Expressed as a rate, this amounts to 76.19% of the population, which is an increase of 0.1 percentage points since 2010 (65.99%). The number of illiterate individuals decreased on average by -2.54% annually from 2010 to 2020, with the number of functional literate people increasing at 2.46% annually.

Functional literacy: age 20+, completed grade 7 or higher - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [Percentage]



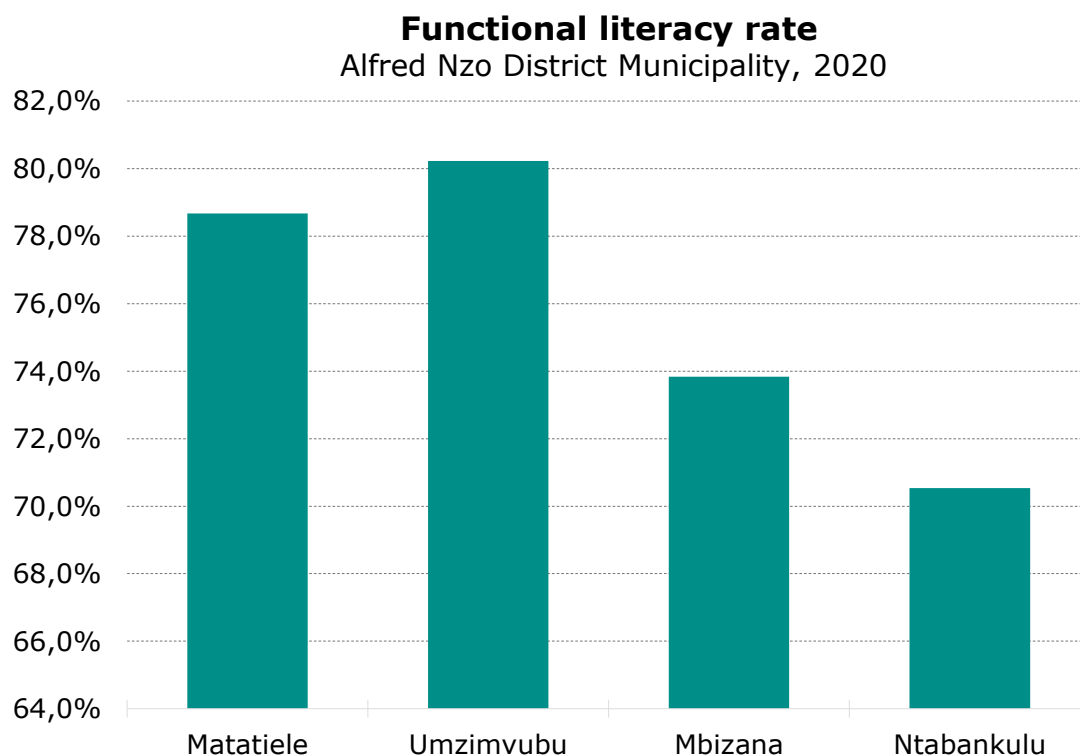
Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality's functional literacy rate of 76.19% in 2020 is lower than that of Eastern Cape at 82.11%. When comparing to National Total as whole, which has a functional

literacy rate of 87.58%, it can be seen that the functional literacy rate is higher than that of the Alfred Nzo District Municipality.

A higher literacy rate is often associated with higher levels of urbanization, for instance where access to schools is less of a problem, and where there are economies of scale. From a spatial breakdown of the literacy rates in South Africa, it is perceived that the districts with larger cities normally have higher literacy rates.

Literacy rate - local municipalities and the rest of Alfred Nzo District Municipality, 2020 [percentage]



*Source: IHS Markit Regional eXplorer version 2201*

In terms of the literacy rate for each of the regions within the Alfred Nzo District Municipality, Umzimvubu Local Municipality had the highest literacy rate, with a total of 80.2%. The lowest literacy rate can be observed in the Ntabankulu Local Municipality with a total of 70.5%.

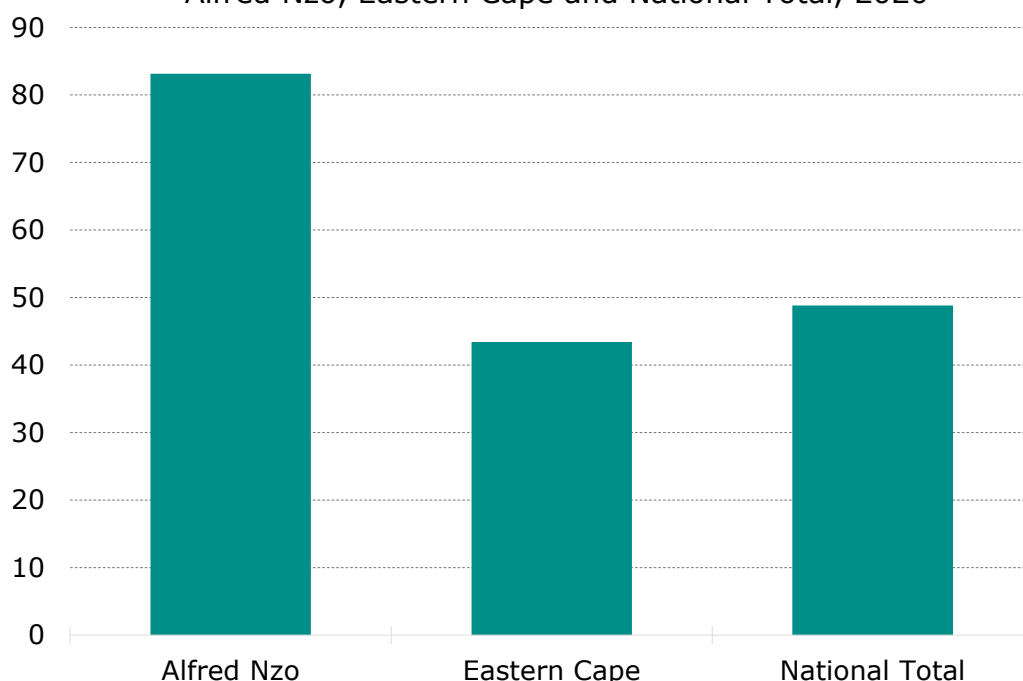
### Population Density

Population density measures the concentration of people in a region. To calculate this, the population of a region is divided by the area size of that region. The output is presented as the number of people per square kilometre.

Population density - Alfred Nzo, Eastern Cape and National Total, 2020 [number of people per km]

## Population density - Number of people per km<sup>2</sup>

Alfred Nzo, Eastern Cape and National Total, 2020



Source: IHS Markit Regional eXplorer version 2201

In 2020, with an average of 83.2 people per square kilometre, Alfred Nzo District Municipality had a higher population density than Eastern Cape (43.4 people per square kilometre). Compared to South Africa (48.8 per square kilometre) it can be seen that there are more people living per square kilometre in Alfred Nzo District Municipality than in South Africa.

Population density - Alfred Nzo and the rest of Eastern Cape, 2010-2020 [number of people per km]

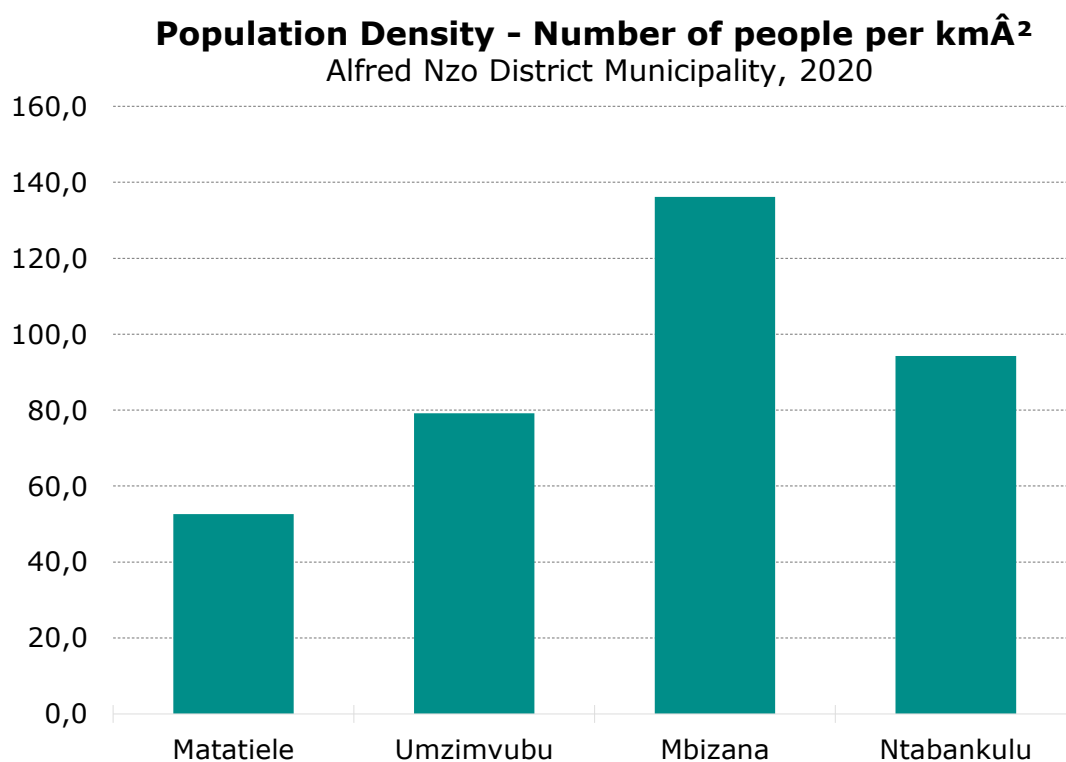
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Alfred Nzo	75.92	76.44	76.95	77.56	78.25	79.00	79.77	80.61	81.47	82.32	83.16
Nelson Mandela Bay	589.45	599.45	609.50	619.41	629.20	638.95	648.37	657.74	666.71	675.50	684.13
Buffalo City	286.99	290.32	293.74	297.25	300.87	304.64	308.42	312.35	316.20	320.11	324.02
Sarah Baartman	7.72	7.86	8.00	8.15	8.29	8.43	8.57	8.70	8.84	8.97	9.10
Amatole	41.34	41.13	40.92	40.80	40.75	40.77	40.84	40.99	41.18	41.41	41.68
Chris Hani	22.38	22.45	22.53	22.63	22.77	22.93	23.10	23.30	23.51	23.74	23.96
Joe Gqabi	13.81	13.90	14.00	14.12	14.25	14.40	14.55	14.72	14.88	15.05	15.22
O.R.Tambo	114.44	115.46	116.44	117.50	118.67	119.94	121.21	122.56	123.96	125.36	126.76

Source: IHS Markit Regional eXplorer version 2201

In 2020, Alfred Nzo District Municipality had a population density of 83.2 per square kilometre and it ranked highest amongst its peers. The region with the highest population density per square kilometre was the Nelson Mandela Bay with a total population density of 684 per square kilometre per annum. In terms of growth, Alfred Nzo District Municipality had an average annual growth in its population density of 0.92% per square kilometre per annum. The region with the highest growth rate in the population density per square kilometre was Sarah Baartman with an average annual growth rate of 1.66% per square kilometre. In 2020, the region with the lowest population density within Eastern Cape Province was Sarah Baartman with 9.1 people per square kilometre. The region with the lowest average annual growth rate was the Amatole with an average annual growth rate of 0.08% people per square kilometre over the period under discussion.

Using population density instead of the total number of people creates a better basis for comparing different regions or economies. A higher population density influences the provision of household infrastructure, quality of services, and access to resources like medical care, schools, sewage treatment, community centres, etc.

Population Density - local municipalities and the rest of Alfred Nzo District Municipality, 2020  
[Number of people per KM]



*Source: IHS Markit Regional eXplorer version 2201*

In terms of the population density for each of the regions within the Alfred Nzo District Municipality, Mbizana Local Municipality had the highest density, with 136 people per square kilometre. The lowest population density can be observed in the Matatiele Local Municipality with a total of 52.6 people per square kilometre.

## Crime

The state of crime in South Africa has been the topic of many media articles and papers in the past years, and although many would acknowledge that the country has a crime problem, very little research has been done on the relative level of crime. The media often tend to focus on more negative or sensational information, while the progress made in combating crime is neglected.

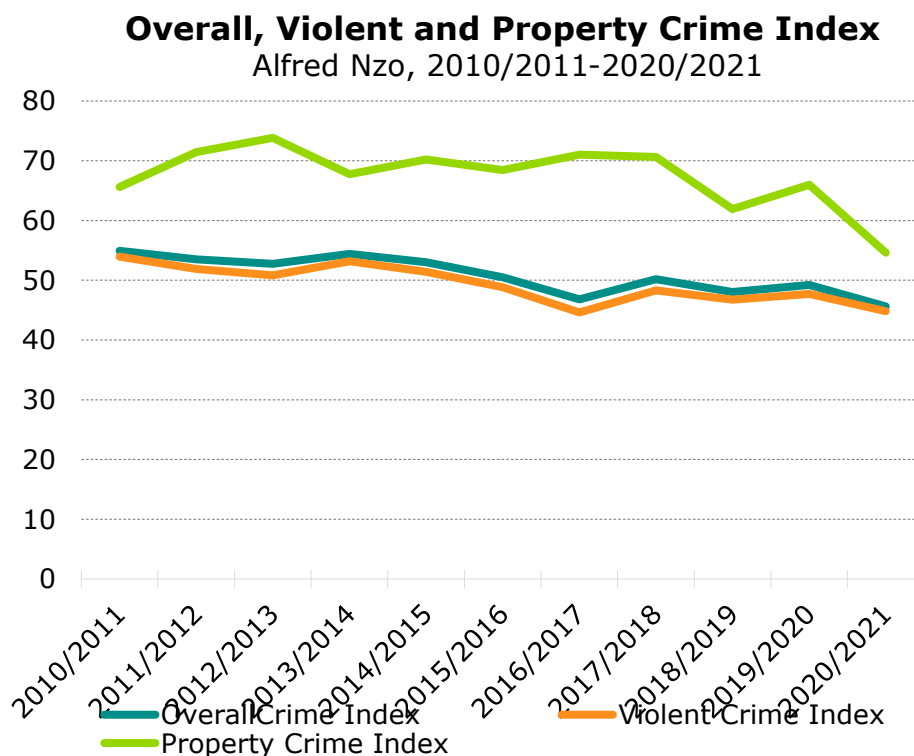
### IHS Composite Crime Index

The IHS Composite Crime Index makes use of the official SAPS data, which is reported in 27 crime categories (ranging from murder to crime injuries). These 27 categories are divided into two groups according to the nature of the crime: i.e. violent crimes and property crimes. IHS uses the (a) Length-of-sentence and the (b) Cost-of-crime in order to apply a weight to each category.

### Overall crime index

The crime index is a composite, weighted index which measures crime. The higher the index number, the higher the level of crime for that specific year in a particular region. The index is best used by looking at the change over time, or comparing the crime levels across regions.

IHS Crime Index - calendar years (weighted avg / 100,000 people) - Alfred Nzo District Municipality, 2010/2011-2020/2021 [Index value]



Source: IHS Markit Regional eXplorer version 2201

For the period 2010/2011 to 2020/2021 overall crime has decrease at an average annual rate of 1.84% within the Alfred Nzo District Municipality. Violent crime decreased by 1.84% since 2010/2011, while property crimes decreased by 1.82% between the 2010/2011 and 2020/2021 financial years.

Overall crime index - Alfred Nzo District Municipality and the rest of Eastern Cape, 2010/2011-

2020/2021 [Index value]

	Alfred Nzo	Nelson Mandela Bay	Buffalo City	Sarah Baartman	Amatole	Chris Hani	Joe Gqabi	O.R.Tambo
2010/2011	54.92	160.14	152.77	183.29	92.89	85.97	88.91	67.44
2011/2012	53.52	155.13	152.08	169.30	97.25	86.04	90.69	64.64
2012/2013	52.76	148.10	139.94	158.17	95.97	85.81	91.09	62.78
2013/2014	54.39	146.58	137.86	155.82	97.84	78.28	91.84	66.43
2014/2015	53.00	133.14	125.47	154.38	94.24	80.00	90.79	57.35
2015/2016	50.50	127.02	121.87	151.42	96.40	76.95	94.86	54.93
2016/2017	46.81	123.14	118.66	142.86	91.01	79.11	94.07	54.62
2017/2018	50.16	118.28	115.82	135.28	90.25	79.32	93.10	57.05
2018/2019	48.02	119.76	123.66	140.23	91.07	79.82	90.85	62.07
2019/2020	49.23	120.02	121.86	134.04	88.94	80.41	84.25	61.31
2020/2021	45.62	95.31	101.21	111.67	77.48	76.48	77.66	55.81
Average Annual growth								
2010/2011-2020/2021	-1.84%	-5.06%	-4.03%	-4.83%	-1.80%	-1.16%	-1.34%	-1.87%

Source: IHS Markit Regional eXplorer version 2201

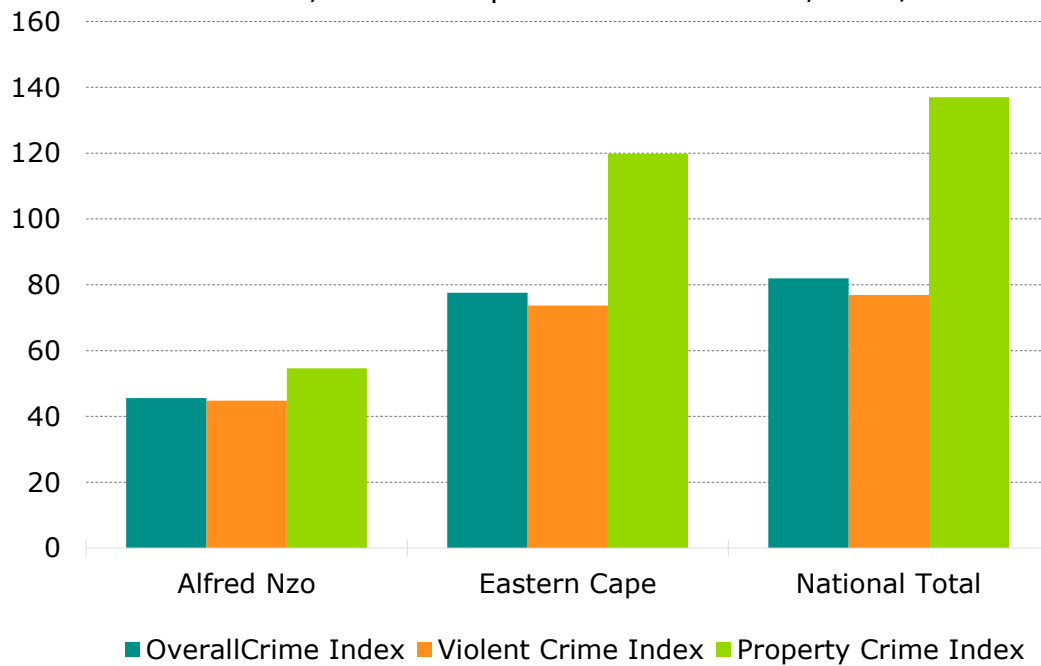
In 2020/2021, the Sarah Baartman District Municipality has the highest overall crime rate of the sub-regions within the overall Eastern Cape Province with an index value of 112. Buffalo City Metropolitan Municipality has the second highest overall crime index at 101, with Nelson Mandela Bay Metropolitan Municipality having the third highest overall crime index of 95.3. It is clear that all the crime is decreasing overtime for all the regions within Eastern Cape Province. O.R.Tambo District Municipality has the second lowest overall crime index of 55.8 and the Alfred Nzo District Municipality has the lowest overall crime rate of 45.6. It is clear that crime is decreasing overtime for all the regions within Eastern Cape Province. The region that decreased the most in overall crime since 2010/2011 was Nelson Mandela Bay Metropolitan Municipality with an average annual decrease of 5.1% followed by Sarah Baartman District Municipality with an average annual decrease of 4.8%.

IHS Crime Index - calendar years (weighted avg / 100,000 people) - Alfred Nzo, Eastern Cape and National Total, 2020/2021 [Index value]



### Overall, Violent and Property Crime Index

Alfred Nzo, Eastern Cape and National Total, 2020/2021



Source: IHS Markit Regional eXplorer version 2201

From the chart above it is evident that property crime is a major problem for all the regions relative to violent crime.

## Household Infrastructure

Drawing on the household infrastructure data of a region is of essential value in economic planning and social development. Assessing household infrastructure involves the measurement of four indicators:

Access to dwelling units

Access to proper sanitation

Access to running water

Access to refuse removal

Access to electricity

A household is considered "serviced" if it has access to all four of these basic services. If not, the household is considered to be part of the backlog. The way access to a given service is defined (and how to accurately measure that specific Definition over time) gives rise to some distinct problems. IHS has therefore developed a unique model to capture the number of households and their level of access to the four basic services.

A household is defined as a group of persons who live together and provide themselves jointly with food and/or other essentials for living, or a single person who lives alone.

The next few sections offer an overview of the household infrastructure of the Alfred Nzo District Municipality between 2020 and 2010.

## Household by Dwelling Type

Using the StatsSA definition of a household and a dwelling unit, households can be categorised according to type of dwelling. The categories are:

Very formal dwellings - structures built according to approved plans, e.g. houses on a separate stand, flats or apartments, townhouses, rooms in backyards that also have running water and flush toilets within the dwelling. .

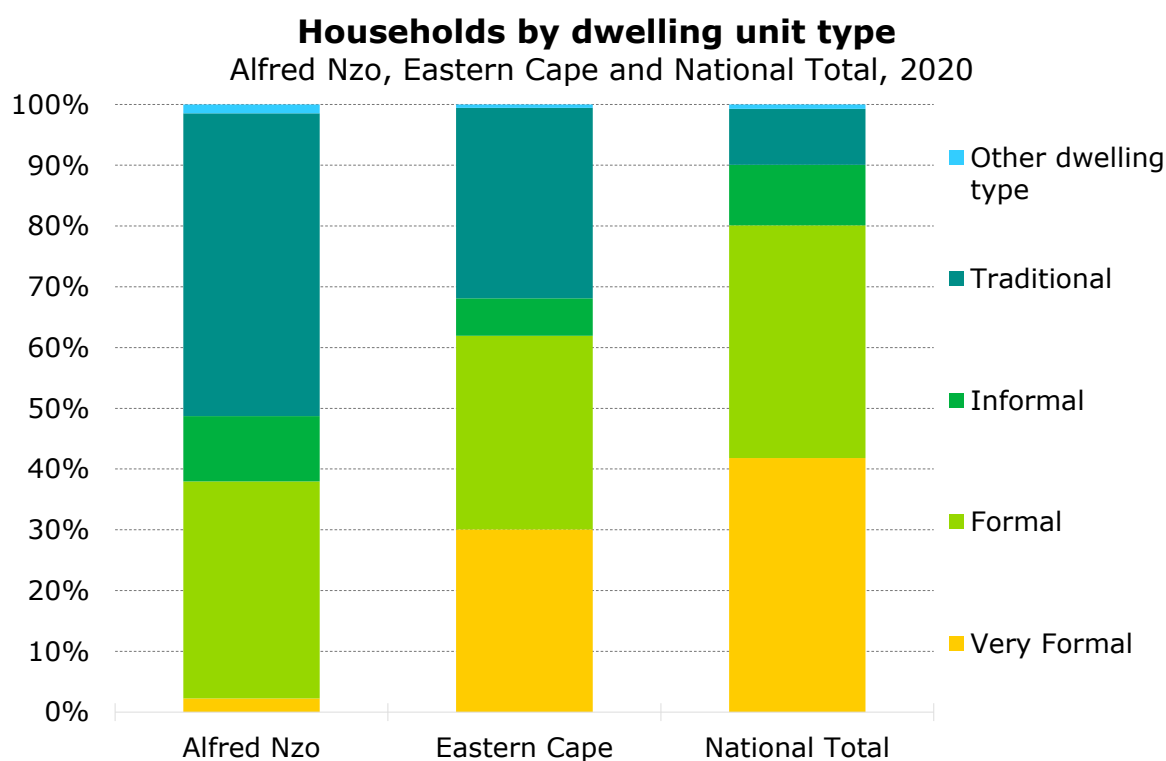
Formal dwellings - structures built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in backyard, rooms or flatlet elsewhere etc, but without running water or without a flush toilet within the dwelling.

Informal dwellings - shacks or shanties in informal settlements, serviced stands, or proclaimed townships, as well as shacks in the backyards of other dwelling types.

Traditional dwellings - structures made of clay, mud, reeds, or other locally available material.

Other dwelling units - tents, ships, caravans, etc.

Households by dwelling unit type - Alfred Nzo, Eastern Cape and National Total, 2020 [Percentage]



Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality had a total number of 4 180 (2.24% of total households) very formal dwelling units, a total of 66 500 (35.72% of total households) formal dwelling units and a total number of 20 000 (10.75% of total households) informal dwelling units.

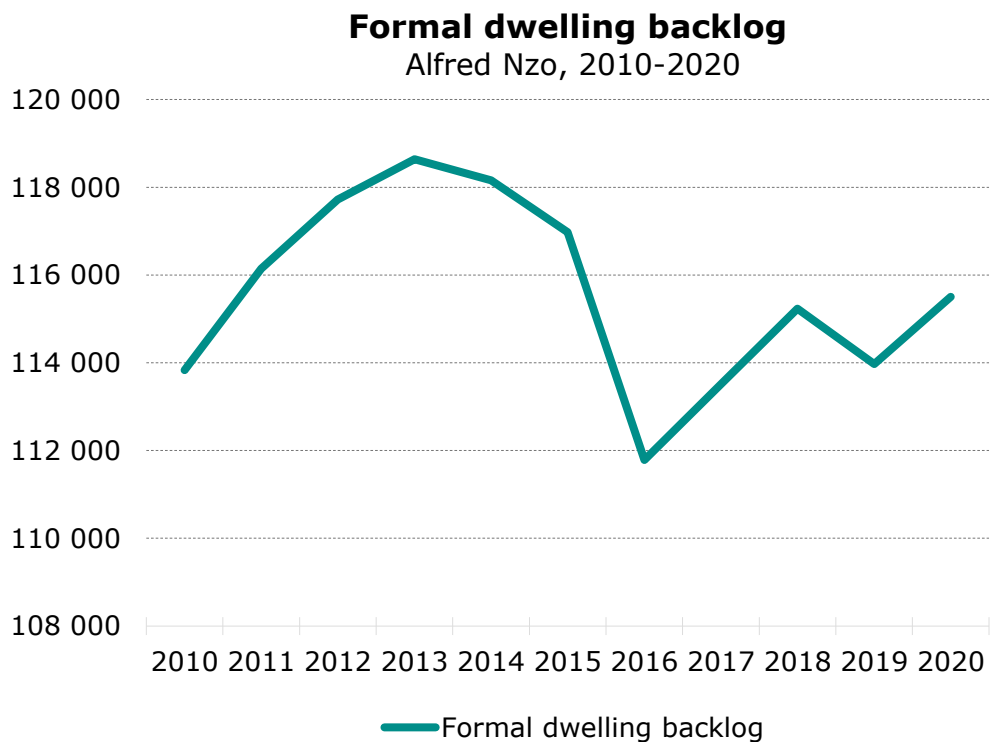
Households by dwelling unit type - Matatiele, Umzimvubu, Mbizana and Ntabankulu local municipalities, 2020 [Number]

	Very Formal	Formal	Informal	Traditional	Other dwelling type	Total
Matatiele	2,829	20,937	5,481	23,737	1,979	54,963
Umzimvubu	811	17,313	4,914	26,491	369	49,899
Mbizana	319	22,411	6,686	26,625	250	56,291
Ntabankulu	219	5,842	2,930	15,948	93	25,033
<b>Total Alfred Nzo</b>	<b>4,177</b>	<b>66,503</b>	<b>20,011</b>	<b>92,801</b>	<b>2,693</b>	<b>186,186</b>

Source: IHS Markit Regional eXplorer version 2201

The region within the Alfred Nzo District Municipality with the highest number of very formal dwelling units is the Matatiele Local Municipality with 2 830 or a share of 67.71% of the total very formal dwelling units within Alfred Nzo District Municipality. The region with the lowest number of very formal dwelling units is the Ntabankulu Local Municipality with a total of 219 or a share of 5.25% of the total very formal dwelling units within Alfred Nzo District Municipality.

Formal dwelling backlog - number of Households not living in a formal dwelling - Alfred Nzo District Municipality, 2010-2020 [Number of Households]



*Source: IHS Markit Regional eXplorer version 2201*

When looking at the formal dwelling unit backlog (number of households not living in a formal dwelling) over time, it can be seen that in 2010 the number of households not living in a formal dwelling were 114 000 within Alfred Nzo District Municipality. From 2010 this number increased annually at 0.15% to 116 000 in 2020.

The total number of households within Alfred Nzo District Municipality increased at an average annual rate of 0.50% from 2010 to 2020, which is higher than the annual increase of 1.60% in the number of households in South Africa.

#### Household by Type of Sanitation

Sanitation can be divided into specific types of sanitation to which a household has access. We use the following categories:

No toilet - No access to any of the toilet systems explained below.

Bucket system - A top structure with a seat over a bucket. The bucket is periodically removed and the contents disposed of. (Note: this system is widely used but poses health risks to the collectors. Most authorities are actively attempting to discontinue the use of these buckets in their local regions).

Pit toilet - A top structure over a pit.

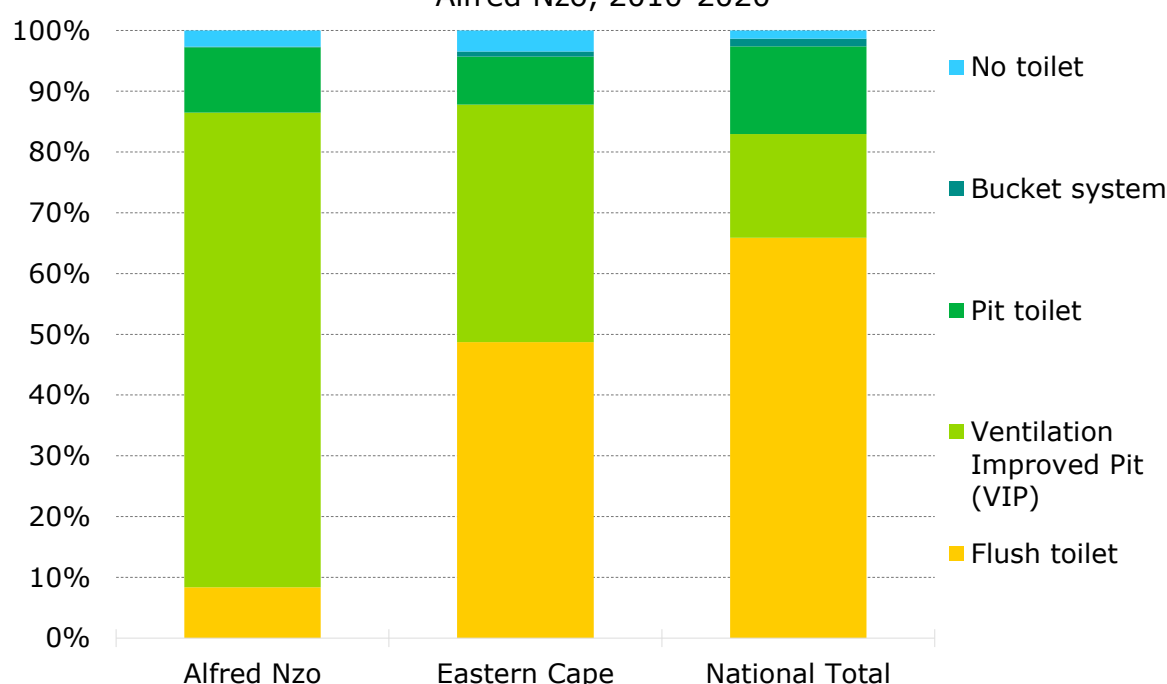
Ventilation improved pit - A pit toilet but with a fly screen and vented by a pipe. Depending on soil conditions, the pit may be lined.

Flush toilet - Waste is flushed into an enclosed tank, thus preventing the waste to flow into the surrounding environment. The tanks need to be emptied or the contents pumped elsewhere.

Households by type of sanitation - Alfred Nzo, Eastern Cape and National Total, 2020 [Percentage]

## Households by type of Toilet

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality had a total number of 15 600 flush toilets (8.36% of total households), 146 000 Ventilation Improved Pit (VIP) (78.13% of total households) and 20 000 (10.75%) of total households pit toilets.

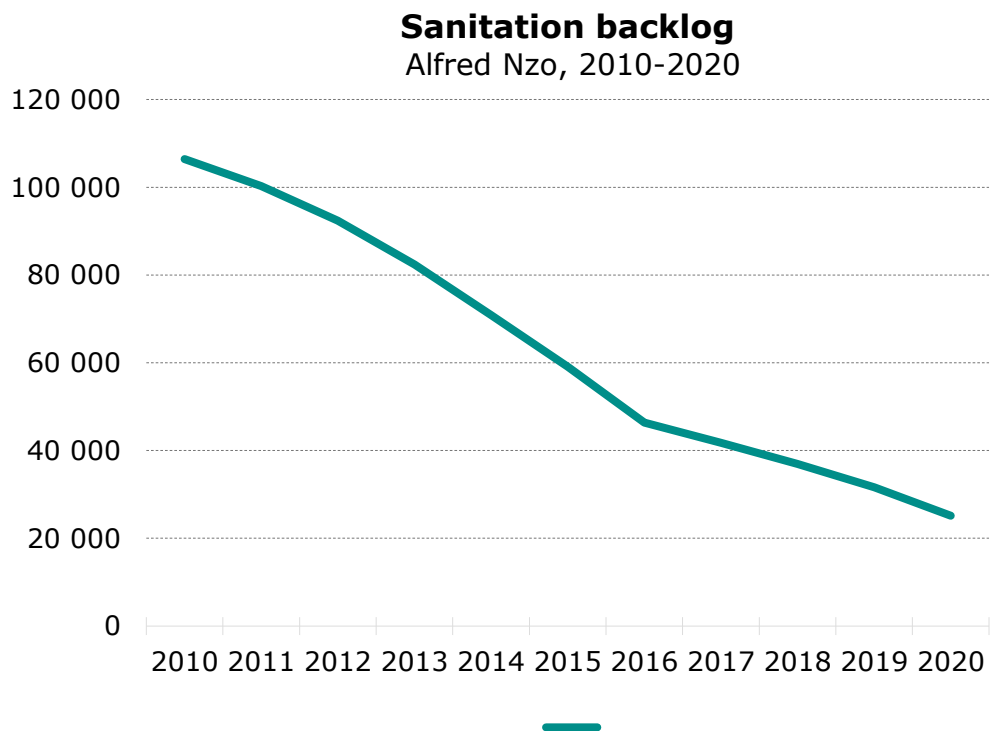
Households by type of sanitation - Matatiele, Umzimvubu, Mbizana and Ntabankulu local municipalities, 2020 [Number]

	Flush toilet	Ventilation Improved Pit (VIP)	Pit toilet	Bucket system	No toilet	Total
Matatiele	7,072	38,347	7,787	43	1,714	54,963
Umzimvubu	5,720	37,754	5,343	28	1,054	49,899
Mbizana	896	49,298	4,740	101	1,256	56,291
Ntabankulu	1,876	20,073	2,142	34	908	25,033
<b>Total Alfred Nzo</b>	<b>15,564</b>	<b>145,473</b>	<b>20,012</b>	<b>206</b>	<b>4,931</b>	<b>186,186</b>

Source: IHS Markit Regional eXplorer version 2201

The region within Alfred Nzo with the highest number of flush toilets is Matatiele Local Municipality with 7 070 or a share of 45.44% of the flush toilets within Alfred Nzo. The region with the lowest number of flush toilets is Mbizana Local Municipality with a total of 896 or a share of 5.76% of the total flush toilets within Alfred Nzo District Municipality.

Sanitation backlog - Alfred Nzo District Municipality, 2010-2020 [Number of households without hygienic toilets]



*Source: IHS Markit Regional eXplorer version 2201*

When looking at the sanitation backlog (number of households without hygienic toilets) over time, it can be seen that in 2010 the number of Households without any hygienic toilets in Alfred Nzo District Municipality was 106 000, this decreased annually at a rate of -13.43% to 25 200 in 2020.

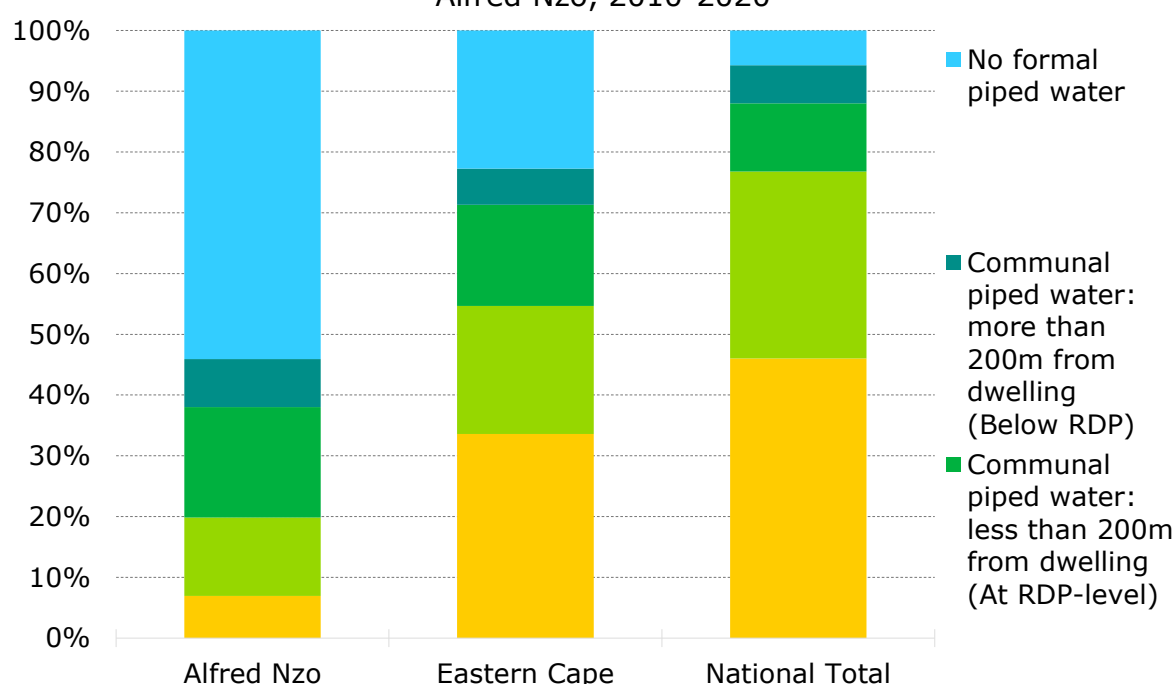
#### Households by Access to water

A household is categorised according to its main access to water, as follows: Regional/local water scheme, Borehole and spring, Water tank, Dam/pool/stagnant water, River/stream and other main access to water methods. No formal piped water includes households that obtain water via water carriers and tankers, rain water, boreholes, dams, rivers and springs.

Households by type of water access - Alfred Nzo, Eastern Cape and National Total, 2020  
[Percentage]

## Households by level of access to Water

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality had a total number of 12 900 (or 6.95%) households with piped water inside the dwelling, a total of 24 000 (12.91%) households had piped water inside the yard and a total number of 101 000 (54.08%) households had no formal piped water.

Households by type of water access - Alfred Nzo District Municipality, 2020 [Number]

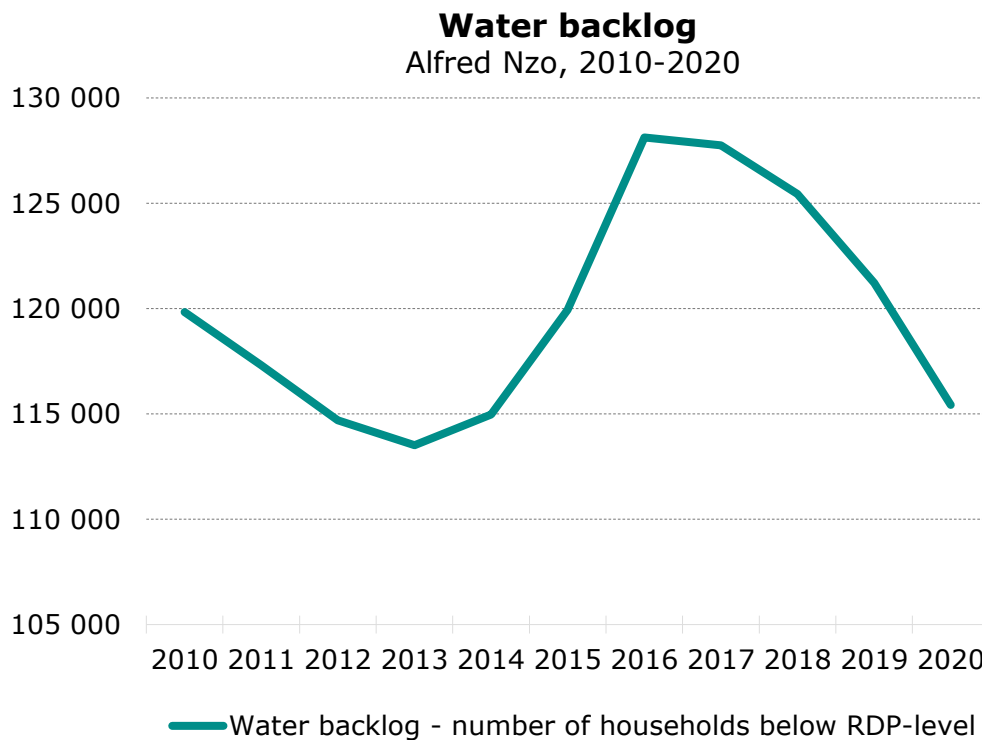
	Piped water inside dwelling	Piped water in yard	Communal piped water: less than 200m from dwelling (At RDP-level)	Communal piped water: more than 200m from dwelling (Below RDP)	No formal piped water	Total
Matatiele	5,126	12,673	14,148	6,789	16,226	54,963
Umzimvubu	4,840	6,007	11,830	4,018	23,203	49,899
Mbizana	2,446	3,839	2,779	1,802	45,425	56,291
Ntabankulu	522	1,514	5,038	2,134	15,825	25,033
<b>Total Alfred Nzo</b>	<b>12,935</b>	<b>24,034</b>	<b>33,794</b>	<b>14,743</b>	<b>100,680</b>	<b>186,186</b>

Source: IHS Markit Regional eXplorer version 2201

The regions within Alfred Nzo District Municipality with the highest number of households with piped water inside the dwelling is Matatiele Local Municipality with 5 130 or a share of 39.63% of the households with piped water inside the dwelling within Alfred Nzo District Municipality. The region with the lowest number of households with piped water inside the dwelling is Ntabankulu Local Municipality with a total of 522 or a share of 4.04% of the total households with piped water inside the dwelling within Alfred Nzo District Municipality.

Water backlog - Alfred Nzo District Municipality, 2010-2020 [Number of households below RDP-

level]



*Source: IHS Markit Regional eXplorer version 2201*

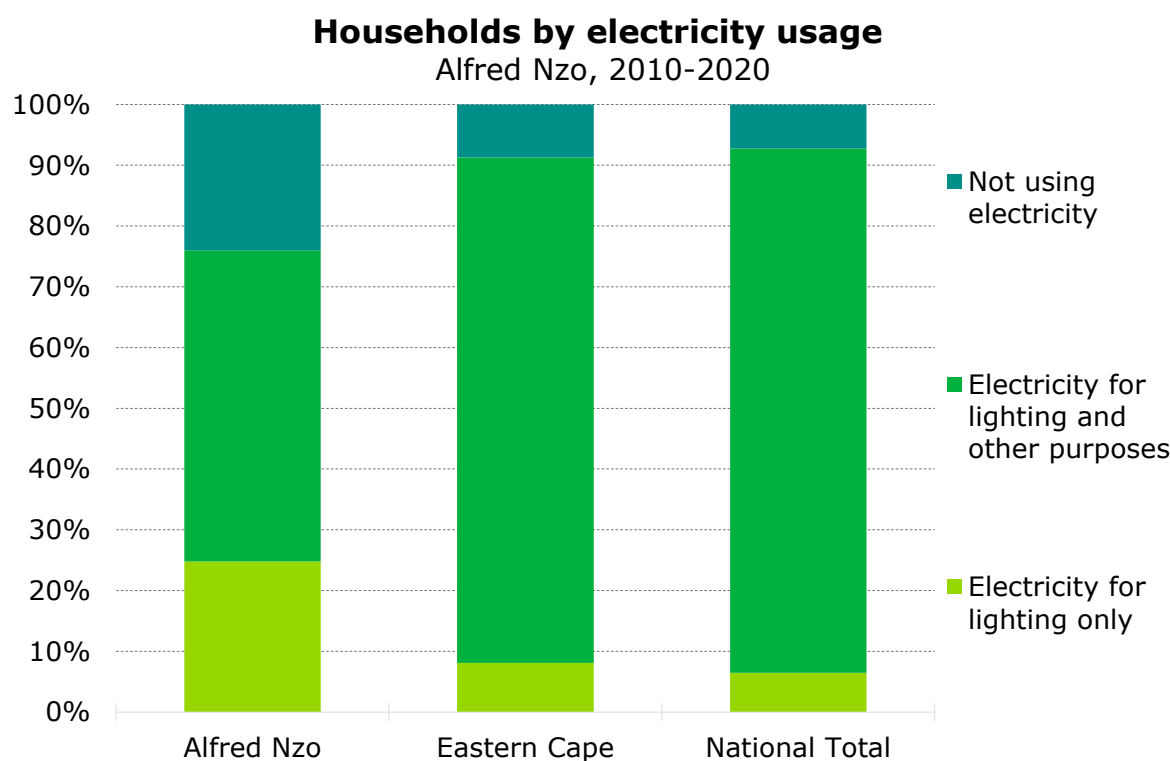
When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2010 the number of households below the RDP-level were 120 000 within Alfred Nzo District Municipality, this decreased annually at -0.37% per annum to 115 000 in 2020.

#### Households by Type of Electricity

Households are distributed into 3 electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting. Household using solar power are included as part of households with an electrical connection. This time series categorises households in a region according to their access to electricity (electrical connection).

Households by type of electrical connection - Alfred Nzo, Eastern Cape and National Total, 2020  
[Percentage]





*Source: IHS Markit Regional eXplorer version 2201*

Alfred Nzo District Municipality had a total number of 46 200 (24.80%) households with electricity for lighting only, a total of 95 400 (51.22%) households had electricity for lighting and other purposes and a total number of 44 600 (23.98%) households did not use electricity.

Households by type of electrical connection - Matatiele, Umzimvubu, Mbizana and Ntabankulu local municipalities, 2020 [Number]

	Electricity for lighting only	Electricity for lighting and other purposes	Not using electricity	Total
Matatiele	13,181	27,254	14,529	54,963
Umzimvubu	9,788	28,261	11,849	49,899
Mbizana	18,779	29,133	8,380	56,291
Ntabankulu	4,427	10,718	9,888	25,033
<b>Total</b>				
<b>Alfred Nzo</b>	<b>46,174</b>	<b>95,366</b>	<b>44,646</b>	<b>186,186</b>

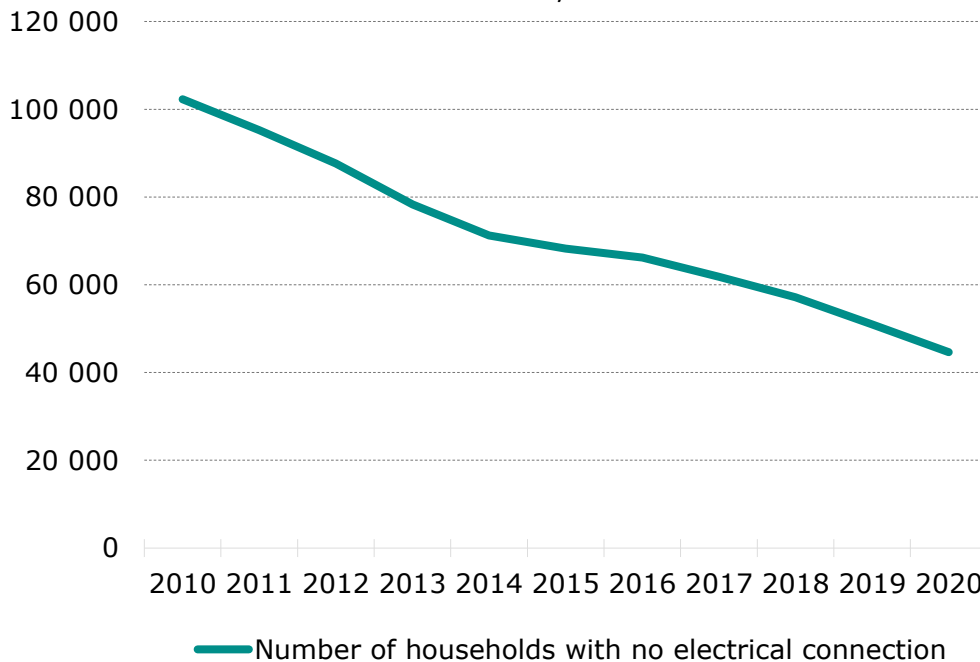
Source: IHS Markit Regional eXplorer version 2201

The region within Alfred Nzo with the highest number of households with electricity for lighting and other purposes is Mbizana Local Municipality with 29 100 or a share of 30.55% of the households with electricity for lighting and other purposes within Alfred Nzo District Municipality. The Region with the lowest number of households with electricity for lighting and other purposes is Ntabankulu Local Municipality with a total of 10 700 or a share of 11.24% of the total households with electricity for lighting and other purposes within Alfred Nzo District Municipality.

Electricity connection - Alfred Nzo District Municipality, 2010-2020 [Number of households with no electrical connection]

## Electricity connection

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

When looking at the number of households with no electrical connection over time, it can be seen that in 2010 the households without an electrical connection in Alfred Nzo District Municipality was 102 000, this decreased annually at -7.95% per annum to 44 600 in 2020.

### Households by Refuse Disposal

A distinction is made between formal and informal refuse removal. When refuse is removed by the local authorities, it is referred to as formal refuse removal. Informal refuse removal is where either the household or the community disposes of the waste, or where there is no refuse removal at all. A further breakdown is used in terms of the frequency by which the refuse is taken away, thus leading to the following categories:

Removed weekly by authority

Removed less often than weekly by authority

Removed by community members

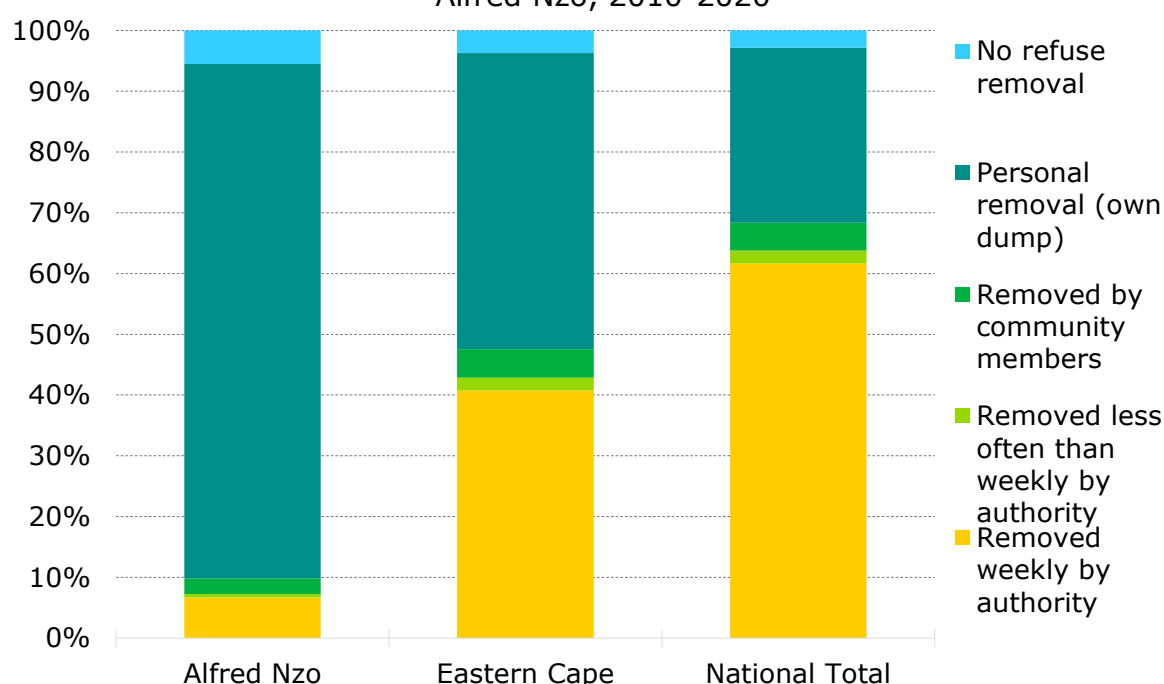
Personal removal / (own dump)

No refuse removal

Households by refuse disposal - Alfred Nzo, Eastern Cape and National Total, 2020 [Percentage]

## Households by access to refuse removal

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality had a total number of 12 400 (6.67%) households which had their refuse removed weekly by the authority, a total of 1 080 (0.58%) households had their refuse removed less often than weekly by the authority and a total number of 158 000 (84.65%) households which had to remove their refuse personally (own dump).

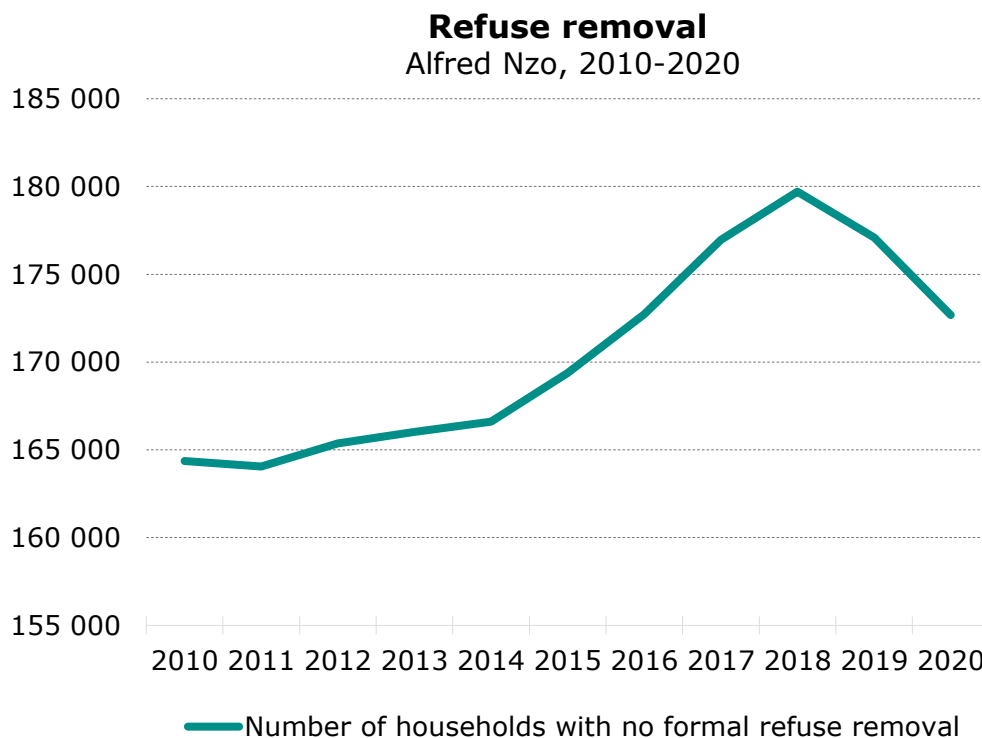
Households by refuse disposal - Matatiele, Umzimvubu, Mbizana and Ntabankulu local municipalities, 2020 [Number]

	Removed weekly by authority	Removed less often than weekly by authority	Removed by community members	Personal removal (own dump)	No refuse removal	Total
Matatiele	7,431	541	1,761	42,977	2,254	54,963
Umzimvubu	2,994	288	1,348	43,320	1,948	49,899
Mbizana	1,080	130	1,233	51,487	2,361	56,291
Ntabankulu	922	116	517	19,824	3,654	25,033
<b>Total Alfred Nzo</b>	<b>12,427</b>	<b>1,075</b>	<b>4,859</b>	<b>157,608</b>	<b>10,217</b>	<b>186,186</b>

Source: IHS Markit Regional eXplorer version 2201

The region within Alfred Nzo with the highest number of households where the refuse is removed weekly by the authority is Matatiele Local Municipality with 7 430 or a share of 59.79% of the households where the refuse is removed weekly by the authority within Alfred Nzo. The region with the lowest number of households where the refuse is removed weekly by the authority is Ntabankulu Local Municipality with a total of 922 or a share of 7.42% of the total households where the refuse is removed weekly by the authority within the district municipality.

Refuse removal - Alfred Nzo District Municipality, 2010-2020 [Number of households with no formal refuse removal]



Source: IHS Markit Regional eXplorer version 2201

When looking at the number of households with no formal refuse removal, it can be seen that in 2010 the households with no formal refuse removal in Alfred Nzo District Municipality was 164 000, this increased annually at 0.50% per annum to 173 000 in 2020.

The total number of households within Alfred Nzo District Municipality increased at an average annual rate of 0.50% from 2010 to 2020, which is higher than the annual increase of 1.60% in the number of households in South Africa.

## Tourism

Tourism can be defined as the non-commercial organisation plus operation of vacations and visits to a place of interest. Whether you visit a relative or friend, travel for business purposes, go on holiday or on medical and religious trips - these are all included in tourism.

### Trips by purpose of trips

As defined by the United Nations World Tourism Organisation (UN WTO), a trip refers to travel, by a person, from the time they leave their usual residence until they return to that residence. This is usually referred to as a round trip. IHS likes to narrow this definition down to overnight trips only, and only those made by adult visitors (over 18 years). Also note that the number of "person" trips are measured, not household or "party trips".

The main purpose for an overnight trip is grouped into these categories:

Leisure / Holiday

Business

Visits to friends and relatives

Other (Medical, Religious, etc.)

Number of trips by purpose of trips - Alfred Nzo District Municipality, 2010-2020 [Number Percentage]

	Leisure Holiday	/ Business	Visits friends relatives	to and	Other (Medical, Religious, etc)	Total
2010	26,800	4,810	352,000		23,400	407,000
2011	24,600	4,750	312,000		23,400	364,000
2012	22,000	4,900	276,000		23,000	326,000
2013	18,700	4,530	252,000		21,700	297,000
2014	17,600	4,510	242,000		23,800	288,000
2015	16,400	4,460	235,000		23,400	280,000
2016	15,300	4,510	233,000		24,000	277,000
2017	14,300	4,340	228,000		24,700	271,000
2018	13,800	4,200	221,000		24,200	263,000
2019	14,200	3,880	218,000		23,900	260,000
2020	1,730	701	32,900		5,810	41,200
Average Annual growth						
2010-2020	-23.96%	-17.51%	-21.09%		-13.02%	-20.47%

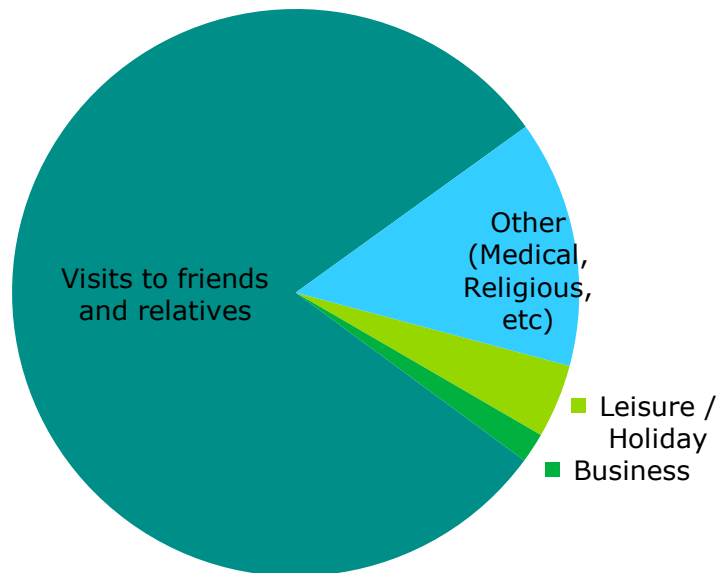
Source: IHS Markit Regional eXplorer version 2201

In Alfred Nzo District Municipality, the Other (Medical, Religious, etc), relative to the other tourism, recorded the highest average annual growth rate from 2010 (23 400) to 2020 (5 810) at -13.02%. Visits to friends and relatives recorded the highest number of visits in 2020 at 32 900, with an average annual growth rate of -21.09%. The tourism type that recorded the lowest growth was Leisure / Holiday tourism with an average annual growth rate of -23.96% from 2010 (26 800) to

2020 (1 730).

Trips by Purpose of trip - Alfred Nzo District Municipality, 2020 [Percentage]

**Tourism - trips by Purpose of trip**  
Alfred Nzo District Municipality, 2020



Source: IHS Markit Regional eXplorer version 2201

The Visits to friends and relatives at 79.98% has largest share the total tourism within Alfred Nzo District Municipality. Other (Medical, Religious, etc) tourism had the second highest share at 14.11%, followed by Leisure / Holiday tourism at 4.21% and the Business tourism with the smallest share of 1.70% of the total tourism within Alfred Nzo District Municipality.

**Origin of Tourists**

In the following table, the number of tourists that visited Alfred Nzo District Municipality from both domestic origins, as well as those coming from international places, are listed.

Total number of trips by origin tourists - Alfred Nzo District Municipality, 2010-2020 [Number]

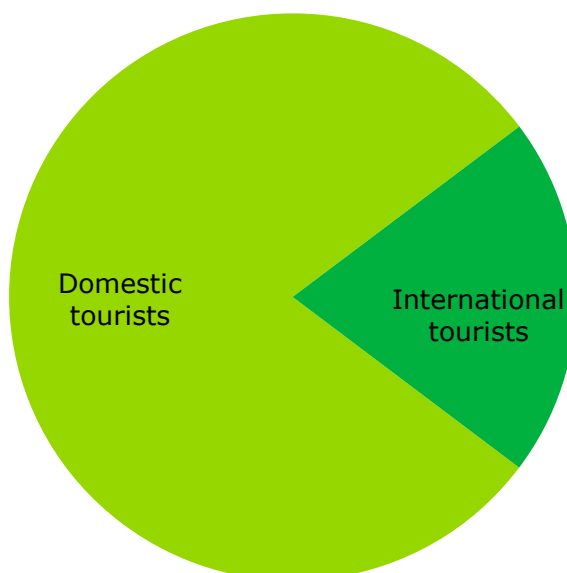
	Domestic tourists	International tourists	Total tourists
2010	394,000	12,600	407,000
2011	352,000	12,300	364,000
2012	312,000	14,100	326,000
2013	281,000	16,300	297,000
2014	268,000	20,000	288,000
2015	259,000	21,100	280,000
2016	250,000	26,400	277,000
2017	243,000	27,800	271,000
2018	234,000	28,300	263,000
2019	233,000	26,800	260,000
2020	32,700	8,460	41,200
Average Annual growth			
2010-2020	-22.03%	-3.92%	-20.47%

Source: IHS Markit Regional eXplorer version 2201

The number of trips by tourists visiting Alfred Nzo District Municipality from other regions in South Africa has decreased at an average annual rate of -22.03% from 2010 (394 000) to 2020 (32 700). The tourists visiting from other countries decreased at an average annual growth rate of -3.92% (from 12 600 in 2010 to 8 460). International tourists constitute 20.54% of the total number of trips, with domestic tourism representing the balance of 79.46%.

Tourists by origin - Alfred Nzo District Municipality, 2020 [Percentage]

**Tourism - tourists by origin**  
Alfred Nzo District Municipality, 2020



Source: IHS Markit Regional eXplorer version 2201

Bednights by origin of tourist

A bed night is the tourism industry measurement of one night away from home on a single person

trip.

The following is a summary of the number of bed nights spent by domestic and international tourist within Alfred Nzo District Municipality between 2010 and 2020.

Bednights by origin of tourist - Alfred Nzo District Municipality, 2010-2020 [Number]

	Domestic tourists	International tourists	Total tourists
2010	1,850,000	196,000	2,050,000
2011	1,550,000	189,000	1,730,000
2012	1,290,000	201,000	1,490,000
2013	1,100,000	223,000	1,330,000
2014	1,000,000	252,000	1,250,000
2015	949,000	261,000	1,210,000
2016	929,000	332,000	1,260,000
2017	908,000	376,000	1,280,000
2018	879,000	403,000	1,280,000
2019	1,130,000	388,000	1,520,000
2020	157,000	128,000	285,000
Average Annual growth			
2010-2020	-21.87%	-4.14%	-17.89%

Source: IHS Markit Regional eXplorer version 2201

From 2010 to 2020, the number of bed nights spent by domestic tourists has decreased at an average annual rate of -21.87%, while in the same period the international tourists had an average annual decrease of -4.14%. The total number of bed nights spent by tourists decreased at an average annual growth rate of -17.89% from 2.05 million in 2010 to 285 000 in 2020.

Growth in tourism (using bednights) by origin - Alfred Nzo District Municipality, 2010-2020 [Number]



## Growth in tourism (using bednights)

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

## Tourism spending

In their Tourism Satellite Account, StatsSA defines tourism spending as all expenditure by visitors for their trip to the particular region. This excludes capital expenditure as well as the shopping expenditure of traders (called shuttle trade). The amounts are presented in current prices, meaning that inflation has not been taken into account.

It is important to note that this type of spending differs from the concept of contribution to GDP. Tourism spending merely represents a nominal spend of trips made to each region.

Total tourism spending - Alfred Nzo, Eastern Cape and National Total, 2010-2020 [R billions, Current Prices]

	Alfred Nzo	Eastern Cape	National Total
2010	0.8	14.3	187.7
2011	0.8	14.2	194.4
2012	0.9	16.9	220.1
2013	1.0	18.2	239.6
2014	1.1	19.9	263.3
2015	1.1	19.0	254.2
2016	1.2	22.1	294.5
2017	1.3	22.6	305.3
2018	1.2	21.8	303.3
2019	1.3	22.5	317.1
2020	0.4	6.7	95.8
Average Annual growth			
2010-2020	-7.22%	-7.35%	-6.51%

Source: IHS Markit Regional eXplorer version 2201

Alfred Nzo District Municipality had a total tourism spending of R 381 million in 2020 with an average annual growth rate of -7.2% since 2010 (R 806 million). Eastern Cape Province had a total tourism spending of R 6.69 billion in 2020 and an average annual growth rate of -7.3% over the period. Total tourism spending in South Africa decreased from R 188 billion in 2010 to R 95.8 billion in 2020 at an average annual rate of -6.5%.

#### Tourism Spend per Resident Capita

Another interesting topic to look at is tourism spending per resident capita. To calculate this, the total amount of tourism spending in the region is divided by the number of residents living within that region. This gives a relative indication of how important tourism is for a particular area.

Tourism spend per resident capita - Alfred Nzo District Municipality and the rest of Eastern Cape, 2010,2015 and 2020 [R Thousands]

	2010	2015	2020
Alfred Nzo	R 990	R 1,276	R 427
Nelson Mandela Bay	R 4,019	R 4,944	R 1,556
Buffalo City	R 3,483	R 4,332	R 1,343
Sarah Baartman	R 5,182	R 6,575	R 2,774
Amatole	R 1,281	R 1,631	R 513
Chris Hani	R 1,226	R 1,544	R 435
Joe Gqabi	R 1,198	R 1,411	R 415
O.R.Tambo	R 924	R 1,165	R 365

Source: IHS Markit Regional eXplorer version 2201

In 2020, Alfred Nzo District Municipality had a tourism spend per capita of R 427 and an average annual growth rate of -8.06%, Alfred Nzo District Municipality ranked sixth amongst all the regions within Eastern Cape in terms of tourism spend per capita. The region within Eastern Cape Province that ranked first in terms of tourism spend per capita is Sarah Baartman District Municipality with a total per capita spending of R 2,770 which reflects an average annual decrease of -6.06% from 2010. The district municipality that ranked lowest in terms of tourism spend per capita is O.R.Tambo with a total of R 365 which reflects an decrease at an average annual rate of -8.87% from 2010.

## Tourism Spend as a Share of GDP

This measure presents tourism spending as a percentage of the GDP of a region. It provides a gauge of how important tourism is to the local economy. An important note about this variable is that it does not reflect what is spent in the tourism industry of that region, but only what is spent by tourists visiting that region as their main destination.

Total spending as % share of GDP - Alfred Nzo, Eastern Cape and National Total, 2010-2020  
[Percentage]

	Alfred Nzo	Eastern Cape	National Total
2010	9.3%	6.0%	6.1%
2011	8.4%	5.5%	5.8%
2012	9.1%	6.0%	6.2%
2013	9.1%	5.9%	6.2%
2014	9.2%	6.1%	6.4%
2015	8.5%	5.4%	5.8%
2016	9.0%	5.9%	6.2%
2017	8.7%	5.7%	6.0%
2018	8.1%	5.2%	5.7%
2019	8.0%	5.2%	5.7%
2020	2.5%	1.6%	1.7%

Source: IHS Markit Regional eXplorer version 2201

In Alfred Nzo District Municipality the tourism spending as a percentage of GDP in 2020 was 2.46%. Tourism spending as a percentage of GDP for 2020 was 1.58% in Eastern Cape Province, 1.73% in South Africa.

## International Trade

Trade is defined as the act of buying and selling, with international trade referring to buying and selling across international border, more generally called importing and exporting. The Trade Balance is calculated by subtracting imports from exports.

### Relative Importance of international Trade

In the table below, the Alfred Nzo District Municipality is compared to Eastern Cape and South Africa, in terms of actual imports and exports, the Trade Balance, as well the contribution to GDP and the region's contribution to total national exports and imports.

Merchandise exports and imports - Alfred Nzo, Eastern Cape and National Total, 2020 [R 1000, current prices]

	Alfred Nzo	Eastern Cape	National Total
Exports (R 1000)	63,203	92,643,509	1,394,345,999
Imports (R 1000)	1,727	73,918,938	1,109,458,999
Total Trade (R 1000)	64,930	166,562,447	2,503,804,998
Trade Balance (R 1000)	61,476	18,724,570	284,887,001
Exports as % of GDP	0.4%	21.9%	25.3%
Total trade as % of GDP	0.4%	39.3%	45.3%
Regional share - Exports	0.0%	6.6%	100.0%
Regional share - Imports	0.0%	6.7%	100.0%
<b>Regional share - Total Trade</b>	<b>0.0%</b>	<b>6.7%</b>	<b>100.0%</b>

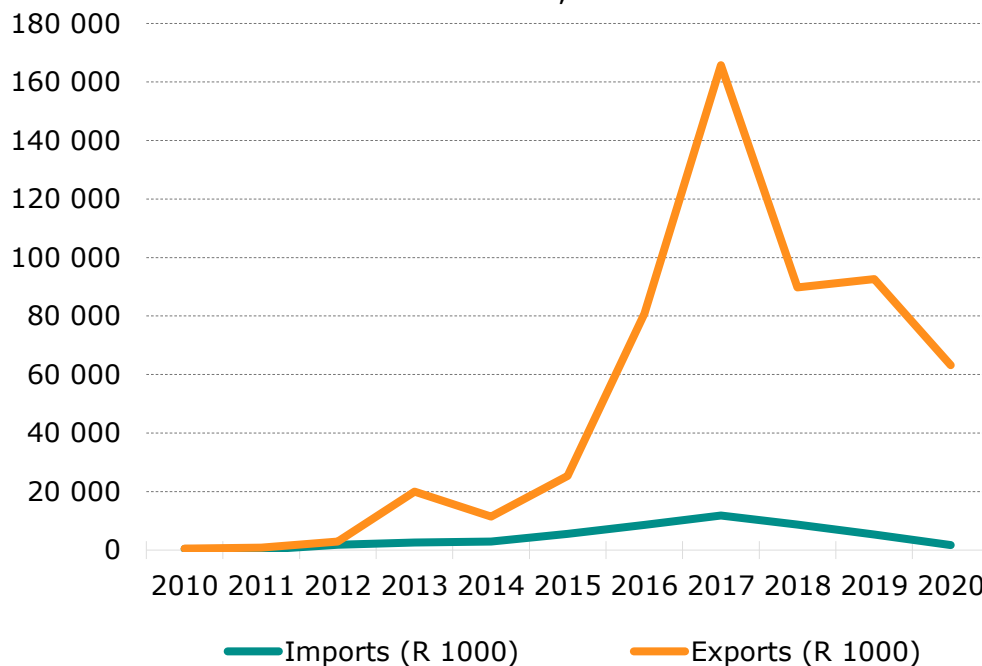
Source: IHS Markit Regional eXplorer version 2201

The merchandise export from Alfred Nzo District Municipality amounts to R 63.2 million and as a percentage of total national exports constitutes about 0.00%. The exports from Alfred Nzo District Municipality constitute 0.41% of total Alfred Nzo District Municipality's GDP. Merchandise imports of R 1.73 million constitute about 0.00% of the national imports. Total trade within Alfred Nzo is about 0.00% of total national trade. Alfred Nzo District Municipality had a positive trade balance in 2020 to the value of R 61.5 million.

Import and Exports in Alfred Nzo District Municipality, 2010-2020 [R 1000]

## International trade - Imports and Exports

Alfred Nzo, 2010-2020



Source: IHS Markit Regional eXplorer version 2201

Analysing the trade movements over time, total trade increased from 2010 to 2020 at an average annual growth rate of 53.09%. Merchandise exports increased at an average annual rate of 61.77%, with the highest level of exports of R 166 million experienced in 2017. Merchandise imports increased at an average annual growth rate of 15.65% between 2010 and 2020, with the lowest level of imports experienced in 2011.

Merchandise exports and imports - Alfred Nzo and the rest of Eastern Cape, 2020 [Percentage]



*Source: IHS Markit Regional eXplorer version 2201*

When comparing the Alfred Nzo District Municipality with the other regions in the Eastern Cape Province, Nelson Mandela Bay has the biggest amount of international trade (when aggregating imports and exports, in absolute terms) with a total of R 102 billion. This is also true for exports - with a total of R 53.8 billion in 2020. O.R.Tambo had the lowest total trade figure at R 12 million. The O.R.Tambo also had the lowest exports in terms of currency value with a total of R 1.14 million exports.

### Proposed Catalytic Projects

Intergovernmental Projects that drive both social and economic growth in the Region include:

Ludeke Dam – ANDM/DWS – massive reticulation required in this project.

Umzimvubu Dam – DWS/ANDM/ORTDM/JGDM

EmaXesibeni Government Office Precinct – DPW – this mega project will require bulk water and sewerage connection from the district.

Agri-parks programme – ANDM/ANDA/DRDAR/DLA

N2 Highway, which would benefit villages in WMMLM – A project by SANRAL. This project has been halted in the construction of mega-bridge in Mthentu and has required intervention from government and community leaders.

N2 – from Ngcweleni to Qumbu – SANRAL

Surfacing of District Roads

Human Settlements – Rural Housing – DHS

Power stations – Eskom – Umzimvubu

## 2.3. Diagnostic Review

### 2.3.1. Natural conditions

The Alfred Nzo District (AND) is a mountainous region stretching from the tops of the southern Drakensberg escarpment in the northwest (over 2,000 metres above sea-level and forming the border with Lesotho) down to the Wild Coast, about 120 kilometres away in the south-east. The AND has about 30 km of coastline. Bordered by the Mtamvuna river (and KZN) in the northeast and the Tina river in the southwest, the AND has an area of 10,734 square km (the smallest area among the Eastern Cape's six rural districts).

There is large climatic variation in the AND, from Alpine in the high mountain areas to subtropical in the coastal belt. Rainfall is generally quite high (900 to 1500 mm/year) particularly under the escarpment and near the coast. Most of the AND falls within the upper Mzimvubu river catchment area or basin, and the district has deep and steep-sided river valleys of the Mzimvubu itself and three of its four main tributaries (the Tina, Kinira and Mzintlava rivers):

The Tina river passes just to the east of Mount Fletcher

The Mzimvubu passes just to the west of both Cedarville and Mount Frere

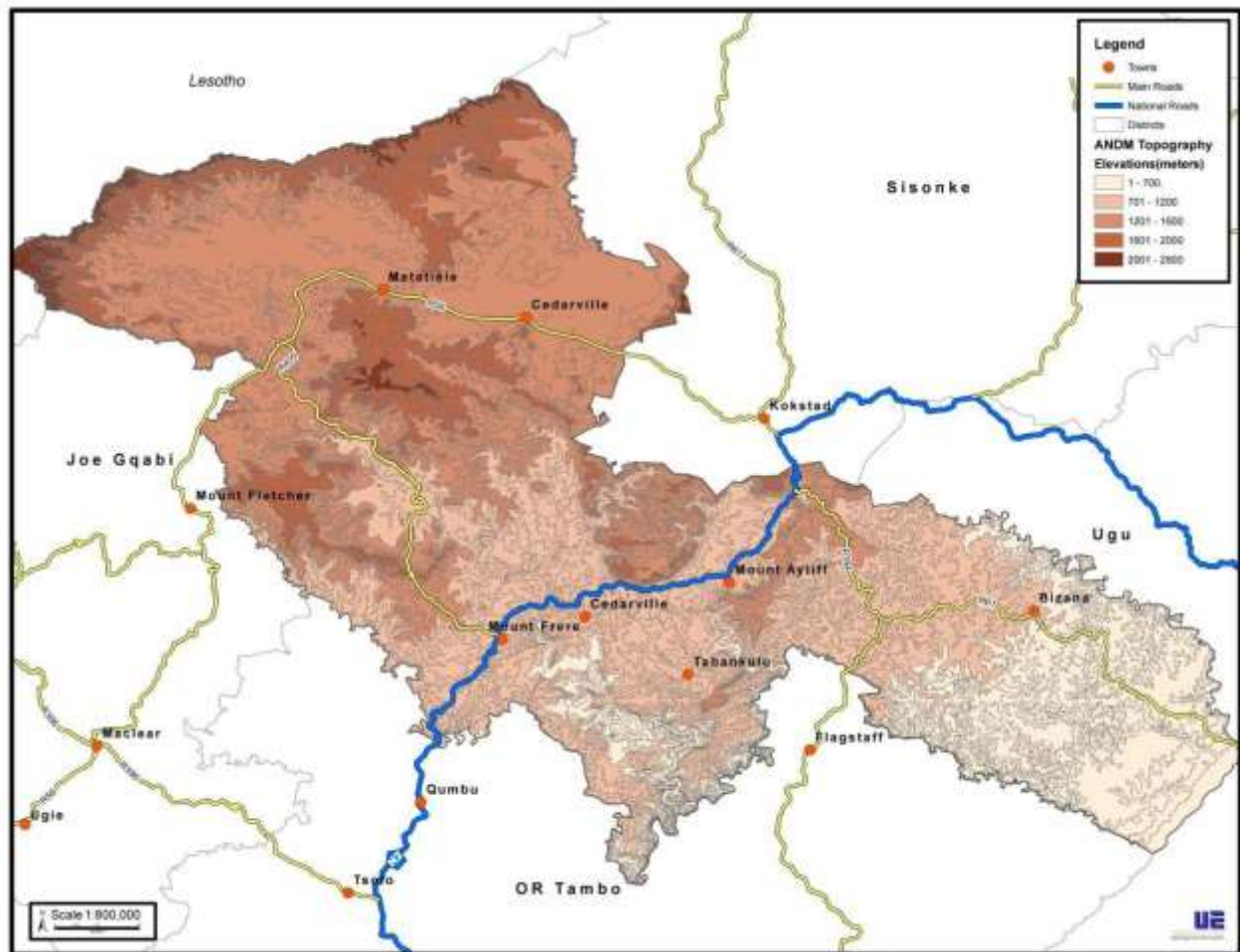
The Kinira joins the Mzimvubu to the northwest of Mount Frere

The Mzintlava passes just to the east of Mount Ayliff, and then flows down to Flagstaff.

There are extensive wetlands at the base of the escarpment.

The vegetation of the AND is mostly grassland with pockets of indigenous forest. About 5% of the district's land area (or 50,000 ha) is judged to have high-potential for arable farming.<sup>1</sup>

ANDM is very scenic



(Note: Please disregard the location of Cedarville in this UrbanEcon map)

### 2.3.1.1 ENVIRONMENTAL ASSESSMENT

#### TOPOGRAPHY

The Alfred Nzo District has a fragmented topography and comprises a plateau which falls within the Umzimvubu River Basin, which ranges from 800 to 1400 meters above sea level and a high plateau leading to the Drakensberg Mountains which ranges between 1500 and 2200 meters above sea level. The terrain is therefore mountainous with steep valleys. The northern areas below the escarpment have extensive palustrine wetlands (wetlands that are not connected to any river), and the extreme south is undulating and consist of coastal belt. The diversity of topography create many different opportunities for a great diversity of ecosystems and their resident plant and animal species. The topography, however, also poses a multitude of challenges to development as accessibility is limited and settlement has taken place in a dispersed and haphazard manner.

#### CLIMATE

The steep altitudinal gradients from the coast to the escarpment, gives rise to strong climatic



changes across the ANDM. The area falls within the summer rainfall area (October to March) with climate ranging from very pleasant warm summers to mild to cold winters with snow in high lying areas. The District experiences climatic extremes in the form of storms, tornadoes and floods which have resulted in soil erosion and deep crevices. The average minimum temperature ranges from 7 to 10 degrees centigrade in winter and 18 to 24 degrees centigrade in summer.

## ENVIRONMENTAL MANAGEMENT FRAMEWORK

Alfred Nzo District Municipality, during the 2011- 2012 financial year (January, 2012), updated the districts' Environmental Management information through the development of the district-wide Environmental Management Framework (EMF) to include Mbizana and Ntabankulu Local Municipalities. The two local municipalities were previously under O.R Tambo District and were incorporated into Alfred Nzo following the amendment of municipal and ward boundaries in terms of Section 22 of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 Of 1998). The Environmental Management Framework (EMF) provides the end user with instruments for use in the diagnosis and procedures for environmental management in ANDM. It also provides guidance and indicate what the responsibilities of the different bodies are in ensuring compliance with the national environmental management laws. The EMF was adopted by the ANDM Council in December 2013.

## AIR QUALITY MANAGEMENT

Legislation requires that each municipality develops an Air Quality Management Plan (AQMP). The AND has not developed this plan. The DEDEAT will be assisting the ANDM to develop the AQMP during this current financial year. There are no major industries within the ANDM but there are potential sources such as sawmills, sugarcane, dust roads, transport and landfill sites that are not operated according to license conditions.

## CLIMATE CHANGE VULNERABILITY ASSESSMENT

Alfred Nzo District Municipality, through the support received from Conservation South Africa, undertook a scientific study during the 2014-2015 financial year (March 2015) to examine the vulnerability and resilience of the district as a whole to climate change impacts. The study was carried out focusing on three (3) concepts, that is:

Areas of Supporting Climate Change Resilience

Ecosystem-based Adaptation, and

Ecological Infrastructure

This process was informed and guided by the Lets Respond - Toolkit Guide (A Guide to Integrating Climate Change Risks and Opportunities into Municipal Planning, 2012) developed jointly by the Departments of Environmental Affairs (DEA) and Cooperative Governance and Traditional Affairs (CoGTA) and in collaboration with South African Local Government Association (SALGA). Each local Municipality within Alfred Nzo district was studied in depth in terms of climate change resilience and mitigation and adaptation measures that can be adopted were presented.

The study revealed that in the medium term (50 year), the average temperature can be expected to rise by 1.7°C across the district while in the long term (100 year) the average temperature is expected to rise by 3.7°C. The coastal area within the district (Mbizana LM), as is the pattern across South Africa, will tend to have slightly smaller predicted increases than inland areas such as

Matatiele LM. The coastal versus inland difference is more marked in the longer term, with Mbizana increasing in temperature by an average of 3.5°C and Matatiele by 4°C. In terms of rainfall change, it is worth noting that the study revealed that the Alfred Nzo district is one of the least impacted districts in the country. In the medium term, small decreases in rainfall are predicted across most of the district, with the main changes being small spring and summer decreases, and similarly, small autumn and winter increases. The winter increases will not be sufficient to offset the summer rainfall decreases. In the longer term, the initial changes in rainfall changes are in fact largely reversed with very small 5.4mm increase predicted across the district.

Alfred Nzo district is made up of three (3) biomes, namely, Grasslands, Savannah and Coastal Belt. Each biome has a characteristic climate envelope or a range and pattern of temperature and rainfall values within which it occurs. The study has revealed that conditions associated with the Coastal Belt Biome will gradually push inland in the short term and continue with this trend in the longer term. Areas with a climate envelope characteristic of Savannah persist in the medium term and longer term and push dramatically inland into areas previously experiencing a Grassland associated climate envelope. It is likely that this change is largely associated with raised winter temperatures which all tree seedlings establish in areas where frost would previously have excluded them. Areas with a climate envelope characteristic of the Grassland Biome will be the most impacted by climate change in the Alfred Nzo district, according to the study. In the medium term, large portions of the grassland climate envelope are likely to be lost, while in the longer term, areas with these climate characteristics are likely to be restricted to the higher altitude areas only.

## CLIMATE CHANGE RESPONSE STRATEGY

Climate change is among the most pervasive threats to people and biodiversity today. Without action it will devastate human livelihoods, cause the extinction of countless species, and destroy some of the world's most precious ecosystems. Climate change predictions reveal that the Alfred Nzo district will experience additional stress on the Grassland, Savanna, and Coastal ecosystems which are already under pressure within the district. The Alfred Nzo District is largely a rural region with low levels of development. The communities that live here face significant socio-economic challenges and are often directly dependent on the natural environment for their livelihoods. The district municipality developed a Climate Change Response Strategy during the 2014-2015 financial year and adopted by the ANDM council in October 2015.

The ANDM hosted various stakeholders including municipal mayors and councillors from the district and all local municipalities, traditional authority, relevant sector departments and relevant environmental NGOs during three (3) climate change summit held in April 2014, August 2015 and April 2018. School and communities are continuously engaged on climate change awareness programmes and capacity building.

## ALFRED NZO DM-HAMELN-PYRMONT PARTNERSHIP

The Alfred Nzo District is largely rural with its communities facing significant socio-economic challenges and as such are often directly dependant on the natural environment for their livelihoods. The ANDM, being a rural district highly dependent on availability of good quality natural resources for day to day living, needs a system that will guide the sustainable management of the resources such as grasslands, forests, soils, water, and fisheries. Heavy reliance of most communities within the district on the natural environment for their livelihoods increases the level of vulnerability to the effects of climate change. Extensive external support is therefore required to assist such rural municipality to respond to mitigation and adaptation strategies already identified for the district. The ANDM has thus forged partnership with the Hameln-Pyrmont municipality in Germany which main

purpose is to provide support and/or assistance to ANDM on climate change related matters. Funding matters also forms part of this partnership but this will be in a form of proposals, business plans etc.

#### Climate Partnership objectives

The project aims at strengthening partnerships between German municipalities and municipalities in the Global South to jointly address issues of climate change mitigation and adaptation. It also helps mobilise the comprehensive expertise available within the partner municipalities. Through this project, climate change mitigation and adaptation will be systematically integrated into the work of the municipal partnerships.

#### Deliverables

ANDM has signed the Memorandum of Understanding detailing objectives and key points of the climate partnership.

ANDM has committed to the long-term cooperation with the Hameln-Pyrmont municipality in the field of climate change mitigation and adaptation

ANDM will design a concrete programme of action for climate change mitigation and adaptation with the partner municipality (Hameln-Pyrmont)

ANDM through Climate Change Committee will identify stakeholders who will add value to the partnership

## INTEGRATED WASTE MANAGEMENT

The Alfred Nzo District Municipality (ANDM) developed an Integrated Waste Management Plan (IWMP) during the 2014-2015 financial year (June 2015) and was adopted by council (in 2017). The plan has not yet been approved by DEDEAT MEC. It is essentially a strategic planning document including background information on the current waste situation in the entire ANDM. It also outlines the objectives and strategies to improve the waste management systems. The primary objective of Integrated Waste Management Planning is to integrate and optimise waste management, in order to maximise efficiency and minimise the associated environmental impacts and financial costs, and to improve the quality of life of all South Africans including those in the Alfred Nzo District.

#### Current Waste Categories and Characteristics

General – plastics, paper, glass, food-waste, garden refuse and building rubble etc.

Industrial – used oils from vehicle workshops, tyres, blood and manure from abattoirs, sawmills, etc.

Commercial - cardboards, plastic, paper, glass, used oil from fast-food retailers

Medical – empty medicine vials, syringes, etc. from clinics, GPs, pharmacies, funeral parlours

Hazardous – diapers, sanitary towels

## Waste Management and General Hygiene

Collection of waste is the responsibility of local municipalities and the Alfred Nzo District Municipality monitors proper management of waste to the final disposal through the municipal health services.

## Waste Recycling or Minimization

There is generally informal recycling initiatives conducted within the entire AND. In order to formalize these structures, the DEDEAT issues a registration certificate according to the National Waste Management Norms and Standards. The AND needs to assist these informal recyclers to form cooperatives.

## Landfill Sites

There is a total of five (5) landfill sites within Alfred Nzo District. These include two (2) at Umzimvubu LM; one (1) at Matatiele LM; one (1) at Mbizana LM and one (1) Ntabankulu LM. All are operational except at Mbizana LM which is still under construction.

## Waste Management By-Laws

Local Municipalities are responsible for the development of waste management by-laws. Alfred Nzo District ensures development and enforcement of these by-laws.

### 2.3.2. Socio-economic snapshot

The economy of AND is dominated by the public sector, accounting directly for 46% of the municipal economy<sup>2</sup>, compared to 15% for SA as a whole. The business sector is mainly trade and other services, while the productive economy (agriculture, manufacturing and construction etc) is very small. The AND economy is consumptive rather than productive. The total value-added of the AND economy is about R50 billion a year. Formal employment is about 50,000 jobs and there are also about 27,000 informal jobs. Matatiele LM has the largest economy and Ntabankulu has the smallest.

About 90% of households in AND are poor, unemployment is rife (particularly among the youth), and business employment is extremely small in relation to the working age population (and probably not showing much growth). Most households rely on social grants and remittances to avoid extreme hunger. In 2016 the South African Institute of Race Relations published a study (based on StatsSA's 2016 Community Survey) that calculated a "deprivation and comfort index" for 8 metropolitan and 44 district councils and found the AND to be the worst off.<sup>3</sup>

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<sup>2</sup> See ECSECC review 2017

AND had lowest proportion of households with access to piped water inside their home or yard at 16%

AND had the lowest employment rate at 53% (Johannesburg had the highest at 73%)

AND also scores worst at income: 90% of the households get less than R1600 per month.

A question was introduced in the Community Survey 2016 that asked households what they considered to be the main problem or difficulty they were facing in their municipality presently. In

addition to collecting data about the actual services and the quality of services that households have access to, asking households what they perceive as their main challenge or difficulty provides policymakers and planners with key data on how households understand or feel about their environment and the services in their municipality. Alongside the statistics of household services, employment and crime statistics, the results from this question could be useful to assess needs and analyse trends. Overall in South Africa, households listed (1) lack of a safe and reliable water supply, (2) lack of or inadequate employment opportunities, (3) the cost of electricity, (4) inadequate housing and (5) violence and crime as the main challenges that they presently faced in their municipality. The table below shows how perceptions vary between AND, EC and SA:

Leading challenges facing the municipality presently as perceived by households:

	Alfred Nzo District	Eastern Cape	South Africa
Lack of safe and reliable water supply	1	1	1
Lack of reliable electricity supply	2	Data not available	Data not available
Inadequate housing	3	2	4
Inadequate roads	4	4	Data not available
Lack of/inadequate employment opportunities	5	3	2
Inadequate sanitation	7	5	Data not available
Cost of electricity	8	Data not available	3

Rankings for AND as opposed to the rest of the province show that infrastructure backlogs are perceived as key priorities in the district. These perceptions of households are relevant to framing the Apex Priorities of Alfred Nzo District Council for the next five years (see Chapter 6 below). AND contains some valuable natural assets. For example, fertile lands, warm temperatures, fairly good soils and frost-free conditions (in some areas). The Wild Coast is considered the most spectacular eco-tourism destination in SA.4 Agriculture and tourism have long been identified as high-potential sectors to drive development, but despite several public sector interventions these sectors have not yet taken off.

### 2.3.3. People and human settlements

According to the Community Survey (2016) about 868,000 people live in the Alfred Nzo District (AND). Between 2011 and 2016 AND's population grew faster than the Eastern Cape provincial total, and the population of Mbizana grew particularly fast:

	% change of population between 2011 and 2016
Ntabankulu	3.9
Umzimvubu	4.2
Matatiele	7.7
Mbizana	13.5
Alfred Nzo	8.3
Eastern Cape	6.6

The people of AND include Bhaca, Sotho and Mpondo. Traditional leaders are represented on the AND Municipal Council. There are broadly three types of human settlements in AND:

Low-density rural villages (average size about 700 people; villages are often contiguous)

Small towns

Higher density peri-urban settlements around the small towns

#### 2.3.4. Roads and transport network

The main roads in the District are:

The N2

The R56, and

The R61

The new Wild Coast N2 is being planned from Mzamba to the new Mtentu bridge 30 km to the south.

Other roads include:

Three gravel roads from N2 to R56 (ending at Cedarville and Ematolweni, the R405)

Gravel back road from Mount Ayliff to Mount Frere passing through Sphambukeni and Cancele junctions.

N2 (from Phuthi junction) to Ntabankulu (and south to Lusikisiki)

N2 (Mount Ayliff) to R61

R626 from N2 (Phakade junction) to R61 (Kubha junction), and on to Flagstaff

Matatiele to Qacha's Nek (Lesotho)

Matatiele to Queen's Mercy, Malekgonyane (Ongeluksnek) and Thaba Chicha

To upgrade the district's road network there needs to be ongoing engagement among ANDM, the LMs, DRPW and SANRAL to ensure:

Upgrade roads in the new emerging peri-urbanization zones.

Maintain priority road network (preventative)

Use employment-intensive methods as much as possible

Use transport nodes to develop commercial precincts (taxi ranks, hawkers facilities, shops etc)

#### 2.3.5. Water, sanitation and electricity

The Alfred Nzo District mainly lies in the Mzimvubu catchment area, which has relatively high annual rainfall and consequent high annual surface water run-off (river flows). This catchment has the highest un-used water potential yield in SA. This potential has been studied over many years but the water resource remains under-utilised for a number of reasons:

Absence of large-scale and local urban/industrial demand

Absence of large-scale irrigation potential (topography and soils)

High cost of water transfer to water scarce regions (such as Gauteng) due to high pipeline and pumping costs

Presently there is one large dam in AND (the new Ludeke dam in Mbizana) and several small dams. Most of water supply for towns and rural areas comes from standalone schemes using streams, springs and boreholes. There are very large water backlogs, particularly in Mbizana.

#### Water Services

The Water Services Authority is made-up of three sub-units;

Free Basic Services

Environmental Management

Planning and Design (Water and Sanitation infrastructure)

Free Basic Services

The Alfred Nzo District Municipality is one of the poorest districts in South Africa, with the majority of households living below the poverty line and to ensure access to basic services by these indigent households, an Indigent Policy was developed. The policy provides guidelines for the free basic services provisioning to indigent households, for both urban and rural households.

The Indigent Database the district municipality is using is shared with the four local municipalities within the district ie. Winnie Madikizela-Mandela, Ntabankulu, Umzimvubu and Matatiele.

The unit is responsible for the following:



The coordination of FBS in all 4 LM's

Capturing and verification all indigent applications

Providing verified lists to(BTO) for Billing

Operate and maintain indigent management system

Validation of RDP households

Developing/review of Indigent Policy

## Environmental Management

The sub-unit is responsible for the environmental management issues across the district and they include the following:

Environmental Impact Assessments

Water Use Licenses

Water Quality Monitoring

Process Audits

Blue & Green drop

As part of the planning stages of the MIG projects, the Environmental Management unit will ensure that the EIA is conducted before any work (construction) could start. The unit will also monitor the project during construction to ensure compliance with the approved EIA. Coordinate the District Environmental Management Forums,

With water quality monitoring, the district assisted by the Department of water and sanitation demarcated 108 sampling points within the district but due to budget constraints, only 84 sampling points are sampled for testing per month.

On yearly basis the district has to do Water and Wastewater Process Audits for all our treatments plants.

## Support Environment Planning & Management in Municipalities

This key performance area includes the following key activities:

Conduct IDP analysis for the District and Local Municipalities

Conducts analysis of IDPs of all municipalities to ensure that the environmental chapter is incorporated and considered for municipal planning

Conduct Project screening for EIA purpose for Alfred Nzo DM (to form part of the IDP Analysis Report)

The screening of all projects incorporated into the municipal IDPs to ensure the Environmental Impact Assessment (EIAs) is considered during planning. This will ensure that due processes are followed and that municipal projects are not conducted to the detriment of the environment.

Participate in the EIA Process of projects for the district and all LMs within the district

The unit is involved in the EIA process for all municipal projects, conducting site visits and providing comments where necessary

Participate in IDP engagements

The provincial department of Cooperative Governance & Traditional Affairs arranges provincial IDP engagements and the unit will therefore participate in such engagements

Provide feedback to all municipalities on IDP engagements

The unit provides feedback to municipalities on provincial IDP engagements/assessments

Participate in the IDP development processes in all municipalities

The unit partakes in the development of IDPs of the various municipalities within Alfred Nzo

The unit is also responsible for the following:

Develop required legal plans to be integrated into the IDP

Water quality compliance monitoring

Proficiency testing

Undertake WWTW and WTW process audits

Monitoring of effluent

Environmental management compliance monitoring

Ensure compliance with relevant national legislation

Implement environmental projects as per the SDBIP

Support LMs in all environmental management programmes

Convene District Environmental Management Forum (DEMF) and participate in the Provincial Environmental Quality and Management Forum

Convene district wide Climate Change Committee

Spearhead BDS and GDS

Facilitate Water Use Licensing

Facilitate and coordinate Environmental Impact Assessment (EIA)

Planning and Design

The planning and design unit is responsible for the study phase of water and sanitation projects up to the Implementation Readiness Stage (IRS). The study phases has the following stages:

Scoping and Inception report;

Technical Report and Feasibility Study;

Preliminary design & research

Implementation Readiness Stage/Report and

Business Plan/WSDP Project Management System (Populate)

The unit is also responsible for the following:

Conduct feasibility studies for all capital projects to be implemented and ensure alignment with the IDP.

Develop and Review planning policies, Plans & strategies.

Adjudicate Business Plans, Technical Reports, and Designs and submit to EC TAC and DAC for approval.(DWS & CoGTA)

Develop and maintain Rural Roads Assets Management System.

Sector plan the WSA is responsible for are as follows:

Electricity Sector plan

Water Services Development Plan











District Integrated Transport Plan

Backlog Eradication Strategy

Water Services Backlogs

With the current streams of funding it is projected that water and sanitation backlogs will only be eradicated in 2035. The table below illustrate the backlogs for the Alfred Nzo District municipality;

Fig,

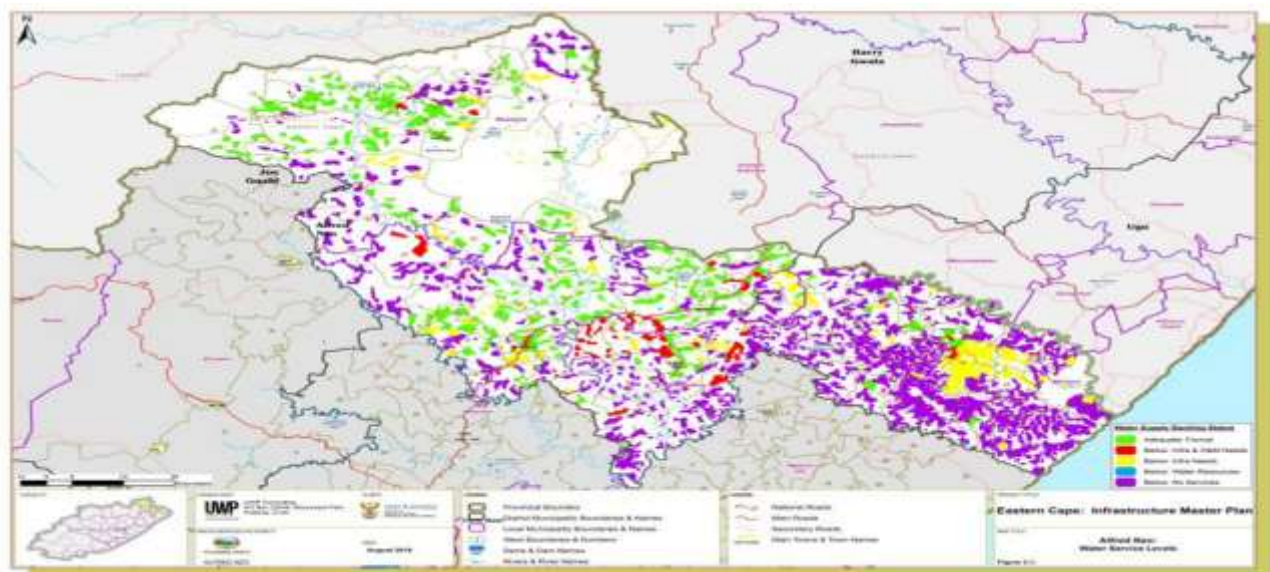
WSA	No of HH	No of People	Water			Sanitation		
			HH Backlog	Population Backlog	% Water Backlog	HH Backlog	Population Backlog	% Sanitation Backlog
Matatiele	50 148	206 558	19 525	79 193	 38,9%	26 235	106 589	 52,3%
Mbizana	50 377	293 188	42 618	247 097	 84,6%	20 955	121 524	 41,6%
Ntabankulu	23 110	117 276	15 623	80 534	 67,6%	8 726	44 295	 37,8%
Umzimvubu	46 963	192 949	18 950	79 234	 40,4%	17 879	73 586	 38,1%
Total	170 598	809 971	96 716	486 058	 56,7%	73795	345994	 43,3%

# Backlog as at 2021-2022 FY.

Local Municipality	Total Households	WATER			
		Households		Percentage	
		Served	Unserved	Served	Unserved
Matatiele	56 868	41 263	15 605	72,60%	27,40%
Umzimvubu	51 530	34 864	16 666	67,70%	32,30%
Ntabankulu	26 195	11 163	15 033	42,6%	57,40%
Winnie Madikizela-Mandela	61 383	20 028	41 355	32,60%	67,40%
Alfred Nzo District	195 976	107 318	88 659	54,80%	45,20%

Local Municipality	Total Households	SANITATION			
		Households		Percentage	
		Served	Unserved	Served	Unserved
Matatiele	56 868	35 811	21 057	63,00%	37,00%
Umzimvubu	51 530	35 695	15 835	69,30%	30,70%
Ntabankulu	26 195	17 410	8 786	66,50%	33,50%
Mbizana	61 383	36 142	25 241	58,90%	41,10%
Alfred Nzo District	195 976	125 058	70 919	63,80%	36,20%

Fig.2 Water Supply Status

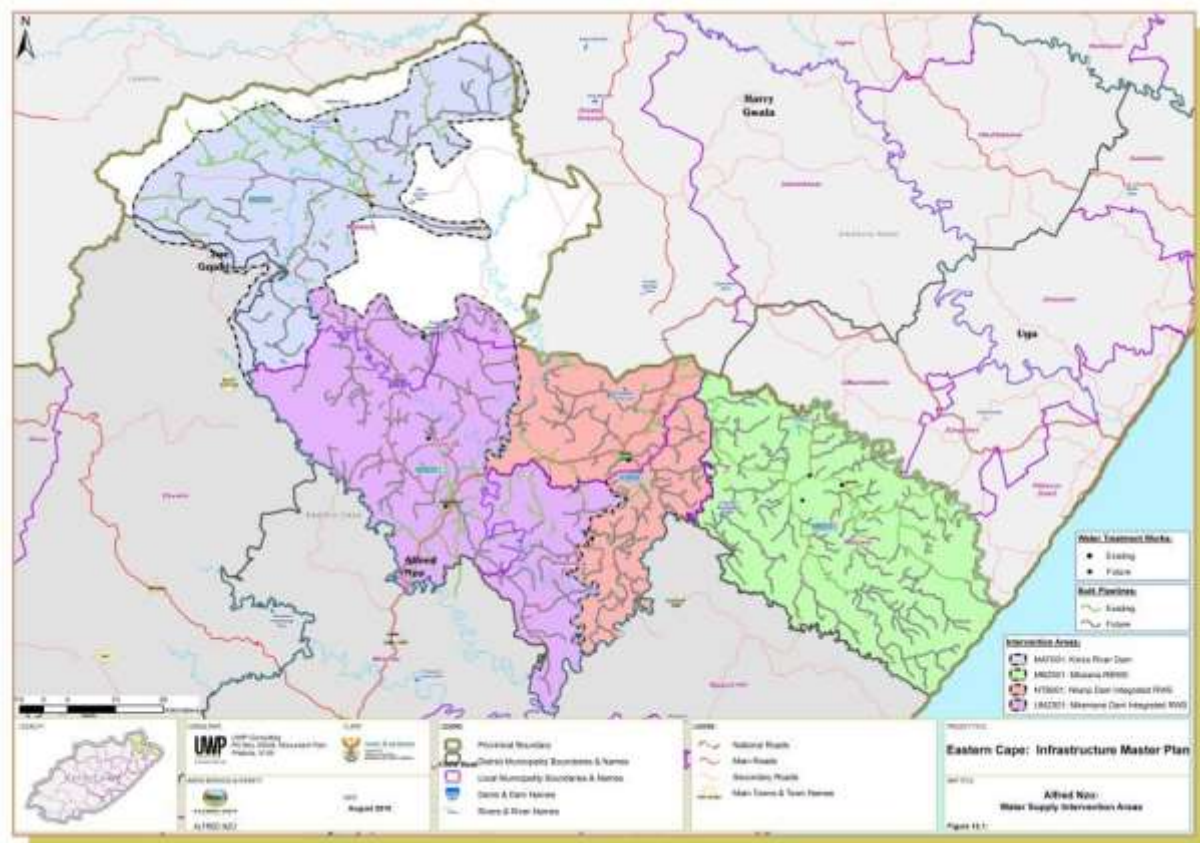


Water Supply interventions

WSA	LM	WSIA No	WSIA Name	Source Development Yes / No	Treatment New / Upgrade	Storage (Ml)	Bulk Pipe lines (km)	Reticulation on Lines (km)	Yard connections (No)
Alfred Nzo	Matatiele	MAT001	Kinira River Dam WSIA	✓	Upgrade	54	310	496.00	37 353
Alfred Nzo	Umtzimvubu	UMZ001	Mkhemane Dam WSIA	✓	New	37	916	1 603.00	35 482
Alfred Nzo	Ntabankulu	NTB001	Nkanji Dam WSIA	✓	New	25	478	836.50	21 504
Alfred Nzo	Mbizana	MBZ001	Mbizana WSIA	✗	Upgrade	70	968	1 694.00	45 233

WSA	WSIA Name	No of HH 2035	Water Requirement 2035 (Ml/d)	Total Cost Requirement (R'000)	Bulk Cost (R'000)	Reticulation Cost (R'000)	Cost per HH
Alfred Nzo	Kinira River Dam WSIA	44 468	35.29	R 5 124	R 3 477	R 1 646	R 115 222
Alfred Nzo	Mkhemane Dam WSIA	46 081	26.38	R 5 937	R 4 231	R 1 706	R 128 841
Alfred Nzo	Nkanji Dam WSIA	29 457	15.04	R 4 481	R 3 391	R 1 091	R 152 135
Alfred Nzo	Mbizana WSIA	51 992	51.87	R 5 433	R 3 508	R 1 925	R 104 501
Alfred Nzo	4 WSIA's	171 998	128.58	R 20 975	R 14 608	R 6 368	R 121 952

Water Supply interventions considered



### 2.3.6. Health

National health insurance is a health financing system that is aimed at providing universal health coverage, render quality and affordable services to all citizens regardless of their financial and socio-

economic status but according to their health needs. In addition, it is aiming to respect the human rights and ensure justice as outlined in section 27 bill of rights of the South African constitution. NHI is the most extensive health policy initiative proposed by the South African Democratic Government since 1994 that will end the two-tiered health system (private and public healthcare sectors); thus ensure financial solidarity among all SA citizens regardless of their financial status, colour, race and ethnicity. The core strategy behind this system is in ensuring an efficient, effective and quality driven health service delivery through the Primary Health Care approach.

Alfred Nzo District is devoted to ensuring that the NHI plan is seen as a symbiosis of all the existing National and Provincial Department of Health and the District commitments and plans for the betterment of the lives of its population. This plan focusses on improving the effectiveness and efficiencies within all levels of district health services of the Alfred Nzo District. Its fundamental focus is on strengthening the health services (leadership and governance), supply chain and health information management. Furthermore, other predominant targets are ensuring accessibility of services through Re-engineering of Primary Health Care (RPHC), increasing of accessibility to pharmaceutical services through the Central Chronic Medication Dispensation and Distribution (CCMDD) as well as the implementation of Stock Visibility System (SVS) by all facilities. Finally, it recognises the significance of quality health services to communities through the implementation of Ideal Clinic Realisation and Maintenance (ICSM) and National Core Standards (NCS) in order to meet the requirements of the Office of Health Standards Compliance (OHSC).

NHI Programme was provincially introduced in Alfred Nzo from April 2015. Currently, the Provincial funded program is aimed:

- To increase access to the communities as the basic human right
- To improve efficiencies through disease prevention
- To offer comprehensive services to communities
- To balance the allocation of resources across the district
- To ensure effectiveness and appropriateness

Key deliverables are:

- Strengthened District Management and governance
- Strengthened RPHC
- Increased accessibility of pharmaceutical services
- Compliance to the office of health standards
- Strengthen District planning, monitoring, and evaluation

Discussion:

The focus of the district is to ensure the strengthening Re-engineering of Primary Health Care (RPHC), a fundamental component of the National Health Insurance (NHI) program; increase Districts Clinical Specialist Teams (DCST); Ward-based Outreach Teams (WBOTs); contracting of General Practitioners (GPs); use of the Integrated School Health Programme (ISHP); as well as the Centralized Chronic Medicine Dispensing and Distribution (CCMDD). RPHC is one of the key policy

developments which is aligned with the objectives of the 10 Point Plan i.e. to overhaul the health care system and improve its management. It is based on the 14 national outcomes and the Negotiated Service Delivery Agreement (NSDA) to achieve “a long and healthy life for all South Africans”

Total number of facilities 81

Clinics	72
CHCs	02
Specialized (TB) hospitals	01
District hospitals	06

Strengthening of District Management systems:

The District effected the following appointments to strengthen District Management and Scarce Human Resources during 2019/20 financial year.

Occupation	Number of Appointments
Elementary Occupations	98
Assistant manager nursing specialty	01 (Tayler Bequest Hospital)
Clinical associates	06
Medical managers	01 (Maluti CHC)
Clinical nurse practitioner	12
Dentists	05
Family physician (DCST)	01
Advanced midwife (DCST)	01
CEOs	02 (Khotsong and Madzikane hospitals)
Pharmacy manager	01 Madzikane Ka Zulu
PHC operational managers	09
Medical officers	11
Pharmacists	08
Professional nurse general (hospitals and clinics)	111 (Includes project litigation)
Professional nurse specialty (hospitals and clinics)	19 (Includes project litigation)
Radiographer	07

Ward Based Outreach Teams (WBOTs):

The Municipal Ward-based Primary Health Care Outreach Teams (WBPHCOTs) form a pivotal part of South Africa’s PHC re-engineering strategy. The outreach teams consist of Community Health Workers (CHWs), led by a nurse and are linked to a PHC facility. The district is continuing with household registration and actively participating in “WAR Rooms”.

CHWs assess the health status of individuals in the households. They provide health promotion education, identify those in need of preventive, curative or rehabilitative services, and health-related counseling, and refer those in need of services to the relevant PHC facility.

The district has contracted 40 ENAs as team leaders and 32 PNs to pursue outreach services. There are 26 Municipal Ward-based Primary Health Care Outreach Teams (WBPHCOTs) within the District.

#### Social Responsibility Programs:

There are two antipoverty sites (Mbizana ward 14 and Mount Frere ward 14). The total number of clients seen within anti-poverty sites is 5915 (Adults: 4602 and Children: 1313)

#### District Clinical Special Teams (DCSTs):

The district has Four (4) DCST specialists' posts out of the seven that are filled which advance primary health nurse, advance midwife, advanced pediatric nurse and Family Physician doctor. However, the district has also three specialists (Paediatrician, Obstetrics & Gynaecology and Anaesthetist) that have been appointed for St Patrick's hospital in 2016/17 for the reduction of maternal and child mortalities within the District.

#### Ideal Clinic Realisation Maintenance (ICRM)

The District has achieved ideal clinics status on the following clinics since 2015/16 financial year until to date.

Name of the facility	Sub-District	Status
Matatiele community	Maluti	Platinum
Shepherds-hope	Maluti	Silver
Mkhemane	Umzimvubu	Gold
Mhlotsheni	Umzimvubu	Silver
Dundee	Umzimvubu	Silver
St Patricks gateway	Umzimvubu	Bronze
Tsawana	Umzimvubu	Bronze

#### National Core Standards and PEC Results for Hospitals:

Improvements in National Core Standards is observed on the extreme and vital measure as per requirement. According to the results out of Six (6) District Hospitals, four (4) achieved 70% and above; Namely, St Patricks achieved the total score of 78%, Sipetu 72%, Mt Ayliff 71% and Tayler Bequest 70%.

#### Access to pharmaceutical services:

#### CENTRALISED CHRONIC MEDICINES AND DISPENSING AND DISTRIBUTION

The district has sixty-six (66) active facilities and 21 adherence clubs offering on CCMD services.



Stock visibility system:

There is 90% availability of nmeduicaine within PHC facilities.

Antiretroviral treatment availability is 95%

Anti-TB treatment availability is 91%

Children Vaccines availability is 89%

#### E-Health Strategy

The Health Patient Registration System (HPRS) has been developed and set up to provide a Patient Registry and Master Patient Index (MPI) service using the South African Identification number and all other legal personal identification numbers (e.g. the passport number) as the primary patient identifier, making it possible to track patients at all levels of care for improving quality and continuity of care. The establishment of a National MPI is a key building block for the migration to NHI and the development is supported by the South African eHealth Strategy (2012).

Alfred Nzo District has registered a total number of PHC facilities capturing clients through the HPRS system. 433 computers were delivered and installed to PHC facilities for this purpose.

Local Municipality	Registered Clients
Matatiele	73 298
Ntabankulu	31 705
Umzimvubu	65 519
Mbizana	91 749
Total registration for the District: 262 272	

All 81 facilities in the district are fully utilizing Web-DHIS for statistical data management since February 2017. There are 73 facilities (90%) are implementing TIER.net for HIV and 25 facilities are implementing ETR for TB data management.

Infrastructure:

Health Facility Improvement Plans:

A: Hospitals

Hospital revitalization:

Madzikane Ka-Zulu Memorial and St Patrick's hospitals have fully revitalized.

Under Construction:

Sipetu hospital is currently in two construction phases (2nd Main hospital & 3rd staff residence building). Khotsong hospital on the 3rd phase (construction of the main hospital buildings).

Planned

There are three hospitals in the planning stage for renovations and refurbishment (Tayler Bequest,

Mt Ayliff, and Greenville). They are expected to be on tender during the 2020-2021 financial year.

#### B: PHC Facilities

##### Upgrade Program PHC:

Maluti Health Center is currently in phase one (Fencing completed) whilst Ntabankulu Health Center is still in the planning stage and it is expected to be out on tender during the 2019-2020 financial year.

##### Clinics on upgrade program:

Two clinics (Meje and Nyaniso) are currently being upgraded from 8 Hour to 24-hour services. They have both completed the first phase of construction.

##### Clinics on upgrade from mud structures to the formal structure:

The district has three clinics on the upgrading plan namely, Lugangeni, Tela, and Dutyini. Zulu clinic is also earmarked for an upgrade.

##### Newly built clinics:

There is one donated clinic at Umzivubu sub-district, Mpindweni clinic which on the last phase of construction (construction of nurses' home).

#### C: Municipal services:

##### Electricity Connectivity

The district has progressed with the installation of electricity in facilities and the distribution is as follows:

Local Municipality	With Electricity	Without Electricity
Matatiele	16	04
Mbizana	16	06
Ntabankulu	09	02
Umzimvubu	18	03
Total	59	15

##### Domestic waste management

The District is through the NHI budget managing/ collecting domestic waste from all PHC facilities to comply with National Environmental Waste Management Act of 2008. The service has started in January 2018. Medical waste is collected from all facilities by Compass Waste to comply with National Environmental Waste Management Act of 2008.

##### NHI Budget:

## Financial

A total budget of R 7 000 000.00 has been allocated for the district meant for only good and services. The budget was utilized to improve services and a lot of medical equipment has been procured and distributed to PHC facilities. The medical equipment procured is amounting to R930 125, 94, Medical stationary of R 2 700 000.00, domestic waste contract amounting to R154 273 and cleaning services contracts amounting to R 886 319.

### 3.3.7. Education and training

AND has 274 primary schools, 482 combined schools and 77 secondary schools (823 schools in total). There is also a TVET college (Ingwe College). There are three campuses of Ingwe TVET College in the district: Mount Frere, Bizana (Siteto campus) and Matatiele/Maluti. Project Isizwe has provided free wi-fi access for Mount Frere TVET campus and surrounding communities.

Some schools are overcrowded and need more classrooms, others are under-utilised. ASIDI has been building new schools in the district. GTAC is conducting a study to inform the school rationalization process. The district has low literacy rate (50%). A high % of the population is without schooling; and a low % of the population has higher education.

Generally the quality of education and training is not good and should be improved. This is an essential condition for the future growth and development of the area. Indeed, education and training are a development priority of ANDM. DRDLR launched the National Rural Youth Services Corps (NARYSEC) in 2010 to train unemployed youth in skills relevant to CRDP projects.

Future priorities include:

Improve the quality of education in AND and reduce classroom backlogs.

Ingwe TVET College to provide skills, particularly for infrastructure, construction and maintenance and modern farming practices. Ideally the college offerings should be extended and a full range of relevant curricula should be offered (in view of the very youthful population of AND)

Development partnerships between Ingwe TVET college and, for example, SANRAL, War on Leaks, Youth Farming Initiatives etc

Mobilise resources for the TVET expansion and upgrading through relevant SETAs, mining companies etc

Ideally NARYSEC should also be scaled-up in AND

Focus on improving the skills pipeline for growth sectors and major projects and specifically SETA resource mobilization and curriculum development.

ANDM should engage with DRPW to scale-up the Accelerated Professional and Trade Competencies (APTCoD) in the district.

### 2.3.8. Agriculture

Agriculture is currently the main economic activity in the district; it is one of the most prominent sectors

that possess a lot of potential for development. Currently, it has a limited base for economic expansion due to the fact that majority of farming in the district is traditional subsistence farming. Commercial farming is only limited to the Cedarville area within the Matatiele Local Municipality (north east of the District). It is however worth noting that although confronted with these challenges, ANDM has favorable climatic conditions and is highly endowed in the availability of arable land suitable for development of the agricultural sector. As such the agricultural sector in ANDM has been identified as a priority sector for development.

In an effort to change the current status quo of the agricultural industry in the district, government has introduced a number of programmes in support of small holder farmers with the intended objective of developing them into sustainable commercial farmers and also creating value chains in the process, thereby establishing an Agricultural Industry in the district.

It is in this regard that the District is in the process of implementing an Agri-Parks programme which aims to bring about rural economic transformation and sustainable economic growth in the district. In an effort to change the current status quo of the agricultural industry in the district, government has introduced a number of programmes in support of small holder farmers with the intended objective of developing them into sustainable commercial farmers also creating value chains in the process, thereby establishing an Agricultural Industry in the district. Past experiences serve as evidence to us that by providing subsistence farmers with the necessary support, there is great potential for graduating from subsistence to commercial farming.

In-line with the national priorities thereof, towards the development of the Agricultural sector, the Alfred Nzo District is in the process of implementing an Agri-Parks (APs) programme which aims to bring about rural transformation and sustainable economic growth in the District. One of the key objectives of the Agri-Park Programme is to “Promote the skills of and support to small-holder farmers through the provision of capacity building, mentorship, farm infrastructure, extension services, production inputs and mechanisation inputs”.

These APs are aimed at creating an enabling environment for economic development and job creation, with a focus on value chains for dominant products. An Agri-Park (AP) will typically comprise of the following three basic units; a Farmer Production Support Unit(s) (FPSU), a central Agri-Hub (AH) & a Rural-urban Market Centre (RUMC). The ANDM Agri-Parks Business Plan (CSIR, 2016) plans for a central agri-hub to be located in Cedarville, with Farmer Production Support Units (FPSU) in each LM area. The FPSUs supply raw materials to be processed at the Agri-Hub:

Cedarville agri-hub: Products to include animal feed, maize meal, mutton, scoured wool, prepacked potatoes, fresh and frozen vegetables.

Mount Frere FPSU: feedlot and woolshearing

Matatiele FPSU: maize support and silos; feedlot and woolshearing

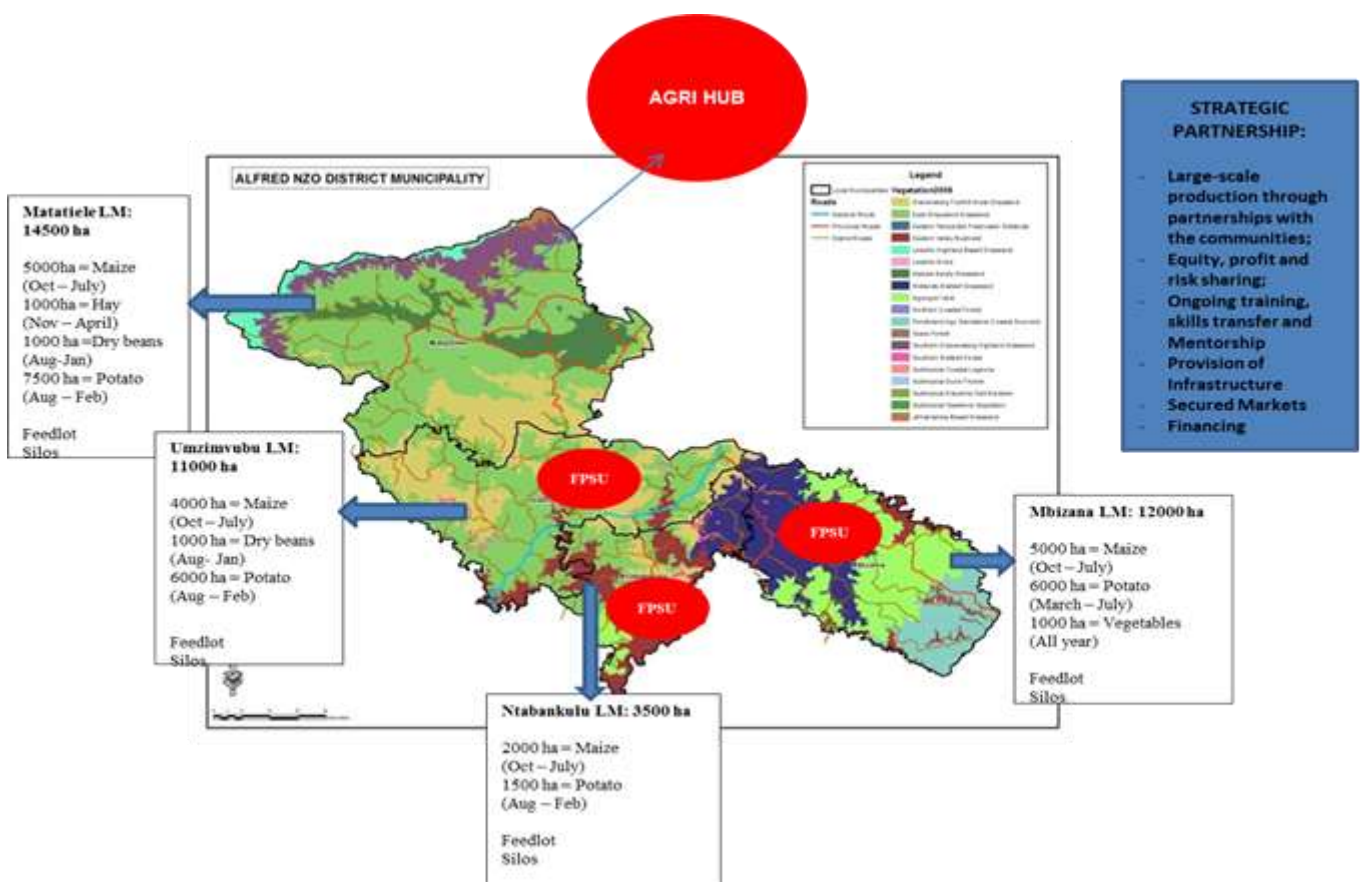
Mount Ayliff, Mbizana and Ntabankulu FPSUs: vegetables

As part of the Agri-Park Implementation, the District has thus adopted a model that seeks to enhance the district primary production with the intended objective of elevating the district farmers from subsistence farming to Semi-Commercial and eventually Commercial farming.

For sustainable Agricultural Production in ANDM, an “Agri-production model” as illustrated below has been developed and tested through a pilot programme, which entails:

Crop production and mechanisation, possible partnership with private sector and the Departments of Rural Development & Agrarian Reform (DRDAR) and Land Reform (DRDLR) for risk sharing

## Agri-Production in ANDM – A five to ten-year perspective



The model, as cited in the diagram above envisages that in the next five to ten years, ANDM farmers will be in a position to operate as commercial farmers through these programmes by aggressively capacitating and providing ongoing mentorship and thus deriving income, creating jobs and sustainable living for all.

The expansion of the programme will be facilitated through application of the same model or a combination of strategies implemented on larger and increasing scale in partnership with other role players in the industry. ANDM holds a strong view that a solidified establishment of the primary sector will act as a catalyst for the development of a value chain and an agricultural industry.

As stated in the diagram, and subject to detailed verification, ANDM aims to plough a total of 41000 ha which is a conservative target from that one which was initially identified in the ANDM Grain Master

Plan of 80 000. Furthermore, against the current trend of ploughing 1 crop a year, ANDM wishes to initiate crop rotation in order to intensify production and place emphasis on the commercialisation aspect of the programme.

The target commodities include maize, hay, dry beans and potato subject to the suitability of land in each local municipal area. Furthermore, it must be noted that production on the ground for each year may include other commodities not necessarily stated in the production expansion model.

In addition to the Agri-Parks Programme, the following are the Agricultural programmes that are available in the District;

Siyazondla Homestead Food Production (Green revolution)

Cropping Programmes

Land Care Programme

Communal Soil Conservation Scheme

Resource Planning Programme

Natural Resources

Comprehensive Agriculture Support Programme (CASP)

Livestock Production Improvement Programme

Micro-Economies (Business Plan development, Coop Registration, Marketing)

Veterinary Services

Umzimvubu Agricultural Show

Farmer Mentorship (Livestock & Cropping)

Extension and Advisory services

Household Food Security programme

Farmer Development Programmes

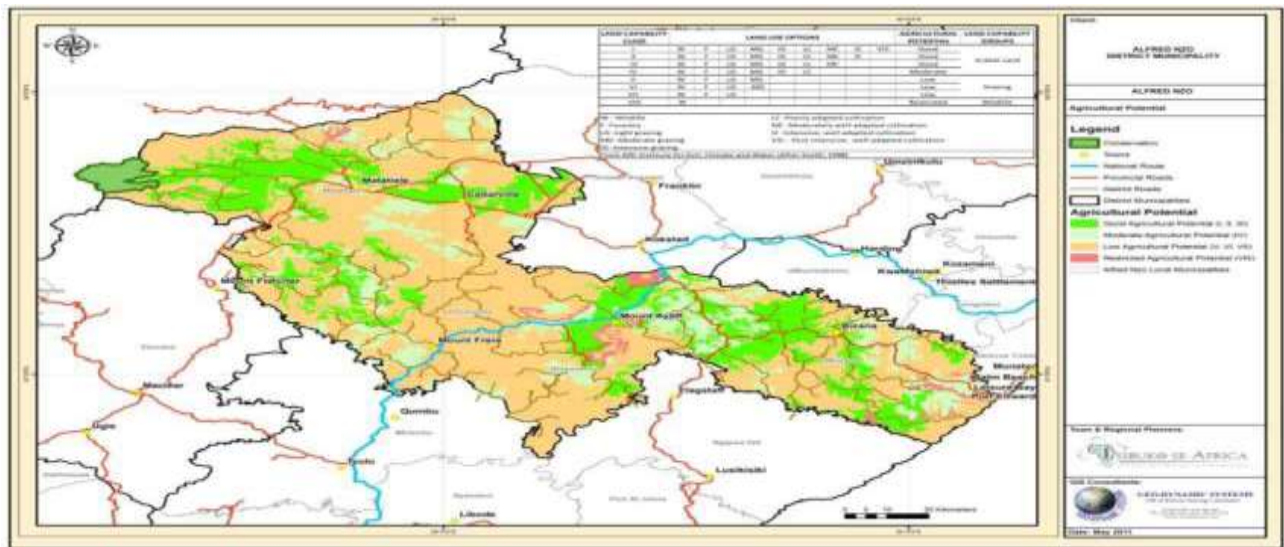
Small Scale Fishing Support Programmes

School Nutrition Programme

These programmes are complementary to the Agri-Parks Programme, and not treated in isolation.

In response to various challenges and obstacles in the sector, ANDM has thus adopted a Public-Private strategic partnerships approach with existing industry role players in order to accelerate transformation and commercialisation of the Agricultural sector in the District. These partnerships will be centered around the following areas; Mechanisation, Training and Mentorship, Provision of the required infrastructure to support the programme such as fencing, access roads, storage facilities and Access to markets. As such ANDM still needs enhanced agricultural interventions that can create and support profitable smallholder enterprises (through, for example, CPPP's, contract farming arrangements/outgrower schemes, and collection/aggregation systems).

Map 1: Overview of Agricultural Potential Land



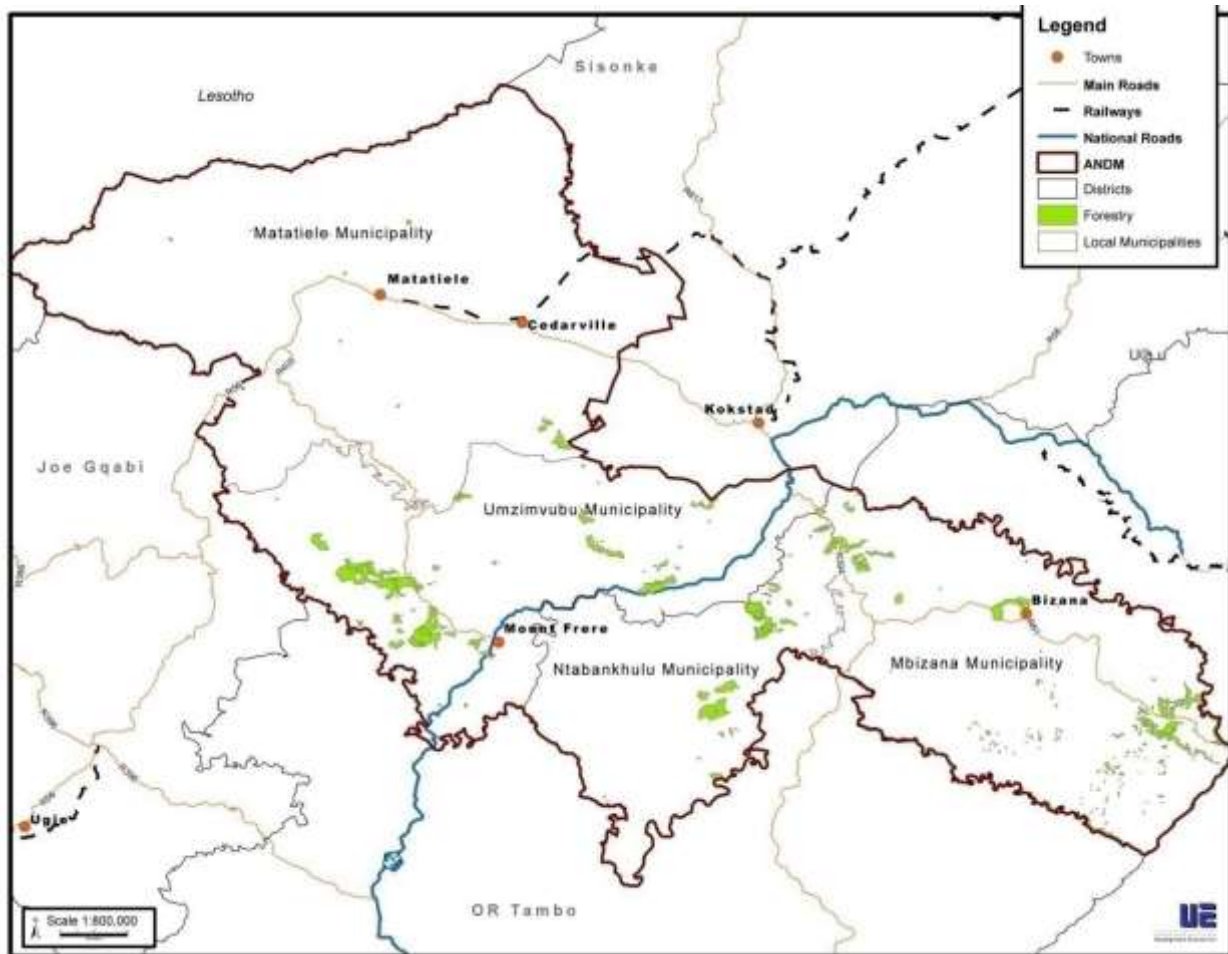
7 See DRDAR's "EC Agricultural Economic Transformation Strategy, 2020-2021"

8 Irrigable land parcels are less than 50 ha each.

### 2.3.9. Forestry

The following data is extracted from EC Forestry Sector Profile (DWAF, 2007):

	Mbizana	Ntabankulu	Umzimvubu	Matatiele	TOTAL
Commercial plantations	0	1051	3149	0	4200
Woodlots (ha)	951	92	285	408	1736
Indigenous (ha)	2749	2252	1527	1224	6752
Afforestation potential	119710	35713	131288	250928	537639
Afforestation potential (good)(ha)	2590	13467	27746	18310	62113
Number of Sawmillers	0	0	4		4







There are two recent ECRDA/Jobs Fund/Sappi Community Forestry projects in Mbizana: Sinawo and Izinini. Sinawo Forestry is located on land previously used by North Pondoland Sugar. There are two main issues with community forestry. Firstly, the economic returns to communities are fairly small and long-term, particularly when there are hundreds of household beneficiaries. Secondly, afforestation takes land away from other land uses (such as grazing and even arable farming) that may offer better economic returns.

Future community forestry projects should therefore be approached with due caution. But AND has very substantial afforestation potential (56% of the total land area of the district) which if realized would provide direct employment opportunities and (in time) downstream opportunities. Community forestry projects demonstrate that CPPP's can work. CPPP's should be more prevalent in more employment-intensive sectors (such as irrigated agriculture/horticulture). Future priorities include:

Identify communities wishing to enter into community forestry arrangements

Explore partnerships with Sappi and Hans Merensky.

#### 2.3.10. Commerce and industry

AND has no major commercial centres and inputs are bought from Kokstad, Port Shepstone and Mthatha. (Mount Frere is nearer to Kokstad than Mthatha, 87km versus 104km, but Mthatha-Mount Frere is the busiest taxi route in the EC). But AND has a busy commercial sector, with shops in the main towns, rural service centres/transport nodes and some villages. There are new enterprises such as 100% black- owned Matatiele Grainco providing mechanization and transport services to the farming sector.

The manufacturing sector is extremely small, consisting of:

Activities in old Transido complexes

Concrete block-makers

Sawmillers (one medium and three small in Mzimvubu)

Sanami: SEDA Alfred Nzo Agro-Manufacturing Incubator at Mount Ayliff (See [sanami.co.za](http://sanami.co.za))

Crafts enterprises

Priorities include:

Commercial property developments (see 2.11 below)

Upgrade of Transido complexes

Attraction of new incubators

Agro-industrial development

Crafts development

#### 2.3.11 Tourism

The district has an active tourism economy, including:

Wild Coast Sun (golf course and R80 million Wild Waves Water Park) 750 ha

B&Bs

Tour operators, such as Mzamba Tours and Itembalampondo Tours

Craft Route: Matatiele to Mount Frere

Mehloding Hiking Trail

Mbizana birthplaces of OR Tambo and Winnie Mandela

Ntabankulu Cultural Village

Events such as Ntabankulu Pondo Festival and Matatiele Jazz Festival (including pop- up fashion shows

The district has very good potential to grow the tourism economy and multiply tourism- based enterprises (including crafts) particularly in view of the new Wild Coast N2 and ANDM's useful framing concept of "Beach to Berg". Potential exists around ecotourism, cultural and heritage tourism.

All local municipalities have a tourism office, but there is an absence of an active "Beach to Berg" website. The B2B website should include:

Attractions (with detailed write-ups)

Events

Accommodation

Routes and maps

Photos (there are two good ANDM tourism brochures with excellent photos)

Community-based ecotourism operators

Priorities for the development of the sector include:

Set-up active Beach to Berg (B2B) website

Improve infrastructure and signage of B2B route

Plan tourism-related property developments (see next section)

#### 2.3.12. Construction and Property development

The employment-intensive construction industry presently accounts for about 10% of jobs in the district and there is good potential to grow this sector (in terms of employment and growth of local emerging contractors) based on public sector infrastructure contracts and private sector property developments. However, there are a number of obstacles to sector development that must be addressed. There are many opportunities for private property developments in AND. Examples include:

Coastal developments associated with the new N2 (such as OR Tambo Theme Park at Mzamba)

Inland tourism projects (such as Matatiele waterfront)

New commercial developments, such as shopping complexes

Small town developments (such as new Mount Ayliff precinct)

Transport nodes/precincts: such as at Pakade junction and Phuti junction

Middle-income housing

Hawkers facilities and taxi ranks (including public toilets)

The sector's development is being held back by a number of issues, including:

Land issues (see below)

Opportunities for local emerging contractors in public sector infrastructure contracts

Training opportunities for TVET students in infrastructure contracts.

Need for a Contractors Development Programme (planned by ANDM)

Private sector property development requires long-term legal security of land rights. These are often not readily available, due to the following issues:

Land claims. There are 146 claims in the district, and only one resolved (in Matatiele LM). The towns of Mt Ayliff and Mt Frere are under claim.

There are many parcels of state-registered land in the district, but these parcels are not available for development. There is need for a State Land Audit (with DRDLR) so that titles can be sold or long-term leased.

Much of the district is under communal tenure. For parcels of prime development land

Communities should be able to get formal rights so that long-term investment partnerships can be created with the private sector.

High-priority development precincts should be identified and land titles acquired.

Future priorities include:

Resolve land claims speedily (with assistance from the Land Claims Commission)

ANDM to do a state land audit and get access to state land for property development.

□ ANDM to support communities to acquire titles over communal land for development. DRDLR can assist with this.

Identify and prioritise land precincts to be titled for private investment (such as

Coastal tourism nodes; transport nodes; along development corridors and possibly high-potential agricultural zones). This will be in preparation for a proposed AND Land Assembly.

Ensure public sector contracts provide business and training opportunities for local people.

Implement ANDM Contractors Development Programme.

Detailed planning around Wild Coast N2 and coastal development.

### 2.3.13. SMMEs

Small enterprises are found in all the sectors reviewed above, with great variation in incomes and formality. They include street traders, shopkeepers, commercial smallholders, taxi operators, motor repairs/panel-beaters, building contractors and block-makers, Transido complex enterprises, B&B operators and professionals (such as lawyers and medical practitioners) etc. AND has an emerging culture of enterprise and entrepreneurship. It is important to note that communities can be enterprising, using such techniques as asset-based community development (ABCD). It is clear that SMME development has most potential for development around four value-chains already discussed:

Sawmillers and other downstream wood-using enterprises

Emerging small commercial farmers (and downstream activities)

Construction and builders

Tourism-related enterprises (including crafters)

Small enterprises are supported by SEDA and ECDC and will benefit from the successful implementation of sector strategies, including, for example, infrastructure for street traders, new commercial developments and incubators.

Possible future priorities include:

ANDM must identify all existing SMEs in the four priority value chains and facilitate partnerships to remove obstacles to value-chain development and support enterprise start-ups and growth.

Use e-connecting and e-learning to form local groups of people that share development interests, and are experimenting with the possible

Techniques of ABCD should be more widely known and practised

Virtual and physical (combined) enterprise incubators should be more ubiquitous than at present.

### 2.3.14. Environmental protection

AND faces a number of environmental issues that could jeopardise future development efforts, particularly tourism development and agricultural development.

The environmental issues to be addressed include:

Land degradation caused by livestock over-grazing, indicating the need for land rehabilitation projects (and fencing)

Human settlement encroachment on agricultural land.

Untreated sewage flowing into rivers

Illegal building on the Wild Coast. DEDEAT's Wild Coast Nature Conservation Plan

and the nodal development approach need to be strictly enforced.

Absence of solid waste disposal and recycling systems

Scaling-up environmental EPWP.

Existing conservation areas include:

Pondoland Centre of Endemism

Maluti Drakensberg Transfrontier Conservation Area

Matatiele Nature Reserve

Ongelukusnek Nature Reserve.

There is a severe threat to Wild Coast conservation from the new N2 (Mzamba to Mtentu). But there are also great development opportunities. This issue requires special attention.

#### 2.3.15. Public sector

The public sector is the dominant player in the socioeconomic development of the AND and potentially a key enabler of economic growth. The public sector in AND includes:

ANDM

The four LMs

Schools and health facilities

Police and magistrates courts

Ingwe TVET college

Other activities by provincial and national sector departments and agencies, such as DRDLR, DRDAR, ECRDA, DEDEAT, ECDC, SEDA, SANRAL, Public Works etc

To achieve its developmental mandate the public sector must have strong leadership and much improved management capabilities. NDP and ECPDP have proposals on how this can be achieved.

Economic governance leadership in the AND should have:

Good knowledge of the economic issues facing AND

A good understanding of the needs of stakeholders

A clear development vision and agenda

An ability to communicate these persuasively to relevant stakeholders.

An ability to leverage resources from state sector departments and state-owned entities (such as IDC and PIC).

Tourism activities within the District are currently fragmented, therefore the District undertook development of the Beach to Berg (B2B) Corridor Development Plan as an output of the Tourism Sector Plan and 2012 SDF. The B2B development plan is a framework for implementing a collection of initiatives or programs consolidated into one umbrella to grow regional development and assist in economic development of the region through tourism. The following are the main elements of the Beach to Berg project:

Beach to Berg

Borderlands of Eastern Cape, KZN and Lesotho

The Mzimvubu and its tributaries, the Tina, Kinira and Mzintlava rivers Place of deep river pools and occult snakes, mamlambo and inkanyapa From Nomansland, East Griqualand and Amadiba's coastal edge

To postcolonial precincts and harmonious productive partnerships

The shared home of Oliver Tambo, Winnie Mandela And other fallen heroes

### 2.3.16. THE ANDM SWOT ANALYSIS

Strength	Weakness
<p><b>Location of the district: well located on the major economic corridors.</b></p> <p><b>Revenue Enhancements.</b></p> <p><b>Improved rates and tax collections.</b></p> <p><b>Orderly planning.</b></p> <p><b>Tourism opportunities, especially between Mbizana and Matatiele</b></p> <p><b>Large traces of virgin land</b></p> <p><b>N2 highway that traverses Mount Ayliff and Mount Frere</b></p> <p><b>ANDM is a gateway between KwaZulu-Natal and Eastern Cape</b></p> <p><b>Water sources e.g. Mntavuna, Mthentu and Umzimvubu rivers</b></p> <p><b>Topography/landscape in relation to tourism attraction</b></p> <p><b>Natural environment</b></p> <p><b>Favourable land for agriculture</b></p> <p><b>Good climate for grain production</b></p> <p><b>Geographically denser compared to other comparable District municipalities in the province.</b></p>	<p>Investors are afraid and not willing to invest in places such as Mbizana due to inadequate infrastructure.</p> <p>Most towns within the district lack integration or linkages between each other.</p> <p>Lack of controls in land development.</p> <p>Lack of understanding between politicians and traditional authorities.</p> <p>No proper economic relation between towns in the district.</p> <p>Shortage of skills and personnel within the district.</p> <p>Inadequate implementation of LUMS could hamper provision of infrastructure and services to the entire area.</p> <p>Poor management of border gates in Matatiele Local Municipality.</p> <p>Poor spatial development vision for the whole district (long term basis).</p> <p>Poor institutional arrangements for implementing strategies and policies.</p> <p>Lack of funding.</p> <p>Uneven terrain (mountainous).</p> <p>Mostly rural (less revenue collection)</p> <p>Fragmented tourism clusters</p> <p>Unused arable land</p> <p>Disintegration of the ANDM towns</p> <p>Land claims on the ANDM urban commonages (delaying development)</p>
Opportunities	Threats
<p><b>There is potential for the district to attract investors, provided there are clear LUMS frameworks.</b></p> <p><b>Alfred Nzo District Municipality is closest to neighbouring, well-resourced Kwazulu-Natal, in terms of economic development and trade.</b></p> <p><b>Opportunities are open for agricultural activity, especially commercial farming within Matatiele Local Municipality, and also, large forestry potential exists.</b></p> <p><b>Proposed N2 toll road.</b></p> <p><b>Proposed Coastal Smart City.</b></p> <p><b>Tourism opportunities for Matatiele Local</b></p>	<p>Lack of clear LUMS could harm development in the district.</p> <p>It is envisaged that investors might lose interest in the district because of the proposed N2 route to the coastal area that links Durban to East London.</p> <p>High level of nepotism, sabotage, corruption, fraud and unresolved land claims.</p> <p>Disaster prone and environmental degradation.</p> <p>The only sub-regional node is Kokstad, which is in Kwazulu-Natal.</p> <p>No designation for land sheet traders.</p> <p>Poor storm water management.</p>



Strength	Weakness
<p><b>Municipality i.e. Drakensburg Mountain as a tourist attraction and events such as the Masibuyelembo and Matat Festivals which give the district an exposure to regional and provincial Tourists.</b></p> <p><b>Alfred Nzo District Municipality's central locality between Kwazulu-Natal, Lesotho, Free State and Eastern Cape.</b></p> <p><b>Fishery opportunity in Mbizana.</b></p> <p><b>N2 wild coast route.</b></p> <p><b>The integration of Ocean's economy and the Wild Coast highway.</b></p> <p><b>Rich in heritage (home to several liberation movement stalwarts)</b></p> <p><b>Relocation of Alfred Nzo Regional Sector Government Department offices which could result to a construction boom at eMaxesibeni.</b></p> <p><b>Forestry</b></p>	<p>N2 wild coast (most vehicles passer-by are envisaged to use the new N2 route, which will not pass any of the ANDM towns. The proposed route will cover only a 30 km stretch compared to the 100km stretch passing the district currently and this will have a negative impact on the economy of these towns)</p> <p>Poor Road conditions, particularly on the N2 between Ngcweleni Bridge and KwaBhaca CBD, and R56 between Kokstad and Matatiele</p> <p>Vehicular accidents caused by livestock.</p> <p>Frequent service delivery Protests, risk to the existing infrastructure.</p> <p>Economic leakage</p>

To enable performance in these six areas ANDM employs about 580 people. About half of employees are skilled (managerial, professional and technical) and the other half are semi- skilled or unskilled. The average employee compensation was R320m projected in 2022-2023 FY which translated to 39,8% of the total operating expenditure.

#### Segment staff compensation

ANDM continues to be almost entirely dependent on income from grants. Own revenue (mainly from water and sanitation service charges) accounts for only 5.2% of total income.<sup>10</sup> Conditional grants (mainly MIG and MWIG) accounted for 42.13% of total income and equitable share at accounted for 46.1% of total income. Essentially equitable share covers Opex and conditional grants cover capex. Total expenditure in 2021/22 was roughly equally split between Opex and capex. Most of the capex budget goes to extending bulk water supply throughout the district.

## Assets.

ANDM has assets worth R 5 502 608 101 at end June 2021, in the form of land and buildings, water and sanitation infrastructure (although much is old and requiring maintenance and rehabilitation), motor vehicles and current assets such as cash, investments and debtors (accounts receivable for water and sanitation services). There are personnel at a middle level management appointed to manage offices in line with their line functions of responsibility. The District municipality has satellite offices in all four local municipalities.

The following table outlines the audited depreciated values of the ANDM asset portfolio:

Asset type	Audited depreciated value at end June 2020
Land and Buildings	R 56 353 471
Infrastructure (water and infrastructure)	R 2 300 883 484
Other property, plant and equipment	R 95 618 931
Assets under construction	R 2 389 245 816
Current assets	R 660 506 399
<b>TOTAL ASSETS</b>	<b>R 5 502 608 101</b>

## Financial Viability and Financial Management

Financial viability at a district municipality level demands:

Optimal financial management (outcomes based budgeting)

Effective systems (financial, technological and human)

Ability to generate own revenue.

Sound financial management practices are essential to the long-term sustainability of municipalities. They underpin the process of democratic accountability. Weak or opaque financial management results in the misdirection of resources and increases the risk of corruption. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

With good Performance Based Management there is a close alignment of planned expenditure to programme and project inputs and outputs. This applies to both capital and operational

programmes and projects. It can also apply to the support service for the projects and programmes as well as for the Municipality as a whole.

The Budget provides the baseline for the allocation of resources. To make implementation happen effectively the managed disbursements of these financial resources is required.

A sound Financial Management System that supports priority delivery by controlling the efficient channelling of finances. The financial management system must interact to ensure that resources are used:

In the right amount;

At the right time; and

In the right way,

In order to produce the outputs envisaged within the priority objectives and prioritised projects of the IDP.

Budget Summary

ALFRED NZO DISTRICT MUNICIPALITY									
MID-TERM ADJUSTMENT BUDGET 2021 - 2022									
MTREF									
SUMMARY - ALL DEPARTMENTS									
DRAFT ANNUAL BUDGET 2022- 2023	BUDGET YR.1								
	2021 - 2022 Medium Term Revenue & Expenditure Framework			2022 - 2023 Medium Term Revenue & Expenditure Framework					
	FINAL ANNUAL BUDGET 2021 - 2022	MID - TERM ADJUSTMEN T BUDGET 2021 - 2022	DRAFT ANNUAL BUDGET 2022 - 2023	Budget Year +1 2023/24	Budget Year +2 2024/25	(INCREASE)/D ECREASE		% TO OP EX	%TOTAL EXPEND ITURE
DESCRIPTIONS	R	R	R	R	R			%	%
INTERNAL FUNDS (OWN REVENUE)	- 69 476 599,61	- 66 246 541,58	- 69 723 220,72	- 72 845 777,94	- 76 181 036,54	3 476 679,14		8,5 %	4,9%
GRANTS -NT / PT	- 588 088 000,00	- 737 220 914,00	- 572 755 000,00	- 625 077 316,00	- 658 240 195,22	- 164 465 914,00		69,5 %	40,2%
EQUITABLE SHARE	- 618 487 000,00	- 618 487 000,00	- 686 652 000,00	- 732 425 000,00	- 780 318 000,00	68 165 000,00		83,3 %	48,2%
OPERATING RESERVES /	- 77 602	- 100 000	- 100 000	- 104 400	- 109 098			12,1	7,0%

INVESTMENTS	434,54	000,00	000,00	000,00	000,00	-		%	
TOTAL OPERATING REVENUE	- 1 353 654 034,15	- 1 521 954 455,58	- 1 429 130 220,72	- 1 534 748 093,94	- 1 623 837 231,76	- 92 824 234,86			
OPERATING EXPENDITURE									
TOTAL EMPLOYEES RELATED COST	314 055 299,35	311 473 139,89	320 351 797,77	334 519 408,47	349 642 582,35	- 8 878 657,88		38,9 %	22,5%
TOTAL DEPRECIATION	100 000 000,00	100 000 000,00	100 000 000,00	104 400 000,00	109 098 000,00	-		12,1 %	7,0%
TOTAL REPAIRS & MAINTENANCE	47 230 700,00	54 330 700,00	69 650 000,00	72 615 800,00	75 861 856,00	- 15 319 300,00		8,5 %	4,9%
TOTAL GRANTS AND SUBSIDIES PAID	20 000 000,00	20 000 000,00	30 000 000,00	31 320 000,00	32 729 400,00	- 10 000 000,00		3,6 %	2,1%
TOTAL BULK PURCHASE	8 000 000,00	8 000 000,00	10 000 000,00	10 440 000,00	10 909 800,00	- 2 000 000,00		1,2 %	0,7%
TOTAL GENERAL EXPENSES	270 764 870,84	272 805 863,10	269 595 453,92	268 482 517,89	280 621 881,20	- 3 210 409,18		32,7 %	18,9%
TOTAL CONTR TO/FROM PROVISIONS	25 000 000,00	21 400 000,00	24 600 000,00	25 682 400,00	26 838 108,00	- 3 200 000,00		3,0 %	1,7%

TOTAL OPERATING EXPENDITURE	785 050 870,19	788 009 702,99	824 197 251,69	847 460 126,36	885 701 627,55	- 548,70	36 187		
OPERATING (SURPLUS) / DEFICIT	785 050 870,19	788 009 702,99	824 197 251,69	847 460 126,36	885 701 627,55			100,0%	57,9%
CAPITAL PROJECTS	564 360 200,00	730 733 924,01	599 845 900,00	666 518 620,00	701 440 562,40	130 888 024,01		72,8%	42,1%
TOTAL EXPENDITURE	1 349 411 070,19	1 518 743 627,00	1 424 043 151,69	1 513 978 746,36	1 587 142 189,95				
TOTAL BUDGET (SURPLUS) /DEFICIT	- 4 242 963,96	- 3 210 828,58	- 5 087 069,04	- 20 769 347,57	- 36 695 041,82				

## Income Allocations and Sources

The Alfred Nzo Municipality derives its income from several sources:

### National:

Equitable share

Finance Management Grant

Regional Bulk Infrastructure Grant

Municipal Infrastructure Grant Funding

WSIG - Water and sanitation backlog funding (DWA)

Road Asset Management Grant - RAMS

Expanded Public Works Programme - EPWP

Infrastructure Skills Development Grant – ISDG

Municipal Systems Improvement Grant

### Own income:

Water and Sanitation service fees

Interest from investments

The Municipality has a low income base and is heavily dependent on National and Provincial Grants. This trend exhibits little expectation that the Municipality will reduce its dependency from these sources of funding in the near future.



DRAFT ANNUAL BUDGET 2022 -  
2023

REVENUE

DESCRIPTION	FINAL ANNUAL BUDGET	YR DATE ACTUAL INCOME	TO ADJUSTMENT OF MID-TERM BUDGET 2021 - 2022	DRAFT ANNUAL BUDGET 2022 - 2023	Budget Year +1 2023/24	Budget Year +2 2024/25
Interest Investments (14000/801)	- 30 108 032,24	- 14 735 296,14	- 28 470 596,00	- 30 178 831,76	- 31 506 700,36	- 32 924 501,87
TOTAL INTEREST RECEIVED	- 30 108 032,24	- 14 735 296,14	- 28 470 596,00	- 30 178 831,76	- 31 506 700,36	- 32 924 501,87
Equitable Share (14000/14001)	- 618 487 000,00	- 257 703 000,00	- 618 487 000,00	- 686 652 000,00	- 732 425 000,00	- 780 318 000,00
FMG. (14000/16100)	- 1 950 000,00	- 1 950 000,00	- 1 950 000,00	- 1 950 000,00	- 1 950 000,00	- 1 950 000,00
MSIG	-	-	-	- 2 787 000,00	- 2 380 000,00	- 2 380 000,00

EPWP (14000/16108)	- 9 740 000,00	- 2 435 000,00	- 9 740 000,00	- 9 337 000,00	-	-
MIG. (14000/16111)	- 398 778 000,00	- 232 409 913,94	- 487 510 914,00	- 433 122 000,00	- 453 622 000,00	- 475 431 000,00
Regional Bulk Infrastructure Grant (14000/16113)	- 55 780 000,00	- 21 696 929,44	- 115 780 000,00	- 15 000 000,00	- 43 969 000,00	- 60 000 000,00
WSIG (14000/16122)	- 110 000 000,00	- 63 800 000,00	- 110 000 000,00	- 100 000 000,00	- 115 000 000,00	- 109 725 000,00
Infrastructure Skills Development Grant. (14000/16128)	- 5 500 000,00	- 3 000 000,00	- 5 500 000,00	- 5 500 000,00	- 5 500 000,00	- 6 000 000,00
Energy Efficient Demand Side Management (14000/16136)	- 4 000 000,00	- 3 000 000,00	- 4 000 000,00	- 2 420 000,00	-	-
LG SETA DISCRETIONARY	-	-	- 350 000,00	- 189 000,00	- 197 316,00	- 206 195,22
LGESTA Mandatory Grant : training	-	-	-	-	-	-
SERVICES SETA - CARREER EXHIBITION	-	-	- 50 000,00			
Rural Road Asset Management Grant (14000/16115)	- 2 340 000,00	- 1 638 000,00	- 2 340 000,00	- 2 450 000,00	- 2 459 000,00	- 2 548 000,00

TOTAL GRANTS	- 1 206 575 000,00	- 587 632 843,38	- 1 355 707 914,00	- 1 259 407 000,00	- 1 357 502 316,00	- 1 438 558 195,22
Reserves (14000/1612*7)	- 77 602 434,54	- 77 602 435,00	- 100 000 000,00	- 100 000 000,00	- 104 400 000,00	- 109 098 000,00
TOTAL RESERVES	- 77 602 434,54	- 77 602 435,00	- 100 000 000,00	- 100 000 000,00	- 104 400 000,00	- 109 098 000,00
Water Connection Fees. (14000/17011)	- 92 171,24	- 12 656,30	- 25 311,24	- 26 829,91	- 28 010,43	- 29 270,90
THOMPSON : Staff Recoveries (14000/12*7)	- 12 000,00	- 6 000,00	- 12 000,00	- 12 000,00	- 12 528,00	- 13 091,76
Prepaid Water (14000/17012)	- 1 312 480,59	- 12 703 483,07	- 1 143 586,00	- 1 264 629,81	- 1 375 009,02	- 1 494 083,03
SANITATION SERVICE DOMESTIC	- 2 706 757,60	- 1 578 308,68	- 2 678 268,00	- 2 838 964,08	- 2 963 878,50	- 3 097 253,03
FNB IRIS PROPERTY RENTAL	-	-	-	-	-	-
WATER CONSUMPTION		- 5	- 10			

VACANCIES	-	819,22	000,00	-	-	-
WATER FLAT RATE DOMESTIC	-	333 127,92	500 000,00	-	-	-
WATER CONSUMPTION DOMESTIC	- 33 550 357,86	- 11 746 833,03	- 32 080 481,00	- 34 005 309,86	- 35 501 543,49	- 37 099 112,95
Conference Centre & Boardroom. (14000/17003)	-	1 761,39	2 200,00	-	-	-
Tender Deposits (14000/17018)	- 424 000,00	- 173 550,00	- 347 100,00	- 367 926,00	- 384 114,74	- 401 399,91
Water Consumer (14000/17010)	-	-	-	-	-	-
Sanatation Connection (14000/17016)	- 53 762,14	376 613,48	- 17 460,00	- 18 507,60	- 19 321,93	- 20 191,42
Septic Tank (14000/17013)	- 815 188,76	- 349 890,56	- 699 780,00	- 741 766,80	- 774 404,54	- 809 252,74
Photo Copies 1400017014 Sundries	-	5 854,68	6 500,00	-	-	-
Commissions (14000/17021)	- 176 690,34	- 115 196,53	- 176 690,34	- 187 291,76	- 195 532,60	- 204 331,56
Admin Fees / Clearance fees	- 71	- 12	- 46	- 49	- 51	- 53

(14000/)	921,00	585,60	500,00	290,00	458,76	774,40
Sales of Goods and Rendering of Services Fire Services	- 153 237,84	- 11 975,28	- 30 069,00	- 31 873,14	- 33 275,56	- 34 772,96
Sales of Goods and Rendering of Services Cleaning and Remov	-	- 7 715,70	-	-	-	-
Fire Levy Charged	-	-	-	-	-	-
TOTAL OTHER REVENUE	- 39 368 567,37	- 1 281 178,34	- 37 775 945,58	- 39 544 388,96	- 41 339 077,58	- 43 256 534,67
TOTAL REVENUE	- 1 353 654 034,15	- 681 251 752,86	- 1 521 954 455,58	- 1 429 130 220,72	- 1 534 748 093,94	- 1 623 837 231,76

## Revenue Adequacy and Certainty

It is essential that the municipality has access to adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of uncertainty with regard to source, amount and timing of revenue. Whilst the country is also under siege due to COVID-19, municipalities are and will be negatively impacted the most. Key factors to the predicament are the issues of, but not limited to:

Increased poverty due to loss of jobs

Non-payment for services, increasing the municipality's debtor's book

The Division of Revenue has laid out the level of funding from National Government for the next three years.

## Cash/Liquidity Position

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

The current ratio, which expresses the current assets as a proportion to current liabilities. "Current" refers to those assets which could be converted into cash within 12 months and those liabilities which will be settled within 12 months. ANDM's ratio is 0.2 and is seen as undesirable in the medium term.

Debtor collection measures which have an impact on the liquidity of the municipality. Currently the municipality takes 180 days to recover its debts.

## Financial Sustainability

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

## Effective and Efficient use of Resources

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

## Accountability, Transparency and Good Governances

The municipality is accountable to the resources they use, for what they do with the resources provided to them. The budgeting process and other financial decisions should be open to public scrutiny and participation.

## Implementation of Credit Control policy

This policy and relevant procedures details all areas of credit control, collection of amounts billed to customers, procedures for non-payment etc.

## Payments Strategy

This strategy aims at implementing innovative cost effective processes to encourage consumers to pay their accounts in full on time each month.

## Implementation of an Indigent policy

This policy defines the qualification criteria for an Indigent, the level of free basic services that will be enjoyed by Indigent households, penalties for abuse etc.

## Indigent Management:

The District Municipality does not have its own Indigent register, it is working together with the local municipalities to compile the register. There is no verification system that is used to verify the information on the register. The Indigent register is reviewed annually to maintain its credibility.

There is a steering committee (consisting of Traditional leader, Councilor, Ward Committees, ANDM FBS Co-ordinator and Co-ordinator from the local municipality) that sit to verify the indigents.

List of Indigents are sent to the Revenue section for verification. Reports are prepared and sent to Cogta on a monthly basis for the update of status qou.

## Provision of Free Basic Services

Provision is made on the budget for the provision of free basic water services from the equitable share. A certain percentage of the equitable share is used for this purpose at this stage, which is mainly attributable to the fact that households in rural areas that do have access to water supplied by the Municipality are not being charged for their consumption as there are no water meters in many rural areas since water provision is at RDP standards. The municipality is also struggling to put systems in place that will enable to bill for consumption as a result almost all the people that have access to water are receiving water for free.

DC44 Alfred Nzo - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

2024/25 Annual Report - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)									2021/22 Medium Term Revenue & Expenditure Framework		
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
<b>Revenue By Source</b>											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	32,466	32,550	22,180	44,955	35,470	35,805	19,372	34,728	35,949	37,531
Service charges - sanitation revenue	2	3,232	3,472	2,486	5,233	4,358	4,693	3,090	3,348	3,252	3,395
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		349	370	207	57	5	5	–	–	–	–
Interest earned - external investments		25,264	38,857	45,362	31,304	28,870	28,870	15,402	30,108	31,373	32,753
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		593,403	534,827	581,602	623,175	696,792	696,792	523,671	645,048	669,483	672,251
Other revenue	2	9,367	3,034	1,503	88,690	89,045	89,045	678	90,838	94,653	98,818
Gains		528	(1,240)	(130)	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		664,607	611,869	653,211	793,413	854,540	855,210	562,214	804,070	834,709	844,747
<b>Expenditure By Type</b>											
Employee related costs	2	226,240	244,076	273,453	304,577	296,944	296,944	173,859	319,436	332,740	347,399
Remuneration of councillors		9,803	10,359	11,565	11,970	11,702	11,702	7,164	12,396	12,917	13,485
Debt impairment	3	244	7,815	2,593	25,000	23,300	23,300	–	15,000	15,630	16,318
Depreciation & asset impairment	2	73,084	77,302	80,254	100,000	100,000	100,000	54,493	100,000	104,200	108,785
Finance charges		1,723	739	359	–	–	–	3	–	–	–
Bulk purchases - electricity	2	7,973	8,911	8,624	7,700	7,700	7,700	5,942	8,000	8,336	8,703
Inventory consumed	8	–	2,942	–	23,479	26,672	26,672	–	25,158	26,218	27,366
Contracted services		123,197	118,565	142,841	186,748	269,849	269,849	109,721	200,857	198,478	176,134
Transfers and subsidies		751	17,754	18,707	20,815	21,045	21,045	17,437	21,050	21,934	22,899
Other expenditure	4, 5	71,736	82,857	77,857	90,734	98,456	98,456	50,574	82,338	85,665	89,590
Losses		4,102	–	(47)	–	–	–	–	–	–	–
Total Expenditure		518,855	571,318	616,206	771,022	855,669	855,669	419,194	784,235	806,118	810,680
Surplus/(Deficit)		145,753	40,550	37,004	22,391	(1,129)	(459)	143,019	19,834	28,591	34,068
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		376,274	503,271	436,127	597,284	584,784	584,784	249,869	539,778	558,125	602,591
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		53,569	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		575,596	543,822	473,131	619,675	583,655	584,325	392,888	559,612	586,716	636,659
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		575,596	543,822	473,131	619,675	583,655	584,325	392,888	559,612	586,716	636,659
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		575,596	543,822	473,131	619,675	583,655	584,325	392,888	559,612	586,716	636,659
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		575,596	543,822	473,131	619,675	583,655	584,325	392,888	559,612	586,716	636,659

## Billing and Payment of water and sanitation levies

Over 9000 urban households (5% of all households in the district) are billed for water and sanitation levies. Rural areas that do have access to water supplied by ANDM are not metered or charged for their consumption, which implies that a considerable amount of purified water is unaccounted for.

ANDM is in the process of cleansing and reviewing its database of households who are being serviced. Collection rates are poor and this is compounded by the high poverty levels and low affordability levels of our communities.

ANDM is constantly striving to provide services to its community which requires substantial capital



investment, especially in terms of infrastructural assets. In order to maintain service delivery it is imperative that these assets be maintained in proper working order which requires investment in terms of maintenance and repair costs. According to the National Treasury, municipalities should be budgeting between 8% and 15% of their operating expenditure for repairs and maintenance.

### Revenue Enhancement Strategy

ANDM is faced with the dilemma of revenue management in terms of being able to account for what has been sold, versus what has been supplied. One primary objective of ANDM, is to ensure that every consumer gets billed accurately and fairly.

We have developed metering systems to allow ANDM to improve revenue management, combined with switch-off mechanisms which ultimately results in better returns. We understand that communication is an integral key to revenue enhancement and customer satisfaction. Thus, our aim is to meet (and surpass) our customers' expectations by providing them with transparency and control when it comes to their utility metering.

All households utilising water must be billed for the consumption used. Therefore all consumers must be metered and accurate readings be taken on a monthly basis. In cases where the meters are not accessible or not working, estimation is levied on such accounts. Accounts must be printed and distributed to ensure that consumers are aware of their monthly usage.

Faulty meters must be identified and reports be forwarded to ANDM (IDMS) for replacement. Water leakages should be attended to immediately and be minimized. When the customer is converted from credit to prepaid meter and there is an outstanding amount on the account, a percentage of arrears should be recovered from prepaid purchases. The ANDM is using MUNSOFT as its billing system to ensure that accurate billing is accomplished. The municipality has installed prepaid water meters in Matatiele and Cedarville: a total of 1 894 prepaid water meters were installed in Matatiele. The following areas in Matatiele had meters installed: Itsokelele, Njongo Village, Dark City, North End and Harry Gwala. The municipality will install meters in Mountain View, Mbizana and town area. Alfred Nzo District Municipality has also installed credit or convertible water meters at Mount Ayliff, Mount Frere, Mbizana and Ntabankulu. ANDM will be converting credit meters to prepaid water meters for Mbizana, Ntabankulu Mount Ayliff and Mount Frere.

## Revenue management in improving service delivery

Improved service delivery in revenue management demands that the following are in place:

Dispensing free basic services accurately with audit trail;

Accurate and complete customer readings;

Measures for avoidance of theft;

Automatic meter reading;

Systems available 24 hours per day close to the customer;

Systems in close proximity to the customer;

Direct online vending of water, with no human intervention on transactions, as the alternate goal

Automatic connection and disconnection of meters;

Accurate logging of complaints, faults on the customer relations management system;

Effective and efficient delivery of services i.e. timeous correction of faults when the class has been logged;

Accurate, valid and complete records kept on the document management system;

Easy access to information when required;

Accurate, valid and complete financial records kept on the financial system (billing) to ensure correct bills are sent to the correct customers and payments/receipts are attached to the correct customers;

Accurate, valid and complete records kept on the geographical information and easy access to ensure that when the call/complaint/fault has been logged, the geographical information system can point the directions as to where exactly the area is with a problem;

Accurate, valid and complete performance information kept on the performance management system to ensure improved performance monitoring; and profiling of load data per customer.

## Assets and Liabilities management

The municipality continues to maintain a fixed assets register that is GRAP compliant. The major benefit of having an asset register is to ensure that ANDM keeps track of all its assets, provides a fair estimate of their worth and provides an estimate of the aging of the assets. A conditional assessment of the assets is done atleast annually. This provides the basis of information to help plan future asset investments and also informs the Municipality's maintenance plan. The municipality continues to budget for the repairing and maintenance of old infrastructure.

## Infrastructure Assets

The district is a water scarce area and has a backlog in provision of water resources. ANDM still continues to focus on development of new infrastructure. Although maintenance of infrastructure assets is not at a rate desirable rate, the Municipality continues to maintain the existing infrastructure in order to ensure a reliable provision of services. The water and Sanitation departments are now focusing on growing its 'asset management maturity' with the implementation of a strategic municipal asset management program. The primary focus of this process is to prolong the immediate serviceability of the affected assets so that we can prolong their life time.

A major threat to ANDM is ageing infrastructure and the deterioration of assets. To address this problem, the Municipality is embarking on an asset replacement program. The first phase of the project is to develop a detailed well informed asset management strategy and asset replacement plan.

### Municipal Fleet

ANDM's fleet is being replaced on a phased basis. For the municipality to ensure that its fleet continues to deliver services in an efficient way, a fleet management system has been acquired. The system ensures that the use of the fleet is monitored to ensure that services are indeed delivered to where they are needed. The municipality continues to investigate ways of ensuring that the municipal fleet is managed and used where they are necessary. As part of cost cutting measures, the municipality continues to monitor the use of fuel and other fleet related costs. Cases of abuse or fraud are investigated and necessary action taken against culprits.

### Standard Chart of Accounts

The Local Government Municipal Finance Management Act, 2003 determines measures for the local sphere of government (Municipalities) designed to ensure transparency and expenditure control. National Treasury is responsible for enforcing compliance and is required to compile national accounts incorporating all three spheres of government.

Uniform expenditure classifications have already been established and implemented for both national and provincial government departments. The SCOA regulations seek to implement the same uniform classifications at local government level. These enable National Treasury to provide consolidated local government information for incorporation into national accounts.

Currently each municipality manages and reports on its financial affairs in accordance with its own organizational structure (chart of accounts) and this results in disjunctures amongst municipalities and entities as to how they classify revenue and expenditure as well as reporting thereof. This compromises transparency, reliability and accuracy in planning and reporting processes and limits the ability of national government to integrate information and formulate coherent policies in response to the objectives of local government.

## Expenditure management

The municipality pays most of creditors within the prescribed period of 30 days in accordance with section 65(2) (e) of the MFMA. The municipality has implemented controls to ensure that monthly creditors' reconciliation is performed and reviewed by the manager, expenditure, and that an invoice register is maintained in order to comply with the 30 day requirement. ANDM is currently in the process of implementing a document management system in order to ensure that all expenditure records and documents are secured and available when requested.

## Supply-chain Management

Alfred Nzo District Municipality's supply chain management policy is implemented in a way that is fair, equitable, transparent, competitive and cost-effective. ANDM has a fully functional Supply Chain Management Unit which serves as an advisor for all procurement in the municipality in terms of its Supply Chain Management policy. Three bid committee systems (Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) as prescribed by the MFMA are in place, with proper delegations and terms of reference for each committee. Procurement of goods and services in excess of R200 000 is done through the Bid Committee system. A quotations committee was also established for the procurement of goods and services above R30,000 and below R 200,000.

The Contract Management currently is still controlled under SCM, wherein the section has to ensure that it maintains a contract register on a monthly basis to be in line with the procurement plan. The service providers are also evaluated on the performance of the services that they have provided the municipality with and provided with a certificate after the completion of the service. A new contract management module is being implemented by the municipality. This will ensure that all contract records are kept safe and also automate the monitoring of contracts.

## Elimination of unnecessary expenditure

The aim is to ensure that departments spend budget efficiently, effectively and economically.

## Payroll management

Alfred Nzo District Municipality reports to the council monthly on all expenditure incurred by the municipality on councilors and staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely:

## Salaries and wages;

Contributions for pensions and medical aid;  
Travel, motor car, accommodation, subsistence and other allowances;  
Housing benefits and allowances;  
Overtime payments;  
Loans and advances; and  
Any other type of benefit or allowance related to staff and Councillors.

### Key financial issues

The key issues can be summarized as follows:

Efficient, effective and economical supply chain management

Implementation of eProcurement: Quote Management System, ISO 9001 accreditation, Procurement scheduling and Contract management

Improved alignment of the budget to the IDP – budgeting in terms of IDP priorities

Budgeting for sustainability and timeous updated Medium Term Expenditure

### Framework

Reduced debts through effective credit control and debt management

Development and implementation of a new billing system in line with IDP

Access to alternate sources of funding: PPPs (public-private partnerships), development levy, business tax, etc.

Maximising of revenue from Council properties

Securing of properties and property rights necessary for capital projects

Effective asset management

Efficient fleet management to improve service delivery

Investment and cash flow management

Cash receipts control and management

Training of staff on Credit Control & Debt Collection Policy

Timeous production of Generally Recognised Accounting Practices (GRAP) compliant financial statements

Timeous payment of creditors in terms of SCM procedures

Asset and liability insurance cover

Deadline monitoring

Risk management

Effective and efficient processes

## 2.6. Governance

The Municipal Council consists of 42 Councilors of whom 11 are full-time Councilors, including the Speaker and Whip of the Council. The Council is led by the Speaker, the Executive Mayor, the eight full-time Mayoral Committee Members and councilors. The council has a participation of 3 Traditional leaders in terms of section 81 of the Municipal Structures Act. There has been a delegation of powers from Council to the Executive Mayor and the Executive Mayor in turn has delegated some of these powers to Mayoral Committee Members.

The Mayoral Committee, led by the Executive Mayor, functions through the following S80 and S79 of the Municipal Structures Act committees which assist in decision making and ensure that there is a political environment that is conducive for service delivery:

Committees and Functions:

Structure	Key Areas of Responsibility
Human Resources	Human resources; General administration; Information and Communication technology
Finance Standing Committee	Budget; Expenditure; Income; Supply chain management;
Infrastructure Development & Municipal Services	Project Management Water services Authority; Water services provision; Infrastructure provisioning
Community Development Services	Sports and Recreation Heritage and Culture Disaster management Fire & Rescue Municipal Health Services ISD & Customer Care
LED, Developmental Planning	Integrated Development Plan. Local Economic Development
Office of the Municipal Manager Communications	Communication of municipal programmes Media Engagements Media Liaison
SPU	Events Management Development of Municipal Publications Youth Development & Transformation Disability Programmes Children's care and Support Programmes Gender Development and Transformation HIV and AIDS; TB; Awareness; Care and Support; Older Persons
IGR	Intergovernmental Relations, Stakeholder management, Protocol & Municipal Relations and agreements
Risk Management	Integrated Risk Management Sound Good Governance
Public Participation	Direct interaction between the council and communities Oversight of council business
Internal Audit	Internal Audit Services: Internal Controls Risk Management, Governance

The following departments support the above structures:

Office of the Municipal Manager

Infrastructure Development and Municipal Services

Community Development Services

Planning and Local Economic Development

Budget and Treasury Office

Corporate Services Department

The Municipality has a functional Audit Committee. In order to enhance its effectiveness, an Audit Committee Charter has been developed and adopted by Council to guide the functionality of the Committee. Alfred Nzo District Municipality has managed to improve its audit opinion in 2020/21 FY. The summary overview of the Audit Outcome of the District Municipality and Local

Municipalities is as follows:

#### ANDM Audit Outcomes

Municipality	Financial Year	Audit Report
ANDM	2014/2015	Qualified
	2015/2016	Qualified
	2016/2017	Qualified
	2017/2018	Unqualified
	2018/2019	Unqualified
	2019/2020	Unqualified
	2020/2021	Unqualified
	2021/2022	Unqualified
Matatiele	2014/2015	Unqualified
	2015/2016	Unqualified
	2016/2017	Qualified
	2017/2018	Qualified
	2018/2019	Unqualified
	2019/2020	Unqualified
	2020/2021	Unqualified
	2021/2022	Unqualified
Umzimvubu	2014/2015	Unqualified
	2015/2016	Unqualified
	2016/2017	Qualified
	2017/2018	Qualified
	2018/2019	Qualified
	2019/2020	Qualified
	2020/2021	Unqualified
	2021/2022	Unqualified
Ntabankulu	2014/2015	Disclaimer
	2015/2016	Qualified
	2016/2017	Unqualified
	2017/2018	Unqualified
	2018/2019	Unqualified
	2019/2020	Unqualified
	2020/2021	Unqualified
	2021/2022	Qualified
Winnie Madikizela Mandela LM	2014/2015	Disclaimer
	2015/2016	Unqualified
	2016/2017	Unqualified
	2017/2018	Unqualified
	2018/2019	Unqualified
	2019/2020	Unqualified
	2020/2021	Clean Audit



	2021/2022	Clean Audit
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The municipality has further developed an Audit Action Plan aimed at addressing audit queries. This was adopted by Council and will assist the municipality in achieving better audit outcomes.

## Intergovernmental Relations (IGR)

During the current financial year the functionality of IGR Structures within the municipality have improved significantly, with CoGTA support, through the implementation of the Back to Basics Programme and the introduction of an Integrated Service Delivery Model by the Office of the Premier. The structures are composed of the District Mayors Forum (DIMAFO), the District Speakers' Forum, the IDP/IGR Representative Forum (IDRF), IDP Steering Committee (HODs for both municipalities & sector departments), and the Municipal Manager Forum, Technical IGR Support Forum, District Planners Forum (Planners & IDP Managers/Coordinators) and sub-forums as per the implemented District IGR Framework. Staff shortage is however hindering progress in the implementation of the District IGR Framework which operates with only two staff members.

## Partnerships and Strategic Relationships

The Municipality has made a concerted effort to develop its capacity through the formation of strategic partnerships and relationships. It has concluded partnerships with the following institutions:

## Partnerships and Strategic Relationships

The Municipality has made a concerted effort to develop its capacity through the formation of strategic partnerships and relationships. It has concluded partnerships with the following institutions:

City of Lusaka

O. R. Tambo District Municipality

The Development Bank of Southern Africa (DBSA)

Swedish Government (Ohstresund Municipality)

Thina Sinako (European Union)

Coega

DME

NYDA

ANDA

The Municipality has a Communication Strategy which is in line with the National and Provincial Communication Strategies. The GCIS has allocated one staff member to provide communication support to the municipalities as well as other organs of the state in the district.

The District Municipality considers communication and public participation to be very important and has consequently established a Customer Care Centre to improve lines of communication between the municipality and its communities.

The communication unit works in close liaison with local municipalities. It utilizes various means of communication, including the Alfred Nzo newsletter, brochures, bulletins, community radio stations, newspapers, some television stations, and national newspapers.

To support the process, the municipality established the District Communicators Forum (DCF) that sits quarterly to discuss matters relating to communication.

The district further communicates with communities through community development workers and ward councilors who are based within local municipalities.

Alfred Nzo District Municipality developed and adopted a Public Participation Strategy to guide the implementation of mechanisms through which the public may participate in the municipality's programme of action. The strategy further promotes a culture of openness, transparency and accountability on the part of the council, its political structures and its administration, by allowing citizens to exercise their right to public participation.

Institutional Guidelines:

These focus on managerial reform aiming at:

Objectives and results orientated management

Effectiveness and efficiency orientated management

Service and client oriented management

Performance based contracts

Service orientated codes of conduct.

Service Delivery and Operational Modelling

Flowing from the foregoing situational analysis which characterizes the socio-economic and institutional strengths, weaknesses, opportunities and challenges, that confront Alfred Nzo; and given the emerging Strategic Agenda, it's Vision-Mission-Goals and the Strategies below in the next chapters. Alfred Nzo District Municipality must develop an appropriate Services Delivery and Operating Model; that assures:

Alignment between mandate and strategy

Internal vertical and horizontal coordination and integration;

Appropriate centrality of the core business of the District

Identification of key enablers to support the service model

appropriate grouping of functions along the core services, support services and orientation towards service users.

## ANDM FINANCIAL PLAN

The Local Government: Municipal Finance Management Act No 56 of 2003 has introduced various financial transformation measures. Sound financial management practices have been identified as essential to the long- term sustainability of municipalities. The MFMA therefore requires municipalities to develop a plan that relates to Long Term Financial Plan.

To put an Integrated Development Plan into action, a municipality's financial plan incorporates the financial relationships of multiple revenue and expenditure sources. Incorporating capital expenditure results, operational expenditure trends, ideal asset management plans, and the subsequent influence on rates, tariffs, and other service charges, it offers direction for the creation of current budgets and evaluates financial impacts on outer years' budgets.

The ANDM has developed a financial model that aims to determine the appropriate mix of parameters and assumptions within which the municipality should operate to facilitate budgets which are affordable and sustainable at least 10 years into the future.

### **1. PURPOSE**

This document aims to outline the comprehensive multi-year financial plan that will ensure long-term financial sustainability for the municipality.

A multi-year financial plan is essential to ensure that the municipality continues to implement its mandate effectively without impairing its capital base. It will also enable the municipality to move towards self-sufficiency in meeting the growing demands of service delivery.

### **2. BACKGROUND**

A financial plan is prepared for a period of at least three years, however it is preferred that it should be for over a period of five or more years

A multi-year financial plan is prepared to ensure the financial sustainability of the municipality, paying particular attention to the municipality's infrastructure requirements.

It is also an important component of the municipality's Integrated Development Plan.

A prudent multi-year financial plan identifies and prioritizes expected needs based on the municipality's Five-year Integrated Development Plan and details estimated amounts of funding from various sources

The multi-year financial plan will also ensure that the municipality has greater financial health and sustainability, making collaborating on projects with other levels of government and various public and private stakeholders easier. This will further enhance the municipality's ability to access more financing, funding, and grants.

### **3. FINANCIAL STRATEGY FRAMEWORK**

Alfred Nzo District Municipality is a developing and growing municipality striving for service delivery excellence. Therefore many challenges are faced with regard to financial planning and are ever-changing due to the dynamic setting of local government.

The priority for the municipality, from the financial perspective is to ensure viability and sustainability of the municipality. The multi-year financial plan and related strategies will therefore need to address a number of key areas in order to achieve this priority. These strategies are detailed below:

#### **3.1 Revenue Enhancement Strategy**

The purpose of the Revenue Enhancement Strategy is to seek alternative sources of funding. It is to further ensure improvement of the current revenue streams and recover arrear debt. The municipal revenue for ANDM has decreased drastically from the year 2020 to the current period. The aim of the strategy is to further review and implement a replicable model on a simplified revenue plan. The plan once correctly implemented would contribute to:

- Reducing municipal consumer debt;
- Credible consumer database;
- Maximize all possible revenue streams; and
- Protecting and enhancing the municipality revenue collection.

The revenue strategy is a function of key components such as:

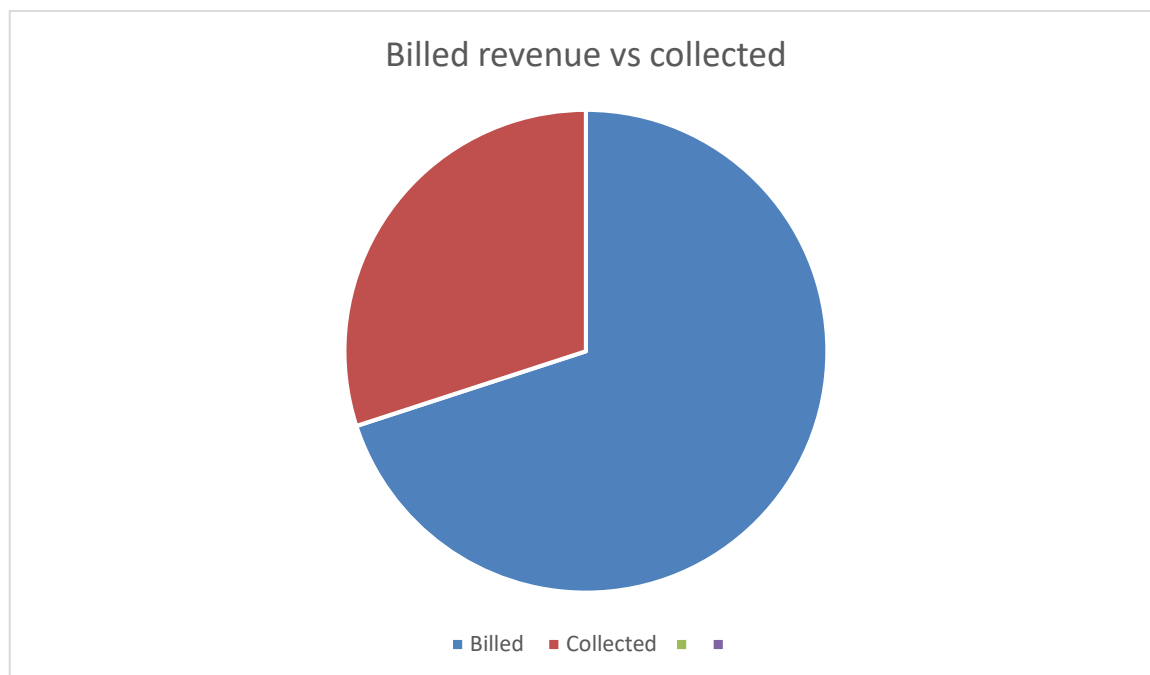
- Growth in town and economic development;
- Achievement of above 90% annualized collection rate for consumer revenue;
- National Treasury guidelines;
- Approval of full cost recovery of specific department;
- Determining tariff escalation rate by establishing/calculating revenue requirement; and
- Ensuring ability to extent new services and recovering of costs thereof

The municipality has managed to maintain a good liquidity ratio to 1:16. On the other hand the revenue collection is at its minimal, meaning that the municipality may survive on the cash available only for a few months.

Below is the reality of the drastically reduced revenue of the municipality:

SUBURB	BILLING JULY - MARCH 2023	ACTUAL REVENUE JULY -MARCH 2023	PERCENTAGE %
MALUTI	3 925 396	2 552 980	65
MATATIELE	4 637 204	1 226 153	26
CEDARVILLE	101 210	24 231	24
MOUNT AYLIF	7 180 443	3 422 004	48
RENTALS	139 759	35 321	25
BIZANA	3 946 231	1 430 205	36
NTABANKULU	1 812 166	595 244	33
MOUNT FRERE	5 681 548	2 473 492	44
<b>TOTAL</b>	<b>27 423 957</b>	<b>11 759 630</b>	<b>43</b>

The table above depicts the revenue that has been billed against the revenue collected.  
A Graph expression of the above table.



The municipality's revenue enhancement strategy will examine the reasons for the reduction of revenue and further develop means to mitigate such. Key stakeholders of the revenue enhancement strategy are:

1. Political Office Bearers
2. Communities
3. Budget and Treasury Office
4. Water Conservation and Demand Management (WCDM / IDMS)
5. Billing Systems
6. Debt Collectors

The strategy further addresses the following:

- Expand income base through auditing the revenue billing process and water meters. Furthermore ensuring that water meters are fixed and installation of new water meters even expanding to the rural areas (targeting peri – urban areas).
- The ability of the community to pay for services;
- Identification and pursuance of government grants;
- Tightening credit control measures and debt collection targets;
- Improve customer relations and promote a culture of payment;
- Realistic revenue estimates;
- The impact of inflation, the municipal cost index and other cost increases; and

- The creation of an environment which enhances growth, development and service delivery.

The table below reflects the total revenue projected and billed for the main sources of own revenue, which is water and sanitation:

Revenue by Source	Approved Budget 2022/2023	Projected Revenue Earned/ Billed July - March 2023	Actual Revenue/ Billed Earned July - March 2023	% Percentage
Sanitation Services	2 838 964	2 129 223	3 183 754	12%
Water Consumption	34 005 310	25 503 982	24 096 809	29%
Prepaid Water	837 938	628 454	662 779	21%
<b>Total Revenue by Source</b>	<b>37 682 212</b>	<b>28 261 659</b>	<b>27 943 342</b>	<b>25.8%</b>

### 3.2 Asset Management Strategy

The Asset Management Strategy addresses the following:

- The implementation of a GRAP compliant asset management system;
- Adequate budget provision for asset maintenance over their economic lifespan;
- Maintenance of assets according to an infrastructural asset maintenance plan;



- Maintain a system of internal control of assets to safeguard assets; and
- Ensure all assets owned and/or controlled except specific exclusions are covered by insurance.

### **3.3 Financial Management Strategies.**

The Financial Management Strategy addresses the following:

- To maintain an effective system of expenditure control including procedures for the approval, authorization, withdrawal and payment of funds;
- Preparation of the risk register and application of risk control;
- Implement controls, procedures, policies and by-laws to regulate fair, just and transparent transactions;
- Training and development of senior financial staff to comply with prescribed minimum competency levels;
- Implement GRAP standards as gazette by National Treasury; and
- Prepare annual financial statements timeously and review performance and achievements for past financial years.

### **3.4 Operational Financing Strategies**

- Effective cash flow management to ensure continuous, sufficient and sustainable cash position;
- Enhance budgetary controls and financial reporting;
- Direct available financial resources towards meeting the projects as identified in the IDP; and
- To improve Supply Chain Management processes in line with regulations.

### **3.5 Capital Financing Strategies**

- Ensure service delivery needs are in line with multi-year financial plan;
- Careful consideration/prioritization on utilizing available resources in line with the IDP;
- Analyse feasibility and impact on operating budget before capital projects are approved;
- Determine affordable limits for borrowing;
- Source external funding in accordance with affordability;
- Improve capital budget spending; and
- Maximizing of infrastructural development through the utilisation of all available resource.

### **3.6 Cost-Effective Strategy**

- Invest surplus cash not immediately required at the best available rates;
- Restrict capital and operating expenditure increases in relation to the inflation rate taking into consideration the macro economic growth limit guideline and municipal cost increases.
- To remain as far as possible within the following selected key budget assumptions
- Provision of bad debts of at least 2%;
- Overall cost escalation to be linked to the average inflation rate;
- Tariff increases to be in line with inflation plus municipal growth except when regulated;
- Maintenance of assets of at least 8% of total operating expenditure;
- Capital cost to be in line with the acceptable norm of 18%;
- Outstanding external debt not to be more than 50% of total operating revenue less government grants; and
- Utilisation of Equitable Share for indigent support through Free Basic Services

### **3.7 Measurable Performance Objectives for Revenue**

- To maintain the debtors to revenue ratio below 10%;
- To maintain a debtors payment rate of above 95%;
- To ensure that the debtor's return remain under 60 days; and
- To keep the capital cost on the Operating Budget at less than 18%.

## **4. Financial Management Policies**

The purpose of financial policies is to provide a sound environment to manage the financial affairs of the municipality. The following are key budget-related policies:

- 4.1 **Tariff Policy** – the policy prescribes the procedures for calculating tariffs. This policy is required in terms of Section 74 of the Local Government Municipal System Act, Act 32 of 2000;
- 4.2 **Indigent Support Policy** – to provide access to and regulate free basic services to all indigents;
- 4.3 **Budget Policy** – this policy set out the principles which must be followed in preparing a Medium-Term Revenue and Expenditure Framework Budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
- 4.4 **Asset Management Policy** – the objective of the policy is to prescribe the accounting and administrative procedures relating to property, plant and equipment;
- 4.5 **Accounting Policy** – the policy prescribes the basis of presentation of the Annual Financial Statements in accordance with the Generally Recognized Accounting Practices and Accounting Standards;
- 4.6 **Supply Chain Management Policy** – this policy is developed in terms of Section 11 of the Municipal Finance Management Act, Act 56 of 2003. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services
- 4.7 **Subsistence and Travel Policy** – this policy regulates the reimbursement of travelling and subsistence cost to officials and councillors attending official business
- 4.8 **Credit Control and Debt Collection Policy** – this policy provides for credit and debt collection procedures and mechanisms to ensure that all consumers pay for the services that are supplied.
- 4.9 **Investment and Cash Management Policy** – this policy was compiled in accordance with the Municipal Investment Regulation R308 and ensures that cash resources are managed in the most efficient and effective manner possible.
- 4.10 **Short-term Insurance Policy** – the objective of the policy is to ensure the safeguarding of Council's assets

4.11 **Cost Containment Policy** - This policy aims to ensure that resources are used effectively, efficiently and economically by implementing cost-containment measures per the provisions of the regulatory frameworks.

According to the Cost Containment Regulations, each municipality must develop and implement a cost containment policy which must be adopted by the municipal council as part of its budget-related policies. The cost containment policy must be consistent with the Act and Regulations.

## 5. REVENUE FRAMEWORK

In order to serve the community and render the services needed, revenue generation is fundamental to the financial sustainability of every municipality.

The reality is that the municipality is faced with developmental backlogs and poverty, challenging our revenue generation capacity. The requests always exceed the available funds. This becomes more obvious when compiling the municipality's annual budget

Municipalities must table a balanced and more credible budget, based on realistic estimation of revenue that is consistent with their budgetary resources and collection experience.

### **Accurate Billing and Billing Systems**

Building local government long-term financial sustainability requires a cohesive communication strategy with respect to the municipal billing system and its impact on revenue collection. The revenue management business model of ANDM relies heavily on the correct billing and integrity of data for billing of services. When the billing data and that of the customer are incorrect, the municipality has no revenue collection base.

Information systems, are considered an enabling technology which is central to the efficient and effective running of the municipality as a modern business. Data integrity further depends on the correct information being loaded into the financial information system. The integration between the meter reading technology and information system is key. A system of internal controls that ensures data integrity must be developed in order to maximise revenue.

The South African economy has taken an economic downturn with continuous increase in the repo rate, and it will take some time for municipal revenues to increase through local economic growth.

## **6. GRANT FUNDING**

The Division of Revenue Act contains allocations from National and Provincial, which allocations are recognized as government grants and factored as follows over the medium term.

The Equitable share allocation to the local sphere of government is an important supplement to existing municipal revenue and takes account of the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs in municipalities.

Municipal Infrastructure Grant allocation which caters for the infrastructure backlogs within Alfred Nzo District Municipality.

Other Provincial, COGTA and any other grants in kind allocations which cater for specific projects for that particular year.

## **7. TARIFF SETTING**

Alfred Nzo District Municipality derives its revenue from the provision of services such as water and sanitation. A considerable portion of the revenue is also derived from grants by national governments as well as other minor charges such as tender documents, interests from investments and clearance certificate charges.

As in the past, increase cost primarily driven by the Consumer Price Index (CPIX), dictates an increase in the tariffs charged to the consumers. It therefore follows that all the tariffs will have to be increased by a percentage in line with the National Treasury guidelines and circulars which is 6%.

It is recognised that the ability of the community to pay for services rendered is also under tremendous pressure and that the economic outlook for the near future requires everybody to make sacrifices. The municipality may be required to consider discounted tariffs in order to accommodate the deteriorating economic outlook and the customer affordability.

## 8. DEBTORS

Debtors with the age of ninety days (90) plus constitute more than 80% of the total debtor's book.

The credit control and debt collection policy has been reviewed to address indigents, pensioners, and child-headed households. It further addresses the debts of customers who have now been converted to prepaid water wherein 20% of the prepaid water purchase will be allocated to the old debt and 80% towards the purchase of water.

The municipality further introduced an incentive, taking into consideration customers who were estimated due to malfunctioning meters. A system of 70:30 has been introduced, which affords customers to have 70% of their debts written off when settling their accounts.

The debtor's book constitutes 20% of the total municipal operating budget.

The collection rate was 94% in the 2022/2023 as at March 2023.

### Debtors Age Analysis as at 30 March 2023

Service Type	Service Type	Sum of Opening Balance	Sum of Movement	Sum of Closing Balance
Advance Payments	-	2 285 109	133 518	2 151 591
Rentals	40	1 521	112 572	114 094
Sanitation	70	24 133 645	242 615	24 376 260
Sundries(Creditors)	90	11 777	-	11 777
Sundries(Payroll)	90	1 344 030	-	1 344 030
Water	10	143 750 228	1 075 041	144 825 268
<b>Grand Total</b>		<b>166 956 091</b>	<b>1 563 746</b>	<b>168 519 838</b>

The total debtors is over 100% of budgeted own revenue. The debtors book must be reduced and not exceed 50% of own revenue. The following are the means to reduce the debtor's book:

1. Introduction of incentives for paying customers
2. Data cleansing to ensure complete and accurate billing
3. Migrating from credit meters to pre-paid meters
4. Installation of new meters
5. Repairs and maintenance of meters
6. Implementation of By-Laws for bypassed meters and illegal connections
7. Credit control and debt collection policy

The revenue base is still very low as the municipal area is mostly rural, however meters must be installed in all peri-urban areas.

A standard amount of R100 per month per household to be charged in rural areas as the access to running water fee.

## **9. CONCLUSION**

The continued improvement and development of an effective financial planning process aids the actualization of fulfilling the municipality's facilitating role to capacitate the community to build a better future for all.

The Financial planning imperatives contribute to ensuring that the Municipality remains financially viable and that municipal services are provided economically to all communities

The Multi-year Financial Plan contains realistic and credible revenue and expenditure forecasts which should provide a sound basis for improved financial management and institutional development as well as service delivery improvements and implementation.

The strategy towards cash backing will certainly ensure the sustainability of the Municipality over the medium-to long-term

## ANDM Strategies and Projects

### 4.1. Organising Framework for five year IDP Strategies

The strategies of the five year IDP are organised in terms of the following factors:

No	Key Performance Areas	Proposed Strategic Goals	Strategic Objectives	Proposed Targets with Time-frames
1	Basic Service Delivery	Basic Service Delivery and Community Empowerment	To build, maintain and provide access to improved, sustainable and modernized infrastructure to the community by 2027	<p>To develop project management capacity</p> <p>To develop and implement MIG implementation plan</p> <p>To monitor the development and implementation of the water services development and sanitation master plan</p> <p>To construct more social facilities</p> <p>Ensure all social facilities are user friendly</p> <p>To monitor that there is an increase of public infrastructure ensure all facilities are user friendly</p>
2	Municipal Institutional Development and Transformation	Human Resources Development and institutional management	To build and strengthen the administrative and institutional capability of the municipality by 2027	<p>To Review and implement Policies annually</p> <p>To comply with Section 21 of the Employment Equity Act 55 of 1998</p> <p>To promote the mental, social health and wellbeing of all employees and to create a working environment that is conducive for the effective and efficient service delivery</p> <p>To draft and implement an annual training plan - WSP)</p> <p>To develop personnel</p>



				<p>management system</p> <p>To provide access of the system to the users (VIP Pay Roll)</p> <p>To acquisition new Capital hardware and provide support to end users</p> <p>To maximize use of electronic records management system</p>
3	Local Economic Development	Inclusive Growth and Development	To create a conducive environment that contributes to economic growth and job creation by 2022.	<p>Reduce unemployment rates by 2% by 2027</p> <p>Implement SMME's strategy</p>
4	Municipal Financial Viability and Management	A capable and financially viable institution	To develop and maintain a financial viable and sustainable institution that achieves full compliance with municipal legislation by 2027.	<p>To increase revenue collection by 50 % (by 30 June 2027)</p> <p>Full compliance with SCM regulation by 30 June 2027</p> <p>Payment of service providers within 30 days of receipt of valid tax invoice</p>
5	Good Governance and Public Participation	Effective Public Participation, Good Governance and Partnerships	To create a conducive environment for participatory development and promote a culture of good governance by 2027.	<p>Enhance functionality of IGR Forums to achieve aspirations of the DDM – One plan</p> <p>Enhance functionality of public participation structures</p> <p>Enhance functionality of oversight structures of council.</p> <p>Improve audit status of the municipality to a clean audit by 2025.</p>

				Development and Implementation of policies and by-laws.
			Strengthening Oversight Structures to eliminate mal administration, corruption, non-compliance and non –performance by 2027	<p>Implement Integrity Management Framework (prevention, detection, resolution, investigation &amp; reporting).</p> <p>Institutionalize and enforce anti- fraud and corruption programs.</p> <p>Enforce code of conduct</p> <p>Implement consequence Management.</p> <p>Implement efficient Performance Management System.</p> <p>Subject employees and members of council to capacity building programs and skills audit.</p>
			To build strong links with all strategic partners and structures that will improve organizational efficiency by 2027	<p>Enter into Public Private Partnerships.</p> <p>Strengthen IGR forums and sector coordination.(DIMAFO, District Speakers Forum, Municipal Manager’s Forum and all other sub- forums</p> <p>Resuscitate Back to Basics and revival of war rooms.</p> <p>Restoration of relations with local ambassadors (e.g. academia and professionals)</p> <p>Revive twinning arrangements with the local and international community in order to improve our economy.</p>

6	Spatial Planning and Environmental Management	Spatial Restructuring and Environmental Sustainability	To create an environment and systems that contributes to integrated sustainable environment by 2027	Implementation of SPLUMA by 2027  Implement environmental sustainability programmes by 2027
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## PROGRAMMES AND PROJECTS

Department IDMS

Unit: Project Management Unit (PMU)

Project/Programme Name	Funding Source	Location of the project (which Local municipality, ward, village)	Multi-Year Project/ Programme (Y/N)	Draft Budget allocation 2023/2024	Draft Budget allocation 2024/2025	Draft Budget allocation 2025/2026	Comments on the status of the project
Fobane Sub-Regional Water Supply Scheme - Phase 2	MIG	Matatiele LM Ward 15	N	R68 161 595.00		-	Under Construction
Matatiele Water supply - Revised Scope & Costs	MIG	Matatiele LM , Ward 18 & 22	Y	R17 533 254.00	68 000 000,00	86 675 473,30	Under Construction
Upgrading of Matatiele Bulk Gravity Mains (10% Maintanance)	MIG	Umzimvubu LM	N	R20 000 000.00	20 000 000,00	20 000 000,00	Design
Maluti matatiele Rohlakoana- Bulk Water Supply Scheme	MIG	Matatiele LM	N	R2 565 000.00	-	-	Design
Tholamela Regional Water Supply	MIG	Matatiele LM Ward 27	Y	-	R68 000 000.00	R500 000	Design
New WWTW and Improvements to Sewerage System	MIG	Matatiele LM, Ward 5	N		-	R 72 742 422.50	Design

Refurbishment of Matatiele Projects	MIG	Matatiele LM	Y	R20 000 000.00		-	Design
Servicing Mbizana Town Area with Sewerage	MIG	WMM LM, Ward 6 & 32	Y	R4 806 051.00	-	-	Under Construction
Greater Mbizana Water Supply-Phase 1A Reticulation System (Supply Zones A, C, E & O) Project Adjustment	MIG	WMM LM, Ward 17,19, 20, 22	Y	R20 000 000.00			Under Construction
Mbizana Water Supply Scheme	MIG	WMM LM, Ward 10,12,13 & 15	Y	R102 435 000.00	R50 000 000	R78 000 000	Under Construction
Greater Mbizana Water Supply-Phase 1B	MIG	WMM LM, Ward 10,12,13 & 15	Y	R53 918 300.00	R50 000 000,00	R70 000 000,00	Design
Mbizana Water Supply Scheme Feasibility Studies	MIG	WMM LM, Ward 21,23 & 24	Y	R11 000 000.00	R 20 000 000	R50 000 000	Design
Mbizana Water Supply Scheme Feasibility Studies	MIG	WMM LM, Ward 29 & 30	Y	R10 000 000.00	R20 000 000	R 60 000 000	Design
Refurbishment of Mbizana Projects	MIG	WMM LM,	Y	R20 000 000.00	-	-	Design
Nyokweni/Bomvini Regional WS Scheme - Incorp WS to Ntaba Town &	MIG	Ntabankulu LM	Y	R93 000 000.00	R 20 000 000	R 20 000 000	Under Construction

Surr-Continuation of Phase 2							
Ntabankulu Water Supply Scheme - Continuation of Phase 1	MIG	Ntabankulu LM, Ward 14	Y	R12 000 000.00			Under Construction
Ntabankulu Wards Water Supply Scheme	MIG	Ntabankulu LM, Ward 1,5 & 6	Y		R93 659 450	R75 000 000	Design
KwaBacha Regional Bulk Water Supply Scheme – New Water Treatment Works From 6.5 MI to 4.8 MI ”	MIG	Umzimvubu LM	Y	R5 440 000.00	-	-	Under Construction
Umzimvubu Ward 3 & 17 Water Supply	MIG	Umzimvubu LM, Ward 3 & 17	Y		R 1000 000 000	23 000 000,00	Design
Ntibane Water Supply Scheme& Surrounding Villages- Manqilweni &Mgungundlovu Implementation	MIG	Umzimvubu LM	N	R2 500 000.00	-	-	Under Construction
Umzimvubu LM: Cabazana Bulk Water Supply : Section 1 & 2 Water Reticulation	MIG	Umzimvubu LM	Y	R2 500 000.00	-	-	Under Construction
Refurbishment of Mzimvubu Projects	WISG	Mzimvubu LM	N	-	R 20 000 000	R20 000 000	Design

Infrastructure Management 5%	WSIG			R 5 000 000	R 9 889 800	R 3 846 177.50	Implementation

**Unit: Water Conservation and Demand Management (WCDM)**

Project/Programme Name	Funding Source	Location of the project (which Local municipality, ward, village)	Multi-Year Project/ Programme (Y/N)	Draft Budget allocation 2023/2024	Draft Budget allocation 2024/2025	Draft Budget allocation 2025/2026	Comments on the status of the project
District wide Strategic Planning Report ( Additional Areas & Consolidation)	Equitable share (ES)	All LM's	N	2 000 000,00	2 098 000,00	2 196 606,00	Implementation
WCDM Water loss Mitigation Program	WSIG	All LM's	Y	20 000 000,00	20 000 000,00	20 000 000,00	Planning
District Wide Telemetry Maintenance & Repairs	Equitable share (ES)	All LM's	Y	3 500 000,00	3 671 500,00	3 844 060,50	Planning
Bulk Water Purchase. (15000/41001)	Equitable share (ES)	All LM's	Y	10 000 000,00	10 490 000,00	10 983 030,00	Implementation
WCDM - Existing Infrastructure Survey and Mapping	Equitable share (ES)	All LM's	Y	3 500 000,00	3 671 500,00	3 844 060,50	Implementation
Bulk, commercial and domestic water meter supply (50500)	Equitable share (ES)	All LM's	Y	10 000 000,00	8 490 000,00	12 889 030,00	Implementation



**UNIT: WSP**

Project/Programme Name	Funding Source	Location of the project (which Local municipality, ward, village)	Multi-Year Project/ Programme (Y/N)	Draft Budget allocation 2023/2024	Draft Budget allocation 2024/2025	Draft Budget allocation 2025/2026	Comments on the status of the project
Maintenance Ntabankulu Water Scheme	Internal funding (EQS)	Ntabankulu LM	Y	9 200 000,00	9 650 800,00	10 104 387,60	
Maintenace Matatiele Water Scheme	Internal funding (EQS)	Matatiele LM	Y	18 250 000,00	19 144 250,00	20 044 029,75	
Maintenance Umzimvubu Water Scheme	Internal funding (EQS)	Umzimvubu UM	Y	18 250 000,00	19 144 250,00	20 044 029,75	
Maintenance Mbizana Water Scheme	Internal funding (EQS)	WMMLM	Y	18 250 000,00	19 144 250,00	20 044 029,75	
Electricity	Internal funding (EQS)	All LMs	Y	18 000 000,00	18 882 000,00	19 769 454,00	
Purification Chemicals ( Waste and Waste Water)	Internal funding (EQS)	All LMs	Y	9 350 000,00	9 808 150,00	10 269 133,05	
Inventory: Fuel	Internal funding (EQS)	All LMs	Y	15 000 000,00	15 735 000,00	16 474 545,00	
Inventory: Materials and Supplies	Internal funding (EQS)	All LMs	Y	8 000 000,00	8 392 000,00	8 786 424,00	
Water Carting, Honey Sucking and Desludging	Internal funding (EQS)	All LMs	Y	2 000 000,00	2 098 000,00	2 196 606,00	

(Reservoirs & WTW) - Hiring of trucks - EQS funding							
Water Tanks - supply and delivery	Internal funding (EQS)	All LMs	Y	500 000,00	524 500,00	549 151,50	
Refurbish Ntabank water scheme	Internal funding (EQS)	Ntabankulu LM	Y	7 000 000,00	7 343 000,00	7 688 121,00	
Refurbish Umzimvubu water scheme	Internal funding (EQS)	Umzimvubu LM	Y	9 000 000,00	9 441 000,00	9 884 727,00	
Refurbish Mbizana water scheme	Internal funding (EQS)	WMMLM	Y	7 000 000,00	7 343 000,00	7 688 121,00	
Spring Protection program	Internal funding (EQS)	All LMs	Y	1 000 000,00	1 049 000,00	1 098 303,00	
Refurbish Matatiele water scheme - Rural Schemes	Internal funding (EQS)	Matatiele LM	Y	7 000 000,00	7 343 000,00	7 688 121,00	
Tools & Equipment (Apparatus)	Internal funding (EQS)	All LMs	Y	975 000,00	1 022 775,00	1 070 845,43	

## CORPORATE SERVICES DEPARTMENT

### Administration Support

IDP Project Name	Source of funds	Year 1 (2023/24)	Year 2 (2024/25)	Year 3 (2025/26)
Records Management	E S	242 000	350 680	23 015
Electronic Records storage capacity	E.S	368 500	1 044 000	1 090 980
Security Services	ES	35 000 000	36 540 000	38 184 300
Security Services Tools of Trade	ES	3000 000	310 000	320 000
Security Infrastructure	ES	900 000	1100 000	1200 000
Physical Assess Control	ES	1 200 000	1 340 000	1 580 000
Printing Services	ES	1 980 000	2 100 000	2 280 000
Cleaning Services	ES	550	642 000	650 000
Cleaning Equipment	ES	550	642 000	650 000

### ICT

IDP Project Name	Source of funds	Year 1 (2023/24)	Year 2 (2024/25)	Year 3 (2025/26)
Community ICT Centre Support and Maintenance	ES	600 000	622 000.00	645 490.00
DR Centre Establishment	ES	1 000 000.00	1 044 000.00	1 090 980.00

Network Access Point	ES	300 000.00	326 400.00	354 588.00
Network Link Stores, WTW kwa Bhaca	ES	300 000.00	313 200.00	354 588.00
Establishment of ICT Community Centre	ES	500 000.00	530 000.00	556 000.00
Committee Management System	ES	2 300 000.00	2 401 200.00	2 509 254.00
Cabling of WTW offices	ES	300 000.00	313 200.00	327 294.00
Network Maintenance	ES	800 000.00	838 000.00	852 000.00
Public WIFI	ES	2 500 000.00	2 620 000.00	2 635 000.00
Customer Care System	ES	4 000 000.00	4 036 000.00	4 089 000.00
Implementation of ICTGCTPF Phase 3	ES	1500 000.00	1540 000.00	1585 000.00
Information Management System	ES	2 600 000.00	2 770 000.00	2 850 000.00

## HRM

IDP Project Name	Source of funds	Year 1 (2023/24)	Year 2 (2024/25)	Year 3 (2025/26)
ISDG Expenditure	Grant	8 000 000	8 000 000	900 000
Study Assistance Programme	ES	1000 000	1000 000	1000 000
External bursary	ES	1500 000	1500 000	1600 000
Skills Development Programme	ES	2 000 000	2 000 000	2 000 000
Wellness and Employee Assistance Programme	ES	700 000	700 000	800 000

<b>EXECUTIVE MAYOR</b>	2023-2024
MAYORAL IMBIZO'S	500 000
SPEAKER'S OFFICE	
MORAL REGENERATION	120 000
PUBLIC PARTICIPATION	284 000
STATE OF THE DISTRICT ADDRESS	600 000
MUNICIPAL MANAGER'S OFFICE	
CLIMATE CHANGE MITIGATION	1 200 000
WATER QUALITY MONITORING	3 000 000
FREE BASIC SERVICE AWARENESS	50 000

<b>PLANNING AND ECONOMIC DEVELOPMENT</b>	
VUKA ALFRED NZO	500 000
ZONE CENTRE DEVELOPMENT	500 000
AGRI - PARKS PROGRAMME	22 400 000
RESIDENT FASHION DESIGN	500 000

SPRING EVENT	500 000
BEACH TO BERG	700 000
SPECIAL PROGRAMMES	
GRADE 12 AWARDS	320 000
DISABILITY PROGRAMMES	95 000
CANDLE LIGHT CEREMONY	100 000
CHILDREN'S SUPPORT	147 000
GENDER AND GBV AWARENESS	100 000
WOMEN;S MONTH	60 000
OLDER PERSONS PROGRAMME	270 000
WORLD AIDS DAY	115 000
TB AWARENESS	35 000
YOUTH PROGRAMMES	615 000
4IR	100 000

<b>BUDGET &amp; TREASURY</b>	
VEHICLES - WATER SERVICES, ETC	25 000 000
INDIGENT SUPPORT	3 500 000
STORES - CONSTRUCTION NTABANKULU	3 000 000
DIESEL TANKERSS	1 000 000
FIRE AND RESCUE SERVICES	

3 X FIRE ENGINES	15 000 000
SWIFT WATER RESCUE	1 000 000
THUSONG AND CAHD	
ALFRED NZO MEMORIAL LECTURE	730 000
NELSON MANDELA DAY	250 000
WINNIE MADIKIZELA- MANDELA DAY	250 000
HERITAGE DAY	300 000
MEHLODING PROJECT	230 000
CAPACITY BUILDING : CENTER MANAGEMENT	100 000

<b>COMMUNITY DEVELOPMENT SERVICES</b>	
LABORATORY ANALYSIS	250 000
DISASTER MANAGEMENT	
DISASTER MANAGEMENT RESPONSE	2 000 000
EARLY WARNING SYSTEM	150 000

VOLUNTEER PROGRAMME	390 000
VULNERABLE GROUPS INTERVENTION	175 000
INFRASTRUCTURE DEVELOPMENT	
EPWP	6 931 000
DIESEL - WATER SCHEMES	12 000 000
MATERIALS	8 000 000
WATER CARTING TRUCKS X 4 (EACH LM)	6 000 000



## **Spatial Development Framework**

### **5.1. Executive Summary**

Spatial planning in the Alfred Nzo District Municipality occurs within the national and provincial policy directives, and sets the agenda for planning at a local level. The national policy framework includes the Constitution of the Republic of South Africa, various pieces of legislation that give effect to the intentions of the Constitution in respect of spatial planning, and the associated policies that outline the spatial transformation and development agenda. Provincial policy includes the Eastern Cape Provincial Growth and Development Strategy and the accompanying Spatial Development Plan.

As such, the ANDM SDF was developed in 2020-2021 financial year and aligns with these policy directives and enables the municipality to contribute to the attainment of the spatial development targets and objectives outlined in these policies. It also deals directly with the spatial issues facing the district. The ANDM SDF was developed in accordance with the requirements of the Department of Rural Development and Land Reform guidelines for the development of SDF's. The municipality intends reviewing its SDF in 2023-24 FY.

### **5.2. Spatial Planning Mandate**

Since the beginning of the new democratic era in South Africa, the notion of spatial planning has become an integral part of the development planning and transformation discourse. The Constitution (Schedule 4 Part B) bestows this responsibility to local sphere of government. In the interim, municipalities give effect to this mandate through the Development Facilitation Act, Act No. 67 of 1995 and the Municipal Systems Act, Act No. 32 of 2000. The latter requires a municipality to prepare and adopt an SDF as part of its IDP.

On 6 May 2011 the Department of Rural Development and Land Reform published the Draft Spatial Planning and Land Use Management Bill (SPLUMB) for public comments. Once passed into law, the proposed legislation will replace the Development Facilitation Act No 67 of 1995, Removal of Restrictions Act No 84 of 1967, the Physical Planning Act No 88 of 1967 and other laws. The Bill provides, inter alia, for a uniform, effective, efficient and integrated regulatory framework for spatial planning, land use and land use management in a manner that promotes the principles of co-operative government and public interest. It provides for and determines development principles, compulsory norms and standards for land use management, and promotes sustainable and efficient use of land.

As prescribed in the bill, the ANDM SDF gives effect to the development principles enshrined in the bill, and presents both a narrative and visual representation of a five year spatial development plan. It assumes a long term vision and identifies significant structuring elements of spatial development.

### **5.3. National Development Plan (NDP)**

The National Planning Commission (NPC) has been established and tasked inter alia with the formulation of a long term strategic plan for South Africa. The plan will articulate a long term vision and a plan for its implementation. It will shape government's service delivery and development programmes, and guide spatial transformation.

In the interim, the national government has adopted various sector based policy frameworks. The majority of these have serious implications for spatial planning at a local level. In view of the rural nature and underdevelopment that characterises the ANDM, only the following are considered:

The New Growth Path.

Comprehensive Rural Development Strategy and the associated programme.

The Comprehensive Plan for the Development of Sustainable Human Settlements.

## 5.4. Environmental Management

The Environmental Management Plan for Alfred Nzo District fulfils, in part, the requirements of the National Environmental Management Act (NEMA) of 1998. It was prepared as a means to promote sound environmental management and promote sustainable land use practices within the district. It provides a comprehensive picture of the status of the environment, and outlines a strategic direction for environmentally sustainable development and effective management of the natural resources.

It adopts a long-term vision, but also identifies short to medium term actions that need to be addressed as part of the IDP process. These include capacity building and training, catchment management, protected areas, climate change and vulnerability mapping, and waste management. It also identifies priority environmental areas (PEAs) such as follows:

Mount Fletcher-Maluti Drakensburg Escarpment.

Ongeluksnek-Matatiele Ridge Corridor.

Western Tswereke Catchment

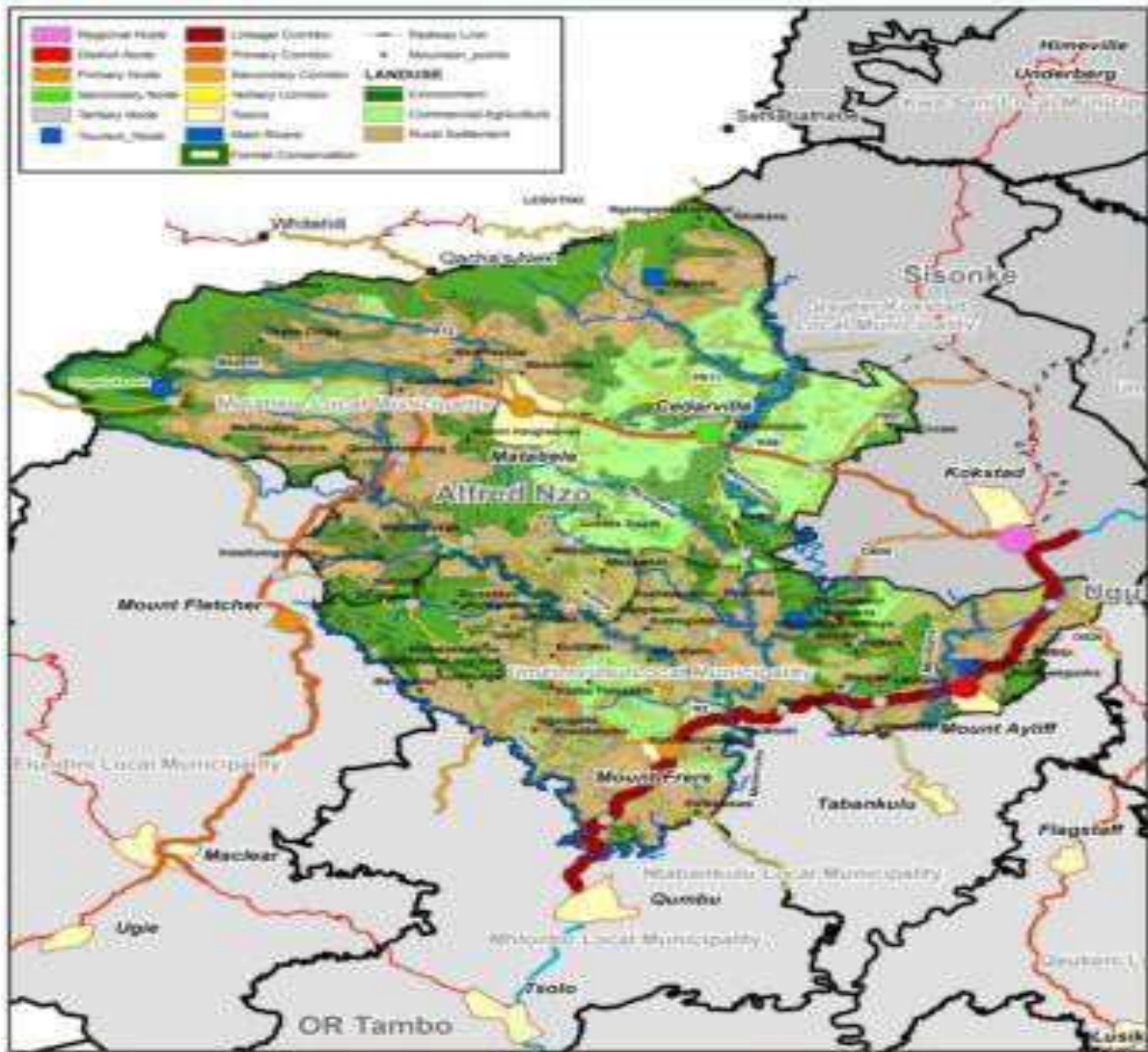
Semongkong ridgeline

Matatiele - Cedarville Ridge Corridor

Map 1: Tourism Potential



The map displays the Alfred Nzo Local Municipality, which is centrally located and colored in a light green shade. It is surrounded by several other municipalities, including Sisonke to the north, Kokstad to the northeast, and various other local municipalities to the south and west. The map includes a legend in the top left corner that categorizes land use into different types such as Regional Roads, District Roads, Primary Roads, Secondary Roads, Tertiary Roads, and various land use zones like Urban, Rural, and Agricultural. The map also shows major roads, rivers, and other geographical features. The Alfred Nzo Local Municipality is bordered by the Sisonke Local Municipality to the north, Kokstad Local Municipality to the northeast, and the Sisonke Local Municipality to the east. The map also shows the Alfred Nzo Local Municipality's proximity to the Sisonke Local Municipality, Kokstad Local Municipality, and the Sisonke Local Municipality.



In addition, they identify the following key areas for intervention:

Improved access and service delivery to urban and rural areas;

Facilitating efficient agricultural development;

Developing the tourism potential and managing the environmental resources; and

Developing a hierarchy of service nodes.

All four local municipalities have developed and adopted SDFs as a component of their IDPs. This review will consider each of these SDFs and provides a framework for alignment.

## 5.6. Regional Access

The geographic location of Alfred Nzo District Municipality along the border of Eastern Cape and KwaZulu-Natal Provinces establishes the area as gateway (entry and exit) point to KwaZulu-Natal from the Eastern Cape and vice versa. The N2 national corridor runs in a north-south direction and serves as the main access route to the District. Other important access and trade routes include R61 linking Mbizana and Port Edward, and R56 which runs along the northern and western boundaries linking Matatiele with Kokstad to the east and Mt Fletcher to the south respectively. The ANDM forms part of the Eastern Region in terms of the ECPSDP. This region includes the majority of the former Transkei, smaller towns (Mt Frere, Mt Ayliff, Maluti, Mbizana, etc) and the surrounding dispersed rural settlements which occur alongside various environmental corridors. The distance from the ANDM to the major economic hubs within both provinces suggests that Kokstad, Port Shepstone and Pietermaritzburg are the main areas that service the district with major commercial facilities. These economic hubs are all located in KwaZulu-Natal Province, and Mthatha in the Eastern Cape are within a 300km radius. East London and Port Elizabeth are located beyond the said radius.

The position and role of the ANDM in the regional space economy is tightly interlinked with both the provinces with the area having strong functional linkages with KZN town such as Kokstad and Port Shepstone. Despite this strategic location of the area in relation to the N2, Alfred Nzo has remained a peripheral economy to these two provinces. The key challenge is to capitalize on its regional accessibility, location in relation to Drakensberg, Coastline, Lesotho and a huge rural (rural settlement and commercial agriculture) catchment/threshold.

## 5.7. Land Use Patterns

Current land use patterns has evolved in response to the settlement patterns, rural

character of the district, applicable planning policies and land use management practices i.e. formal and customary. The broad categories of land uses that exist within the area are:

Urban Settlements – these are the small towns with an agglomeration and variety of social and economic uses;

Rural Settlements – which primarily include rural villages with social facilities, subsistence agriculture but limited economic uses;

Commercial agriculture – these are mainly the privately owned farms around Cedarville and Ongeluksnek Nature Reserve; and

Conservation areas – which include the protected nature reserves such as Ongeluksnek and Mkhambathi Nature Reserve.

A substantial area of arable land has been left fallow. This could be ascribed to a number of factors including availability of resources to produce food, degradation and loss of productive potential. Most of the hill slopes are used for grazing of livestock with the result that most of these slopes have limited vegetation cover (ADM Enviro Status Quo Report, June 2003:1).

#### 5.8. Land Ownership Patterns

Land ownership within Alfred Nzo District Municipal Area is dominated by state land which functions as the rural villages and accommodates the majority of the population. There are few privately owned farms within Matatiele and Umzimvubu Municipal Area. The majority of the land is registered in the name of the state and used for a different uses. The following categories of state land could be identified:



State land – the majority of the land parcels within the municipal area are held in trust by the Minister of Rural Development and Land Reform (Formerly the Minister of Land Affairs). Some state land (former commercial farms) is surveyed and registered, but much, especially communal land, has only recently been surveyed and is still unregistered in the Deeds Registry (PSDP, Vol 1: 60).

There are numerous parcels of state land located throughout the local municipal areas. They include the Nature Reserves, land parcels upon which various facilities have been constructed, for example, government and municipal offices, police stations, schools, clinics and utilities (such as water works and sewerage treatment works).

#### 5.9. Communal Land

Communal land is held in trust by the Minister of Rural Development and Land Reform and formerly registered in the name of the state, it is occupied by individuals members of the respective communities under Permission to Occupy (PTO) and/or customary tenure commonly referred to as beneficial occupation rights. Individual's rights on the land are protected in terms of the Interim Protection of Informal Land Rights Act, Act No. 31 of 1996 also known as IPILRA.

#### 5.10. Land Tenure Upgrading

The land tenure upgrading project has been initiated in Maluti, which is a former R293 township that is situated within the administrative boundaries of Matatiele Municipality. This upgrading of land tenure rights in Maluti occurs at two levels such as follows

Upgrading of Deeds of Grant, which the apartheid government issued to black people in urban areas in the past. A review of the land ownership database in Maluti suggests that an overwhelming majority of residents still hold the land in terms of Deeds of Grant. The extent to which the same applies in Itsokolele Township needs to be confirmed.

Upgrading of land tenure rights that pertain to communal land in the rural hinterland. These include Permission to Occupy (PTOs) and beneficial occupation rights. The declaration of the Communal Land Rights Act, Act No. 11 of 2004 (CLaRA), unconstitutional means that the status quo will remain in the rural areas until a new land rights legislation is enacted. This has denied local communities an opportunity to benefit from localised spatial planning and exercise their rights in terms of security of tenure (CLaRA provided a continuum of tenure security from communal through to titling paradigm).

#### 5.11. Bulk Infrastructure (Water and Sanitation)

The provision of bulk services is very important for the sustainability of settlements and economic growth, such that economic development is heavily dependent on the availability of



good infrastructure in order to be unlocked. Local government has a responsibility as well, to ensure that communities have access to basic services. Bulk infrastructure delivery is therefore a legal mandate as well as an economic instrument to unleash the growth of the area. Sector plans have been prepared for some of the services. These include the Water Services Development Plan and Integrated Development Plan. The recommendations thereof have implications for the SDF especially for alignment and integration purposes.

#### 5.12. Sanitation

The Water Services Development Plans indicated that there is a huge sanitation backlog within Alfred Nzo, particularly within Ntabankulu where the town does not have a waterborne sewerage. Also some rural villages within various parts of the municipal area have poor access to sanitation. Packaging of sanitation programs should be based on settlement clusters and be integrated with the drive towards the transformation of rural villages into sustainable human settlements. The following spatial planning standards should be applied in all sanitation projects:

Giving priority to settlements located within priority environmental areas.

Providing settlements located within a 100m of wetlands with lined ventilated pit latrines at the minimum.

Providing urban (Ntabankulu) and other peri-urban settlements with water borne sewerage.

### 5.13. Water

Like many areas in South Africa, Alfred Nzo Municipality has inherited the historical legacy of a large backlog of water services infrastructure. This situation is clearly intolerable and therefore the efficient and adequate supply of water services for domestic consumption and for economic development is one of the most important challenges facing Alfred Nzo District Municipality, in its capacity as the Water Services Authority for its area of jurisdiction. ANDM has identifies the following as critical and strategic water supply areas:

Additional sustainable water source for Matatiele and Maluti towns.

Bulk water supply system where rural schemes can just be “plugged in”.

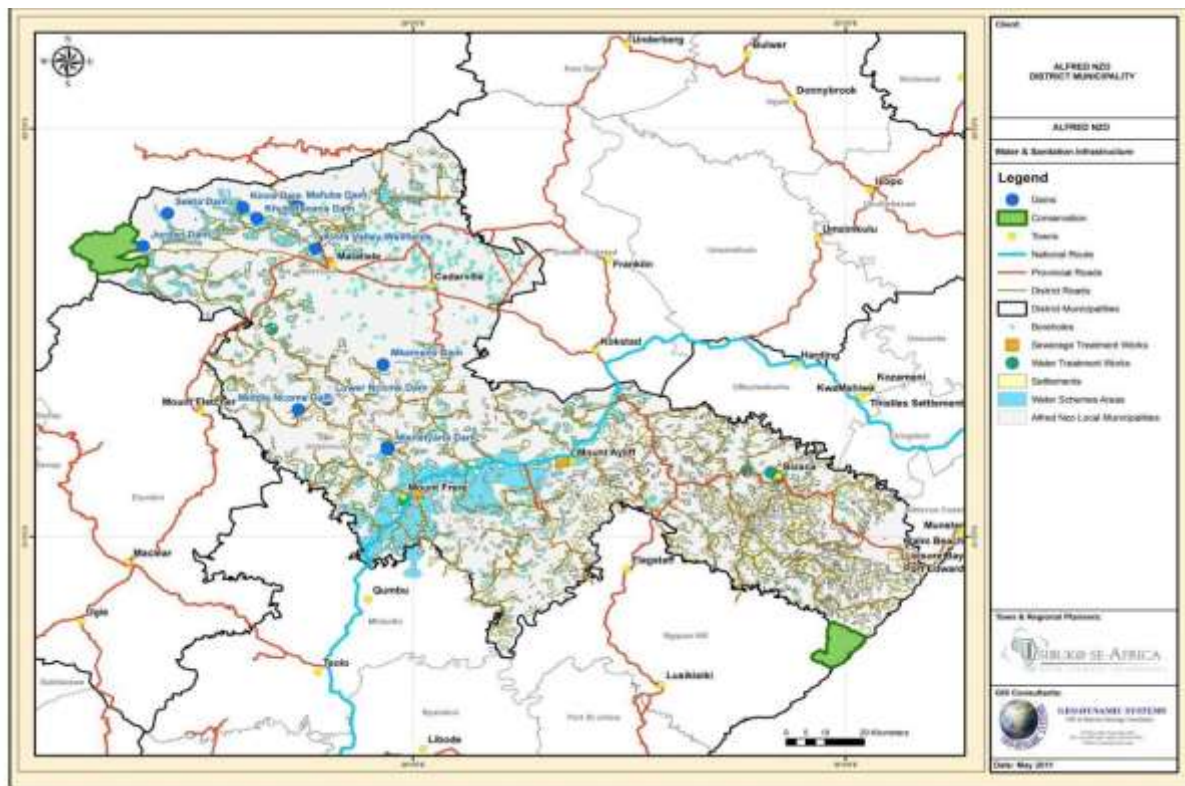
Bulk water supply to Cedarville.

Raw water supply for Agricultural irrigation (Ongeluksnek, Matatiele, Cedarville, and some other areas).

Implementation Readiness Study for Regional Bulk Water Supply Infrastructure in the Matatiele and Umzimvubu Municipality areas recommended the following bulk water schemes for Matatiele:

M1 - Kinira River Dam.

Map 3:



#### 5.14. Spatial Economy

This section provides an analysis of where population and economic activities and related opportunities are located within the Alfred Nzo District Municipality. It compares the structure of the district economy, with those of other districts economic performances within the Eastern Cape Province. The main aim is to identify those sectors of the economy with which the Alfred Nzo District has an inherent comparative advantage relative to spatial characteristics and economic infrastructure so as to enhance the process of translating the comparative advantage to competitive advantage for the district and province's benefits.

#### 5.15. Impact of Boundary Re-demarcation

Alfred Nzo has over the years evolved drastically in terms of geographical space and population composition. During the early 2000s, the district comprised of Umzimvubu and UMzimkhulu Local Municipalities. Both these municipalities were very fragmented such that they did not even share the boundaries, which allowed for wall-to-wall municipal planning. After the 2006 local government elections, Alfred Nzo District administrative boundary was changed to include Matatiele. UMzimkhulu Local Municipality was transferred to KwaZulu-Natal Province. Both these municipalities shared the administrative boundaries and therefore mark an improvement in the spatial configuration of the district for planning and administrative purposes.

The recent demarcation following 2011 local government elections has resulted in Alfred Nzo District obtaining two additional local municipalities (i.e. Ntabankulu and Mbizana). This will

further strengthen the role of co-ordinated spatial planning amongst the four municipalities that were previously administered by two different districts.

#### 5.16. Under-Developed Urban Centres

Urban towns (Mount Ayliff, Matatiele, Mount Frere, Mbizana and Ntabankulu) play a significant role within the municipal area. These serve as the administrative, service and main economic centres with a threshold that covers the full extent of the municipal area and beyond. Although these towns exist with a range of commercial activities, they are currently poorly developed and structured. They are characterised by an unstructured linear form, land use separation and sprawling residential expansion. These towns should be planned as rural towns and be structured and managed to enable them to perform their functions efficiently and effectively.

#### 5.17. Spatial Planning Principles

Alfred Nzo District Municipality's SDF is underpinned by normative principles reflected in various policy documents and pieces of legislation including the Development Facilitation Act (DFA), National Environmental Management Act (NEMA) and Provincial Spatial Development Plan. The following principles have been extracted from these sources and are considered appropriate to guide the preparation, review and implementation of Alfred Nzo Municipality SDF.

#### 5.18. Spatial Framework

Alfred Nzo District Spatial Framework provides guidelines and directives for development in respect of the following key concerns:

Spatial transformation and restructuring;

Environmental management;

Protection of high value agricultural land;

Rural Development and Agrarian Reform;

Economic Development and Land Use Management.

#### 5.19. Spatial Restructuring

The following are the key elements of a spatial restructuring programme for Alfred Nzo

District Municipality:

Hierarchy of Nodes

Hierarchy of corridors.

Settlement clusters.

## 5.20. Primary Node

Mount Ayliff is one of the main urban centres within Alfred Nzo District. It is strategically located at the central parts of the district and it plays an important role as a regional centre for district. It has a good potential as a primary node for investment promotion and centre of supply of services in the district. It forms part of the provincial spatial systems and is identified in the PSDP as one of the economic hubs. This node has administrative, social, and economic potential and there is provision of concentration of different activities of services. As a regional node, the following activities should be strengthened in Mount Ayliff Town:

Development of commercial activities serving the entire district municipal area and the surrounding areas (region).

Location of district and sub-district offices of various government departments and service delivery agencies.

Location of facilities and services for an effective administration.

Industrial development, focusing mainly on the processing of raw materials produced within the sub-region.

Location of public facilities serving the whole sub-region and beyond. These may include district hospital, sports facilities and transportation facilities.

## 5.21. Secondary Nodes

There are three secondary nodes that have been identified within the district and these are:

Matatiele;

Mount Frere; and

Mbizana

These nodes currently function as the main urban centres for the local municipalities that they serve. Similar to the primary node, these areas are well located within the main transportation routes that connect nodes with various settlements within each local municipality. As a sub-regional node the following activities should be strengthened in these secondary nodes:

Development of commercial activities serving the whole local municipal areas and the surrounding areas (sub-region).

Light Industrial development, focusing mainly on the processing of raw materials produced

within the sub-region and the neighbouring areas – agri-processing centre.

Location of public facilities serving the local municipalities. These may include sports and transportation facilities.

Location of facilities and services for an effective administration and local governance of the municipalities.

## 5.22. Tertiary Nodes

While the primary and secondary nodes serve as regional and sub-regional centres, at least four other areas present an opportunity for the development of tertiary nodes with much less threshold/sphere of influence, namely:

Maluti;

Cedarville;

Mzamba.

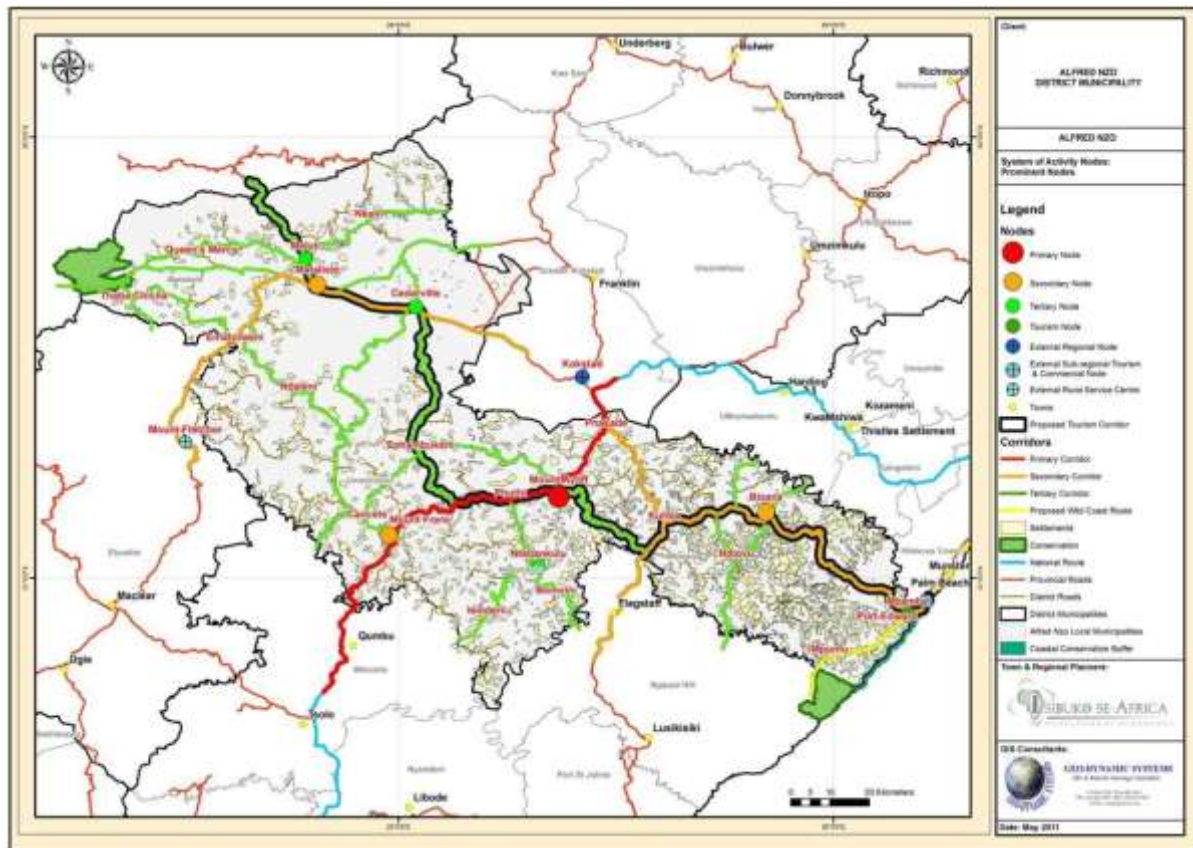
Three main factors have influenced the selection of these areas:

Location in relation to major access routes. Secondary nodes are located either along a primary or secondary corridor, or at the intersection of the primary and secondary corridors.

Location in relation to large rural or urban settlements, which provides a threshold for services, rendered from these areas.

Development potential based on the above two factors, and broad overview of the historical development of the areas as well as the current level of development.

Map 4:



### 5.23. Hierarchy of development corridors

Development corridors in Alfred Nzo District Municipality occur at different scales depending on function and categorization of the transportation route that forms the basis of the corridor. They carry the flows of people and trade between two points (origin and destination) and encourages nodal development at strategic point.

### 5.24. Primary Corridor

The N2 is identified in the NSDP as a national corridor, and is recognised as such (strategic transport route) in the PSDP. It runs in a north to south direction almost dividing Alfred Nzo District Municipality into half and link the area with KwaZulu-Natal towards the north as well as Eastern Cape towards the south. The N2 is a high speed limited access road providing access and inter-nodal connections at a national and provincial level. At a regional and local level, it presents an opportunity for the integration of Alfred Nzo to the national and provincial trade routes. It is a tourist route to the major tourist destinations in Eastern Cape. Development along this route should occur as follows:

Facilitate the establishment of mixed land use activity nodes at the intersection of the N2 and the

regional or provincial routes. Activities that may locate in these areas include logistics, warehousing, light industry and commercial facilities.

In the short to medium term, high value agricultural land located along the corridor should be protected, but in the long term, strategically located areas abutting onto the mixed land use nodes should be opened for development as mixed land use precincts.

#### 5.25. Secondary Corridors

R56 and R61 are the provincial routes that link Alfred Nzo with external significant nodes such as Kokstad, Port Edward and Mount Fletcher. Secondary to the N2, these routes serve as the main link between the Eastern Cape Province and KwaZulu-Natal Province. These are identified in the Provincial Spatial Development Plan (PSDP) - Eastern Cape as some of the Strategic Transport Routes

R56 is a multi-sectoral corridor as it facilitates access to agricultural zones in the Cedarville-Matatiele Area, tourism zones in the Ongeluksnek area and commerce and industry in Matatiele. It forms the basis for a road system that connects different parts of the municipal area. Due to the current settlement patterns and population distribution, R61 has attracted a lot of settlement and establishment of business uses dependent on accessibility and population concentrations. The on-going densification along this route is resulting in R61 fulfilling the role of a residential access road.

Development along R61 and R56 Development Corridor should follow the following guidelines:

R61 and R56 are regional limited access and high speed public transport routes, as such direct access onto this road should be subject to the provincial road transport regulations.

Higher order land uses should be accommodated in the nodes, but lower order land uses could develop in a linear fashion subject to alternative access opportunities;

A 15m buffer should be observed from the boundary of the road reserve. This has implications for settlements that have encroached onto the buffer areas.

#### 5.26. Tertiary Corridors

There are a number of existing roads that have potential to develop as tertiary development corridors. These create opportunities to unlock new development areas through the use of a network of tertiary corridors. The key existing tertiary corridors include:

The road from Matatiele to Lesotho through Maluti is one of the roads that carry huge volumes of vehicular and trade related traffic. It also provides access to a large number of peri-urban and rural settlements located just outside of Maluti. This road requires regular maintenance and upgrade as it has huge volumes of traffic.

Road to Ongeluksnek which branches nearly 15km outside of Matatiele. This road provides access to a tourist destination (tourism node) and block of high potential agricultural land located in the area. It also requires substantial upgrading and maintenance.



Proposed Maluti – Kingscote link road. This road will run along the foothills of the Drakensburg Range and thus provide strategic linkages and unlock tourism development potential of this area.

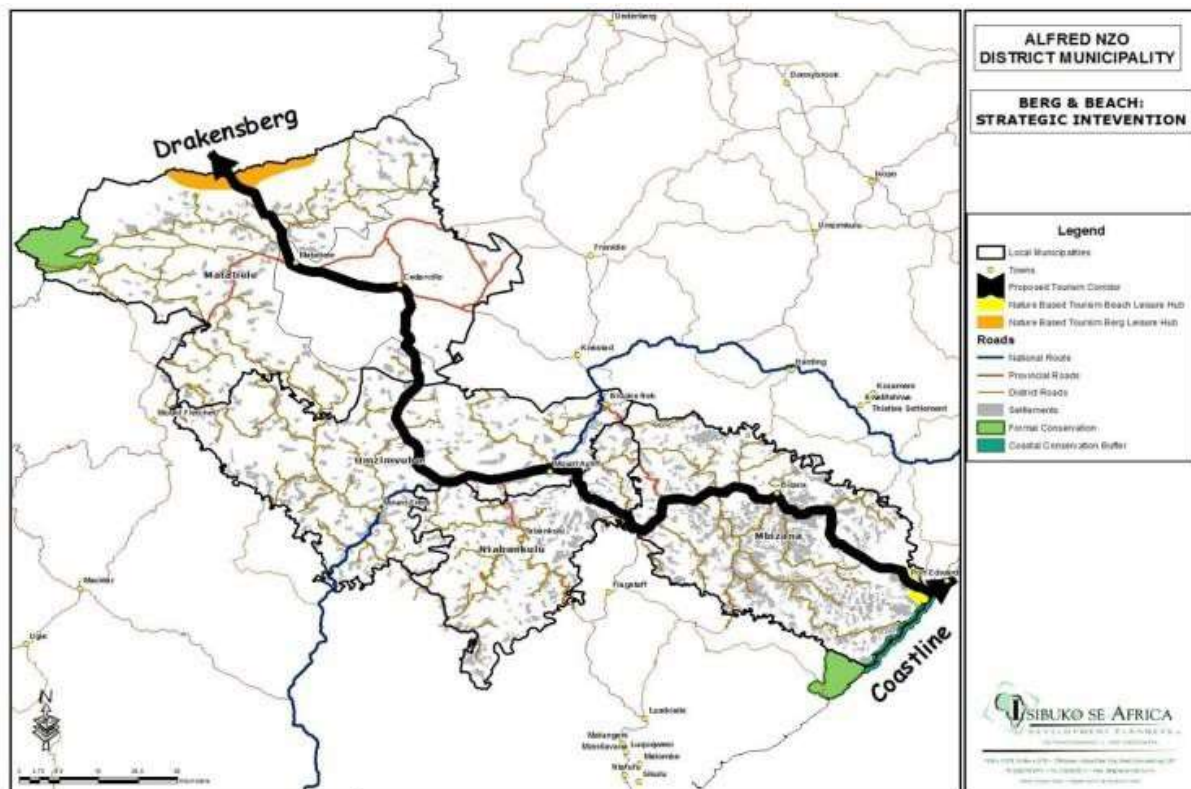
Road linking Matatiele and Ongeluksnek;

Road linking Swartburg with both Matatiele and Cedarville; Road from Ntabankulu to N2 (leading to Mount Frere); Road from Ntabankulu to Isilindini;

Mzamba-Mtentu Road; and

Other district roads providing access to clusters of rural service nodes and settlements.

Map 5:



## 5.27. Proposed Wild Coast Toll Route

There is a proposed national route (i.e. wild coast toll route) which will be positioned from Mbizana (Mzamba) to Lusikisiki. According to the discussion with South African Roads Agency Limited (SANRAL) this toll road will not replace the existing N2 such that both routes will be under the authority of the Department of Transport. However the description of the existing N2 may change.



## DISTRICT LOCAL ECONOMIC DEVELOPMENT STRATEGY

Local Economic Development (LED) aims to induce economic development and growth in a locality with the objective of creating jobs and improving the quality of life by realising a locality's full comparative advantage. It requires collaboration between the municipality and stakeholders to identify resources; understand needs and formulate plans to make the district economy fully functional, investor friendly and competitively productive. Thus, LED recognises that people, business and governments at local levels are best able to restructure economic situations that will stimulate growth required to create jobs and to reduce poverty. It combines different approaches to local development into one integrated concept thereby cross-cutting many different portfolios.

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) mandates local government to promote social and economic development in areas of their jurisdiction. It thus requires the municipality to structure and manage its administration, budgeting and planning processes in a manner that gives priority to the basic needs of the community and promotes the social and economic development of its area. This mandate is outlined further in the White Paper on Local Government (March 1998) which introduces the notion of 'developmental local government', and identifies local economic development as one of the critical outcomes and key performance areas for this sphere of government. The mandate is executed, among others, in terms of the Local Government: Municipal Systems Act (MSA), 2000 (Act No. 32 of 2000), which provides for the principles, mechanisms and processes necessary to enable a municipality to fulfill its developmental obligations. Section 25 (1) of the MSA requires a municipality to adopt a single, inclusive and strategic plan for the development of its area of jurisdiction. Accordingly, the ANDM Integrated Development Plan (IDP) identifies, inter alia, LED as one of the key performance areas and a strategic intervention for promoting socio-economic development, alleviating poverty and improving the quality of life.

The National Development Plan (NDP), Vision 2030, offers a long-term perspective with regard to development of the South African economy. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal. The Eastern Cape Provincial Development Plan (EC-PDP), which is based on the NDP, seeks to outline a development path for the province. Vision 2030 sets the development agenda and priorities for the next 15 years (2015-2030), building on the Provincial Growth and Development Plan (PGDP) of 2004-2014. The plan proposes key programmes and projects for implementation up to 2030 and suggests arrangements for implementation of the plan, tracking and accountability. In addition to this, government provides clear frameworks at a national and provincial level toward the achievement of economic development targets for the country. As such, the development of the LED Strategy for ANDM takes into cognisance these and their implications for local economic development.

The reviewed LED strategy constitutes a key component of the ANDM IDP (2017 – 2022), sets a clear strategic agenda for LED in the IDP and is intended to comply with the Constitutional and legislative obligations.

## ALFRED NZO DISTRICT MUNICIPALITY STRATEGIC AGENDA

In line with the new term for Council in ANDM, the municipal vision, mission and strategic goals

have been reviewed. These are aligned to the District Development Plan and One plan of the district.

The DDP identifies 5 High level Strategic goals, sighting that by 2035, ANDM should have:

Much improved public infrastructure

Better quality public services

A growing economy with lower unemployment and higher living standards

A sustainable, well-conserved & -protected natural environment

Public sector organisational strengthening to drive the DDP

LED in ANDM is primarily responding to Goal 3 of the ANDM DDP:

Goal 3: A growing economy with lower unemployment and higher living standards

Regional Context

ALFRED NZO IN THE EASTERN CAPE

Figure 1: Alfred Nzo in the Eastern Cape



The Alfred Nzo District is located along the border of Eastern Cape and KwaZulu-Natal (KZN) Provinces, and forms a gateway (entry and exit) point to KZN from the Eastern Cape and vice versa. The N2 national corridor runs in a north-south direction and serves as the main access route to the District. In the regional space economy, ANDM is tightly interlinked with both KZN and Eastern Cape provinces and has strong functional linkages with KZN towns, such as Kokstad and



Port Shepstone. Despite this strategic location of the area in relation to the N2, Alfred Nzo has remained a peripheral economy to these two provinces. The key challenge is to capitalize on its regional accessibility, location in relation to Drakensberg, Coastline, Lesotho and a huge rural (rural settlement and commercial agriculture) catchment/threshold.

Subsequently to this, there is a proposed national route, namely the Wild Coast Toll Route or N2 Wild Coast Corridor which is planned to be positioned from Mbizana (Mzamba) to Lusikisiki. According to the South African Roads Agency Limited (SANRAL) this toll road will not replace the existing N2 such that both routes will be under the authority of the Department of Transport. However the description of the existing N2 may change.

MAP 1: Proposed N2 Wild Coast Corridor



Source: ANDM IDP 2017 – 2022

### Regional economic context

GDP in Alfred Nzo has grown dramatically between 2003 and 2007, where it reached a peak of 6.7% growth in 2007. High performance was offset by the recession in 2008/2009. Since then, growth in the district has stagnated above 2 percent. Overall, the district has performed above the province (ANDM IDP 2017 – 2022, 29).

Table 1: Key economic indicators: Alfred Nzo, 2015 (R millions at constant 2010 prices)

	Real GVA at basic prices	Real compensation of employees	Real Gross Operating Surplus	Real Output at basic prices
ANDM	9, 812	5, 595	4, 017	18, 671
ULM	2, 728	1, 640	1, 041	5, 096
MLM	3, 524	1,909	1, 536	6, 787
MbLM	2, 663	1,508	1, 098	5, 139
NLM	897	538	342	1, 650
EC	210, 006	118, 328	87, 165	469,860

Source: ANDM IDP 2017 – 2022

To summarise the above table of key economic indicators, it can be sighted that:

In 2015, the total production (Output) of goods and services in Alfred Nzo was R18 671 million.

The input cost (Intermediate consumption expenditure) used to produce those goods and services was R8 859 million.

The difference between Output and input (Also called Gross Value Added) was R9 812 million.

57% of GVA was used as Compensation of Employees (CoE) and 41% as Gross Operating Surplus (GOS).

The input cost accounts for 47% of total production output and the GVA for 53%.

The sector employing the majority of people in ANDM was the agricultural sector, followed by the services sector. However, Alfred Nzo is once again the smallest employer in the province.

## Population dynamics

The population dynamics and access to basic services of a district are of paramount importance in addressing developmental needs in society, and the developmental state within the District. The population growth, ageing population, migration and urbanization present both important developmental challenges and opportunities that have direct and indirect implications for social, economic and environmental development. These dynamics in the population structure affect macro-economic factors such as consumption, production, employment, income distribution and poverty. The changes in the population structure also influence universal access to social services such as health, education, sanitation, water, food and energy. Proper planning for population dynamics will therefore ensure that the wellbeing of both the current and the future generation is promoted with the motive of advancing sustainable development. In analyzing the population dynamics it is essential to look at factors such as urbanization, migration, fertility, mortality, life expectancy as well as the age structure of the population. These factors will give an indication with regard to the estimated number of people who are dependent on government for transfers as well as the number of people who are economically active. These factors also play an essential role in the efficient allocation of resources at all spheres of government.

Table 2: ANDM Demographic patterns

Demographics 2011			2016	
Alfred Nzo	Numbers	%	Numbers	%
Population	801,344	100.0	867,864	100.0
Black African	794,382	99.1	862,589	99.4
Coloured	3,307	0.4	3,647	0.4
Indian or Asian	1,132	0.1	598	0.1
White	1,898	0.2	1,030	0.1
Population by home language				
Afrikaans	6,716	0.8	1,757	0.2
English	18,090	2.3	3,427	0.4
IsiXhosa	673,519	84.6	752,214	88.8
IsiZulu	9,954	1.2	5,631	0.7
Sesotho	69,811	8.8	81,265	9.6
Other	18,237	2.3	2,507	0.3
Number of households	187,18	4.3	195,975	4.4
Households size				
Gender				
Male	366,488	45.7	397,206	45.8
Female	434,857	54.3	470,658	54.2
Population by age				
0 - 14	327,704	40.9	345,624	39.8
15 - 34	264,442	33.0	340,753	39.3
35 - 64	159,685	19.9	113,039	13.0
65 +	49,514	6.2	68,448	7.9

Source: Stats SA (Census 2011 and 2016 Community Survey)

ANDM has a population of approximately 867 864; which is distributed unevenly amongst the four local municipalities.

The total population in Alfred Nzo district municipality has increased by 8.3% from 801 344 people in 2011 (census) to 867 864 people in 2016 (community survey).

This puts pressure on government to provide service delivery, and put economic and physical

infrastructure in place to sustain this population. Local economic development initiatives therefore become crucial in their role towards striving for a self-sustaining population. The population growth, ageing population, migration and urbanisation present both important developmental challenges and opportunities that have direct and indirect implications for social, economic and environmental development. These dynamics in the population structure affect macro-economic factors such as consumption, production, employment, income distribution and poverty. The changes in the population structure influence universal access to social services such as health, education, sanitation, water, food and energy.

In terms of population density in the District, there are broadly three types of human settlements in the area:

Low-density rural villages (average size about 700 people; villages are often contiguous):

Small towns

Higher density peri-urban settlements around the small towns.

As per the IDP, there is evidence of de-population of deeper rural areas (e.g. the Umzimvubu population fell by 5% between 2001 and 2011 according to census data) and fast growth of peri-urban settlements. It has also been observed that out of the six towns in the area:

Matatiele Local Municipality has the second largest population and the largest land area;

Ntabankulu Local Municipality has the smallest population and land area;

Mbizana Local Municipality has the largest population and the densest population, and Matatiele is the least dense;

All six of the small towns are on a main road, except Ntabankulu.

Population densities are important indicators for areas in need of economic intervention. The relatively large youthful population coupled with the aged population leads to high levels of dependency. These high dependency levels lead to an increased burden on the productive part of the population to support the economically dependent (youth and aged). In addition, the youth requires special attention in the form of proper educational facilities and the stimulation of the economy to provide job opportunities that will keep them within the district. Youth that leave the district after school results in a loss of capital investment that was made into them.

In addition, employment and economic opportunities are required to provide entrepreneurs and graduates with an opportunity to start a business or employment to stay in the area. The small middle-aged cohort is an indication of this age group migrating or moving out of the district. They represent the experienced workforce, and their absence result in a loss of an experienced labour force. Low levels of education and half of the population being functionally illiterate implies low skills levels. This suggests that skilled workers have to be drawn into the district from other areas. It also has implications on the quality of life and the ability of people to acquire further skills and training.

Socio-economic



An important feature in the District is the high number of people that are not economically active and the high levels of unemployment. This is consistent with high levels of poverty and low levels of development (HDI).

In the Alfred Nzo context, LED and economic growth holistically should as a final outcome should be inclusive and cause an improvement in the overall quality of life. Inclusive growth should therefore focus on value adding sectors with great potential to create jobs and stimulate growth, e.g. Agriculture, Tourism and Manufacturing.

The District is characterised by a weak enabling environment. This refers to the availability of service delivery and infrastructure. This factor is critical to attract investment opportunities to the area and should receive urgent attention.

#### District economic profile

Dominant sectors in ANDM in terms of GVA are the government service sector (35%), the finance services sector (15%) and the trade sector (20%). Government services are also dominating the employment per sector, accounting for 27%. This is followed by the trade sector (15%) and agriculture (12%). The agricultural sector's contribution to the district economy is not in line with its contribution to employment, suggesting that this sector creates employments, but has low levels of productivity. Matatiele is the best performing local municipality in terms of its contribution to GGP.

#### ECONOMIC SECTORS

##### Agriculture and Agro-Processing

The contribution of agriculture to the district economy has shown steady growth between the period 1995 and 2010. This is despite the fact that it only contributed 3% to the district economy in 2009. Regardless of the sector experiencing a steady growth between the period of 2012 and 2014, the sector however experienced a downturn growth in 2015 and 2016 which resulted to a decrease and fall of GDP contribution to the district economy from 3% to 1% in relation to two different periods (1995 to 2010 and 2012 to 2016). This may be associated with the drought that the country experienced in 2015.

Agriculture has development potential, but specific focus and interventions are required to overcome some of the challenges faced by this sector. This is a key sector for support by government, which could contribute to the value chain. An effective value chain will have multiplier effect on the ANDM if successfully exploited.

Agriculture in ANDM has thus been prioritised through the implementation of intensified primary production to support agro-processing.

To achieve radical economic transformation, ANDM wishes to implement agricultural development in an all-inclusive manner, by applying the basic principles of local economic development which entail Public-Private Partnerships (PPPs).

By pulling resources from various role players in agriculture, ANDM wishes to renew the capacity of the people of Alfred Nzo through employing mechanisms to support subsistence farmers to operate as small-scale commercial farmers.

It is envisaged that through the implementation of the partnership model, ANDM farmers will in the next five to ten years be in a position to operate as commercial farmers through these programmes;

aggressively capacitating and providing ongoing mentorship and thus deriving income, jobs and fruitful and sustainable living for all.

## Forestry

Forestry is an important economic sector in the South African economy, and equally so in Alfred Nzo. Forests play a vital role in the lives of all the people both through economic growth and provision of livelihoods. Forestry is also identified as a growth sector. Currently, the demand for forest and related products is said to have exceeded supply. This is good news especially for a province such as Eastern Cape generally and the Alfred Nzo District in particular which is said to be characterized by high suitable ecosystems.

The forestry sector in the Eastern Cape makes a significant contribution to the rural economy and local employment. Due to biophysical characteristics, there are substantial areas which are suitable for commercial afforestation, creating an opportunity for more than doubling the current plantation area. The Eastern Cape is also noted as having the largest number of small scale sawmills.

To determine the full potential of the Forestry sector and the associated value chains, ANDM will develop a Forestry Sector Plan for the District; as a guide towards developing the sector, the potential jobs to be created and undertake the full value-chain analysis.

## Tourism and Heritage

Tourism activities in the District are still limited to certain areas, despite the fact that the District has abundant natural beauty and a diverse array of cultural groups which have strong potential for eco, adventure and cultural tourism. The structure and spatial analysis of tourism within the district shows the following:

Tourism within the district can be divided into, transit and business tourism, on the one hand, and nature based (eco-related tourism) on the other;

Concentration of tourism related activities in Mzamba Tourist region located within the Mbizana Local Municipality as well as Matatiele area which is linked to the uKhahlamba-Drakensberg World Heritage Site.

One of the main challenges facing the industry is lack of tourism infrastructure and rural infrastructure not being conducive for tourism development.

In 2014, ANDM embarked on a process of developing the Beach to Berg Corridor Development Plan (B2B CDP); which clusters the District's tourism offering into one umbrella. The plan was developed as an output of the District Spatial Development Framework and Tourism Sector Plan which place strong emphasis on the development of a route for ANDM.

The District is thus employing a phased approach towards the implementation of the B2B CDP which entails the key component of developing the Infrastructure Work Schedules for all attractions identified in the Local Municipalities.

## The Ocean Economy

ANDM is endowed with a 30km Coastline (known as the Wild Coast) along Mbizana Local Municipality, a coastline presenting abundant opportunities for the development of the aquaculture, marine and coastal tourism. The district also has a number of dams that possess an opportunity for tourism development (i.e Ntenetyana Dam located at Umzimvubu Local Municipality). These opportunities have therefore qualified ANDM to form part of the Operation Phakisa: Oceans Economy programme.

Oceans Economy labs were established to oversee the implementation of the programme. These are collaboration sessions, which consists of a number of stakeholders involved in the ocean economy programme (i.e government, labour, business, academia and other sectors). The results of the labs are detailed (3 foot) plans with ambitious targets as well as public commitment on the implementation of the plan by all stakeholders.

Five priority areas have been identified. By focusing on these priority growth areas, the Oceans Economy will unlock the economic potential of Alfred Nzo District's ocean and dams, providing significant contribution to GVA growth and job creation potential. These priority areas include: Aquaculture (and Small Crafts Harbours); Off-Shore Oil & Gas Exploration; Maritime Transport & Manufacturing; Marine Protection Services & Ocean Governance; and Coastal & Marine Tourism. Initiatives identified by ANDM place specific focus on Aquaculture and Coastal & Marine Tourism.

## Manufacturing

This sector is presently very small in the District due to a limited and less developed of the primary sector that resulted to the provision of inadequate supply or support to secondary sector. The manufacturing sector does however have expansion potential including;

There are many small-scale garment manufacturers (e.g. occupying old Transido workshop premises) that would benefit from stronger business support. The existing crafts sub sector is insignificant. Craft workers would benefit from more support with product development and marketing, and from growth of the tourism industry in the District.

ANDM is therefore in the process of implementing the Resident Fashion Designer & Seamstress Incubation Programme; to enhance the skills base of crafters through specialized training, mentorship and essentially access to markets.

ANDM has Zone Centre facilities through Umzimvubu and Matatiele Local Municipalities. These facilities were established by ANDM to support contractors in the manufacturing of building material.

ANDM therefore plans to resuscitate the Zone Centres, identify SMMEs to run the facilities and allocate mentors who will provide support until they can run the facilities independently.

ANDM also has potential to develop Timber-using industries; however this still needs to be probed further through the development of the Forestry Sector Plan.

## Other Sectors

Other sectors that play a significant role in the ANDM economy include Government services and the Trade & Financial sectors.

#### Government Services

Government services are the largest contributor to the economy and employment in ANDM. It is thus an important contributor and driver of the local economy as it contributes 35% to the R-GDP, and 27% to employment. Both contribution to R-GDP and employment when compared to previous statistics have dropped from 36% and 27% respectively.

#### Trade and Financial sector

The trade and financial sector are key economic sectors that contribute 20% and 15% to district economy, and 24% and 13.92% respectively to employment. Important sub-sectors to these include community, social and personal services, financial intermediation, real estate and business services as well as wholesale and retail trade. The formal sector is more concentrated in urbanised areas (towns), such as Matatiele, Bizana, Mt Frere, Mt Ayliff and Ntabankulu. These towns provide access to wholesalers, general dealers and semi-specialist stores.

The business sector in ANDM is relatively small and the demand for professional services (e.g. accounting, legal services etc.) is low. The majority of business services are available in Mbizana. The trend within the district is to make use of the variety of services available in Mthatha and Kokstad, which can be accessed when necessary. Financial services (banking services) are available in all four municipalities. However, larger towns such as Bizana and Mt Frere have greater representation of banks than for example, Ntabankulu.

#### Institutional environment

The institutional environment for LED includes certain governance and administrative systems, as well as procedures, LED capacity and LED support. In respect of governance, ANDM has a Standing Portfolio Committee for LED as a sub-committee of council, as well as an LED Forum, which serves as platforms for interaction on LED issues and sharing of knowledge.

Some of the systems and procedures supporting LED include certain by-laws.

Supply Chain Management, includes a system that seeks to promote and support local business in respect of the supply of a range of goods and services.

Monitoring and Evaluation takes place through the municipality's developed and adopted Performance Management System.

A system for the collection and maintenance of economic data can provide important information on the district.

LED is also supported in the district through support agencies, such as Alfred Nzo development Agency (ANDA) and various government departments that support certain LED.

#### Actual performance of ANDM

The majority of projects are concentrated in the Business support and enterprise development sector (28%); Agricultural sector (25%), Infrastructure projects (22%). Perceptions that were raised during the development of the 2012 LED Strategy include:

The more projects 'on-the-go' the better. As such, there are many small low impact initiatives with

low momentum for change.

This then suggested a traditional approach to LED, focusing on poverty alleviation through the implementation of small projects.

These perceptions have however slowly evolved over time; as LED operations and programmes have since been designed to encourage main-stream economic activities, as well as encouraging commercialisation of traditional, subsistence business practices such as farming.

Structural problems with LED that were identified during the development of the 2012 LED Strategy include:

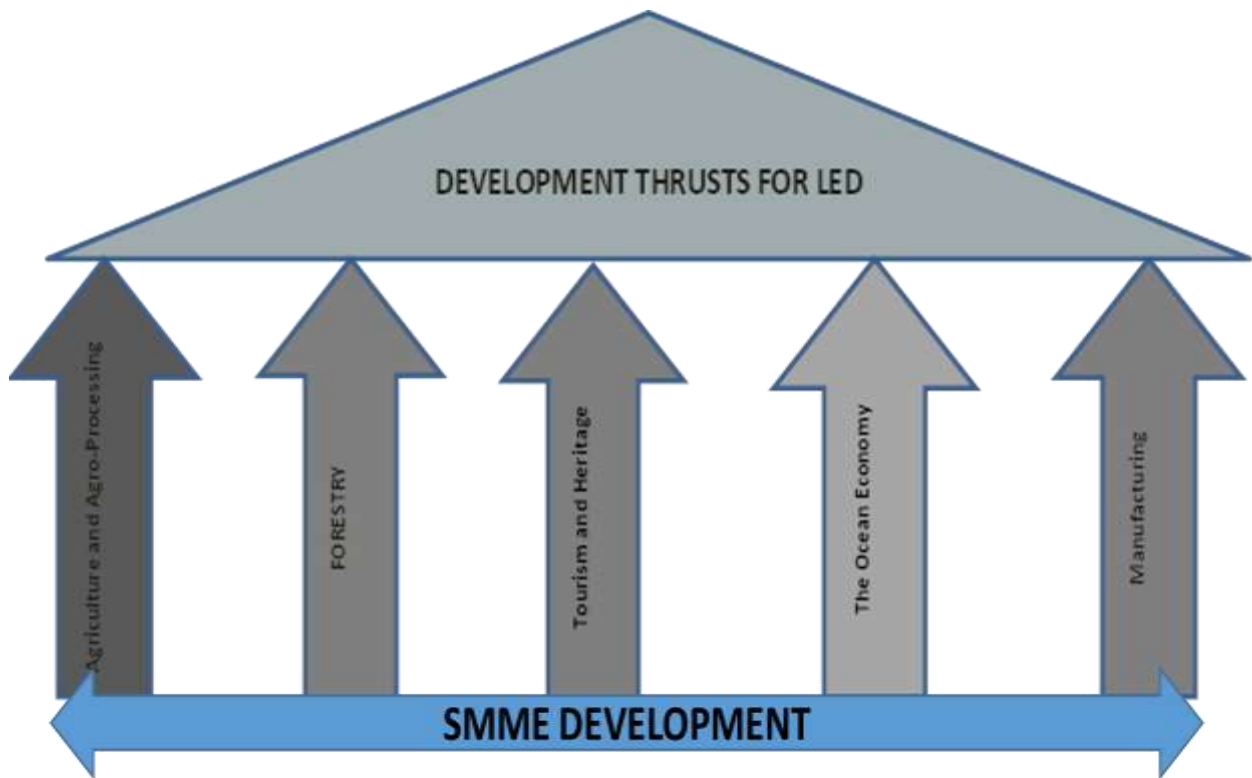
LED Policy is non-existent and should address 1) the utilisation of budgets for leveraging from government; parastatals; private sector (CSI); donor agencies and other development agencies; 2) Allocation of human resources towards LED planning; leveraging of resources and implementation; 3) Prioritisation of projects; 4) LED approach over the short, medium and long-term.

Some of these challenges have since been addressed, through the development a Policy that speaks to funding for LED initiatives, beneficiaries and local municipalities. Even though this has not yet been fully addressed, human resources have since been allocated for LED planning, resource mobilisation and implementation. Overall, the development of the 2012 LED Strategy has assisted in shaping LED in ANDM, where projects have since been crafted as guided by the strategic framework and pillars that were identified for LED in the District.

LED Strategy, programmes and implementation

Development thrusts for LED as identified in the Reviewed LED Strategy have been summarised in the figure below:

Figure 1: Development Thrusts for LED



## 6.1. ANDM Sector Plans

### Introduction

The municipality has a number of sector plans in principle, which are viewed as the component parts of the IDP. These plans are used in conjunction with the IDP, hence serving as plans guiding specific functions of the municipality. The municipal departments and other stakeholders such as sector / government departments, in their key major functions develop plans for addressing specific pressing development matters, hence referred to as sector plans. In essence, the key relevant sector plans will be listed below and briefly described in showing the update of their development status hence can be acquired from the municipality on request. The following is a list of relevant sector plans and policies referred to as annexures to the IDP document:

## List of policies and plans

NO	POLICY	PROGRESS/COMMENT
001	Fraud Prevention Plan	Requires annual review
002	Fraud Prevention Strategy	Requires annual review
003	Risk Management Policy and Framework	Requires annual review
004	Risk Management Strategy	Requires annual review
005	Risk Management Committee Charter	Requires annual review
006	Communication Policy	Requires annual review
007	Communication Strategy	Annual review of the communication strategy action plan
008	District Wide IGR Framework	Requires annual review
009	Municipal Relations and Agreements Policy	Requires annual review
0010	SPU Strategy	Review the document to align with IDP, Provincial and National Strategy
0011	Youth Policy	Review the whole policy through consultation with youth stakeholders. The draft policy will be used as the bases of discussion
0012	HIV and Aids Policy and TB	Requires annual review
0013	Gender Policy	Requires Annual Review
0014	Children's Policy	Requires Annual Review
0015	Disability Policy	5 year review
0016	Older Person's Policy	5 year review
0017	Audit Committee Charter	Requires annual review

NO	POLICY	PROGRESS/COMMENT
0018	Internal Audit Charter	Requires annual review
0019	Internal Audit Methodology	Requires annual review
0020	Delegations Framework	Requires annual review
0021	Delegation Register	Requires annual review
	Unauthorised, irregular and fruitless and wasteful expenditure policy	Requires annual review
0022	Public Participation and Petitions Policy	Requires annual review
0023	Council Rules and Orders	Requires annual review
0024	Office Bearers Vehicle Policy	Requires annual review
0025	Travelling Allowance for Councillors	Requires annual review
0026	Norms and Standards (MPAC)	Requires annual review
0027	Terms of Reference (Roles and responsibilities)	Requires annual review
0028	Mayoral Handbook	Requires annual review
0029	PMS Framework	Requires annual review
0030	Human Resources Manual	Requires annual review
0031	By Laws on Powers, privileges, immunities of Municipal Council	Requires annual review



NO	POLICY	PROGRESS/COMMENT
0032	Municipal meetings and meetings procedures	Requires annual review
0033	Municipal By-law development policy	Requires annual review
0034	Agricultural Development Policy	Due for review
0034	SMME Policy	Due for review
0036	Tourism and Heritage Development Policy	Adopted
0037	Vuka Alfred Nzo Funding Policy	Due for review
0038	Manufacturing Development Policy	Due for review
0039	GIS Policy	Adopted

Apart from legislative requirements, the following are policies and procedures developed to guide all activities and procedures of the municipality. These policies are developed to ensure effective and efficient service delivery and use of municipal assets. They are:-

Human Resources	Reviewal date
13th cheque policy	31 May 2021
Acting allowance policies and procedures	31 May 2021
Code of conduct policy	31 May 2021
Records Management policy	31 May 2021
Compensation for occupational diseases and	31 May 2021
occupational health and safety policy	31 May 2021
Consuming of alcohol or any abusive drugs-	31 May 2021
Death of staff member policy	31 May 2021
Promotion policy	31 May 2021
Sexual harassment policy	31 May 2021
Smoking policy	31 May 2021
Unauthorized absence policy	31 May 2021
Retention policy	31 May 2021

Employee assistance programme policy	31 May 2021
Gift, favors or reward policy	31 May 2021
Hours of work policy	31 May 2021
Housing rental policy	31 May 2021
Implementation of new policies & procedures	31 May 2021
SMME Policy	31 May 2021
Tourism Policy	31 May 2021
Local and Regional Economic Development Strategy (LRED)	31 May 2021
Spatial Developmenty Framework	31 May 2021
Financial Management	31 May 2021
Accounting policies	31 May 2021
Capital replacement reserve policy	31 May 2021
Fleet management policy	31 May 2021
Fixed asset management policy	31 May 2021
Investment and cash management policy	31 May 2021
Auxiliary and Information Technology	31 May 2021

Email and Internet User Policy	31 May 2021
ICT Framework	31 May 2021
Telephone and cell phone policy	31 May 2021

Apart from municipal policies adopted, the municipality has a functional LLF in place, and all employer/employee relations are maintained through this platform. As a result, there had been no strikes by employees since 2016.

## ORGANISATIONAL PMS

### Introduction

This performance management framework document of Alfred Nzo District Municipality (ANDM) sets out the Performance Management System of the District undergirded by the District IDP and its annual SDBIP of the District.

The performance management framework covers, what it is, why there is performance management, who is involved in the performance management system, how the system is organised and how and when it is implemented.

The primary mandatory components of the performance management framework herein are the Organisational level Performance Management, Departmental performance management and individual performance management.

The performance management system process is enjoined in the IDP process plan as depicted in the process under the section on implementation.

### PMS defined & rationale for the performance management framework

What Is Performance Management, Monitoring and Evaluation and the Annual IDP Review? Performance management is defined as:

“A strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation in terms of indicators and targets of efficiency, effectiveness and impact.”

The municipality shall develop a performance management system based on the prescripts contained in the legal framework for the performance management system.

The municipality shall set targets and monitor and review the performance of the municipality based on the indicators linked to the Integrated Development Plan (IDP). Performance management consists of these two inseparable, integral components, namely:

Organisational performance management: to determine whether a municipality is achieving its strategic goals; and

Employee performance management: to determine how well employees perform their duties towards the achievement of the municipality's objectives

Performance Management is an ongoing communication process that involves both the Manager/Supervisor and the Supervisee in:

Identifying and describing essential job functions and relating them to the strategy (IDP) and Budget of the Municipality;

Developing realistic and appropriate performance standards;

Giving and receiving feedback about performance;

Undertaking constructive and objective performance appraisals ; and

Identifying and planning education and development opportunities; to sustain, improve or build

On employee work performance.

Why Performance Management System; the purpose of the IDP Plan is to ensure that the resources available to the ANDM are directed at the delivery of projects and programmes that meet agreed development priorities.

As AND Municipality starts the implementation of the IDP plan it is important to check that:

the delivery is happening in the planned manner;

the Municipality is using its resources most efficiently;

it is producing the quality of delivery envisaged; and

the delivery is having the planned effect on the lives of the people in the

Municipality.

To achieve this it is necessary to monitor and evaluate, measure and review the performance of ANDM against indicators and targets set in the IDP and SDBIP. Performance management will assist Municipalities:

to make immediate, appropriate changes in delivery and management of

resources;

identify and overcome major or systemic blockages; and

guide future planning on developmental objectives and resource use,

Achieving this requires pro-active development of a performance management system and undertaking an annual review of the IDP.

Applicable legislation for the pms framework

The local government: municipal planning and performance management regulations, 2001.

Section 7(2) of the Regulations requires that the Municipality, in developing its Performance Management System, must ensure that

the system:

Complies with all the requirements set out in the Municipal Systems Act;

Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;

Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;

Clarifies the processes of implementing the system within the framework of the Integrated Development Planning process;

Determines the frequency of reporting and the lines of accountability for performance;

Relates to the Municipality's Employee Performance Management processes.

Furthermore, Section 43 of the Regulations prescribes the seven general key performance indicators (Section 3.3.4 of this policy).

Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006

These regulations articulate issues of employment contracts, performance contracts and performance appraisal of Municipal Managers and Managers directly accountable to them.

Chapter 3 of the regulations allude to the following regulation clauses as purpose of performance agreement:

The purpose of the agreement is to:

Comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Act as well as the employment contract entered into between the parties;

specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget



Implementation Plan (SDBIP) and the Budget of the municipality;

specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

monitor and measure performance against set targeted outputs;

use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;

in the event of outstanding performance, to appropriately reward the employee; and

Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

Municipal Systems Act (Act No 32 of 2000)

In terms of this Act (Chapter 6, Sections 38 – 49) all municipalities are required among other things to:

Develop a PMS, monitor and review performance based on the indicators linked to the IDP;

Involve the community in the development of key performance indicators; and reviewing municipal performance.

Publish an annual report on performance for councillors, staff, the Municipal and other spheres of government;

Section 57 of chapter 7 (MSA) of this chapter requires the Municipal Manager and those officials reporting directly to the Municipal Manager (section 57 employees) to sign annual performance agreements.

Municipal Finance Management Act (2003)

Section 1 of the MFMA defines the SDBIP as:

“a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top layer) the following:

- a) Projections for each month of-
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote
- b) Service delivery targets and performance indicators for each quarter.

According to Section 53(1) (c) ii of the MFMA (Act 56 of 2003) “the Mayor of the municipality must take all reasonable steps to ensure that the municipality’s service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget”

The Mayor is to receive the draft SDBIP 14 days after approval of budget and therefore the final SDBIP approved 14 days after receiving the first draft of the SDBIP.

RSA Constitution, 103, of 1996

The overarching legislative mandate of the PMSF is to achieve the objects of Section 152 of the Constitution which are:

To provide democratic and accountable government for local communities;

To ensure provision of services to communities in a sustainable manner;

To promote social and economic development;

To promote a safe and healthy environment; and

To encourage the involvement of communities and community organisations in the matters of the local government

Objectives and guiding principles of the performance management framework

The main Goal of Performance Management is to ensure that the municipality as a system and its subsystems work together in and integrated fashion for accomplishing optimum results; and facilitate increased accountability.

The PMS provides a mechanism for ensuring increased accountability between:

The citizens of the AND Municipality and the municipal council;

The political and administrative components of the municipality and;

The Office of the Municipal Manager and each municipal department.

The PMS also provides a platform for learning and improvement. It enables ANDM to assess which approaches and methods are having the desired impact and this way enable ANDM to make the necessary improvements that will lead to more effective service delivery.

This PMSF provides managers and supervisors at all levels; the municipal manager, portfolio committees and the council with early warning of performance targets that are not going to be reached and thus adversely affecting the implementation of the IDP.

The PMS should provide suitable management information that will allow for efficient, effective and informed decision making, particularly on the allocation of resources.

This Performance Management Framework is to clarify the processes of implementing the performance management system within the framework of the Integrated Development Planning process. To demonstrate how the system will be conducted, organized, operated and managed from the planning stage up to the performance review. It will determine the roles and responsibilities and the frequency of reporting for Organisational Performance Management System and Individual Performance Management System.

This framework aims to:

Clarify the processes of implementing the performance management system within the framework of the Integrated Development Planning (IDP) Process.

Clarify definitions and standards for performance management.

Ensure compliance with the South African Legal framework.

Demonstrate how the system will be conducted, organized, operated and managed from the planning stage up to the stages of performance review.

Define roles and responsibilities.

Determine the frequency of reporting.

Promote accountability and transparency of performance management within the Alfred Nzo District Municipality.

Prior to implementing a PMS, an approved organisational structure that is aligned to the IDP be put in place. This structure should indicate roles, responsibilities, powers and functions for the implementation of the IDP.

#### Who uses the PMS and How: Roles & Responsibilities

A range of different ANDM stakeholders use the Performance Management System for different reasons. Understanding these is important as it affects the type of information required and the form in which it is prepared.

The table on the next page outlines some of the key usages.

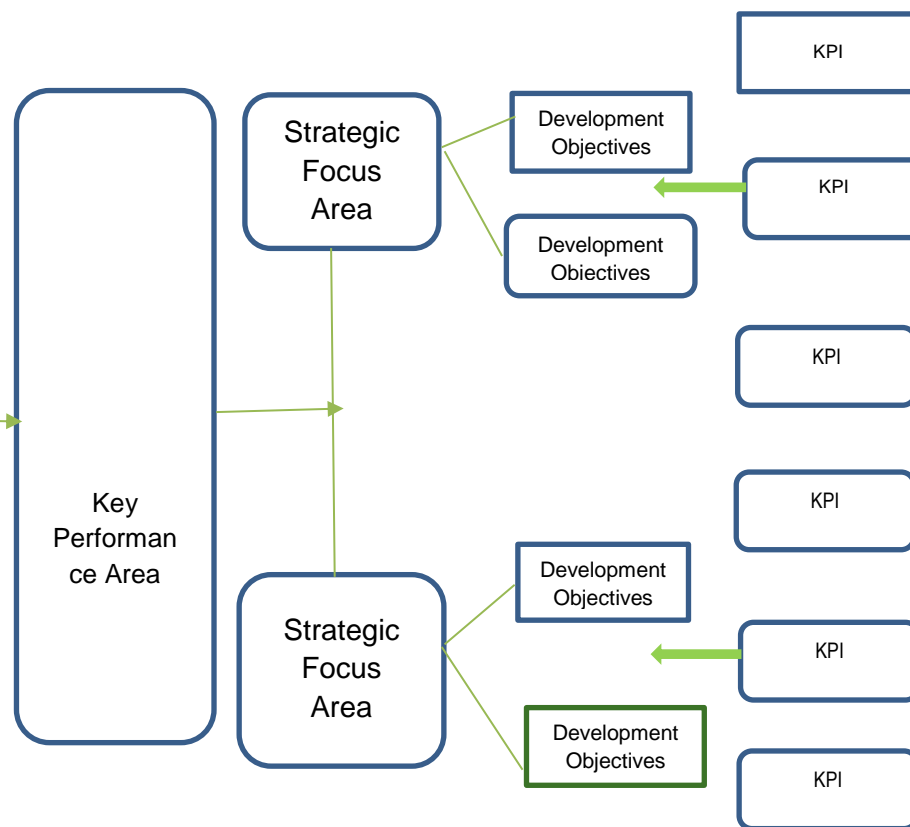
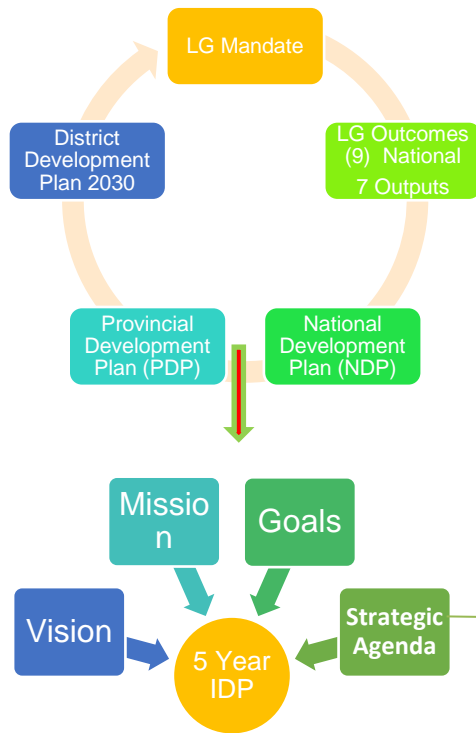
ANDM Council	Assess whether it is meeting its developmental objectives and whether these are having an impact on the lives of the people in the Municipality.
	Help define ways of improving its resource usage and impact on the developmental needs of the people in the Municipality.
	Assist in evaluating progress made by the Municipality against key performance indicators.
Executive Mayor and Mayco	Strategic monitoring of progress and effectiveness of the implementation of the IDP Plan.
	Review the effectiveness of service delivery strategies used by the Council and inform recommendation on best methods including partnerships for service delivery.

Municipal Manager	<p>Strategic and operational control of the delivery of the IDP &amp; SDBIP.</p> <p>Use the information and analysis to advise the Council on the best action for the Municipality to take to realise its development objectives.</p>
Senior Management Team	<p>Keep an up to date understanding of implementation.</p> <p>Understand reasons for problems and blockages</p> <p>Inform ways of tackling day-to-day and systemic blockages to implementation.</p>
Financial Team	<p>Monitors how effectively the financial resources are used to implement the IDP.</p> <p>Controls the flows of money to maximise its contribution to the implementation.</p>
Programme Managers	<p>Monitors and evaluate the delivery of range of projects or parts of projects to understand how the implementation can best achieve the defined programme objectives.</p>
Sectoral Managers	<p>Understand and assess how his sectoral resources are performing in implementing the IDP plan.</p> <p>Evaluate/Measure performance in terms of agreed indicators and targets.</p>
Project Managers	<p>Monitor and evaluate the proper allocation of resources to achieve the project delivery in the most efficient way within the defined timeframe.</p>
Consultation For a like IDP Rep Forum	<p>Monitoring and evaluation and review information to provide the opportunity for them and the groupings they represent to assess the extent to which the Municipality is delivering its IDP plan.</p> <p>Assess better ways of mobilising their “constituencies” to appropriately involve themselves in delivery.</p>

Local Residents	<p>Receive information on the progress in the delivery of the IDP Plan.</p> <p>Hold Municipalities accountable for their performance against key performance indicators and targets.</p>
National and Provincial Government	<p>Understand the extent to which the Municipality is contributing to meeting National and Provincial development priorities.</p> <p>How effectively the Municipality is using financial and other resources provided to it by other spheres of government.</p> <p>Assess the overall state of local government.</p>
Grant Funders	<p>Monitoring and evaluation as to whether their financial contributions are used effectively and appropriately to meet the Municipality's development objectives and their conditions as funders.</p>
Auditors	<p>Understand the policy bases of performance management in ANDM for performance audits</p>

## SECTION B: ORGANISATIONAL PERFORMANCE MANAGEMENT MODEL & APPROACH

The PMS is modelled on the overall Integrated Development Planning system and ethos which brings all plans from national and provincial to converge within district and local plans in a specific local space for implementation. The diagram below depicts the overall model of the PMS:



**The KPA Model**  
 The strategic objectives of the municipality flow from its constitutional mandate, community priorities and national and provincial objectives. Each KPA split into Key Focus Areas (KFA's) which form a logical category for performance indicators.

**Key Advantages**  
 Easy to understand  
 Direct alignment to IDP through KPAs  
 Based on national Local Government KPA's; through to the SDBIP



The Balanced Scorecard approach will be used based on the KPAs and the strategic objectives as they appear in the reviewed IDP. It will also link the IDP objectives to operational plans and ensuring that there is a balance of outcome, output and input indicators in the organizational and departmental SDBIPs. The KPIs and performance targets will be developed for each of the strategic focus areas and high level objectives. Baseline information for the previous financial year will also be used to determine where the municipality is in terms of achieving its previous plans, and to determine what should be done to improve on the past performance. The Balanced Scorecard approach will be customised as follows:

Service Delivery Perspective: (outcome/impact)

KPA: Basic Service Delivery & Local Economic Development

This looks at whether the services provided meet the needs of the customers in terms of value added to customers, time, quality, service costs and outcomes. Outcomes are “what we wish to achieve and the impact are the results of achieving specific outcomes”

Financial Perspective: (efficiency & effectiveness)

KPA: Financial viability management

This looks at the efficiency and effectiveness of managing operations and costs, sustainability and revenue growth.

Internal Business Processes: (outputs)

KPA: Good governance and public participation

It refers to activities and processes done by the organization to deliver services, it looks at both short term and long term objectives. How well the municipality is running and whether the services rendered conform to customer needs. They are “what we produce or deliver.”

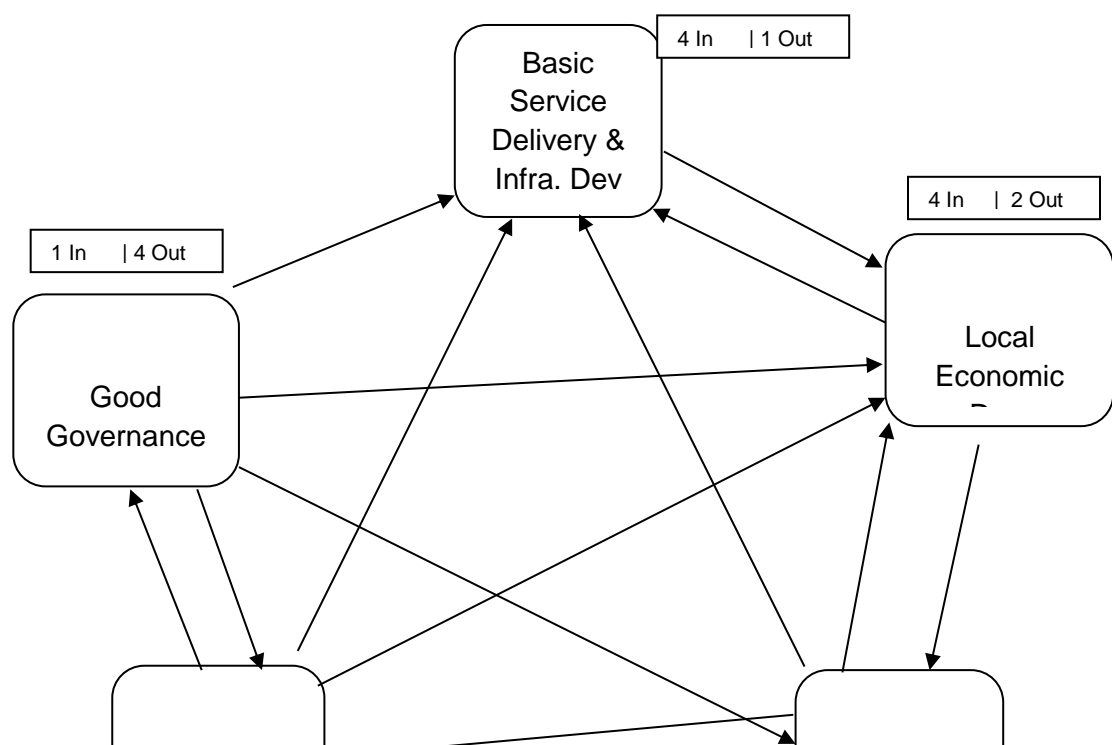
## Learning and Growth Perspective: (inputs)

### KPA: Institutional transformation and organisational development

It looks at human capacity, systems, organizational climate and culture. It emphasizes skills and capabilities required to improve performance. Inputs contribute to the production and delivery of outputs. They are “what we use to do the work.” Taking from the National Government guide on the scorecard AND municipality through the Strategic Planning process and into the IDP Strategic Agenda articulation developed the following Scorecard:

KEY PERFORMANCE AREA	WEIGHT (%)
Basic Service Delivery and Infrastructure Development	40
Local Economic Development	30
Financial Viability	15
Good Governance and public Participation	5
Institutional Transformation	10

The scorecard is informed by the logic that achieving the strategic agenda will be through appreciating which are the drivers and outcomes between the KPAs, as illustrated below:



## The Performance Management Cycle

**PERFORMANCE PLANNING:** This ensures that the strategic direction of the municipality informs and aligns the IDP with all planning activities and resources, like the development of departmental SDBIPs, development of Performance Contracts for Section 54 and 56 employees and the Performance Plans of all employees. The key performance areas and key performance indicators are aligned to the IDP and the national requirements and the targets are set at this stage.

The overall cycle includes four phases illustrated in the figure below:



## Performance, measurement, review and analysis

This is an ongoing process to determine whether performance targets are met, exceeded or not met. Projections can also be made during the year as to whether the final targets

will be met by comparing achievements to the past deliverables. This also analysis why there is under-performance or over performance in a particular area. Where targets have not been met, reasons are examined and corrective actions recommended. Evidence to support the status is also reviewed. This is where indicators are also reviewed to determine if they are feasible and measure the key areas appropriately.

Performance review sessions- the cycle for performance runs throughout the year. Monitoring is a process of consistently measuring performance and providing ongoing feedback to the employee or group of employees on their own progress towards reaching the set objectives.

Accountability to the Councillors of the Portfolio / Standing Committees takes place every month, hence the monthly Portfolio / Standing Committee meetings. This is where the quarterly KPAs are worked on and accounted upon monthly and the next month's plan is agreed upon and where the Councillors give input on the next month's programme and projects. This should be seriously considered as the platform in which the Councillors exercise their oversight role.

It is therefore imperative that the time is invested in the process for the:

Self-assessment by the employee;

Assessment by the employee's manager

Joint discussion between the employee and the responsible manager; and reaching consensus on the outcomes, detecting problems and jointly devising solutions.

The performance reviews will take place as follows:

All Departments to submit their Quarterly Reports to the relevant department

On the 10th day after the end of the Quarter.

The consolidated quarterly review report will be presented to Portfolio / Standing Committees on the 15th after the end of the quarter.

The Consolidated Review Report and Performance Analysis Report will be presented to Top Management and the Extended Top Management on the 20th after the end of the quarter. The Quarterly Review Meeting will then take place on the 24th after the end of the quarter when all inputs from various committees have been incorporated into the review reports. Departments will be requested to provide evidence of their performance against targets as and when required, as this information may be requested by Internal Audit from time to time as a means of verification of what has been reported in the quarterly reports.

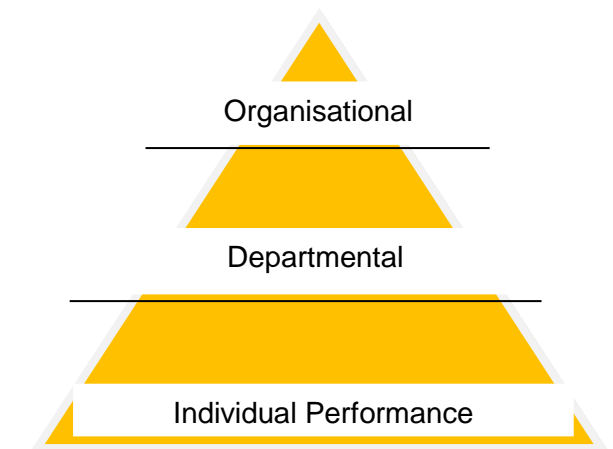
## Performance reporting

Sections report weekly to the Managers. These reports are consolidated into monthly reports where line managers report to their Executive / Senior Managers. The monthly reports will be presented and discussed at the Extended Top Management on monthly basis. These departmental reports will then be consolidated into quarterly reports by respective departments. The quarterly reports are sent to the Portfolio / Standing Committees and the Internal Audit prior it being sent to Council and the Performance Audit Committee. Quarterly reports are consolidated and reporting is done twice a year to management and communities in the form of an Annual Report at the end of the Financial Year.

## Organisation of performance management

Although organizational and individual performance management are linked, as the latter cannot be meaningfully developed without the former, it is important to manage these two fields of performance management as two separate systems. Once organizational objectives (Integrated Development Plan) and targets have been set for the Municipality, municipal departments and sections, it is possible to cascade them down to individuals within the sections through the use of individual performance plans. In turn, the achievement of individual, section and municipal department objective, contribute towards the achieving the overall objectives of the Integrated Development Plan.

Performance Management is organised into three layers of organisational performance, Departmental Performance, which can be subdivided into units, and the third layer is the individual performance management:



### Departmental performance management system

Each Department shall draw up its annual departmental performance management framework based on the Integrated Development Plan, Performance Management Framework, Strategic Plan and Service delivery and budget implementation plan (SDBIP).

The Departmental performance management system shall be driven and championed by the Head of the Department.

The Departmental performance management system shall set an enabling performance environment for the efficient and effective utilization of employees within the Municipality.

The Departmental key performance areas, objectives, indicators targets and results shall be formulated by the Executive Manager or through a Departmental workshop. The Municipality shall set aside an annual funding for departmental workshops to take place immediately after the adoption of the budget and the IDP for formulation of annual departmental performance plans.

The effective management of performance at a unit and individual levels shall be the responsibility of the head of the department or unit.

The Head of the unit shall ensure that employees complete tasks assigned to them within the context of a performance management system.

### Individual performance management system

The substantive details of the individual performance management system are discussed under section c below.

## INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

### Performance appraisal

The individual performance management system will be largely informed by and based on the organizational and Departmental performance management system. Appointment of individual managers shall be based on performance contract so as to enhance the culture of accountability and performance within the Municipality. The practice of appointing managers on performance contract shall be extended up to Post level 3 or equivalent level employees. Annual performance contracts or accountability agreements or undertakings /promises shall be concluded and signed between the person responsible for managing the performance of a particular employee and that employee

Performance of Section 57 employees shall be strictly managed according to the 2006 performance management regulations issued by the Department of Provincial and Local Government. Performance standards and measures for each employee shall be set according to the pre- determined performance values and criteria for the Unit and the post. Performance management shall be pursued in order to identify performance gaps, deficiencies, and good performance for the purpose of making interventions and awarding rewards where necessary.

Employees shall be informed both verbally and in writing of what is expected of them in their jobs.

The employees shall be assessed according to the competency model which entails job knowledge, skills, attributes and set performance standards, objectives and targets. Critical training needs will also be established through this process. Employees will be entitled to receive regular feedback on their performance from their superiors.

In return, employees have a moral duty and obligation to perform their duties in terms of the set performance standards and job description without failure.

Rendering of services by employees in the most efficient, economical and effective manner will lead to judicious delivery of the right quality and quantity of output at the correct time.

Individual performance assessments shall be done quarterly in respect of all employees. Performance assessment shall be based on a set of performance standards, objectives and targets. The Municipality shall establish a Performance Management System (PMS) Unit within the Corporate Services Department to drive the individual performance management programme of the Municipality.

The PMS unit shall be responsible for co-ordination of individual performance management from probation stage of personnel utilization through the entire life cycle of personnel utilization within the institution. The PMS unit shall be responsible for recording the proceedings of performance assessment sessions at all times.

The PMS unit shall be the custodian and a place/point of reference for all working/current records of individual performance management subject to compliance with the requirements of the Municipal records and information management policy.

The PMS unit shall be responsible for managing and co-ordinating performance management in respect of provision of outstanding performance awards and payment of performance bonuses to respective employees.

The PMS unit shall be responsible for institution of poor performance counselling proceedings as may be required in terms of feedback from various service users from time to time.

The institution of disciplinary proceedings arising from poor work performance will be exclusive reserve of the Labour Relations Unit within the Corporate Services Department of the Municipality.

Performance review for managers reporting to executive managers

Managers will submit their performance reports based on their performance plans to the Executive Manager at the end of every month.

The Executive Manager will then sit with all managers at the end of the quarter on a one to one basis assessment, which will eventually inform the Executive Manager's performance.

Performance appraisal of managers reporting to the executive managers

The appraisal of managers reporting to the Executive Managers shall be done using the performance appraisal form every six months.

For purposes of evaluating the annual performance of managers reporting to the executive managers, an evaluation panel constituted of the following persons must be established –

Relevant Executive Manager of the department being evaluated.



Corporate Services

Planning and Economic Development / Development Planning Unit

A representative from another municipality / Department

Management of evaluation outcomes for managers reporting to executive managers

The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

Performance shall be awarded on the discretion of the evaluation panel.

Performance award for managers reporting to executive managers

Outstanding performance shall be awarded with incentives in a form of certification and monetary value.

Incentives shall be given on the basis of the result of the performance appraisal.

Section 54 and 56 employees

Section 54 and 56 employees are assessed on an 80:20 basis, where 80% represents the Key Performance Areas and the 20% represent the Core Competency Requirements (CCR).

A performance bonus for outstanding performance or an in-kind recognition of effective performance shall only be effected after,

The annual report for the financial year under review has been tabled and adopted by the municipal council;

An evaluation of performance in accordance with the provisions of regulation 23 and this contract; and

Approval of such evaluation by the municipal council as a reward for outstanding performance or effective performance.

Performance Evaluation for Section 54 and 56 employees and Managers

Reporting to the executive managers

The monitoring and performance evaluation of section 54 and 56 employees shall be done in accordance with the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, regulations of 2006, which prescribes as follows:

For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established:

- (i) Executive Mayor or Mayor;
- (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- (iii) Member of the mayoral or executive committee or in respect of a P lenary type municipality, another member of council;
- (iv) Mayor and/or municipal manager from another municipality; and
- (v) Member of a ward committee as nominated by the Executive Mayor or mayor.

For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established:

- (i) Municipal Manager;
- (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- (iii) Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- (iv) Municipal manager from another municipality.

The Manager: Human Resources shall provide secretariat services to the evaluation team referred to above.

Management of evaluation outcomes for section 54 and 56 employees Regulation 32(1)(2)(a) and (b) states that:

- (1) The evaluation of the employee's performance will form the basis for rewarding

outstanding performance or correcting unacceptable performance.

(2) A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

(a) A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%.

(b) A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

The performance bonus based on affordability of the municipality shall therefore be paid to the section 54 and 56 employees after the annual report for the financial year under review has been tabled and adopted by the municipal council.

#### Dealing with poor performance

In the event of an employee failing to meet his/her performance objectives, the following guidelines should be followed:-

#### Poor performance and incapacity process

The onus lies with the Manager/Supervisor to ensure that the employee knows what is required;

Objectives/targets – key performance areas and deadlines should be agreed with the employee;

The employee should be given appropriate training, coaching and instructions in order to be able to meet the objectives/targets;

The employee has to have the means to perform the required objectives.

The employee must be given a reasonable time to achieve the required objectives. The employee must be given regular feedback on his/her performance.

#### Formal counselling

The employee's direct Manager/Supervisor is responsible for conducting any formal counselling sessions on poor performance; The Counselling session is an opportunity to

formally plan and agree on corrective action;

Identify why the employee is failing to meet the required performance standards/objectives;

Agree on a plan to assist the employee in achieving the required standards/objectives and give the employee a fair opportunity to improve his/her performance;

Make the employee aware of the potential consequences of not complying with performance requirements;

Ensure that these meetings are documented so that procedural fairness can be proved in the event of any future disciplinary been taken.

Corrective formal disciplinary process

Should the employee after a reasonable period of time for improvement, continue to perform unsatisfactorily, notwithstanding appropriate evaluation, instruction, guidance and/or counselling, formal disciplinary steps may be implemented.

A formal disciplinary hearing should be held, and corrective action through series of graduated disciplinary measures should be considered, e.g. formal counselling, written warning, written final warning, and finally dismissal as a last resort.

Supervisors must meet regularly with employees to:

Discuss the employee's performance objectives;

Monitor their performance;

Conduct formal assessment and agree on areas of improvements and what will be required to enhance that improvement. These included systematic, remedial and development support.

The feedback must be formal and in writing

Disputes:

Employees must record their disagreement on the performance assessment.

Such dispute must be resolved without delay through formal structures.

Situations of poor performance, after everything possible has been done, the following may be considered:

Mentoring of the employee;

Placing the employee in a more appropriate job; and

Possible dismissal of the employee.

#### Departmental Award Procedure

One week prior to the monthly departmental meeting, the Head of Department invites members of the department to nominate colleagues to contend for the performance excellence award based on the above criteria.

Nominations should be submitted through respective managers to the Head of Department.

At the departmental monthly meeting, staff members may vote for the deserving colleague of their choice. Nominated officials may vote. The Head of Department may not vote at such proceedings. Colleagues will vote through the mechanism of a secret ballot.

The Head of Department will officiate over the tallying of votes and communicate the successful departmental candidate at a departmental meeting after it has been approved by Top Management.

#### Probation management system

A newly appointed employee for a period of not less than 12 months will be required to serve a six month-probation period prior to confirmation of employment.

Probation shall apply to contract employees as well, including performance contract employees.

Employees hired for a period of less than 12 months but not less than three months, will be required to serve a probationary period of two to three months prior to confirmation of employment.

Employees hired for a period of less than three months will not be required to serve probation.

During probation, employees shall be given an opportunity to demonstrate performance up to the standards expected of them and be provided with appropriate feedback,

assistance and support to achieve them.

The new employee and his or her supervisor will discuss formally or informally the required performance levels within the first month of employment in an effort to lay a sound foundation for tracking performance.

Performance of employees on probation for a six month-period shall be assessed on a bi-monthly basis.

Performance assessment of an employee on a less than six month-probation period will be conducted on a monthly basis.

The Municipal Manager shall be responsible for approval and confirmation of satisfactory completion of probation by each employee of the Municipality.

Upon successful completion of probation the employee will be issued with a letter of confirmation of employment from the Corporate Services Department.

An employee who demonstrates unsatisfactory performance at the end of his/her probationary term of six month-period may be put on an extended probation of more than three months or have his or her services terminated, should there be no hope of performance improvement.

An employee shall be afforded a poor performance/conduct hearing prior to the extension of probation or termination of services as contemplated in clause No 9.11.

An employee afforded a poor performance/conduct hearing during the probation process shall be entitled to representation by a shop steward or a fellow employee of his or her choice.

An employee put on extended probation shall be assessed on a monthly basis.

Probation monitoring shall encompass both conduct and performance of an employee.

Notwithstanding the clause No. 9.11, termination of services on grounds of misconduct shall be preceded by institution of disciplinary proceedings, against the employee.

Scoring criteria:

## IMPLEMENTATION PROCESS

The PMS implementation process is at an organisational and departmental levels embedded in the IDP Process and at the individual levels draws from the implementation of the SDBIP as illustrated within the section on the individual Performance Management above.

**PHASE 1:  
STARTING THE PERFORMANCE  
MANAGEMENT PROCESS**

**Step 1:** Delegation of Responsibility

**Step 2:** Setting up Internal Institutional Arrangements

**Step 3:** Managing the Change Process

Separate process, however, it has strong parallels with the Preparation Phase of IDP.

Useful to compare them and identify overlaps and synergies.

**PHASE 2:  
DEVELOPING A PERFORMANCE  
MANAGEMENT SYSTEM**

**Step 1:** Current Reality

**Step 2:** Identification of Stakeholders

**Step 3:** Creating Structures for Stakeholder Participation

**Step 4:** Developing the System

- Planning, Performance Measurement and Feedback
- Business and Performance Management Framework
- Business Planning System
- Business Planning Process

**Step 5:** Publication of the System

**Step 6:** Adoption of the System

Separate process but strong overlaps with the process of developing the IDP.

IDP Planning Activity: 1/4c  
Institutional Analysis should assess the existing Performance Management System and capacity.

Important to consider, use and adapt the IDP structures in implementation of Performance Management System.

Similar principles to the publication and adoption of the IDP Process Plan.

### PHASE 3 IMPLEMENTING PERFORMANCE MANAGEMENT

#### Planning for Performance

- Planning
- Priority setting
- Settings objectives

#### Setting Key Performance Indicators

- What are indicators
- Value of indicators
- Types of indicators
- How to identify indicators
- Incorporating general key performance indicators

#### Setting targets

- What are performance targets
- How to set targets

#### Developing a Monitoring Framework

#### Designing Performance Measurement Framework

- How to do Measurements
- Analysis

#### Conducting Performance Reviews

- Who conducts reviews?

#### Improving performance

#### Reporting on performance

- Who reports to whom?
- Check lists for good reports
- Tracking and managing the reporting process
- Publication of performance reports
- Public feedback mechanisms
- Public hearings on Municipal performance
- Using performance audit mechanisms

#### Organisational performance and employee performances

- Planning
- Implementing and Monitoring
- Review

Seamless integration between **IDP Planning Process** and the **Performance Management Process**. IDP outputs define what performance is to be managed.

Priorities are those that are identified in **Phase 1** and refined in **Phases 2 – 4** of the IDP.

Development of objectives for Priority Issues from **Phase 2 – Activity 2/2** and revised through **Phase 2**.

Project Objectives **Phase 3 – Activity 3/6**.

National indicators contribute to priority issues and objectives, and achievement is assessed in Performance Management.

Project indicators set in **Phase 3 – Activity 3/6**.

Setting of project targets in Phase 3 – Activity 3/7 but also incorporating target information from activities 3/8 and 3/9.

Runs parallel with the implementation of IDP.

Potential for IDP Manager to operationally manage this within the *Municipal Manager's office*.

Not covered in IDP. Provides examples from a number of different organisations.

Deals with a range of different reviews.

**Annual Review of IDP** (see next sub-section) is significant organisational implementation review. Draws on range of different other reviews and general monitoring and evaluation.

The central purpose of performance management. Provides range of institutional options. Feedback into Institutional Plan of both IDP and annual IDP Reviews.

IDP Process is the planning although not for employee performance.

Framework and system for tracking performance in implementing IDP.

Review of employee performance important components of the performance management of IDP implementation.



## Disaster Management Plan

### Municipal Disaster Management Centre

Despite the fact that municipalities were only legally obliged to commence the implementation of the Act on 01 July 2004 and that funding arrangements were not as yet defined, the Alfred Nzo District Municipality – ever mindful of the context of its disaster risk profile – did not lag behind in adopting a more proactive approach. For example, as early as the year 2002 it had, with the financial support of the Province of the Eastern Cape already established its DRM centre to address DRM needs in the District Municipality. And the centre meet the minimum requirements for disaster management centre, the Information Communication System has been installed in during 2015/16 Financial Year.

### Municipal Disaster Management Policy Framework

ANDM has adopted Disaster Management Policy Framework and the purpose of this policy framework is to provide those with statutory DRM responsibilities (in terms of the Disaster Management Act, 2002; the National Disaster Management Framework, 2005 (NDMF); the Policy Framework of the Province of the Eastern Cape (EC PDRMPF) and other applicable legislation) within the Alfred Nzo District Municipality with a written mandate which

Is coherent, transparent and inclusive;

provides the criteria for the systematic management of administrative decisions;

stakeholder participation; operational skills; and

capacities and achieves uniformity in the: Development, Implementation, Maintenance, Monitoring and assessing of all policies, plans, strategies, programmes and projects which are aimed at achieving the vision and mission statement; goals; strategic objectives; and key performance indicators for DRM

in the municipality.

This policy framework also serves to guide the development and implementation of uniform and integrated disaster risk management policy and plans in the Umzimvubu, Ntabankulu, Matatiele and Mbizana local municipalities in the Alfred Nzo District Municipality. The framework has also 15 supporting policies which serve as guide in managing disaster risk management within ANDM area of jurisdiction.

## Municipal Disaster Management Plan

ANDM has adopted reviewed Disaster Risk Management Plan in 2021 and here are the details of the plan:

Level of the Plan: 2

Due for Review: 2023/24 Financial Year.

## Municipal Disaster Management Inter-Departmental Committee

The Disaster Management Act No. 57 of 2002 (DM Act) requires municipal disaster risk management centres to promote a coordinated, integrated and uniform approach to disaster risk management, including the development and implementation of appropriate disaster risk reduction methodologies, emergency preparedness and rapid and effective disaster response and recovery, in their municipalities.

To achieve these objectives and to promote interdepartmental liaison, arrangements must be put in place to enable all the key internal role players in the administration of a municipality to participate in disaster risk management activities and to coordinate their disaster risk management responsibilities. To achieve this objective, a Municipal Interdepartmental Disaster Risk Management Committee (MIDRMC) needs to be established as currently seating on ad hoc basis.

## Municipal Disaster Management Advisory Forum

The municipality has the Disaster Management Advisory forum in place in line with the

DMA, 57 of 2002.

The DMAF has technical task teams established as per Supporting Policy:

10 of the ANDM Disaster Management Policy Framework, namely; Capacity Building Coordinating Task Team, Emergency Coordinating Task Team and Social Relief Coordinating Task Team.

Challenges and improvement measures may also be provided.

Inconsistence in members attending the DDMAF, which has been improved by appointing focal points.

#### Municipal Fire and Rescue Stations

The municipality has Fire and Rescue satellite stations in all local municipalities.

The staffing of the stations is on the four shift system although there is need for improvement in order to comply with SANS: 40090 (Community Protection against Fire).

#### Municipal Fire and Rescue Bylaws

Developed and approved municipal bylaws to regulate internal fire and rescue procedures, including fire safety and prevention policies. Fire and Rescue bylaws must be in line with the Constitution, Municipal Structures Act and the Municipal systems Act.

#### Municipal Fire and Rescue IGR Structures

The ANDM Fire and Rescue is a member and participates in the following structures:

##### Fire Protection Associations

##### Emergency Coordinating Technical Task Team

##### Disaster Risk Assessment

## List of Priority Risks (Hazards)

The municipality has conducted risk assessment during the review of the disaster management plan in 2014 and here are the top five priority risks:

Extreme weather conditions (heavy rains, lightening, snowfall, hailstorm)

Veld and forest fires

Motor vehicles accidents

Human Diseases

Stock theft

Due to the drought phenomena that has affected the ANDM, the municipality has included drought as a risk priority.

## Hazard Maps

The municipality has conducted risk mapping during 2015/16 FY in line with the major occurrences within the district. Further information was gathered on the scientific vulnerability and risk assessment as conducted in 2014.

## Disaster Risk Reduction

The main disaster risk management center is located in Mt Ayliff and satellite offices situated per each local municipality; however, it's only Mbizana Satellite Office that is operating in a temporal structure.

## Information Management and Communication

The municipality has procured and installed a Disaster Management Information Management and Communication System in accordance with the National Disaster Management Policy Framework in 2015.

#### Early Warning Strategy

The municipality collaborates with South African Weather Services for information dissemination of early warnings.

#### Education, Training, Public Awareness and Research

In the current financial year the municipality has the following programs in place in line with enablers 1 and 2 of the ANDM Disaster Management Policy Framework: Capacity building for disaster management stakeholders.

Public awareness campaigns to enhance community resilience from disasters.

Research agenda: the municipality has forged relations with institutions of higher learning. (Currently, there is research on the functioning and impact of stakeholders in disaster risk management at Alfred Nzo District Municipality Disaster Management).

#### Funding Arrangements for Disaster Management, Fire and Rescue Services

The disaster management function is funded from the equitable share grant, section 7(2) (k) of the Act requires that the national disaster management framework makes provision for “a framework within which organs of state may fund disaster risk management with specific emphasis on preventing or reducing the risk of disasters, including grants to contribute to post-disaster recovery and rehabilitation and payment to victims of disaster and their dependents”.

## Water Services Development Plan

### IDP Water Sector Input Report

#### Background

The Water Services Act, 1997 (Act No. 108 of 1997) places a duty on Water Services Authorities to prepare a Water Services Development Plan as part of the process of preparing any integrated development plan. Section 15 (5) of the Water Services Act, 1997 states that:

A water services development plan must form part of any integrated development plan contemplated in the Local Government Transition Act, 1993 (Act No. 209 of 1993).

The Department of Water Affairs has developed water sector-specific requirements for local government's integrated development plans as a means to ensure sufficient incorporation of water services delivery matters in local government's strategic planning processes. The incorporation of water sector-specific matters is assessed by the Department during the IDP review and comment cycles. This allows for,

Enable sufficient and appropriate narrative for IDP integration

Alignment with the latest WSDP Guide Framework as established in the WSDP System

Incorporation of Water Services-specific Objectives and Strategies

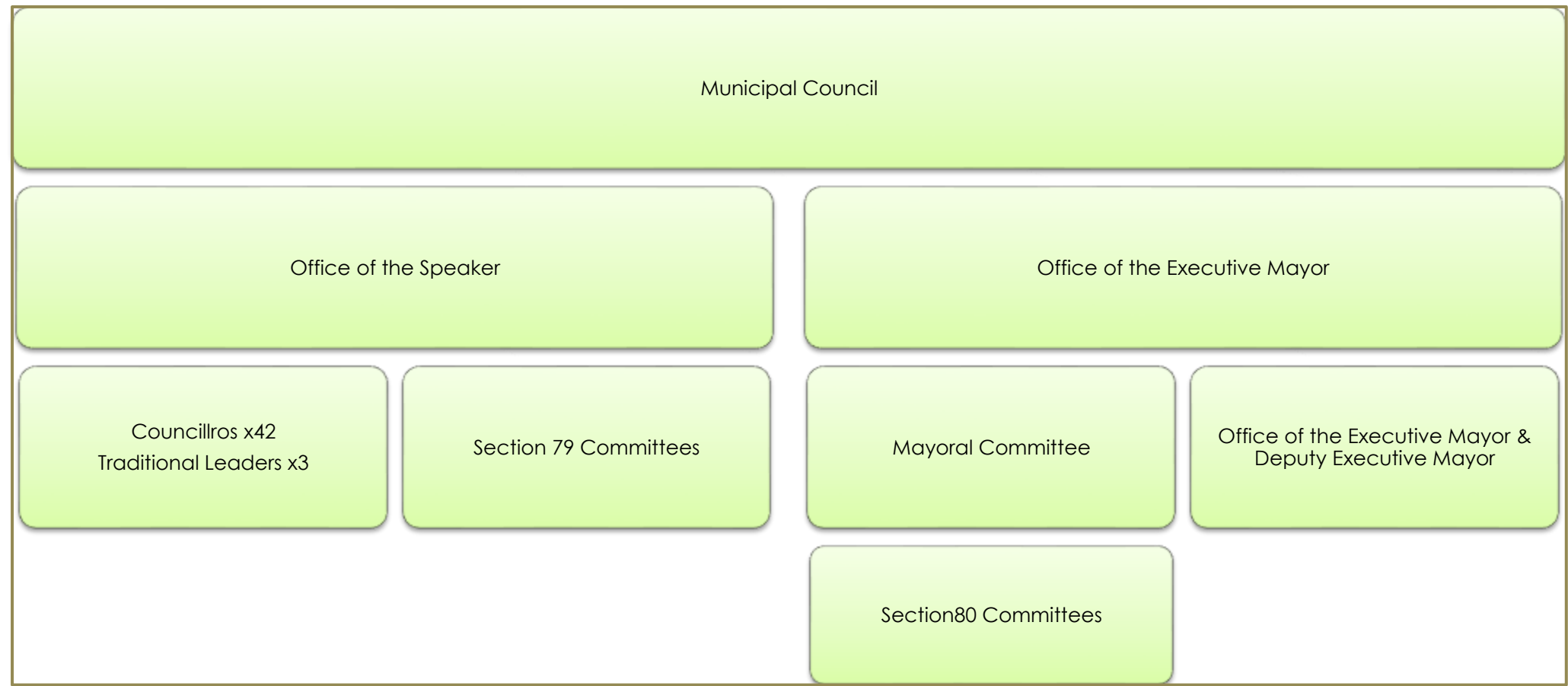
Distinction between approved MTEF projects and conceptual projects as prompted from the WSA's water services development planning initiatives

The WSDP of Alfred Nzo District Municipality is under development as it was last developed in 2018-2019 FY. The Department of Water and Sanitation is assisting in the process and the plan will be presented to Council in 2023-24 FY for approval.

Proposed Organisational Structure

Political Structure

Structure



## Purpose & Functions

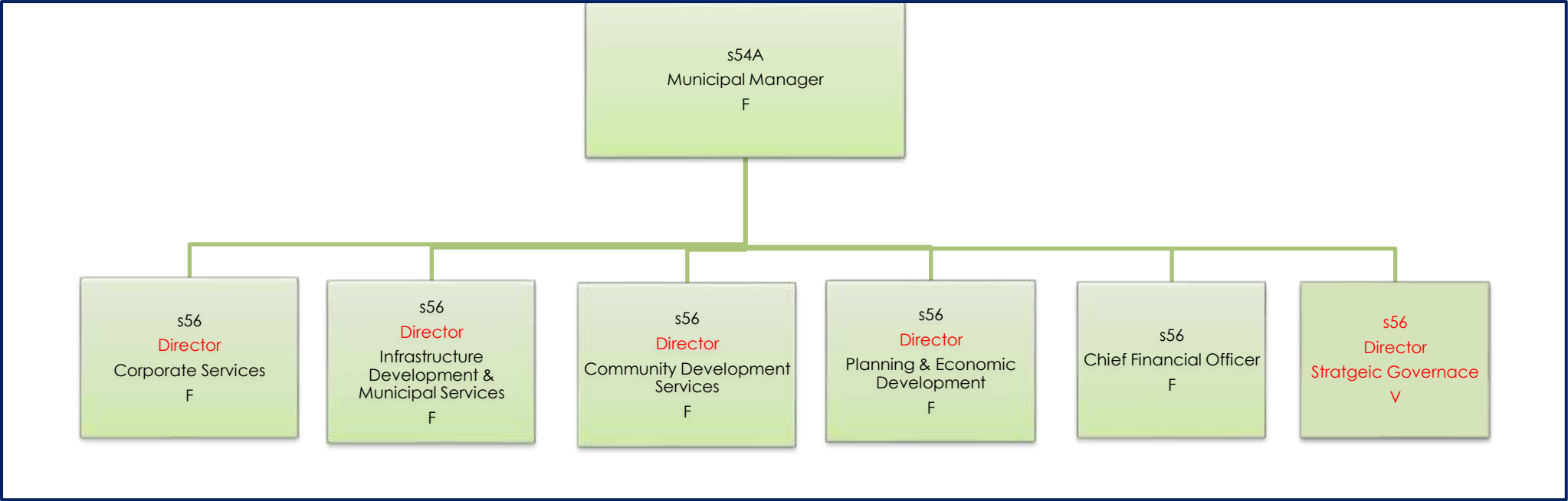
Office	Purpose	Function	Committees
Office of the Speaker Office of the Executive Mayor Office of the Chief Whip	To promote council legislative authority and oversight over executive	<ol style="list-style-type: none"> <li>1. Presides over meetings of council</li> <li>2. Assumes responsibilities for the legislative functions of Council</li> <li>3. ensures that council meetings are conducted in accordance with the rules and order</li> <li>4. ensure that council conducts its business in a transparent manner</li> </ol>	<b>S79 COMMITTEES</b> <ol style="list-style-type: none"> <li>1. Municipal Public Accounts</li> <li>2. Rules and ethics</li> <li>3. Petitions and public Participation</li> <li>4. information Communication Technology Oversight committee</li> <li>5. Remuneration Committee</li> </ol> <b>Other committees</b> <ol style="list-style-type: none"> <li>6. Audit Committee</li> </ol>
	To promote the integrated sustainable socio-economic development and political stability	<ol style="list-style-type: none"> <li>1. presides over Mayoral committee meetings</li> <li>2. perform ceremonial functions</li> <li>3. Performs delegated function by the council</li> <li>4. provide political guideline, IDP/Budget/SDBIP and annual performance of S56 manager and financial matters of the municipality</li> <li>5. submission of statutory reports to council</li> <li>6. responsible for political supervision of the administration</li> </ol>	<b>S80 COMMITTEES</b> <ol style="list-style-type: none"> <li>1. Infrastructure Development and municipal services</li> <li>2. Community Development Services</li> <li>3. Planning &amp; Economic Development</li> <li>4. Budget and Treasury</li> <li>5. Corporate Services</li> <li>6. Communications &amp; SPU</li> <li>7. Compliance and Good Governance</li> <li>8. Mayoral Affairs</li> </ol>
	To promote the district-wide service delivery efficiency and effectiveness	<ol style="list-style-type: none"> <li>1. Political functionary placed to ensure that council interest are carried out by councillors</li> <li>2. advise councillors on important issues on council agenda and party to party caucuses</li> <li>3. Advise speaker in what order the important issues should be dealt with in the council</li> <li>4. ensures that meeting procedures are properly followed</li> <li>5. advises on quotation and sitting of council meetings and committee</li> <li>6. Promotes and maintains positive party to party relations and deployment to council committees.</li> </ol>	<ol style="list-style-type: none"> <li>1. Whipary Committee</li> </ol>

initials



2. Administrative Structure

Structure



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## Functions

Department	Function
Office of the Municipal Manager	1. Overall Municipal Administration
Corporate Services	1. Ensures Compliance with laws and agreements 2. Provide skills development program 3. Responsible for Staff Planning, Recruitment & Selection and Conditions of Service 4. Manages Payroll and Benefits 5. Responsible for Fully function of Job evaluation 6. Responsible for implementation for Performance management system 7. Responsible for employees wellbeing; health and safety 8. Responsible for Employees relations 9. Manages institutional memory ( Records) 10. Responsible for auxiliary services 11. Provides Information Communication Technology 12. Administers Municipal technological systems 13. Manages security access (for safety of employees) 14. Responsible for implementation of Employment Equity
Infrastructure Development & Municipal Services	1. Responsible for supply of water services 2. Responsible of energy efficiency demand management 3. Manages Sanitation 4. Responsible for waste management
Community Development Services	1. Responsible for municipal Health services 2. Manages customer care 3. Manages Institutional and social development 4. Manages Sport Art and culture, Recreation, Heritage and Museum 5. Manages disaster and Risk Management 6. Manages Thusong Services Centre 7. Special program
Planning & Economic Development	1. Responsible for Agriculture 2. Responsible for forestry 3. Manages Geographical Institutional Spatial (GIS) system 4. Responsible for manufacturing and trade 5. Responsible for development of trade and business services

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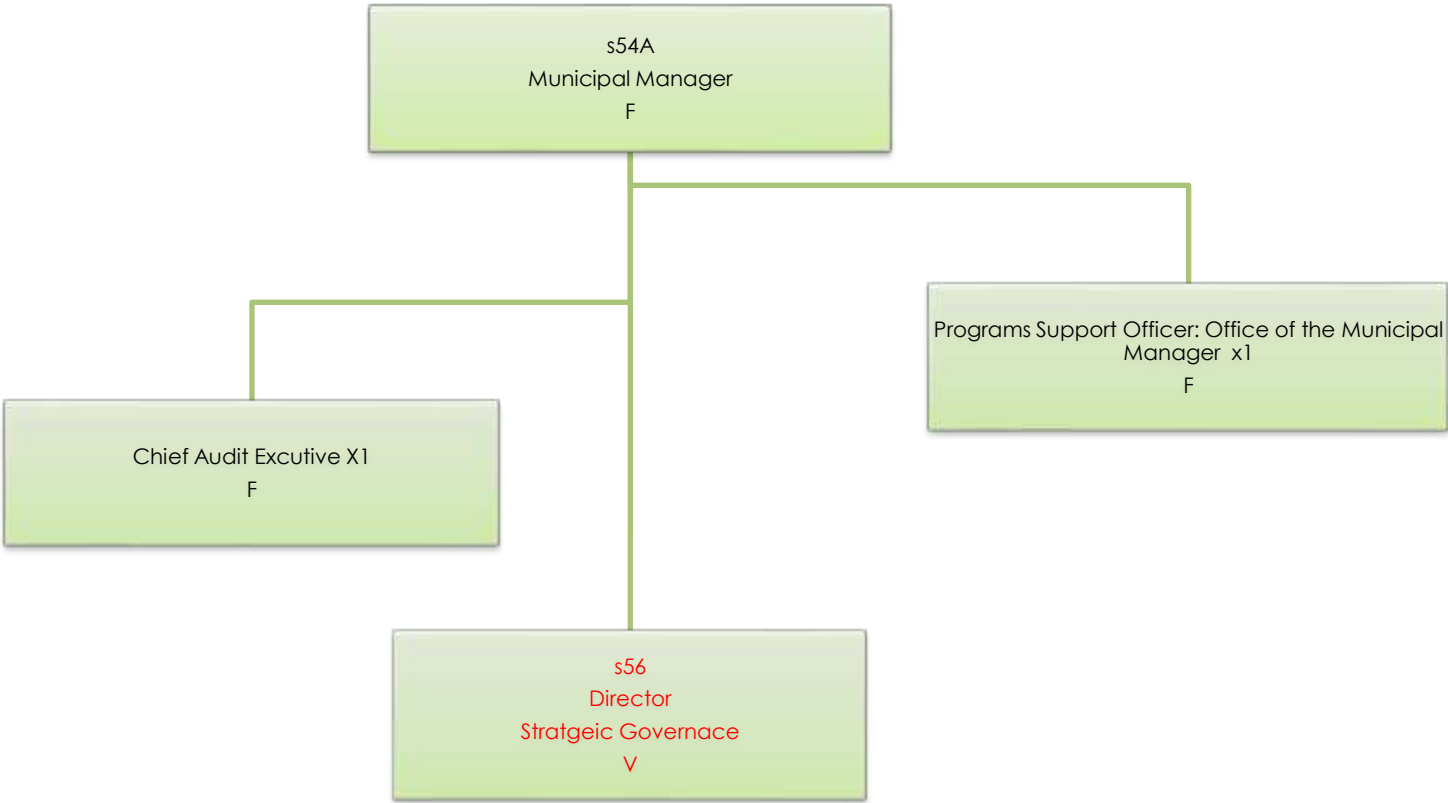
Budget & Treasury Office

1. Responsible for consolidation of financials
2. Responsible for budget and AFS
3. Responsible for Supply Chain Management
4. Responsible for asset management
5. Responsible for Expenditure
6. Collection of revenue
7. Manage Property plant and equipment
8. Manage government grants and subsidies
9. Manages financial disclosures
10. Responsible for implementation for Indigent Policy

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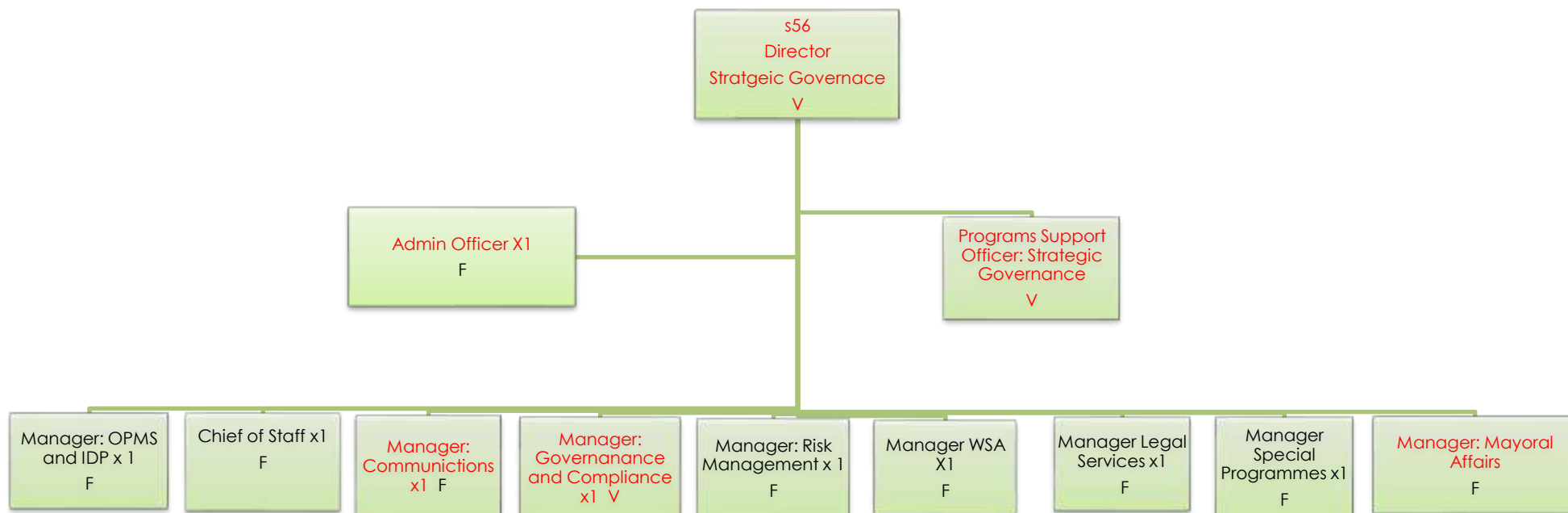
1. Office of the Municipal Manager

1.1. Good Governance



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## 1.2.Good Governance



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11	09	02

### Functions

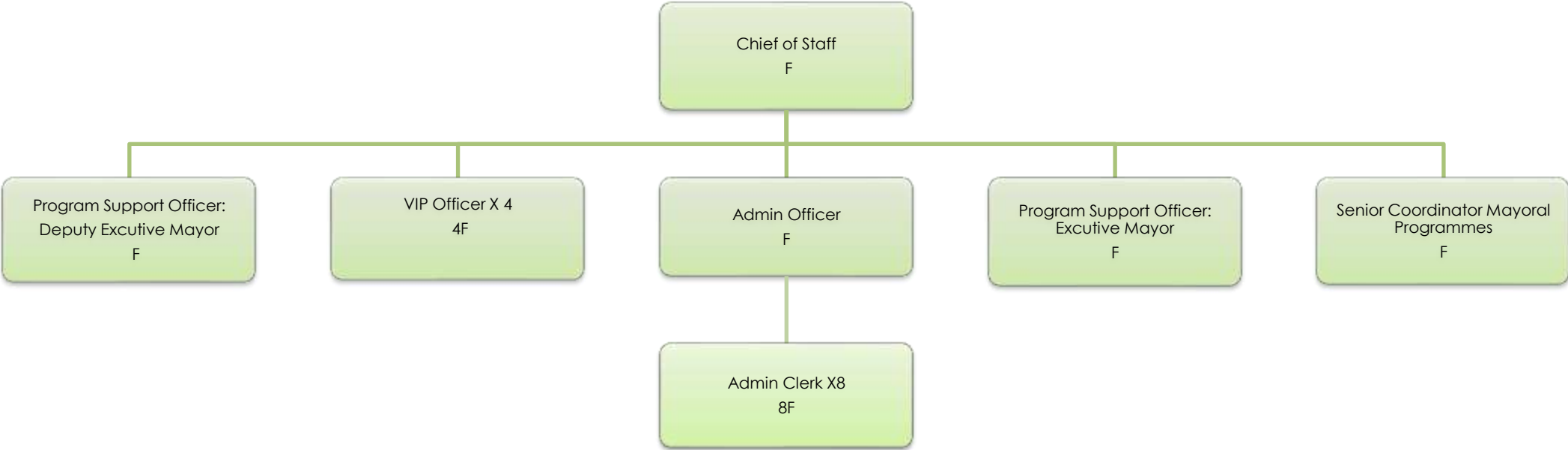
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Unit	Function
Office Of The Executive	1. Manage/development/implementation; review of the IDP

Unit	Function
Mayor	<ul style="list-style-type: none"> <li>2. Manage/development/review of the vision and long-term strategy</li> <li>3. provide institutional legal support to Council; MAYCO</li> <li>4. Manage the development; implementation/review of the institutional strategic transformation agenda.</li> <li>5. Responsible for all functions that have a legislative mandate in the Office of the Executive Mayor i.e. SP ; Communications and Strategic Services etc.</li> <li>6. Provide strategic direction and ensure implementation of programmes.</li> <li>7. Projects and provide political support in the Office of the Executive Mayor</li> <li>8. The management and coordination of programmes related to the children, disabled, aged, HIV &amp; AIDS, gender, women &amp; other projects</li> <li>9. plans/monitors media relations programs/publicity campaigns and the execution of specific instructions and application of laid down procedures with respect to communication</li> <li>10. The provision of intergovernmental (IGR) relations services</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>1. Coordinate and controls processes and procedures associated with the formulation of the Municipality's risk based Audit Plan and Program.</li> <li>2. The rendering of comprehensive or compliance, financial and operations and performance and fraud-risk review audits.</li> </ul>
Office Of The Speaker	<ul style="list-style-type: none"> <li>1. Management of the Offices of the Speaker and all other Councillors</li> <li>2. The coordination of the Speaker's projects</li> <li>3. The provision and promotion of community participation services.</li> <li>2. Coordination of the programmes in the Office of the Chief Whip and provide administrative and political support</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>1. Identifies broad risk &amp; compliance strategy &amp; define/implements/monitors short term plans/objectives.</li> <li>2. Manage key processes/procedural compliance/risk applications associated with the functionality and ensuring implementation of risk management frameworks form National Treasury</li> </ul>
WSA	<ul style="list-style-type: none"> <li>1. Responsible for the development of WSDP</li> <li>2. Responsible for conservation and demand management</li> <li>3. Responsible for feasibility studies development of all water service policies &amp; development of all environmental plans</li> <li>4. Enforcement of by-laws</li> <li>5. Development of indigent register</li> </ul>
Mayoral Affairs	<ul style="list-style-type: none"> <li>1. Identification; support and coordination of Thusong centres</li> <li>2. Management and monitoring of the centre activities</li> <li>3. The identification, support and coordination of sporting activities within the municipality</li> </ul>

initials

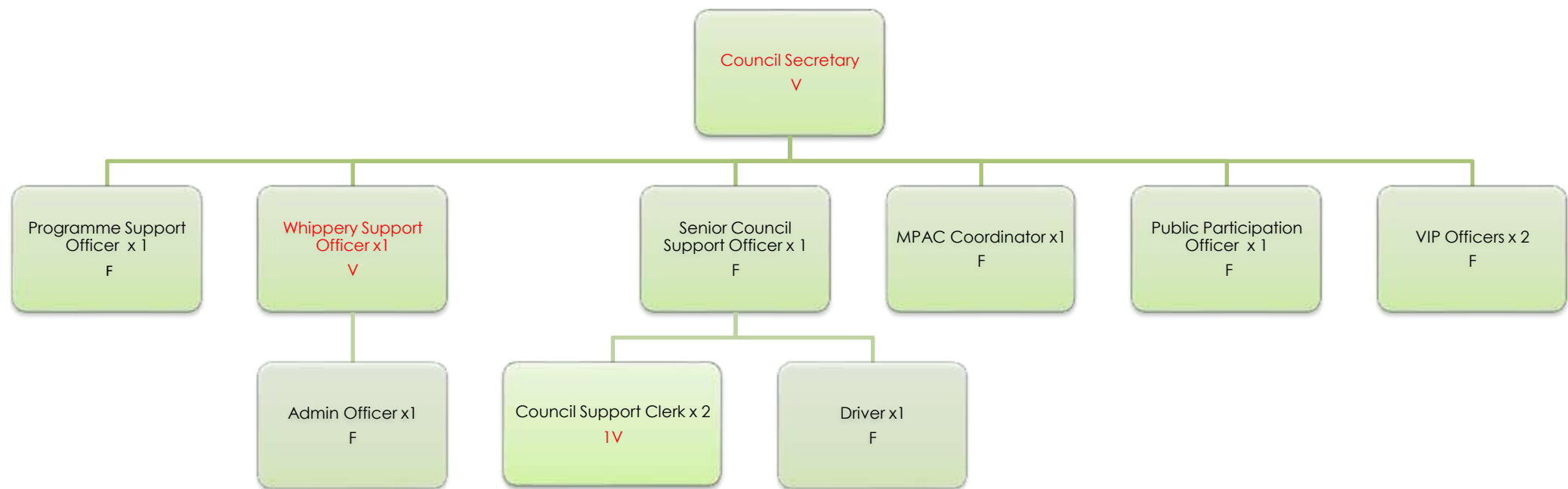
1.3. Office of the Executive Mayor



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1.4. Office of the Speaker and Whip of Council

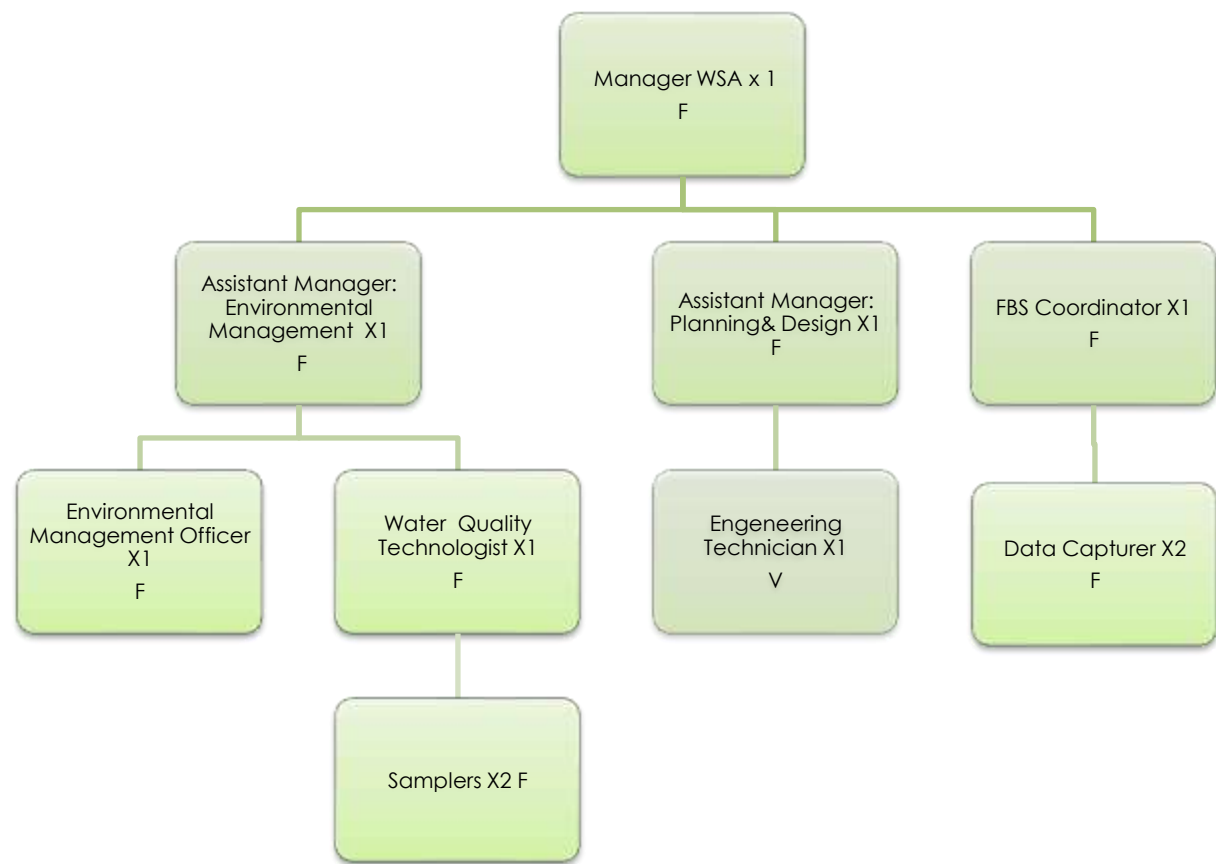


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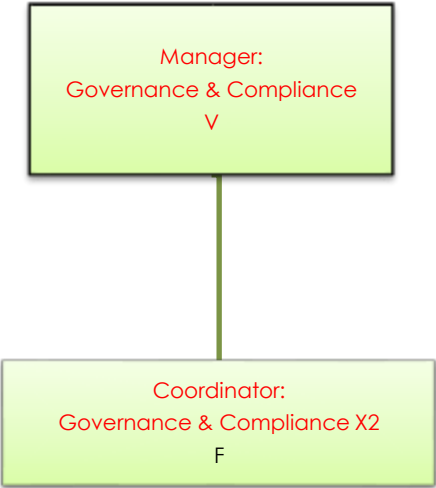
1.5. Water services authority (WSA)



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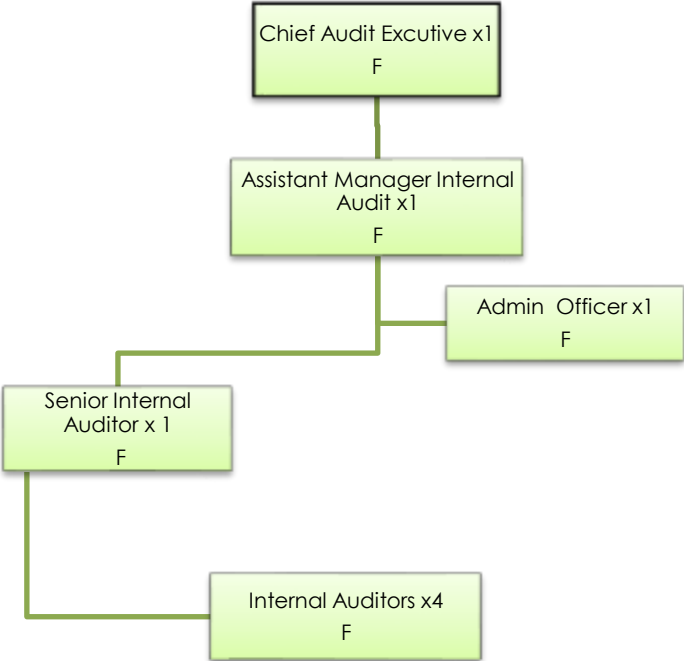
1.6. Governance and Compliance



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02	02	00

initials

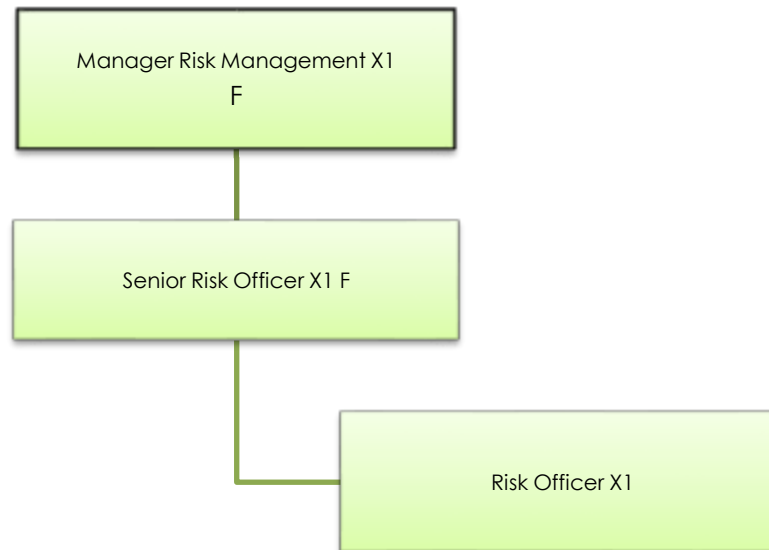
1.7. Internal Audit



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
07	07	00

1.8. risk management

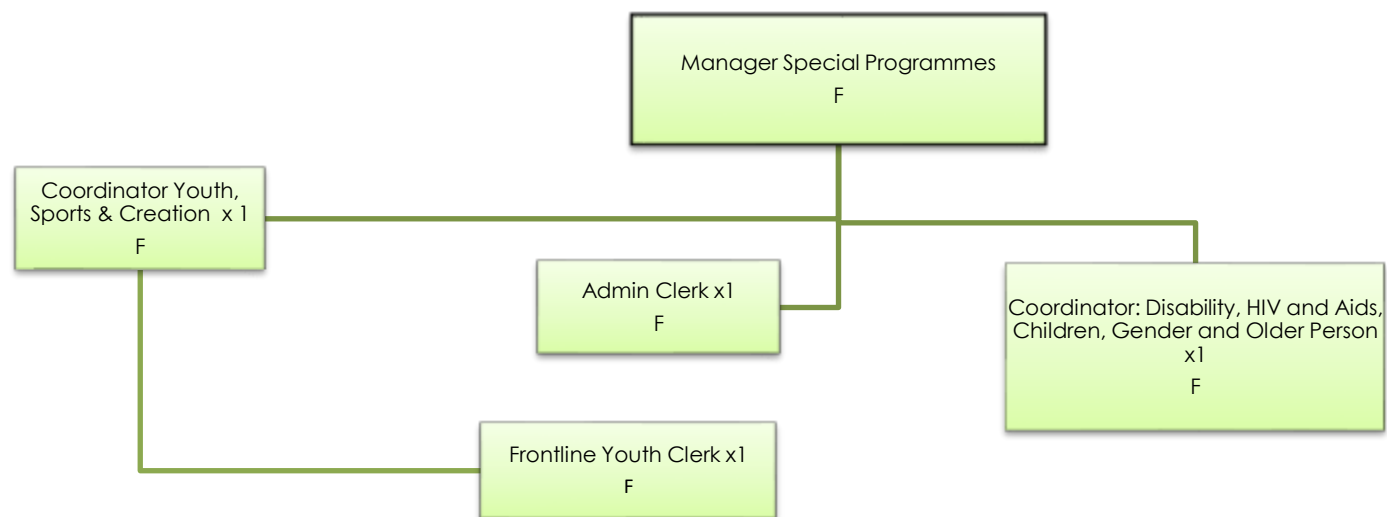
initials



<i><b>TOTAL NUMBER OF POSTS</b></i>	<i><b>TOTAL POSTS FILLED</b></i>	<i><b>TOTAL POSTS VACANT</b></i>
02	02	00

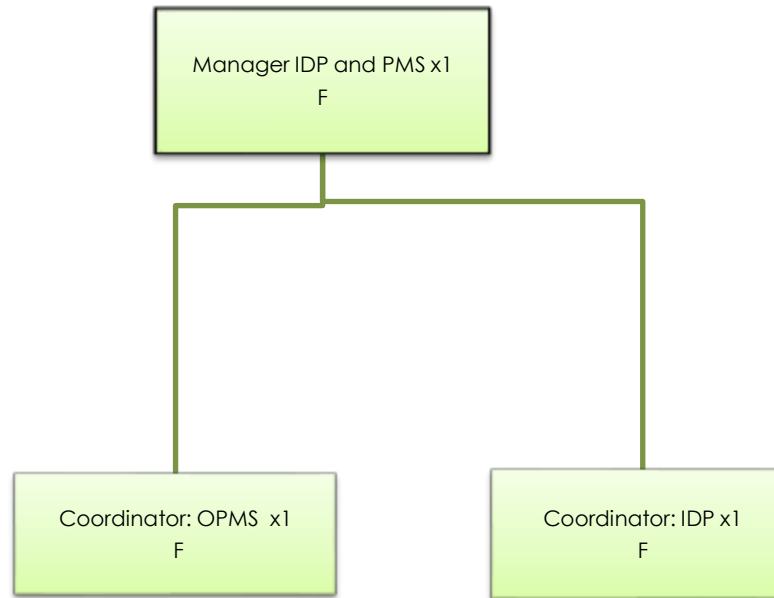
1.9. Special programs Unit

initials



<b><i>TOTAL NUMBER OF POSTS</i></b>	<b><i>TOTAL POSTS FILLED</i></b>	<b><i>TOTAL POSTS VACANT</i></b>
08	08	00

initials

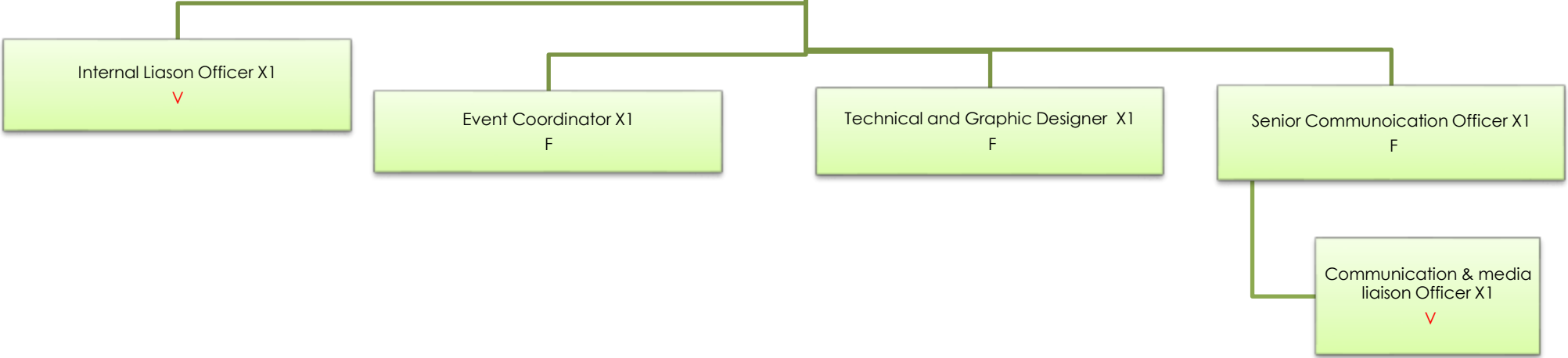


<i><b>TOTAL NUMBER OF POSTS</b></i>	<i><b>TOTAL POSTS FILLED</b></i>	<i><b>TOTAL POSTS VACANT</b></i>
02	00	00

1.11. Communications Unit

initials

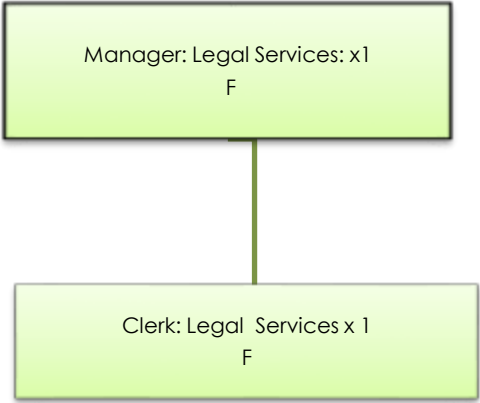
Manager: Communications  
F



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
05	04	01

1.11. Legal Services

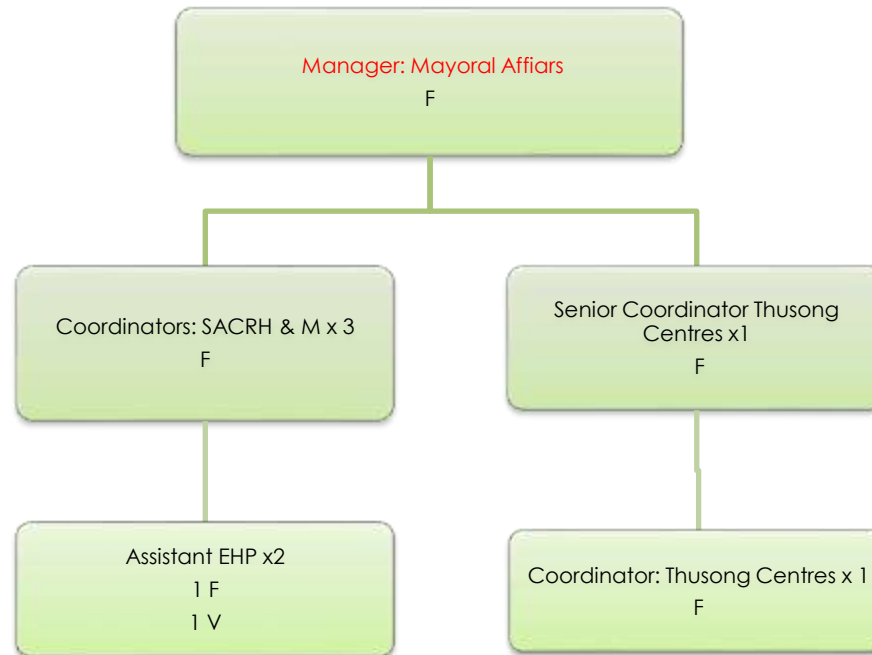
initials



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
01	01	00

initials

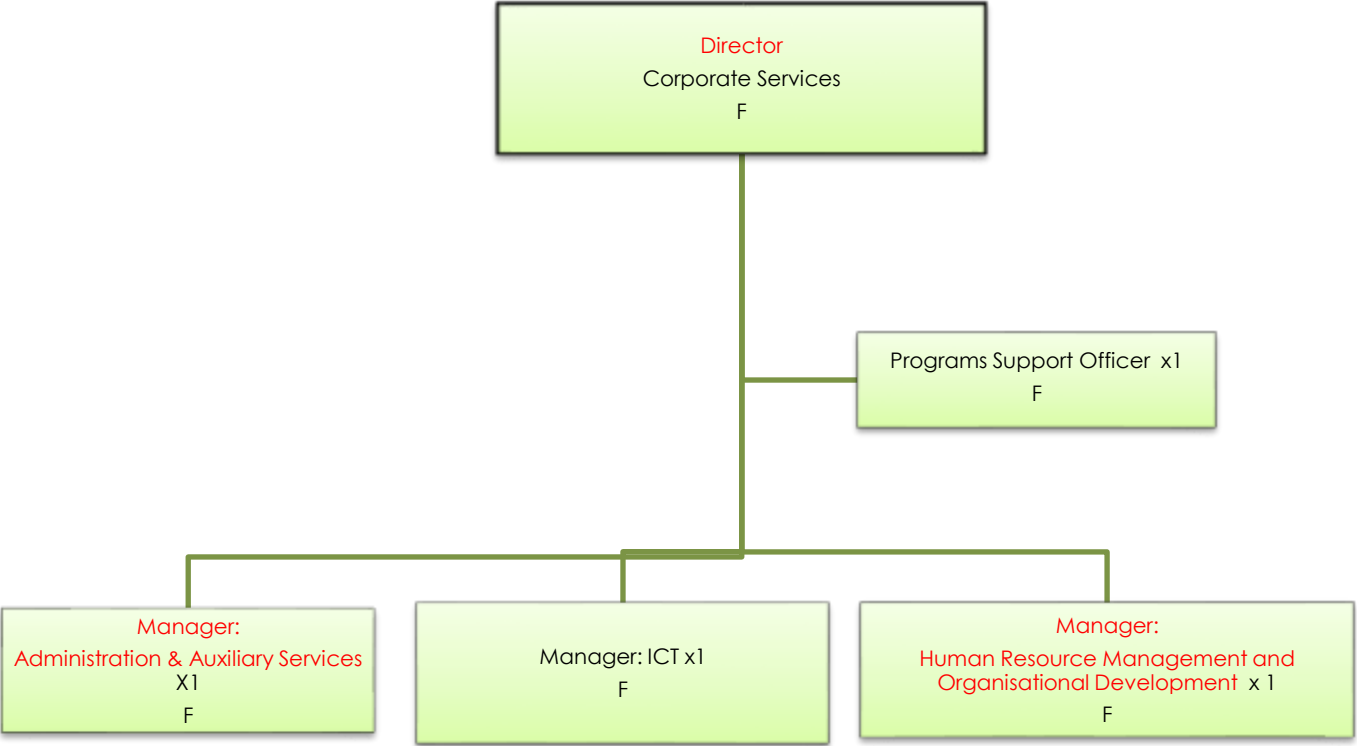




<b><i>TOTAL NUMBER OF POSTS</i></b>	<b><i>TOTAL POSTS FILLED</i></b>	<b><i>TOTAL POSTS VACANT</i></b>
07	06	01

initials

1. CORPORATE SERVICES



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
04	04	00

initials

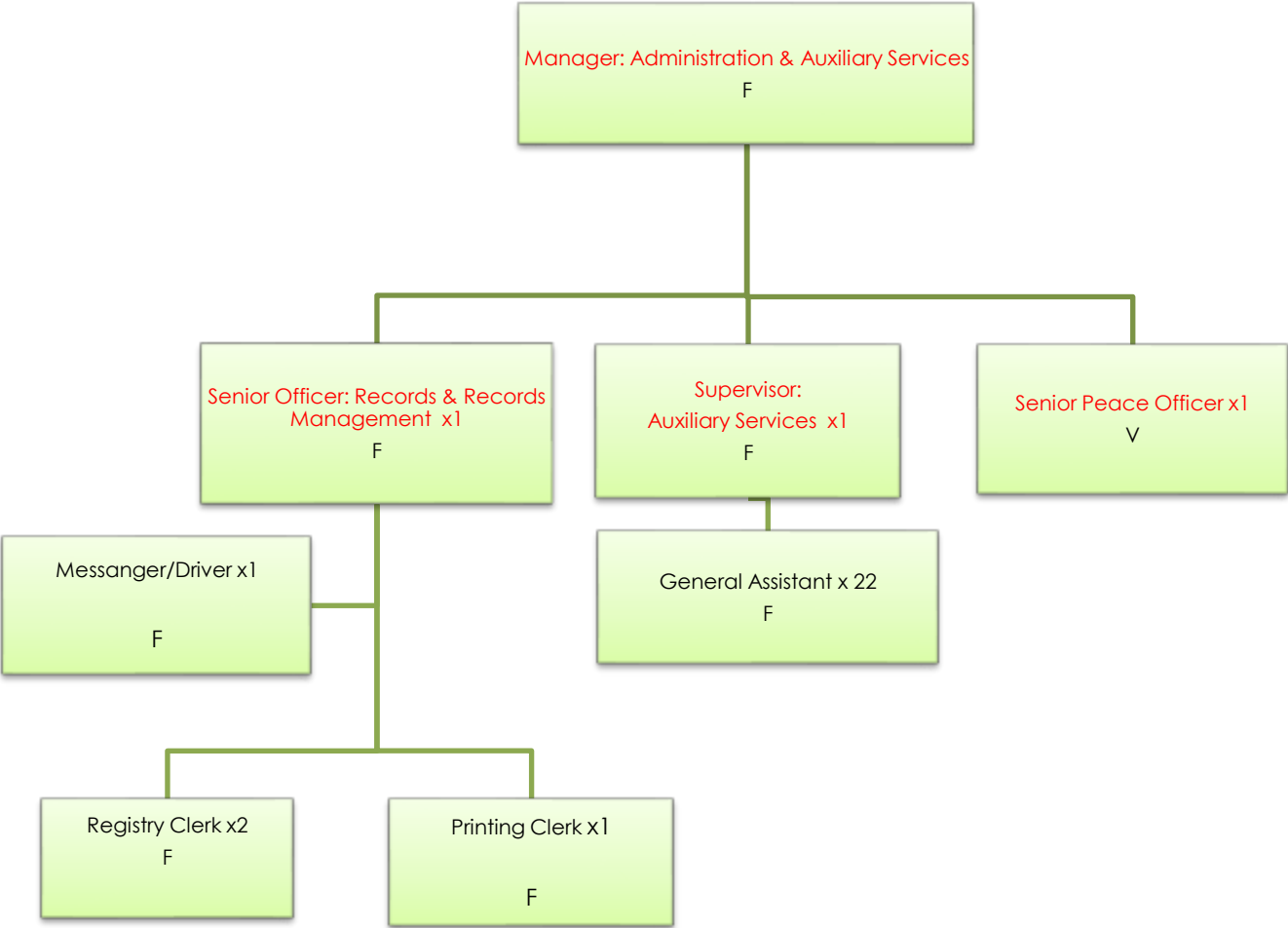
## ***Functions***

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Unit	Function
Administration & Auxiliary Services	<ol style="list-style-type: none"><li>1. The provision of general administration services and records/document management</li><li>2.The provision of administration support</li><li>3. Cleaning and facilities management</li><li>4. Peace and security services</li><li>5. Law Enforcement</li></ol>
ICT	<ol style="list-style-type: none"><li>1. The installation and configuration computer software</li><li>2.The provision of end-user support services</li><li>3.The provision of advice on system and hardware requirements</li><li>4.The management and maintenance of IT networks</li><li>5.The management of municipal data integrity and data analysis services</li><li>6.The development and maintenance of the municipal website</li></ol>
Human Resources Management & Development	<ol style="list-style-type: none"><li>1. Provision of the Human Resources Transactional and practices services</li><li>2. Payroll administration and labour relations services</li><li>3. ensure compliance with legislation/relevant collective agreements/policies/procedures</li><li>4. Employee wellness/Performance Management /job evaluation</li><li>5. Human Resources Development</li></ol>

initials

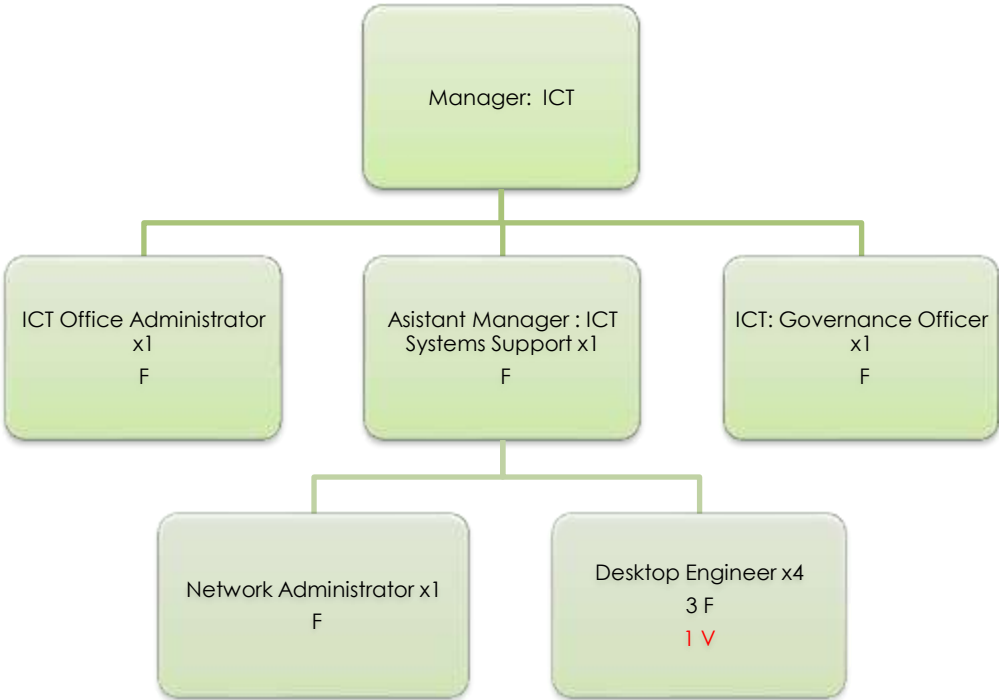
2.1. Admin Support



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
28	27	01

initials

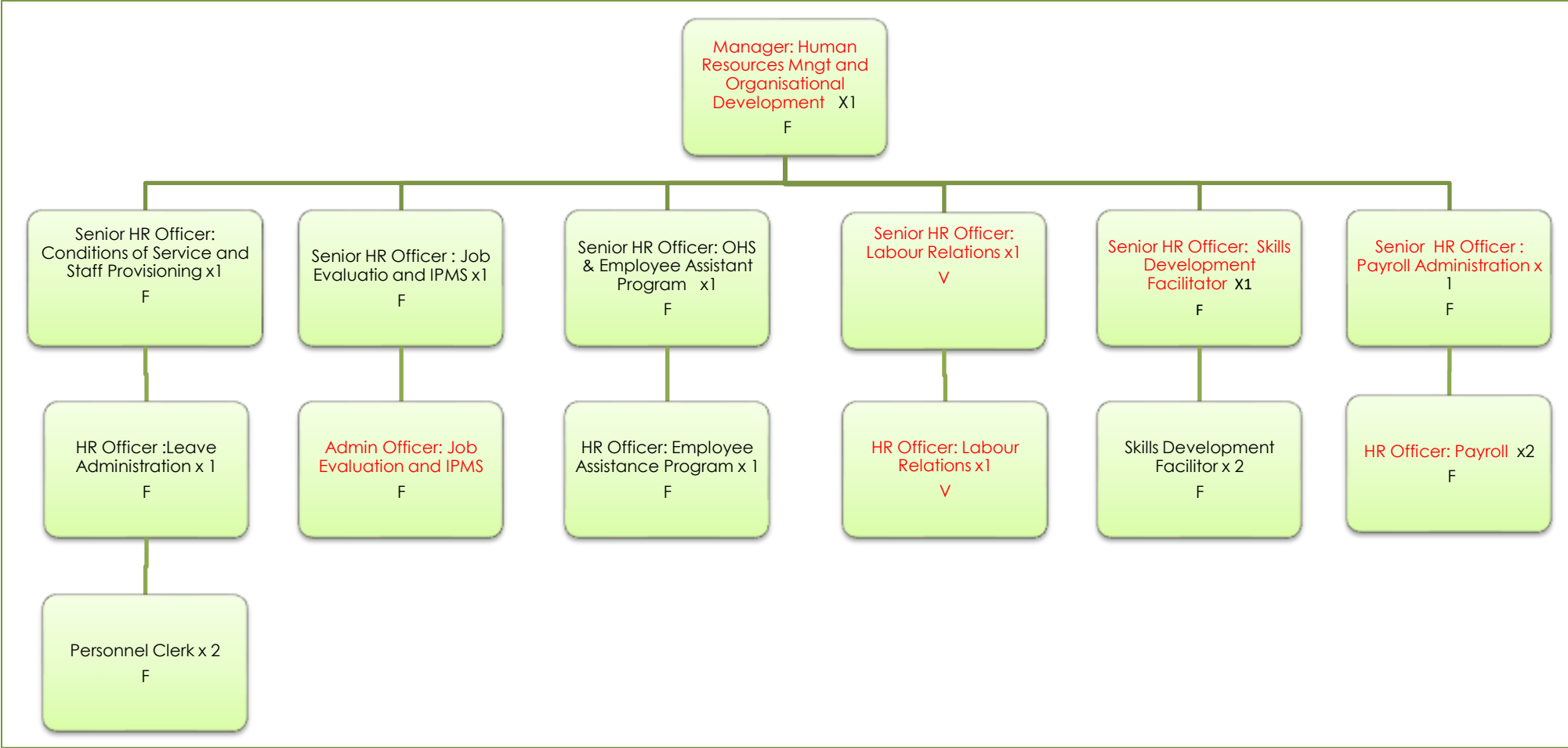
2.2. Information and Communication Technology



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
08	07	01

initials

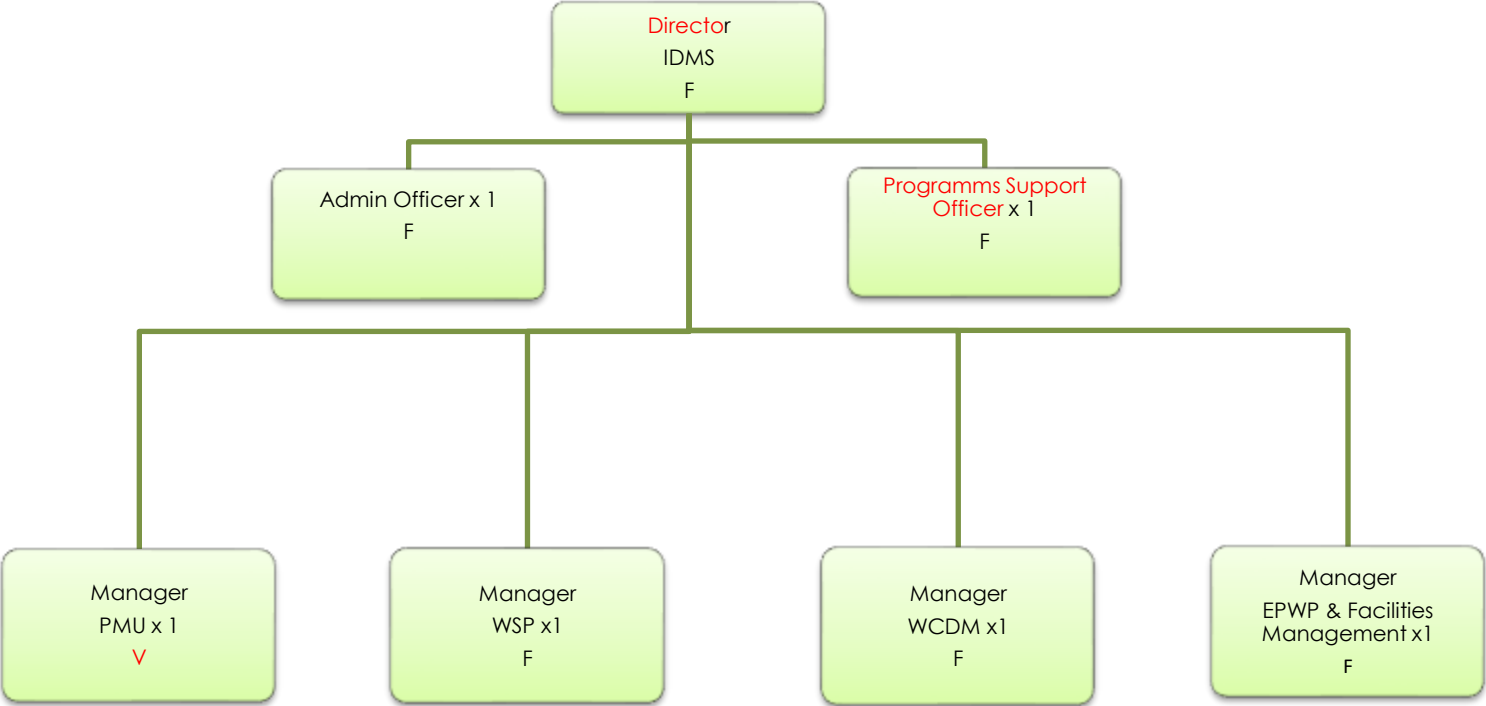
2.3. Human Resources Management & Development



TOTAL NUMBER OF POSTS	TOTAL Posts FILLED	TOTAL Posts VACANT
16	14	02

initials

3. Infrastructure Development & Municipal Services



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
06	06	00

Functions

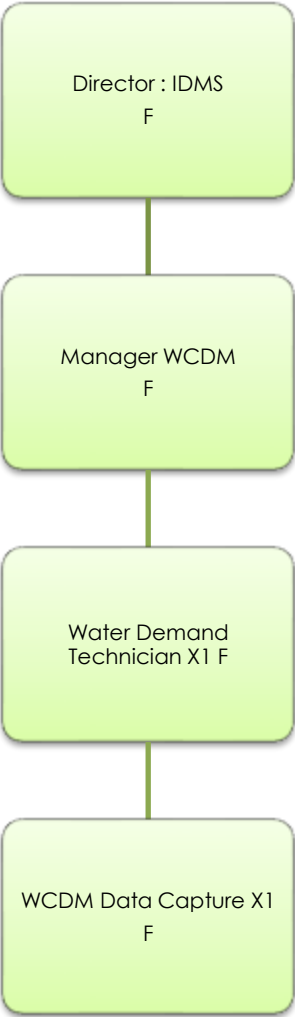
initials

Unit	Function
PMU	<ol style="list-style-type: none"> <li>1. directs/controls outcomes associated with the PM Unit.</li> <li>2. Controls the financial/administrative /information system requirements necessary for the coordination and control MIG funded projects and programmes</li> </ol>
WSP	<ol style="list-style-type: none"> <li>1. Responsible for operations &amp; maintenance of water services infrastructure.</li> <li>2. Water &amp; waste Water treatment.</li> <li>3. Development of O and M Plans</li> <li>4. Implementation of the WCDM strategy</li> <li>5. Water quality management</li> </ol>
WCDM	<ol style="list-style-type: none"> <li>1. Manage Water Conservation and Demand management in the District</li> </ol>
Manager: EPWP & FM	<ol style="list-style-type: none"> <li>1. Manage Facilities of the municipality</li> <li>2. Responsible for EPWP management and reporting</li> <li>3. Responsible Pwer supply to municipal facilities</li> <li>4. Responsible for construction of municipal facilities</li> </ol>

initials



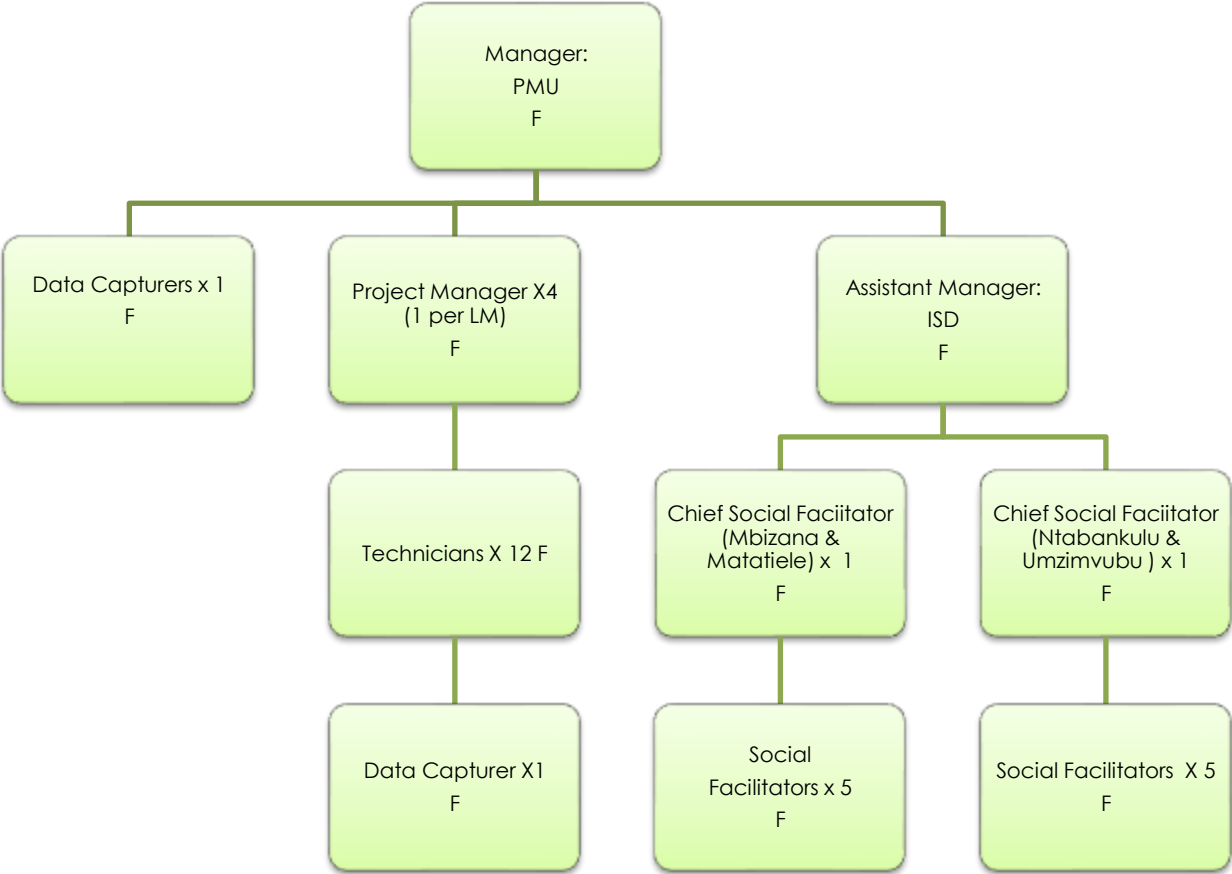
3.1. WCDM



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
02	02	00

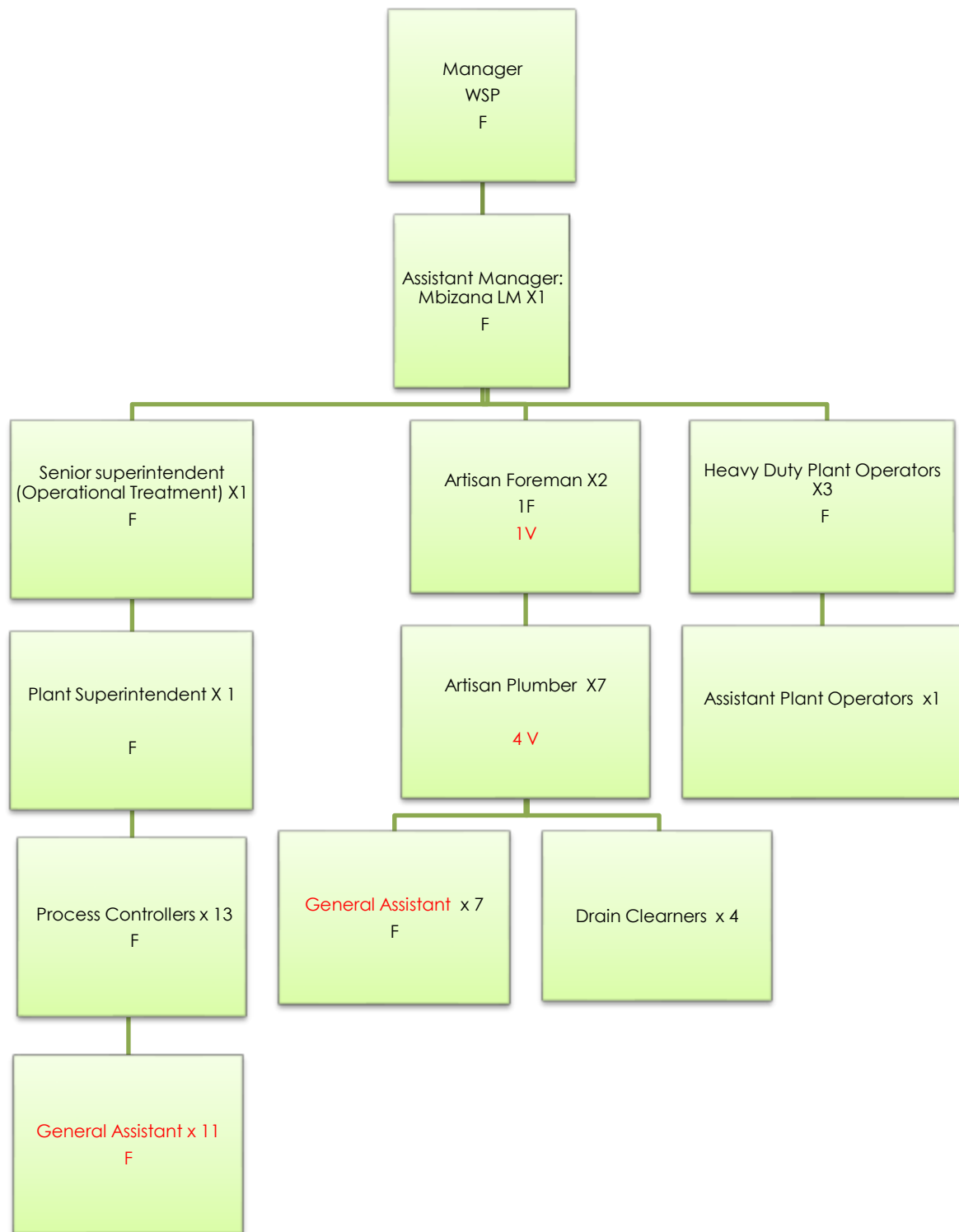
initials

3.2. Project Management Unit



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
31	31	00
initials		

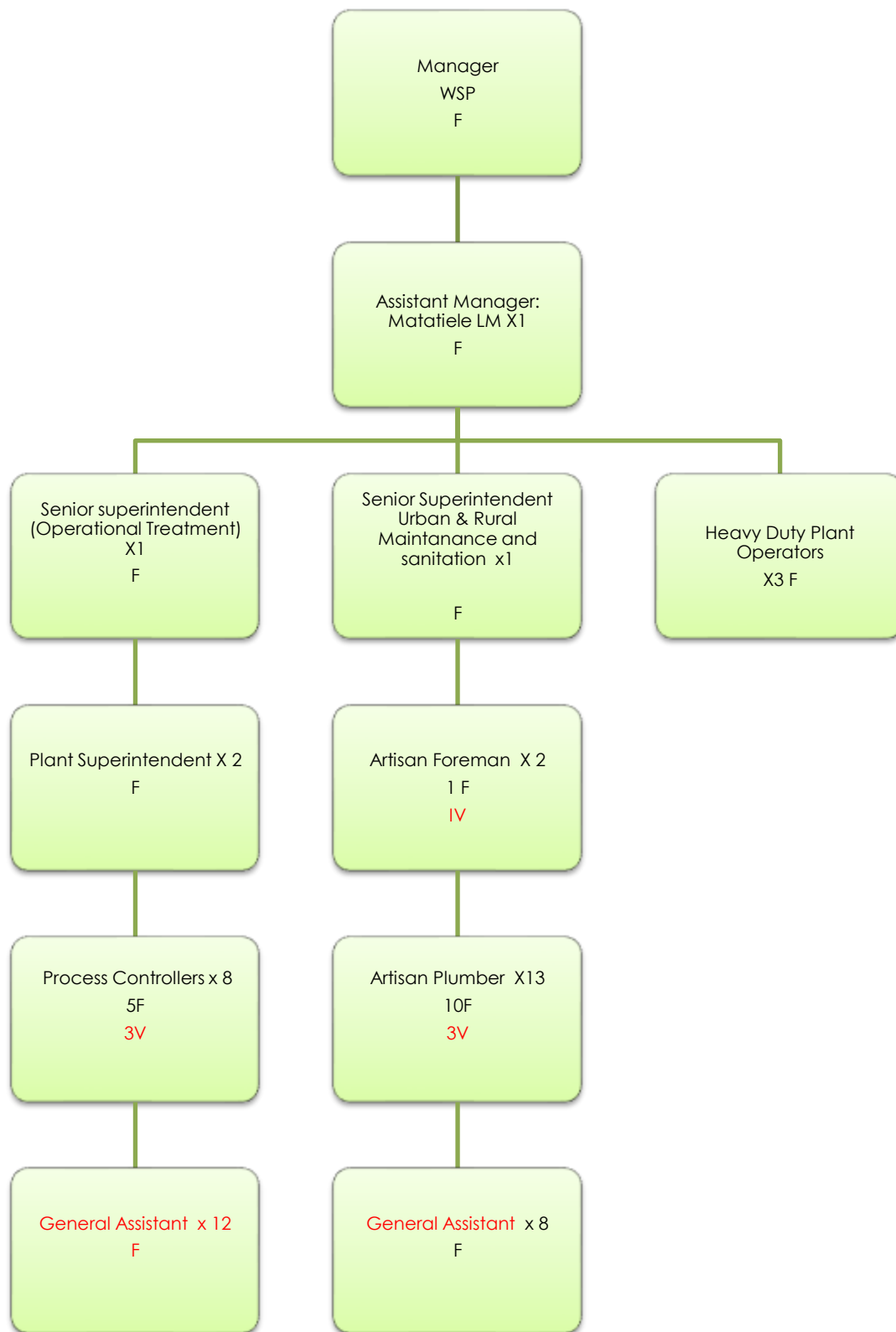
### 3.3. Water Services Provision(WSP) WMM LM



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
51	46	05

initials

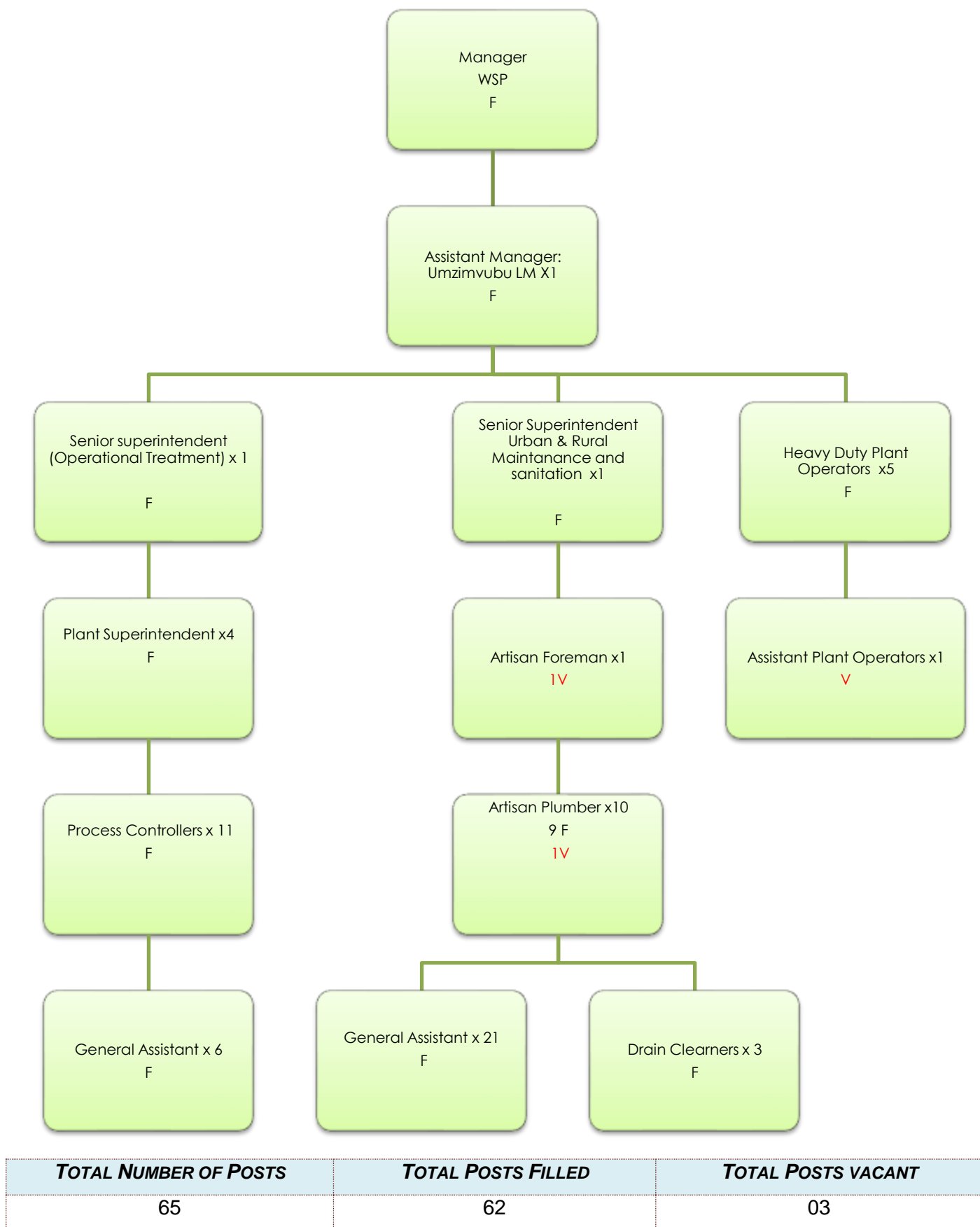
### 3.4. Water Services Provision(WSP) Matatiele



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
47	40	07

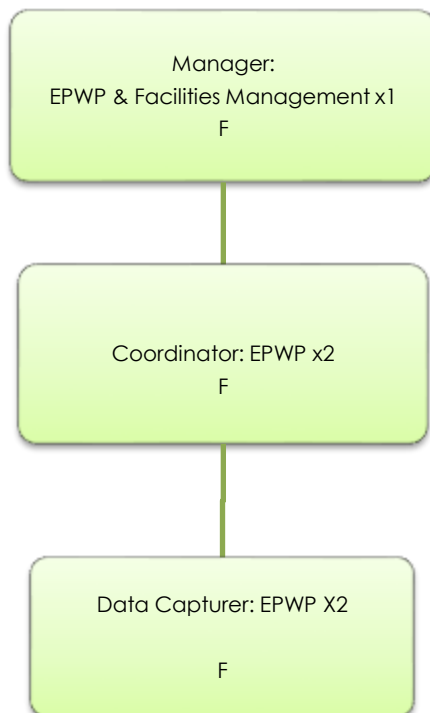
initials

### 3.5. Water Services Provision(WSP) uMzimvubu



initials

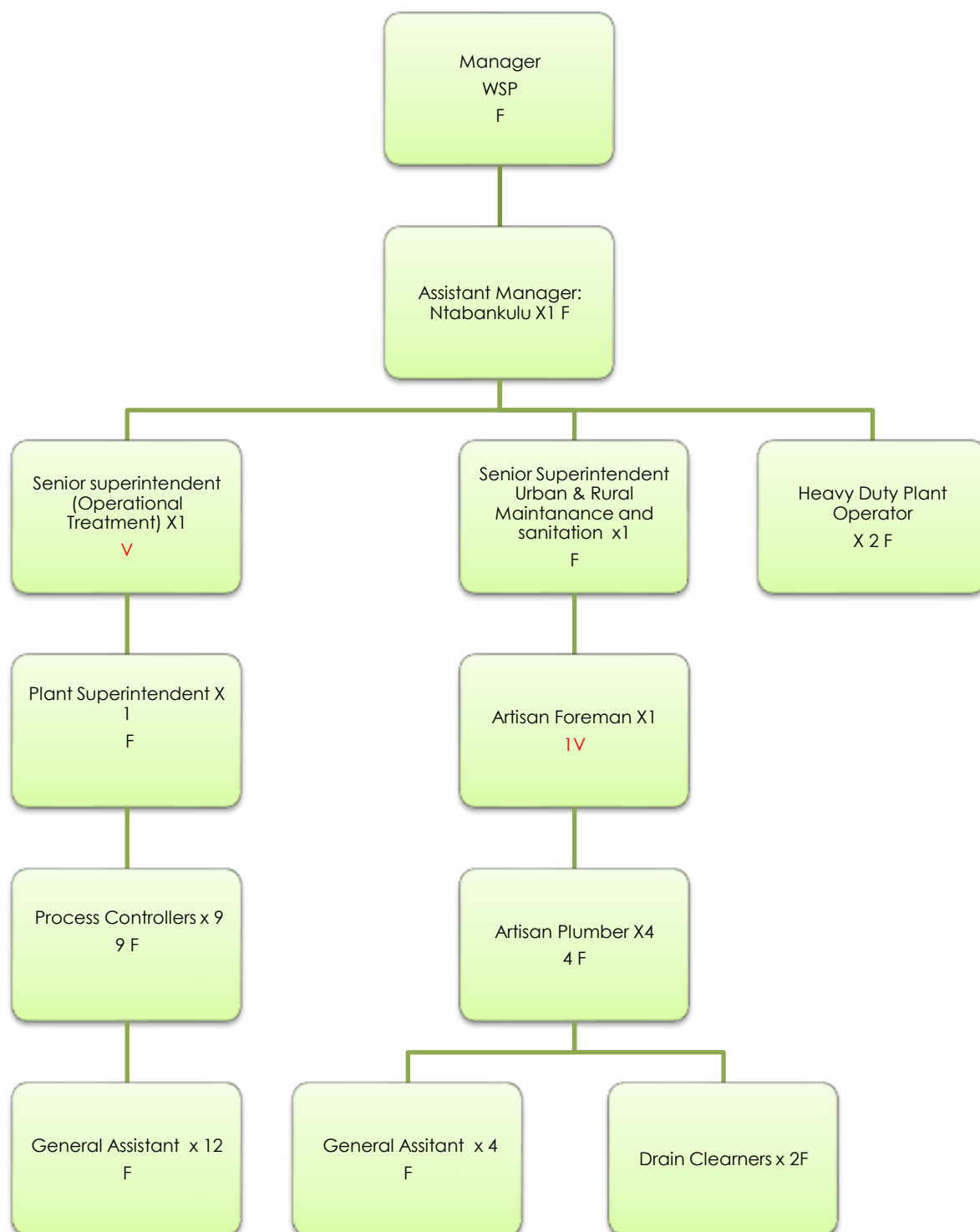
### 3.6. EPWP and FACILITIES MANAGEMENT



<i><b>TOTAL NUMBER OF POSTS</b></i>	<i><b>TOTAL POSTS FILLED</b></i>	<i><b>TOTAL POSTS VACANT</b></i>
04	04	00

initials

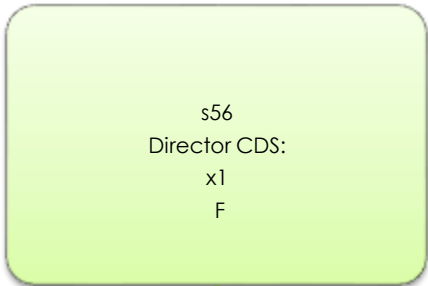
### 3.7. Water Services Provision(WSP) Ntabankulu



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
36	35	01

initials

4. Community Development Services



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
05	05	00
		initials



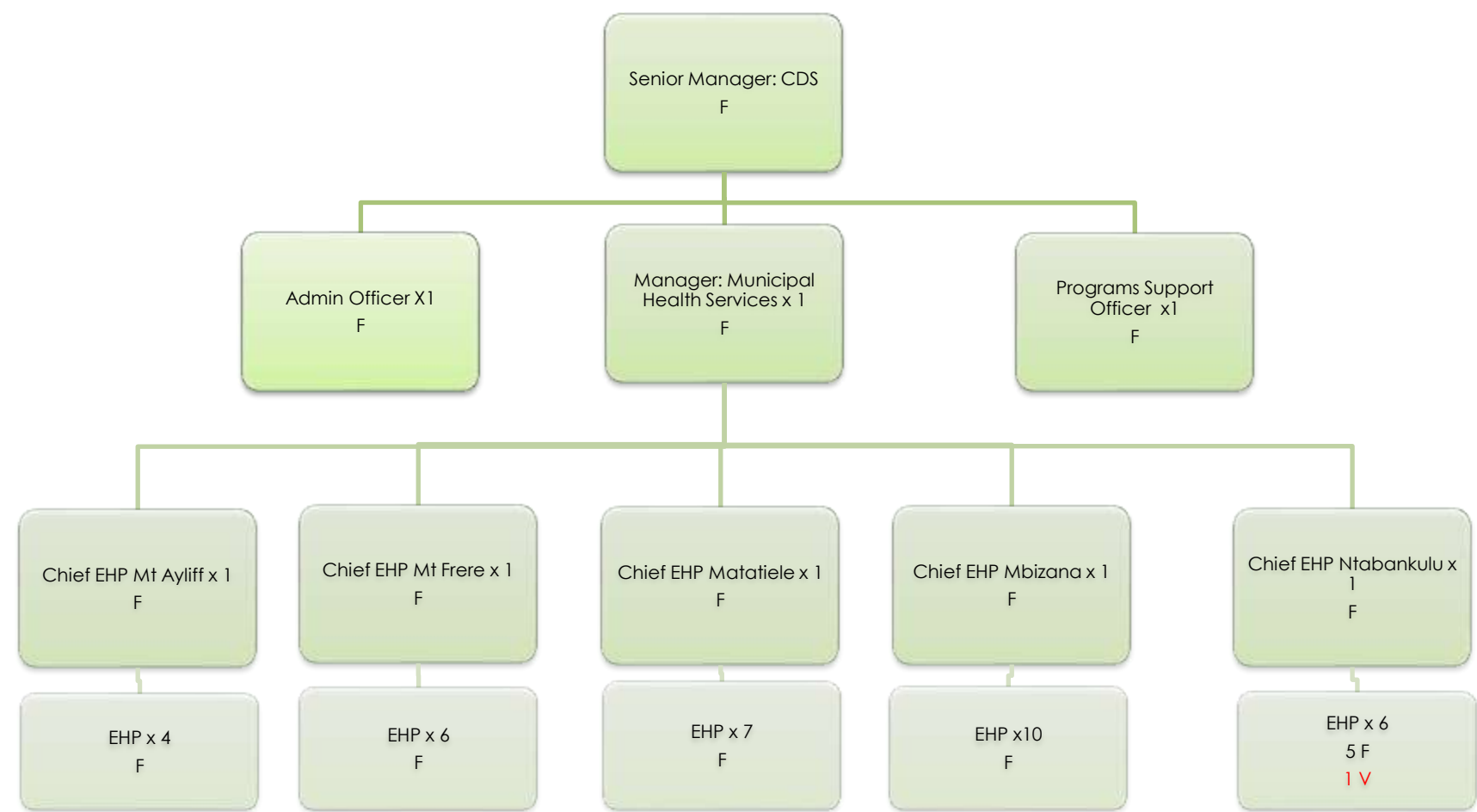
## ***Functions***

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Unit	Function
Municipal Health Services	<ol style="list-style-type: none"><li>1. The identification, support and coordination of municipal health activities within the municipality</li><li>2. awareness campaigns/assessments/mitigating risk associated with Municipal health</li><li>3. By-law enforcement</li></ol>
Customer Care	<ol style="list-style-type: none"><li>1. to ensure maximum stakeholder participation and the development initiatives of the district</li><li>2. To build sound relations between the DM and its stakeholders to ensure effective and efficient service delivery.</li></ol>
Fire & Rescue	<ol style="list-style-type: none"><li>1. Ensure the provision of fire and rescue services</li><li>2. Ensure that fire challenges are identified and reported for interventions</li></ol>
Disaster Risk Management Services	<ol style="list-style-type: none"><li>1. Disaster management services</li><li>2. Risk reduction</li><li>3. Recovery &amp; rehabilitation</li><li>4. Awareness &amp; Information</li></ol>

initials

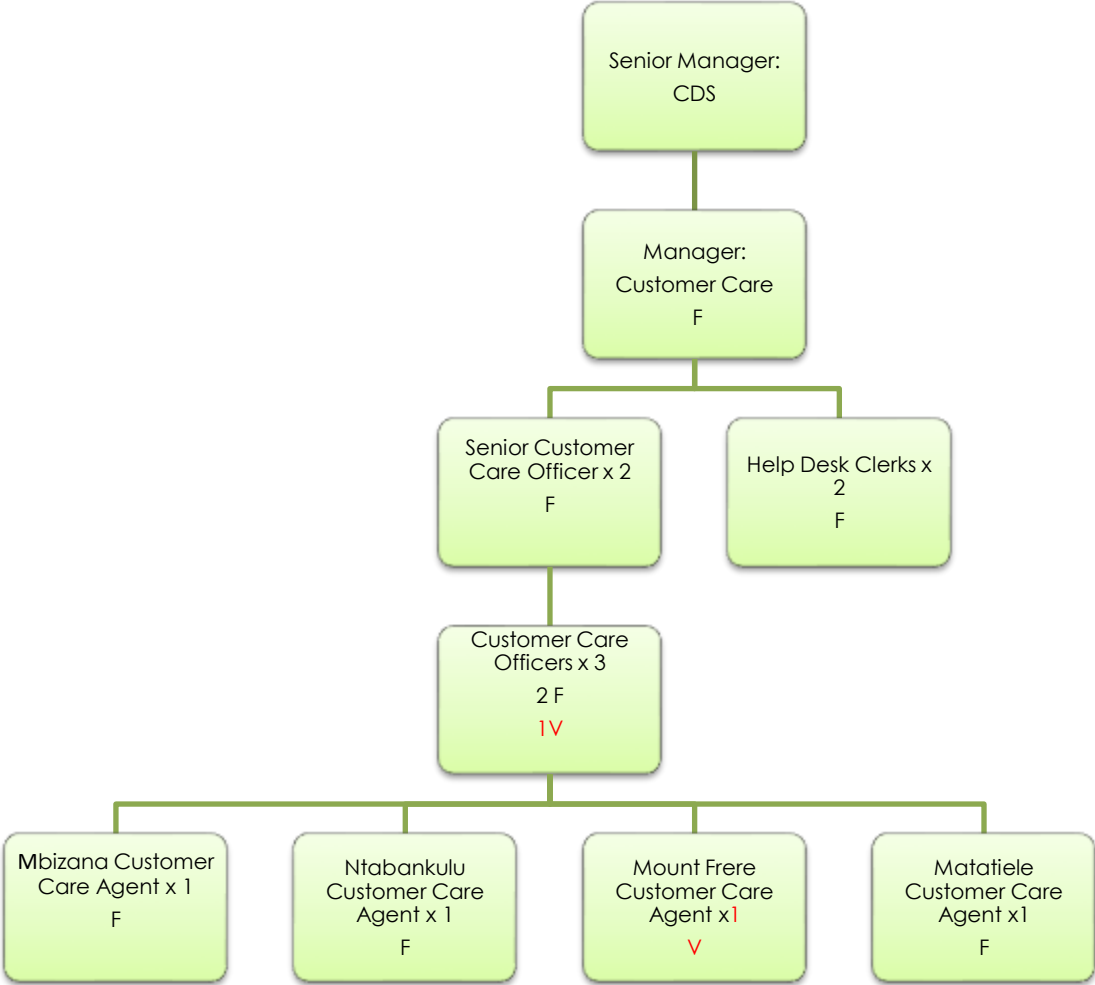
4.1. Health And Environmental Services & Thusong Centre



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
40	38	02

initials

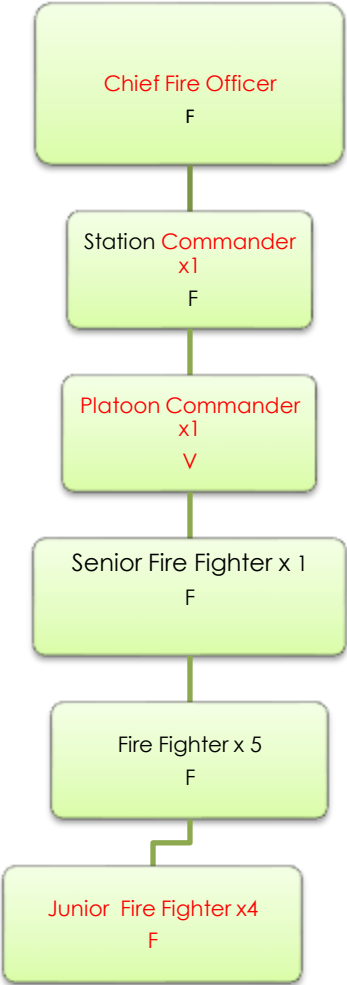
4.2. Customer Care



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
11	10	01

initials

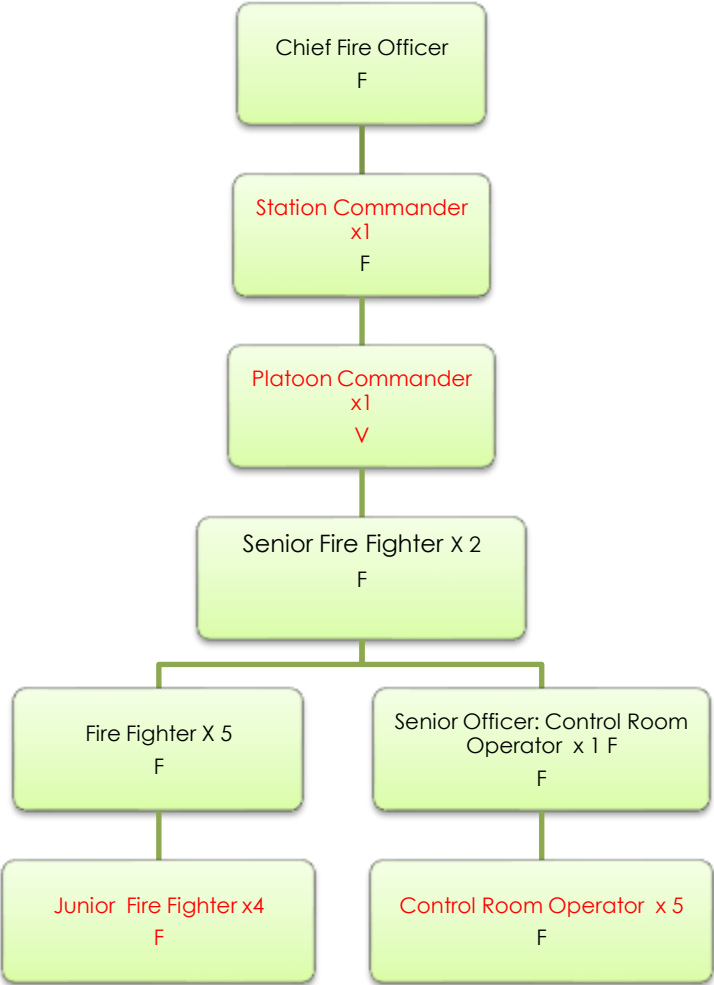
4.3.1. FIRE & RESCUE: MOUNT FRERE



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
14	13	01

initials

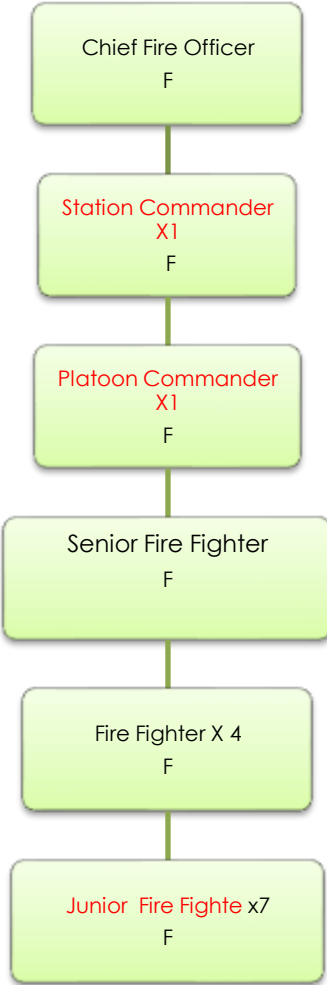
4.3.2 FIRE & RESCUE: MOUNT AYLIFF



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
16	15	01

initials

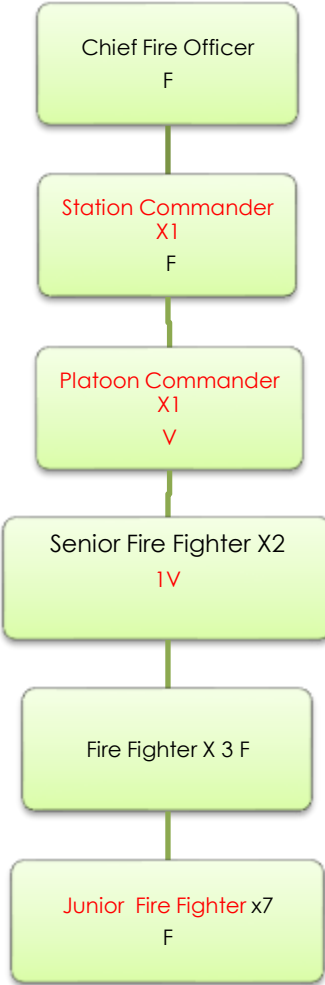
4.3.3. Fire & ReSCUE: MATATIELE



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
15	14	01

initials

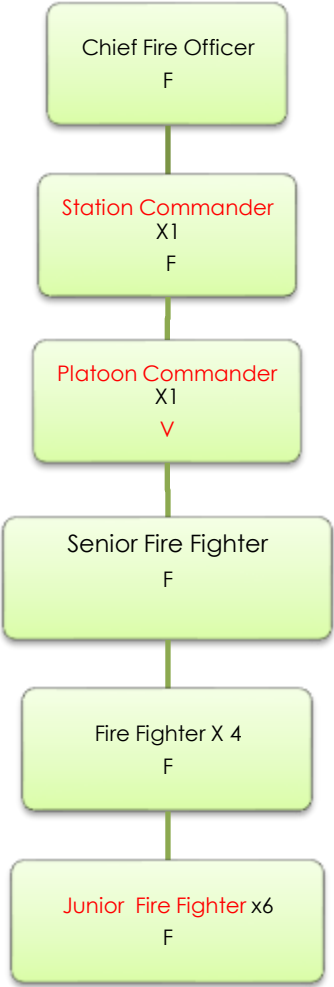
4.3.4. Fire & ReSCUE: MBIZANA



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
14	12	02

initials

4.3.5. Fire & ReSCUE: Ntabankulu

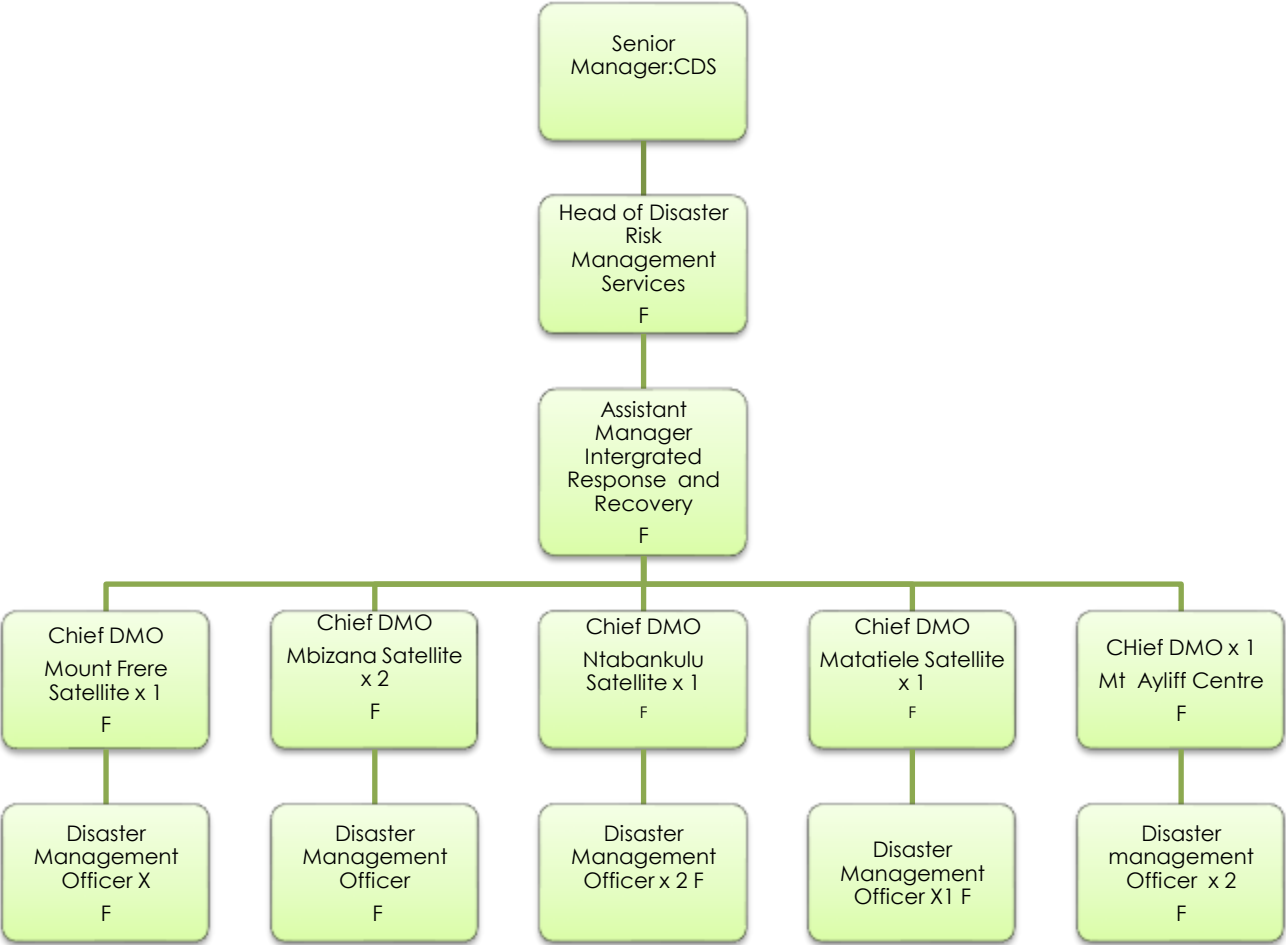


TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
15	14	01

initials



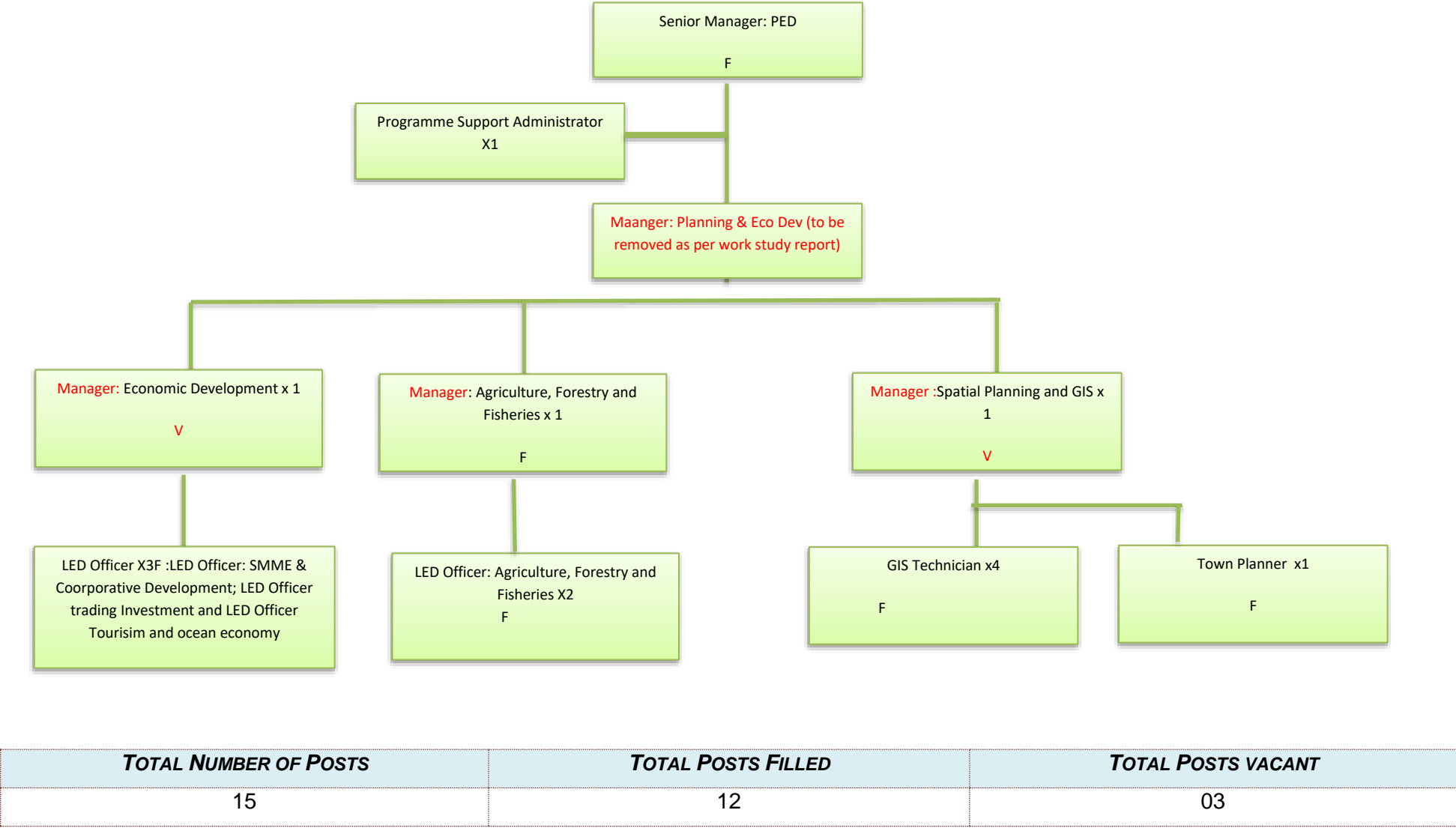
4.4. Disaster Risk Management Services



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
12	12	00

initials

5. Planning & Economic Development



initials

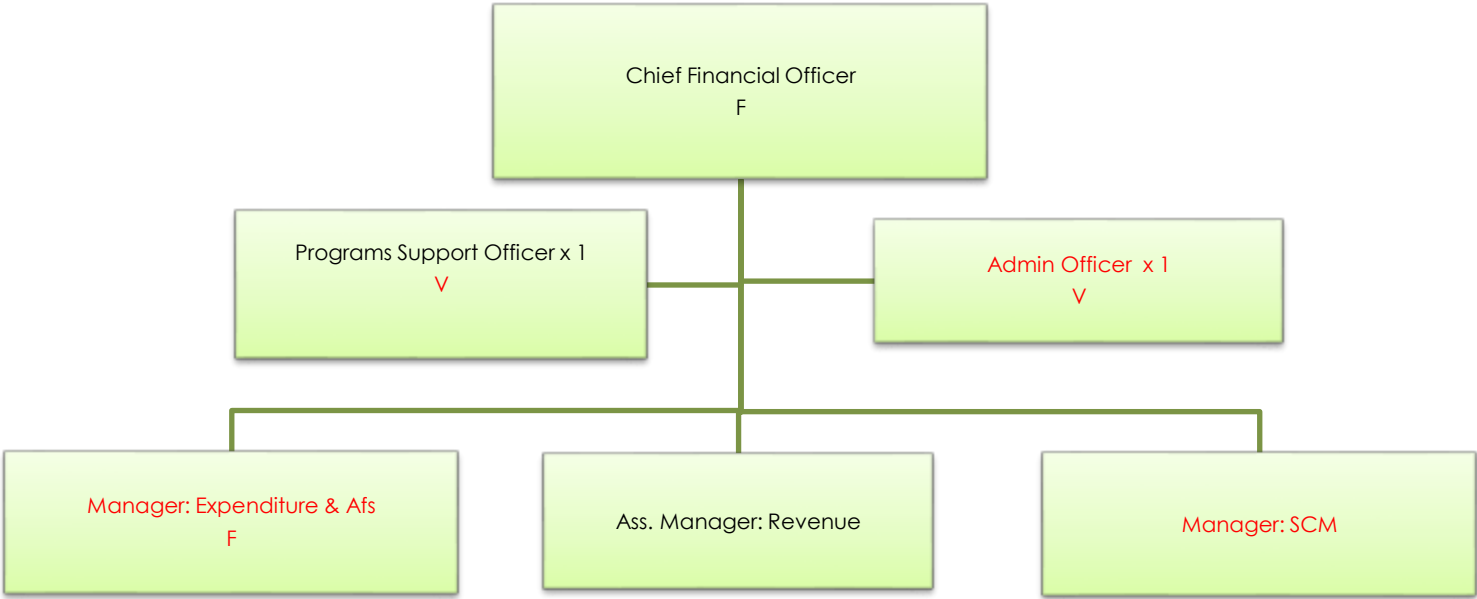
## ***Functions***

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Unit	Function
Economic Planning	<ol style="list-style-type: none"><li>1. The implementation, monitoring and evaluation of the municipal led strategy and projects</li><li>2. Facilitate the implementation of the municipal poverty grain production projects</li><li>3. The promotion and support of SMME's</li><li>4. The provision of tourism development services</li><li>5. The provision of hawkers administration services</li></ol>
Business Development	<ol style="list-style-type: none"><li>1. Identifies/defines the immediate; short and long term objectives/plans and controls associated with economic development.</li><li>2. Facilitating the coordination /integration/implementation of economic regeneration programs in the targeted rural villages small towns//townships</li><li>3. Business Plans Development</li></ol>
Development Planning; Spatial Planning & Land Use Management & GIS	<ol style="list-style-type: none"><li>1. Keeping abreast with developments and legislative imperatives supporting economic development and community improvement.</li><li>2. Controls the planning/operational efficiency of specific approaches associated with the delivery of core services associated with the functionality and spatial planning and land use management</li><li>3. performs specific applications associated with the preparation/updating/processing of data from hardcopy and digital sources for the ANDM geographical area</li></ol>

initials

6. Budget & Treasury Office



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
04	02	02

initials

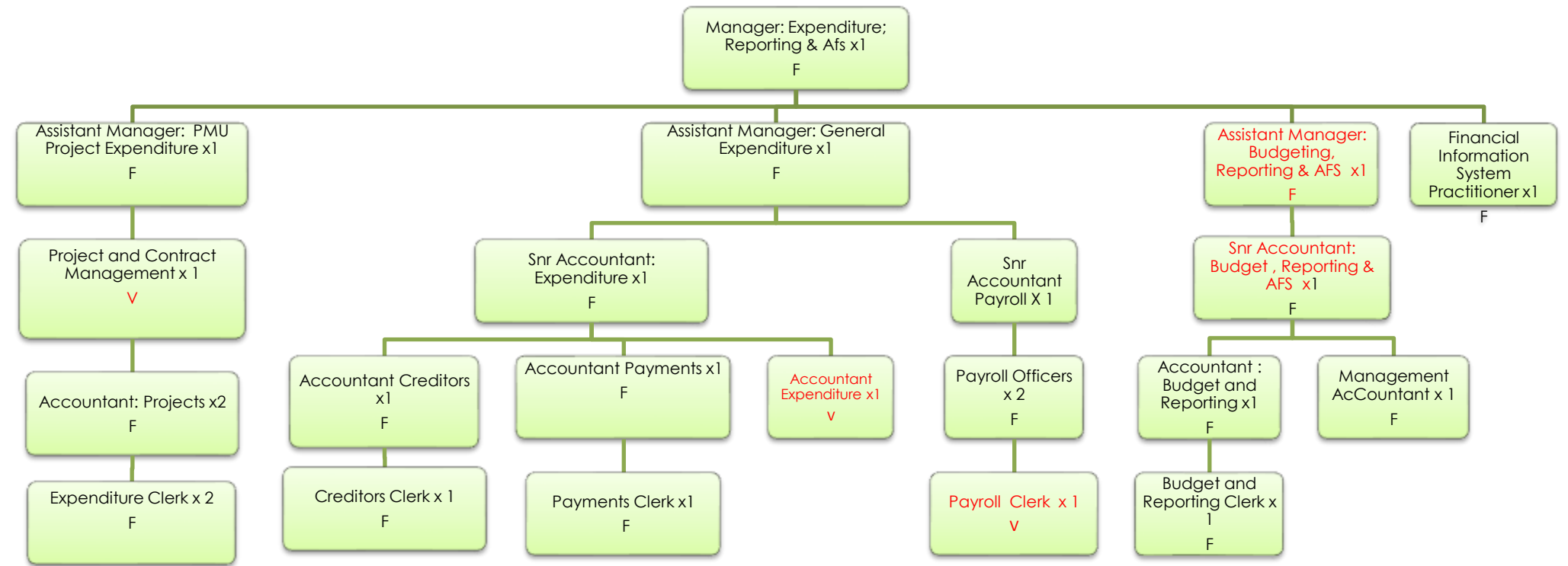
initials

## Functions

Unit	Manager	Function
Expenditure; Reporting & AFS	Manager: Expenditure; Reporting & AFS	<ol style="list-style-type: none"> <li>1. Coordinates/implements sequences associated with the verification and provision of information related to the creditors accounts.</li> <li>2 Prepares financial documents and reports on the creditors accounts</li> <li>3. preparation of AFS</li> </ol>
	Assistant Manager: Project Expenditure	<ol style="list-style-type: none"> <li>1. Preparing &amp; presenting reports detailing the status of expenditure and availability of funds and reporting on deviations.</li> <li>2. manages the compilation of budget; prepares capital &amp; operating estimates; midyear reviews; reallocations; additional releases; financial management/controls expenditure against the approved budget allocations</li> </ol>
	Assistant Manager: General Expenditure	<ol style="list-style-type: none"> <li>1.control and account for the expenditure of the Municipality</li> <li>2. maximize the collection of VAT</li> <li>3. payroll administration</li> <li>4. timeous payments of all service providers within 30 days of invoicing</li> </ol>
	Assistant Manager: Budgeting & Reporting	<ol style="list-style-type: none"> <li>1. Facilitate the compilation/coordination of the annual budget.</li> <li>2. Compile monthly reports and annual financial statements.</li> <li>3. execute budget management duties/ cash management/ supply chain management</li> </ol>
Revenue; SCM & Asset Management	Manager: SCM	<ol style="list-style-type: none"> <li>1. Promoting/developing/monitoring//directing/controlling all aspects of SCM in the Municipality to ensure compliance with the SCM Policy and Administrative Framework.</li> <li>2.prepares capital/operating estimates and controls contract expenditure against budget allocations/</li> </ol>
	Assistant Manager: Asset Management	<ol style="list-style-type: none"> <li>1. manage/monitor/control fleet and asset management in the municipality</li> </ol>
	Assistant Manager: Revenue	<ol style="list-style-type: none"> <li>1. manage/control revenue management</li> </ol>
	Assistant Manager: Supply Chain Management	<ol style="list-style-type: none"> <li>1. Promoting/developing/monitoring//directing/controlling all aspects of SCM in the Municipality to ensure compliance with the SCM Policy and Administrative Framework.</li> </ol>

initials

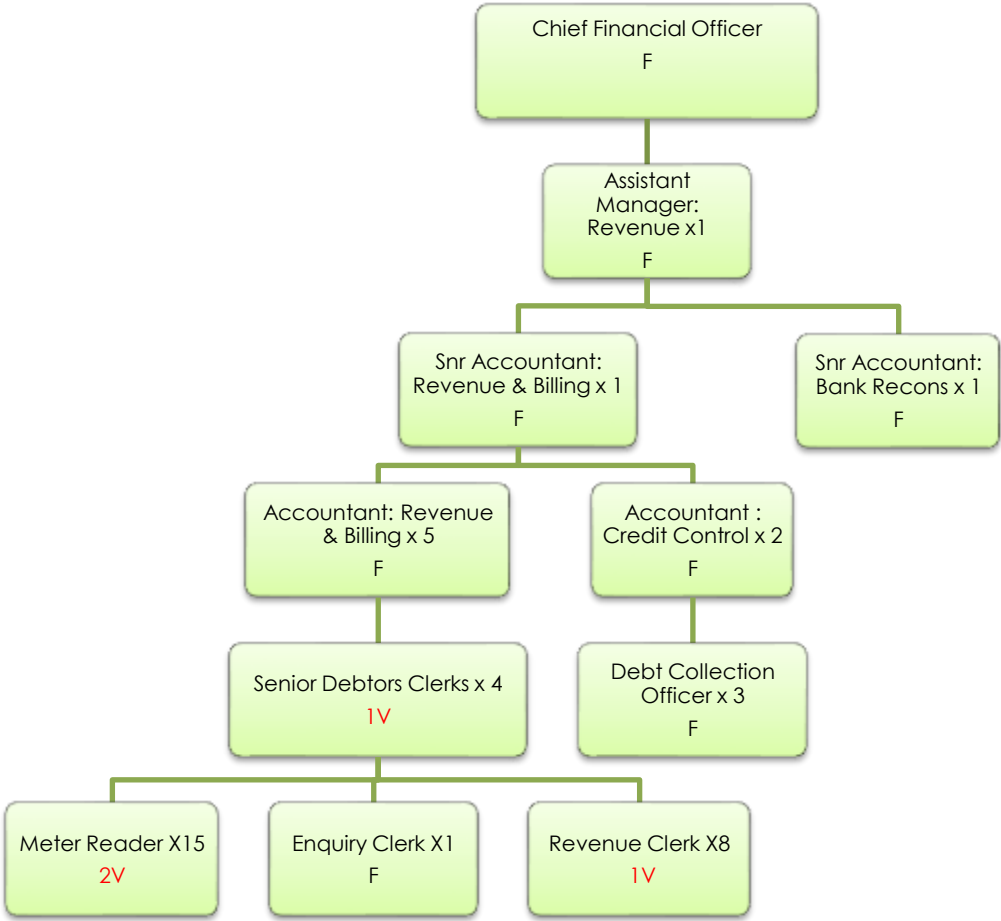
6.1. Expenditure; Reporting & AFS



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
20	19	01

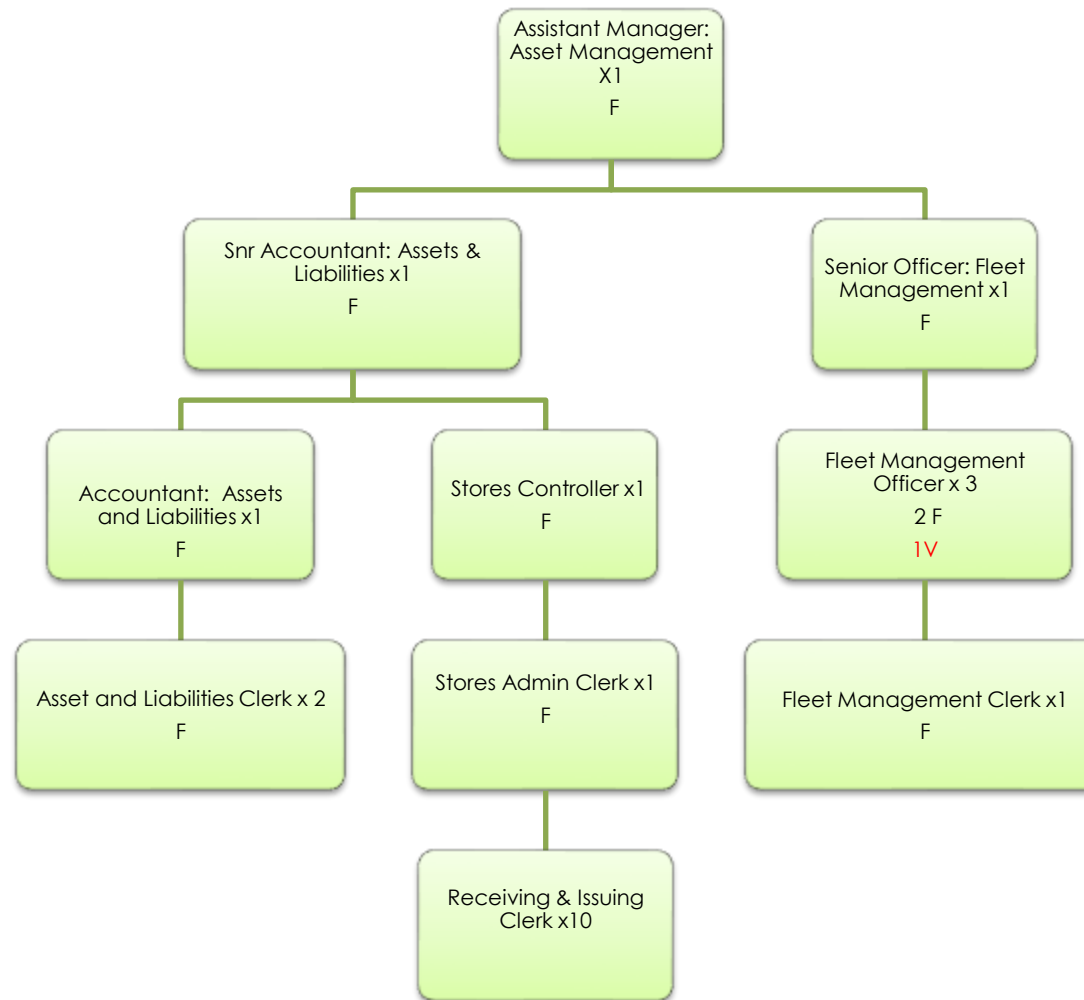
initials

Revenue



TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT	
43	39	04	initials

### 6.3. Asset Management

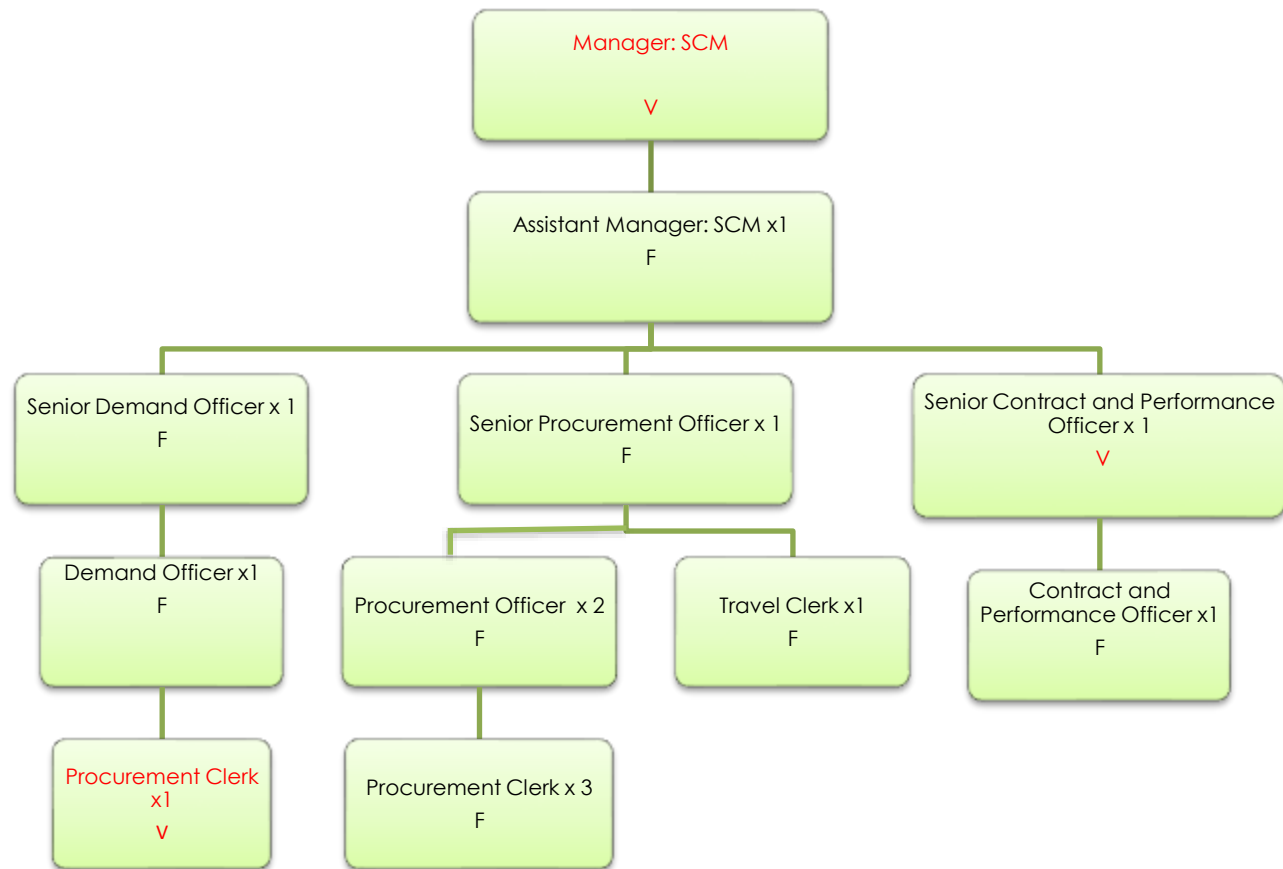


TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
20	20	00

initials

### 6.4. Supply Chain Management





TOTAL NUMBER OF POSTS	TOTAL POSTS FILLED	TOTAL POSTS VACANT
12	02	10

initials

### **3. Conclusion**

The Staff Establishment for 2023/24 Financial Period was considered and adopted by Council

Signed at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ by

\_\_\_\_\_

**Zamile H. Sikhundla**

**Municipal Manager**