



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

**BUILT ENVIRONMENT
PERFORMANCE PLAN
(BEPP)**

2015/16 DRAFT SUBMISSION

NOVEMBER 2014

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LIST OF ACRONYMS

ATTP	Assistance to the Poor
BEPP	Built Environment Performance Plan
BRT	Bus Rapid Transport
CBD	Central Business District
CDC	Coega Development Corporation
CETT	Corporate Environmental Task Team
CIDZ	Coega Industrial Development Zone
CITP	Comprehensive Integrated Transport Plan
CORPGIS	Corporate Geographic Information Systems
CSIP	City Support Implementation Plan
CSP	City Support Programme
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EC	Eastern Cape
EDRS	Economic Development & Recreational Services
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
EPRU	Eastern Province Rugby Union
GGP	Gross Geographic Product

GIS	Geographic Information Systems
GRAP 17	Generally Recognised Accounting Practices (Property, Plant and Equipment)
GVA	Gross Value Added
HDA	Housing Development Agency
HDMS	Housing Delivery Management System
HIV/AIDS	Human Immunodeficiency Virus causing the Acquired Immunodeficiency Syndrome
HSDG	Human Settlements Development Grant
ICDG	Integrated City Development Grant
ICLEI	International Council for Local Environmental Initiatives
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IHHSG	Integrated Housing and Human Settlements Grant
ILIS	Integrated Land Information System
IPTS	Integrated Public Transport System
IT	Information Technology
ITP	Integrated Transport Plan
LAMS	Land Asset Management System
LED	Local Economic Development
LUMS	Land Use Management System
MBDA	Mandela Bay Development Agency
MDTTT	Multi-Disciplinary Technical Task Team
MOSS	Metropolitan Open Space System
NDP	National Development Plan
NDPG	Neighbourhood Partnership Development Gant
NLLS	Nooitgedacht Low Level Scheme
NMBM	Nelson Mandela Bay Municipality
NMBM IDP	Nelson Mandela Bay Municipality's Integrated Development Plan
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NMMOSS	Nelson Mandela Metropolitan Open Space System
NT	National Treasury
PDoHS	Provincial Department of Human Settlements
PICC	Presidential Infrastructure Coordinating Commission
PRASA	Public Rail Authority of South Africa
PTIG	Public Transport Infrastructure Grant

PTIS	Public Transport Infrastructure and Systems
PTISG	Public Transport Infrastructure and Systems Grant
PTNO	Public Transport Network Operator
PTOG	Public Transport Operating Grant
PTP	Public Transport Plan
RE Scheme	Return Effluent Scheme
ROD	Record of Decision
SCU	Sustainable Community Unit
SCUs	Sustainable Community Units
SDBIP	Service Delivery and Budget Implementation Plan
SDR	Strategic Development Review
SIPs	Strategic Infrastructure Projects
SMP	Sanitation Master Plan
SRA	Special Rating Area
Stats SA	Statistics South Africa
UNS	Urban Network Strategy
USDG	Urban Settlements Development Grant
W&S	Water and Sanitation
WMP	Water Master Plan
WWTW	Waste Water Treatment Works

1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

This Draft Built Environment Performance Plan follows the BEPP content and format as supplied by National Treasury in the Guidance Note (National Treasury, Cities Support Programme: BEPP Guidance Note for 2015/16 – 2017/18, 2014). It should be read in conjunction with 2013/14 BEPP submission for additional background information.

1.2 PURPOSE OF BEPP

The BEPP is a requirement of the Division of Revenue Act (DoRA) in respect of the various infrastructure grants related to the built environment of municipalities. It is submitted for compliance in order to access the following grants:

- Integrated City Development Grant
- Urban Settlements Development Grant
- Human Settlements Development Grant
- Public Transport Infrastructure Grant
- Neighbourhood Partnership Development Grant
- Integrated National Electrification Grant

The BEPP aims to demonstrate the use of these grants for the purpose of spatial restructuring through targeting the expenditure in areas that will maximise the positive impact on citizens, leverage private sector investment, and support growth.

A transformed spatial form and a more compact city is the ultimate aim.

This draft Built Environment Performance Plan aims to build on the 2014/15 BEPP by articulating the Urban Network Strategy investments more clearly, introducing the City Support Programme support initiatives that have been identified and focusing on the integration of initiatives to improve overall

sustainability of the Municipality from a spatial, institutional and financial perspective.

A major focus of this draft BEPP and the draft capital budget, is the upgrading and development of informal settlements in terms of the ongoing implementation of the housing programme.

During 2014, the NMBM has undertaken a number of initiatives that will ultimately improve the focus and alignment of the BEPP with strategic initiatives of the Municipality. Most importantly, as part of the City Support Programme, a Strategic Development Review (SDR) has been undertaken. Simultaneous with this, the NMBM is approaching the 2015/16 budget preparation process in a manner that will assist to align the budget more appropriately to the IDP, BEPP and Strategic Development Review. The budget development process will incorporate enhanced administrative and political participatory processes.

Neither the budget process nor the Strategic Development Review process have been completed. Therefore, this draft BEPP does not at this stage reflect the influences of these programmes. These influences will be accommodated in the final BEPP to be submitted by the end of May 2015.

During the course of preparation of this draft BEPP the City Support Implementation Plan (CSIP) has been developed. The CSIP identifies 15 programmes of support for the NMBM through the City Support Programme. As these programmes are developed, they will influence the critical sections of the BEPP relating to strategies and programmes, outcomes and outputs and Institutional and financial arrangements.

The Strategic Development Review and budget process review mentioned above have already been partially implemented. In addition the following are the main programmes of the CSIP that will also influence further iterations of the BEPP:

- Integrated Public Transport System (IPTS) review,
- Infrastructure financing support -including the review of the funding and implementation of critical water infrastructure (Nooitgedacht, Fishwater Flats and bucket elimination),
- Economic development planning and strategy support /review,
- Long term development planning support,
- Financial planning support,
- Revenue strategy and management support,
- Spatial Development Framework Review,
- Land Use Management review and support,
- Human Settlements support,
- Organisational change management support,

1.3 ADOPTION OF BEPP BY COUNCIL

The 2014/15 BEPP was adopted by Council on 29 May 2014 and submitted to National Treasury.

The 2015/16 BEPP will be submitted to Council for approval prior to 29 May 2015. This Draft BEPP is a revision of the 2014/15 BEPP with sectoral inputs updated. It is intended to finalise the Draft based on the budget process and other initiatives currently under way. This BEPP will be taken through processes to obtain the required administrative and political support.

Thereafter, the approved document will be submitted to National Treasury.

1.4 RELATIONSHIP OF BEPP TO OTHER STRATEGIC DOCUMENTS

The BEPP is to be read together with and be seen as complementary to the Municipality's key strategic documents, including the Integrated Development Plan, the Budget, the Spatial Development Framework, the Integrated Public Transport Strategy and the Human Settlements Plan.

The BEPP can be seen to represent the investment strategy of the Municipality in fulfilling its objectives of equitable city development, transformed spatial realities and more compact city development.

1.5 REFERENCE DOCUMENTS IN PREPARING THE BEPP

The following documents have served as reference documents in the preparation of the 2015/16 BEPP:

Algoa Water Reconciliation Study, 2012
 ANC Election Manifesto, 2014
 Budget Speech by South African Minister of Finance, 2014
 Built Environment Performance Indicators (Draft)
 Cities Support Programme: Built Environment Performance Plans (BEPPs) Guidance Note, 2014
 City Support Implementation Plan, 2014
 Comprehensive Integrated Transport Plan, 2011
 Demographic Update for NMBM by Development Partners, 2007
 Human Settlements Spatial Planning Framework (SPF) - Concept Note, 2014
 Informal Settlements Upgrading Plan, 2008
 Infrastructure Maintenance Backlog Assessment, 2011
 National Development Plan, Vision 2030
 Nelson Mandela Bay Industrial Development Strategy 2012
 NMBM 2014/15 Integrated Development Plan
 NMBM Draft Budget 2015/16
 NMBM Urban Network Strategy, 2014
 NMBM Human Settlements Strategic Framework 2030, 2012
 NMBM Local Government Turnaround Strategy, 2010
 NMBM Metropolitan Spatial Development Framework, 2009
 NMBM Sanitation Master Plan, 2012
 NMBM Water Master Plan, 2006
 Proposed high-level Housing Strategy for Nelson Mandela Bay Municipality, December 2012 by Shisaka Development Management Services
 SA Census 2011, Stats SA, 2011
 Sustainable Communities Planning Guide, 2007

2. STRATEGIC REVIEW OF BUILT ENVIRONMENT

2.1 CURRENT PERFORMANCE OF BUILT ENVIRONMENT

2.1.1 Situational analysis of Nelson Mandela Bay

STATS SA describes Nelson Mandela Bay as follows:

“Nelson Mandela Bay Municipality is located on the south- eastern coast of Africa in the Eastern Cape. It is one of eight category A municipalities in South Africa. In 2001, the Nelson Mandela Bay Metropolitan Municipality was formed as an administrative area covering Port Elizabeth, the neighbouring towns of Uitenhage and Despatch, and the surrounding agricultural areas. Nelson Mandela Bay is a major seaport and automotive manufacturing centre.

The Coega Industrial Development Zone (IDZ) is situated within the Nelson Mandela Metropolitan Municipality. The initiative is a multibillion-dollar industrial development complex customized for heavy, medium and light industries. It is adjacent to a deepwater port, the Port of Ngqura, and covers 110 km² of land. The city’s unique advantage of possessing two ports, namely Port Elizabeth Harbour and Ngqura, creates an opportunity for the city to establish a strong and vibrant maritime sector”.

A situational analysis of Nelson Mandela Bay, covering various socio-economic trends, is presented below.

Demographic Background

(a) Current situation

The following statistics are relevant:

- Population - 1,152,115 (Census 2011)
- Households (formal) - 276 850 (Census 2011)
- Area covered - 1 950 km²
- Unemployment rate - 36,6%(Census 2011)

The composition of the above is detailed in Tables 1 to 3 below:

TABLE 1: Demographic Information on Nelson Mandela Bay: Age Distribution

0-14 Years Old	15-65 Years Old	> 65 Years Old	Total
294269	795392	62453	1152114
25.54%	69.04%	5.42%	100.00%

Source: Stats SA, 2011

TABLE 2: Demographic Information on Nelson Mandela Bay: Household Distribution

Type of household	Total
Formal households	276850
Informal households	30202
Households/Flats/Rooms in back-yards	6890
Informal households in back-yards	8862
Other	1488
Total	324292

Source: Stats SA, 2011

TABLE 3: Demographic Information on Nelson Mandela Bay: Employment Status

Official employment status	Working population	age	% of working age population
Employed	290155		36.48%
Unemployed	209088		26.29%
Others (not economically active)	289969		36.46%
Not applicable	6180		0.78%
Labour (Total)	795392		100.00%

Source: Stats SA, 2011

The population trend in Nelson Mandela Bay is reflected in the table below:

TABLE 4: Population Trends for Nelson Mandela Bay (2001 to 2011)

Year	Total	Asians / Indians (%)	Black Africans (%)	Coloureds (%)	Whites (%)
2001	1 005 804	1.12	58.93	23.43	16.51
2007 (CS)	1 050 933	0.92	60.40	22.56	16.12
2011	1 152 112	1.11	60.13	23.56	14.36
2015	1 224 630	1.1	56.0	24.1	18.8
2020	1 243 930	1.0	55.9	24.4	18.7

Sources: Stats SA (Census, 2001), Stats SA (Community Survey, Stats SA Mid-year Estimates and Stats SA (Census, 2011)

The above trends show that there is very low population growth - an additional 19 300 population in the next 5 years - 2015 to 2020. This translates to approximately 5 000 housing units assuming 4 persons per unit.

FIGURE 1: Household Income Distribution (2001)

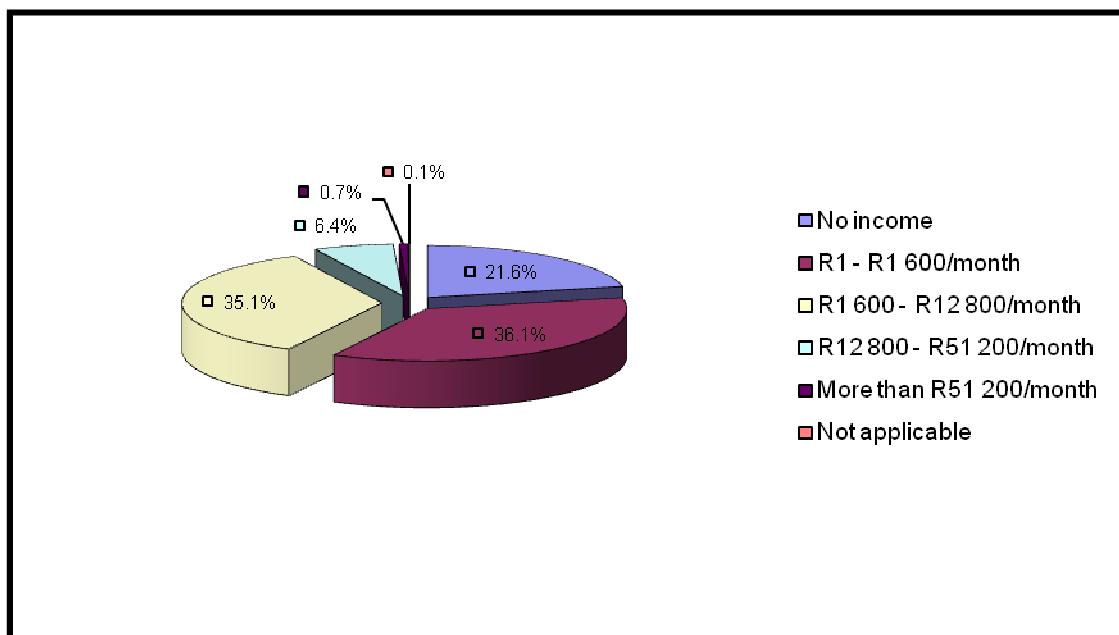
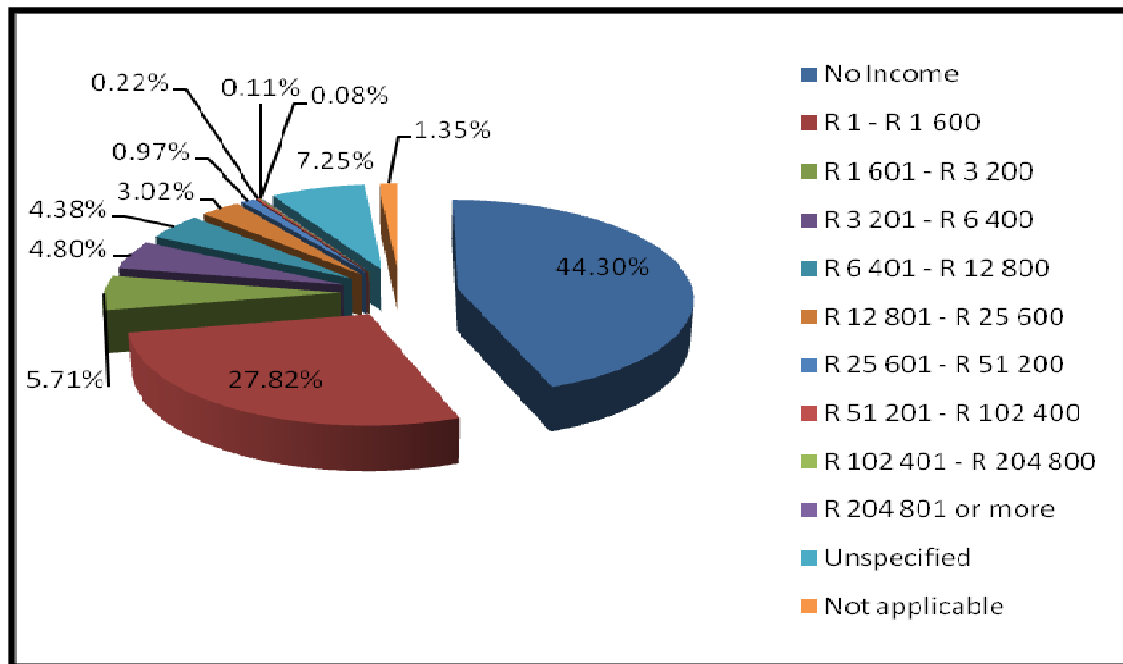


FIGURE 2: Household Income Distribution (2011)

Sources: Stats SA, 2011; Census 2011; Statistics South Africa

The 'No Income', 'Unspecified' and 'Not Applicable' labels in Graph 2 include those outside the working age group of 15-65 years.

Between 2001 and 2011, the percentage of households classified as having no income rose from 21,6% to 44,3%. The implications of this for housing, social services and subsidies for the City are serious if this trend continues. The figures indicate that unemployment has steadily increased.

Between 2001 and 2011, the households that would qualify for a residential subsidy decreased from 92% to 87%. Therefore although the percentage of households with no income has increased, the total percentage of households that are housing subsidy captive has marginally decreased.

Nelson Mandela Bay is the driver of the Eastern Cape economy, with 41,81% of the provincial GGP (Global Insight, 2013).

- 83 660 of the total number of 276 850 formal households are classified as indigent (in terms of the indigent register of the Municipality).
- 44% of households receive at least one social grant.

- The HIV/AIDS prevalence rate is 30,8%.
- Approximately 3% of residents have received no schooling; 13% have passed Grade 7 or less (primary school level); while 75% have passed Grade 12 or less (secondary school level) (these figures exclude the current population of children of pre-school and school-going age, i.e. 0-19 years) (Census, 2011).
- The overall population density is 80 – 100 persons per hectare (20 units per hectare).
- The predicted population for 2020 is 1 243 930.
- The growth is therefore predicted to be less than 100 000 people (25 000 units) for all population groups over the next 7 years. This is in accordance with studies showing low in-migration figures, and the findings of the NMBM's demographic study.

The following aspects support the information provided above and serve to illustrate the socio-economic trends in Nelson Mandela Bay.

(b) Assistance to the Poor (ATTP)

The assistance to the poor statistics are a valuable yardstick to measure the wealth or financial state of residents in the Metro. They indicate the percentage of municipal account holders that cannot afford municipal services. This is directly related to poverty levels in Nelson Mandela Bay.

Households that are unable to pay their monthly municipal accounts and which apply and qualify for ATTP in terms of the municipal ATTP policy, receive financial assistance from the Municipality. This financial assistance comes from the Municipality's Equitable Share Allocation.

As the number of ATTP beneficiaries grows, so more free basic services are provided to poor households. This erodes the Equitable Share Allocation and less of this grant can therefore be used for repairs and maintenance. This results in an increase in municipal repairs and maintenance backlogs.

In the 2010/11 financial year, the Municipality launched a vigorous ATTP verification process. Since 2011, this verification process has been conducted annually. This process initially resulted in a reduction in the number of ATTP beneficiaries, which caused a saving.

However, in recent years, the number of ATTP beneficiaries has grown. Each new successful ATTP applicant's outstanding debt is written off as part of the ATTP process. This results in a concomitant outflow from the Equitable Share subsidy. In the 2013/14 financial year, the ATTP register reflected 83,660 verified successful beneficiaries. In the 2013/14 financial year, an additional 12 109 beneficiaries were added. This is indicative of increasing levels of poverty as well as the formalization of housing for the poor. In the first quarter of the 2014/15 financial year, 2 700 additional ATTP beneficiaries were approved.

Table 5 illustrates the number and value of Equitable Share subsidies allocated to ATTP households.

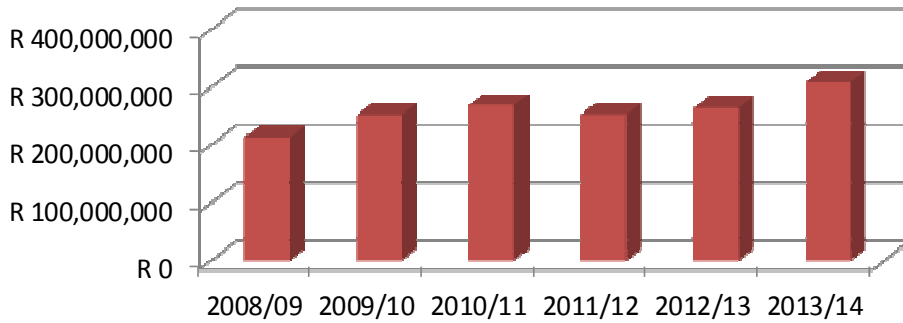
TABLE 5: ATTP - Number and Value of Financial Assistance to ATTP Households

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of approved ATTP households from	109,534	108,665	95,489	86,172	71,551	83,660
Indigent Cost to the City	R 212,753,832	R 252,311,837	R 268,321,432	R 252,770,170	R 263,880,851	R 308,292,772
Equitable Share Allocation	R 682,450,000	R 456,625,000	R 602,883,000	R 656,653,000	R 729,226,000	R 743,325,000
Percentage E-Share allocated to ATTP	31%	55%	45%	38%	36%	41%

Source: NMBM Budget & Treasury, 2014

FIGURE 3: Financial contributions made to indigent households in Nelson Mandela Bay

Annual Indigent Cost to the City

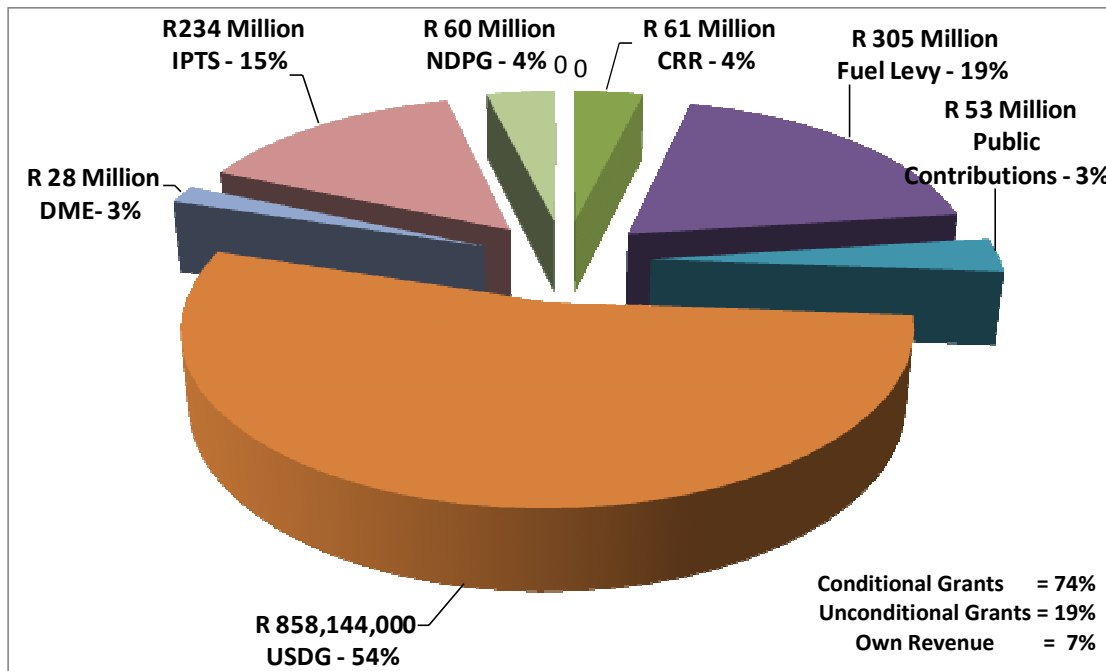


Source: NMBM Budget & Treasury, 2014

(c) Financial Overview of Nelson Mandela Bay Municipality

The total NMBM Draft Capital Budget for the 2015/16 financial year is R1.6 billion.

FIGURE 4: 2015/16 Draft Capital Budget - Sources of Funding



Source: NMBM Budget & Treasury, 2014

TABLE 6: 2015/16 Draft Capital Budget - Sources of Funding

Funding Source	Value	Percentage
Own Funding (CRR & Public Contributions)	114,250,000	7%
Fuel Levy	304,900,000	19%
Urban Settlements Development Grant	858,144,000	54%
DME - Electrification Grant	28,000,000	3%
IPTS	234,000,000	15%
Neighbourhood Development Partnership Grant (NDPG)	60,554,000	4%
Total Draft Capital Budget Funding	1,599,848,000	100%

Source: NMBM Budget & Treasury, 2014

(d) Access to services

(i) Water

- 100% of households have access to water within a 200 m radius.
- Informal areas receive water through standpipes (within a 200 m radius) and water tanks, except for communities occupying private land illegally.

(ii) Sanitation

- 90.73% of households are connected to sanitation.
- 20 900 buckets are still in circulation as a means of sanitation.

Bucket eradication is a priority in order to fulfill the Outcome 8 Policy objectives. The Municipality is engaging with the National Upgrading Support Programme (NUSP) in this regard. During the course of 2014, the Council adopted a more concerted approach to the eradication of buckets which is detailed later in this document.

Nelson Mandela Bay Metro consistently has the highest percentage of households with access to flush chemical toilets (89,4%). It also has the

lowest percentage with no access to a toilet (1,9%), compared to other district municipalities in the Eastern Cape.

(iii) Public health

Solid waste management (refuse removal)

- 100% % of formal and informal households are provided with a basic level of refuse collection (this excludes smallholdings).

(iv) Electricity

- 100% of households in formally demarcated residential areas have access to electricity.
- 12% of households have no electricity, including undemarcated informal areas.

(v) Integrated human settlements challenges

- Housing challenges

TABLE 7: Estimated Housing Backlog for Nelson Mandela Bay

NMBM Figures		Census 2011 Figures	
Informal areas	23 411	Informal areas	30 202
Backyard shacks	49 000	Shacks/Rooms in backyards	6890
		Informal in backyards	8862
		Other	1488
Total backlog	72 411	Total backlog	47 442

Source: Stats SA, 2011

The NMBM figures are being verified through a study to determine the number of backyard shacks and an audit of informal settlements. This study commenced in April 2014.

- Households living in stressed areas (servitudes, floodplains and overcrowded areas).
- Land and spatial planning challenges:
 - Shortage of government-owned land in inner-city and serviced areas.
 - Lack of visible spatial restructuring.
 - Lack of integrated sustainable human settlements.

The Human Settlements Strategic Framework adopted by Council in December 2012 recommends spatial restructuring through the following interventions:

- **Urban Renewal Precincts** including Inner City areas, Motherwell, Happy Valley, Lower Baakens Valley, Walmer Gqebera, Korsten, Helenvale and the Greater Ibhayi-Northern Areas Hub.
- **Spatial Transformation Precincts** such as Parsonsvlei, Coega IDZ/Motherwell, Bay West and N2 Developments.
- **Implementation of an Integrated Zoning Scheme and Land Use System.**
- **Assembly of well-located public and private land for development of Integrated Human Settlements.**

(vi) Infrastructure challenges

The following challenges are experienced in relation to infrastructure:

- The backlog of tarring of gravel roads is approximately 341 km. The cost to eliminate this backlog is approximately R2,5 billion. This backlog has occurred largely due to the fact that the housing

development programmes funded by the government only include sufficient funding for gravel roads.

- Stormwater drainage inadequacies are experienced in disadvantaged wards, especially in newly developed areas because of the funding for roads and stormwater construction being limited.
- Ageing infrastructure, especially electricity, water and sanitation infrastructure, results in leakages, pipe bursts, blockages and electricity disruptions which in turn cause service delivery disruptions.
- The completion of the Nooitgedacht Low Level Scheme remains the most significant project to ensure long-term water sustainability in the NMBM. This project supports both the provision of basic water, but also water for economic development. The backlog of funding to complete this project is estimated at R375 million. An amount of R80 million has preliminarily been placed on the draft Budget for 2015/16 financial year to initiate the completion process.
- In October 2014, Council adopted a short-, medium- and long-term approach to eradicate buckets. This involves a three-prong approach including the provision of new houses, slabs with toilets on allocated erven and temporary toilet blocks in informal areas that are to be relocated. A preliminary amount of R67 million has been budgeted in the 2015/16 financial year for the eradication of buckets. A communal toilet block costs approximately R700 000 per set and a slab and toilet costs approximately R50 000. The Municipality has approximately 2000 serviced sites which could be used for slab and toilet construction.
- Economic infrastructure for development such as the Coega Wastewater Treatment Works and the Coega Return Effluent Scheme, is needed to support the Coega IDZ. Further development of the IDZ will be hampered without funding for these projects.
- The Municipality is working on a long-term capital investment plan to support economic growth and socio-economic development.

As part of the City Support Implementation Plan, the World Bank has been appointed to investigate technical and financial options in respect of Nooitgedacht, Fishwater Flats and bucket eradication. Once the study has been completed, it will influence the projects timing and budgets.

(vii) Building investment trends

Nelson Mandela Bay recorded steady and rapid growth from 2001 to 2004, followed by a decline in the 2004/2005 period. Although 2005 to 2007 reflected a recovery, 2008 saw a dramatic decline, indicating the impact of the global economic crisis. There was a recovery in the 2009/10 financial year, almost to the 2007 pre-economic meltdown figures, both in terms of the number and value of plans passed. This dipped slightly in the 2011/12 financial year which continued to dip in the 2012/13 financial year.

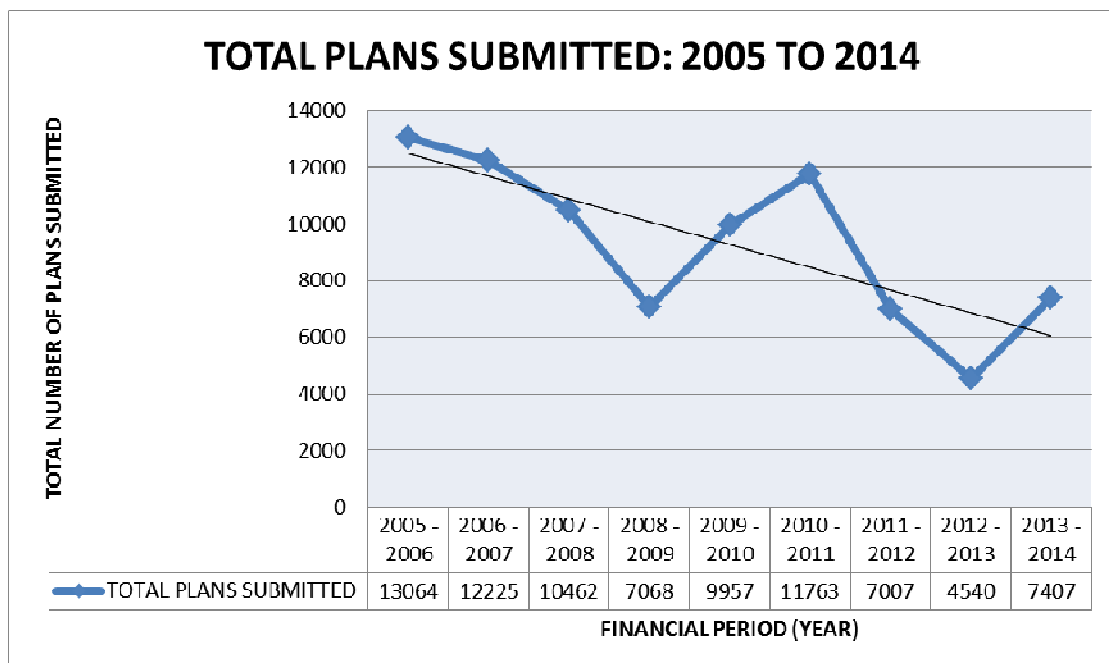
The building statistics for the 2013/14 period show an increase in the number and value of building plans. However, the increase in the number of building plans is directly attributable to an increase of 2 910, in the number of RDP house plans approved.

The number of building plans increased by 2 867 in the 2013/14 financial year. However, the number of RDP house plans increased by 3 122 over the prior year. In the 2012/13 financial year, only 815 RDP house plans were approved. Therefore, it can be concluded that the number of commercial and formal house building plans decreased by 255 plans. This is illustrated in the table below:

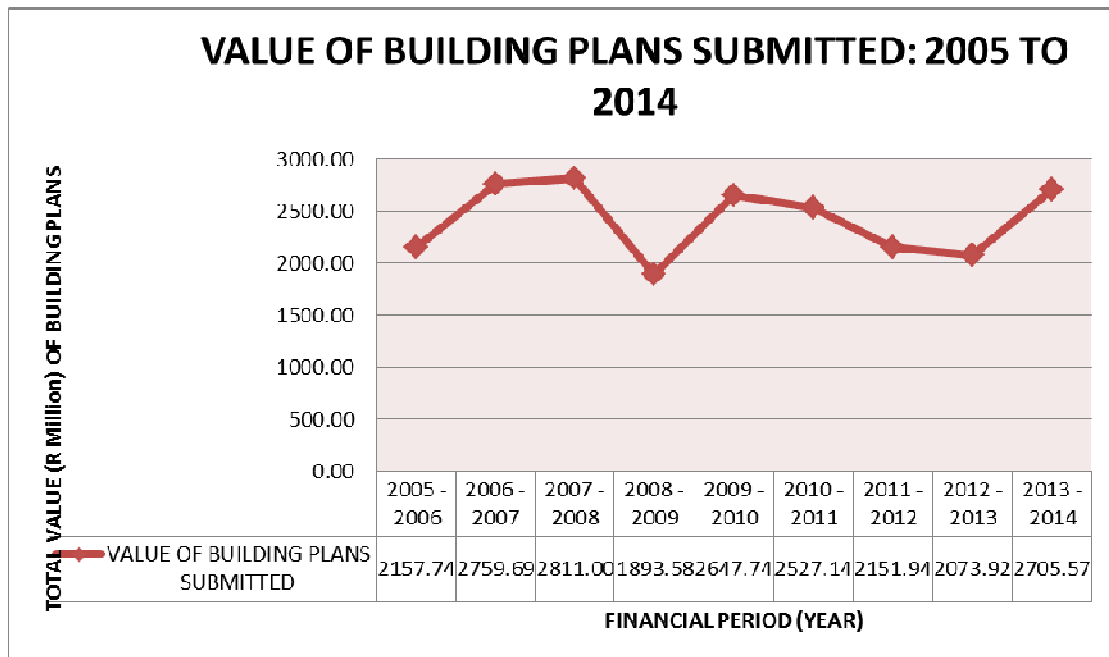
TABLE 8: NUMBER OF BUILDING PLANS SUBMITTED

Description	2012/13	%	2013/14	%	Year on year change in no's	%
Total number of building plans	4540		7407		2867	
RDP	815	17,95%	3937	53,15%	3122	108,89%
Other	3725	82,05%	3470	46,85%	-255	-8,89%

The two graphs below show the number and value of building plans submitted over recent years, as reliable economic indicators.

FIGURE 5: Number of Building Plans Submitted (2005 to 2014)

Source: NMBM, 2014

FIGURE 6: Value of Building Plans Submitted (2005 to 2014)

Source: NMBM, 2014

An analysis of the increase in value of building plans indicates investment in major retail centres refurbishment including Greenacres, Walmer Park, Kenako and Baywest. A number of high value building plans have also been approved in the Coega Industrial Development Zone.

2.1.2 Catalytic urban development projects and impediments to their implementation:

A number of projects were identified in the 2013/14 BEPP and are highlighted again in Section 3.6.1 of this draft BEPP. These projects do not necessarily meet criteria for "catalytic urban development projects" as defined in the 2015/16 – 2017/18 BEPP Guidance Note and they are most likely incorrectly categorized in terms of the Urban Network Framework areas and elements.

These projects therefore will have to be reassessed in terms of the aforementioned definition and criteria and a revised set of catalytic projects that meet the specific criteria will be prepared for inclusion in a further draft of this BEPP.

In particular, precinct planning in the Urban Hub areas (particularly Njoli), is currently being undertaken with a view to identifying catalytic projects in these areas. Once these are better identified and defined, they will be included in the final BEPP.

Other projects that will be considered for inclusion as catalytic projects are:

- The development of the Mermaids Precinct in the inner city area as an integrated, densified mixed use area;
- The Chatty Link Road (linking Stanford Road and Bloemendal arterials in the Chatty Jachtlakte Hub). The development of this road will unlock a significant number of land parcels for mixed use and residential development in this Hub.

The National Minister of Human Settlements in her July 2014 Budget Speech identified the need for strategic and integrated spatial master planning and the identification and implementation of Mega Projects in priority areas. A concept document titled “Human Settlements Spatial Planning Framework” has subsequently been prepared and referred to in the 2015/16 – 2017/18 BEPP Guidance Note.

In anticipation of this, the NMBM has revisited and augmented its Human Settlements Strategic Framework to include five mega project areas. These amendments are in the process of being prepared for consideration by Council. The Mega Projects are as follows:

- Mega Project 1: Motherwell West Nu 12, 29-31
- Mega Project 2: Walmer/Summerstrand Ext./Driftsands Mixed Housing
- Mega Project 3: Fairview West
- Mega Project 4: Greater Happy Valley Project Area
- Mega Project 5: Greater Uitenhage-Despatch-Kwanobuhle Project Area
Spatial Transformation

Arising from the built environment trends, the following can be seen to be major impediments for the full realization of catalytic projects:

- The achievement of the total funding needed for holistic development including civic amenities and facilities such as parks and recreational areas, street lighting, tarred roads, schools and clinics.
- The timing of the provision of services and amenities to be provided by other spheres of government to align with NMBM's development objectives.
- The general funding for associated bulk infrastructure including public transportation.
- The tendency for dependent communities to resist higher density development from the subsidy schemes.
- The lack of interest of private sector investment shown thus far in municipal project areas.
- The difficulties in achieving socio-economic integration in such areas and provision and take-up of a range of housing opportunities.

2.2 TRENDS AND DEMAND FOR ECONOMIC INFRASTRUCTURE

2.2.1 Economic Background

STATS SA stated that: "according to ECSECC (Eastern Cape Socio Economic Consultative Council), the GDP growth rate for the Nelson Mandela Bay Municipality was 2.1% in 2010 and the GDP per capita R52 147. The largest economic sectors in the Nelson Mandela Metro are manufacturing, finance, community services and transport. Community services, trade and manufacturing sectors are the sectors that create the most employment in the Metro".

Good quality infrastructure is a key ingredient for sustainable economic and industrial development and is required to prosper and provide a decent

standard of living for local people. Poor infrastructure hampers development, growth and ability to trade in the domestic and global economy.

Economic infrastructure, which includes transport, electrical energy, telecommunications, water and sanitation and toxic waste disposal - provides services which are of fundamental importance for development. In NMBM it is frequently deficient and this is exacerbated by inadequate maintenance and thus prematurely deteriorating installations and services. Infrastructural services are often overlooked as a means to alleviate poverty and improve environmental conditions.

In order for Nelson Mandela Bay to grow and develop a sustainable economy, it is important to build new economic drivers to replace or augment the ones that have served the region in the past.

Two single sectors, Manufacturing and Community, and Social and Personal Services, make up more than half (58.1%) of the Metro's GVA (Gross Value Added), with Financial and Related Services, (Transport and Trade) contributing a further 37%. The Automotive Sector accounts for more than 50% of the Metro's Manufacturing Sector.

For background purposes, an overview of the Provincial and NMBM economy is attached as Annexure "B". These are the latest statistics available.

Whilst the NMBM is undoubtedly an important node of activity within the economy of the Eastern Cape, it is characterised by several challenges in terms of economic development. These include:

- A high unemployment rate (36,6%), compounded by the low education levels of the labour force, including large numbers of illiterate adults with limited employment prospects.
- Ageing and inadequate investment in the maintenance and upgrading of infrastructure.

- The dependence on the automotive sector and insufficient diversification within the manufacturing and others sectors.
- A lack of up-to-date local economic statistics and monitoring and evaluation systems.

Growth in the automotive sector of the economy has historically provided employment and boosted exports, while masking long-term weaknesses and continuing social inequality. For NMBM, the automotive industry's infrastructure strengths include the Coega IDZ and NMB Logistical Park which are both growing in potential. There is substantial government and institutional support - the Automotive Production & Development Programme (APDP) supports incentives to replace Motor Industry Development Programme (MIDP). The NMB Metro economy is heavily reliant on this industry and this industry, in turn, is heavily reliant on SA incentive support – MIDP/APDP. The fragile and ever fluctuating global economy poses a risk to the automotive sector.

Logistically, the distance from product and supply markets is not an advantage for the Metro. This is coupled with high logistics costs and inefficient transport. Although this is less the case nationally, there is limited local research, design and innovation capacity. The automotive industry faces numerous threats to its competitiveness. These include that poor fuel quality restricts entry in fuel efficient space and markets. Poor management of South Africa's energy supplies contributes negatively to industrial progression, although this is improving. Another is the structure of production internationally in terms of scale platforms. In terms of the crisis of auto-mobility, there is a limit to the alternatives in South Africa. The rise of Asia (China, India, South Korea) as forces in both production and consumption proposes much competition for market share.

Countering these weaknesses and inequalities will require the following:

- Further diversification of the economy.
- Down-stream and cross-stream diversification within the manufacturing sector.
- Development of new growth industries.
- Diversification of markets for manufactured products and services.
- Investment in the intellectual capital, creativity and technical capabilities of the labour force through skills development.
- Innovation support through research and development.
- Public and private sector investment to accelerate the production of all economic sectors.
- An aggressive market development programme for regional production within the region itself, as well as within the country, in order to ensure the localised sustainability of productive activities (NMBM EDRS, 2009).

The NMBM must diversify its economy in order to reduce its dependency on the traditional sectors.

There is a portfolio of sectors discussed in the Nelson Mandela Bay Industrial Development Strategy (2012) that focuses on industrial (or secondary) sectors as opposed to primary and tertiary sectors.

Local/Light Manufacturing:

The majority of job seekers are excluded from obtaining work purely due to the high cost and time of commuting to commute to work areas. Places of work ideally need to be within walking distance of where people are living. Significant impact can be achieved by revisiting the traditional concepts of urban order that tend to over-emphasize heavy industry and to re-link local production to local consumer markets through light industry that is more responsive to local needs and demand.

Tourism and Hospitality:

This is a consumption industry, rather than a productive industry. Tourism numbers are stagnant or falling, and the tourism-related manufacturing industry is undeveloped. However, there are production opportunities in the manufacture of handcrafts, mementoes, local fabrics, etc. There are also agricultural spin-offs in the supply of ingredients to restaurants and hotels.

Agro-Processing:

Cacadu, adjacent to NMBM, has a relatively strong agricultural sector. The biggest employers in the Coega IDZ are agro processing plants. This sector is a crucial priority for government. Agro-processing has linkages through into the Cacadu economy. Agro-processing has strong backward and forward linkages and value chains of processing and distribution. Strengths of this sector in NMB include existing industries, natural resources and IDZs to support industry. This sector is constrained by trade policies, lack of skills, loss of productive land and zoning limitations as well as a lack of coordination between stakeholders.

Pharmaceutical:

There is a huge demand for low-cost drugs in the developing world and an ageing population in the developed world is a market for an expanding range of drugs. Nelson Mandela Bay is home to a number of world-class pharmaceutical companies and Nelson Mandela Metropolitan University has a pharmacy department. Rhodes Pharmaceutical department is another asset. Threats to this sector of industry are the lack of access to technology and intellectual property and the lack of will by “big pharma” to invest.

Sport and Leisure:

Sport and Leisure dovetails with Tourism and Hospitality and provides the opportunity to utilize the natural assets of the area. This industry promotes light industry (sport equipment, goods and clothing). It is a means for rapid

positive exposure and revenue generation - local sports events have demonstrated the capacity to attract large numbers of people to NMBM.

Capital goods:

South Africa is on track to become a manufacturer of locomotives for the rest of Africa. This provides the Metro with its best opportunity for growing its presence in the capital goods sector in the short to medium term, and is therefore the focus of the strategy. A large percentage of the wagons should be made in Nelson Mandela Bay. Transnet Rail Engineering has a manufacturing facility in Uitenhage, which has been identified by Transnet as its main export manufacturing facility.

Renewable/Green Industries:

Green industries in this context fall within the broader category of energy, which includes electricity and the various types of fuel used in combustion processes. A Government development incentive is proposed "in order to increase local demand of alternative energy and DEDEAT on the other hand, must strive to influence policy towards developing certain underdeveloped areas in South Africa including the Eastern Cape to be used as manufacturing centres for renewable energy." (Provincial Industrial Development Strategy, 2010).

Besides the above-mentioned opportunities, the Municipality has also introduced a number of strategic initiatives and identified a number of key large-scale projects, as reflected in the Spatial Development Framework, the LED Strategy and the IDP of the Municipality, with the objectives being:

- Serving as significant catalysts for economic growth;
- Stimulating economic development;
- Enabling the Metro to become nationally and internationally competitive;
- Creating jobs;
- Alleviating poverty;

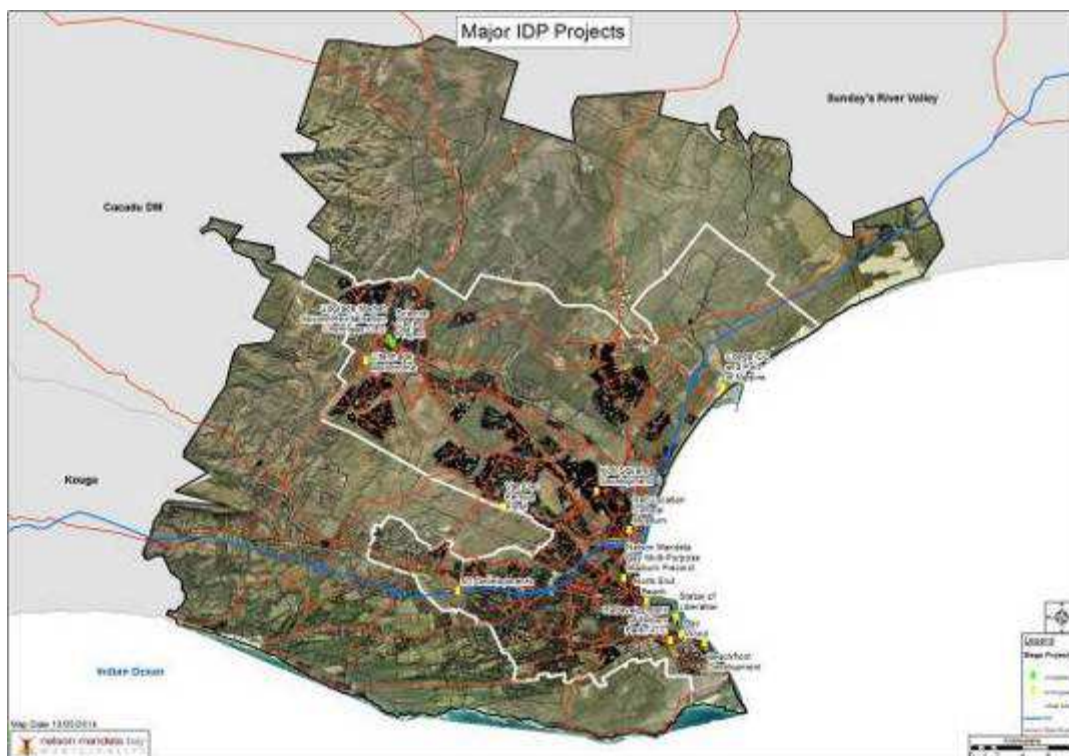
- Attracting investors and/or tourists;
- Changing the face of the Metro.

As part of the City Support Implementation Plan, the NMBM will receive technical assistance to develop an Economic Development Strategy. This will evaluate the success of current initiatives and determine a way forward for the Municipality in respect economic development and the issues identified above.

2.2.2 Strategic Initiatives

The Municipality has a number of strategic initiatives that aim to enhance economic development of the city. These are spatially illustrated in the Figure below. The Municipality is currently evaluating and prioritising these initiatives.

FIGURE 7: Major IDP Projects



Source: NMBM CorpGIS, 2014

2.2.2.1 Mandela Bay Development Agency (MBDA) Projects

The strategic projects implemented by the Municipality's developmental entity, the MBDA, have resulted in increases in property valuations and renewed economic activity, with increased rates income for the Municipality.

A study conducted for the Municipality in the Central Business District has confirmed that investments by the entity have resulted in significant property value increases, increased business turnover, and increased rates, business expansion and upgrades.

The following projects are now ready for implementation or are being implemented:

- Tramways Building redevelopment (under implementation)
- Telkom Park / EPRU Stadium redevelopment
- 2010 Stadium Precinct development
- Mermaids Precinct mixed-use development
- International Convention Centre

2.2.2.2 Coega Industrial Development Zone (IDZ)

The Coega IDZ was established to stimulate investment in the region. It is required to fund and provide the infrastructure dedicated to its operations. The NMBM and the Coega Development Corporation (CDC) have an agreement in place that outlines this developmental relationship. To date, the CDC has funded all projects specifically related to internal services and major road linkages. However, the lack of focus on water and sanitation by the CDC has been identified as an area of concern by the NMBM. Consequently, a plan was developed to identify the gap. Failure to address the gap will mean that the IDZ will not be able to develop further. It will cost approximately R4,3 billion to provide bulk water and sewer infrastructure. The breakdown is reflected below.

TABLE 9: Coega Development: Project Costs for Bulk Water and Sewer Infrastructure

Financial Year	Potable water	Industrial water	WWTW	Total	Esc. 10 % per year	Total
2012/2013	4,000,000	1,500,000	1,000,000	6,500,000	0	6,500,000
2013/2014	60,000,000	12,000,000	9,000,000	81,000,000	8,100,000	89,100,000
2014/2015	210,000,000	120,000,000	70,000,000	400,000,000	84,000,000	484,000,000
2015/2016	186,000,000	440,000,000	286,000,000	912,000,000	301,870,000	1,213,870,000
2016/2017	20,000,000	580,000,000	320,000,000	920,000,000	426,970,000	1,346,970,000
2017/2018	0	385,000,000	180,000,000	565,000,000	344,940,000	909,940,000
2018/2019	0	59,000,000	30,000,000	89,000,000	68,670,000	157,670,000
Total	480,000,000	1,597,500,000	896,000,000	2,973,500,000	1,234,550,000	4,208,050,000

Source: NMBM Infrastructure & Engineering: Water & Sanitation, 2009

To date, the NMBM has commenced with planning the following projects, which are critically required for the development of the Coega IDZ:

(i) Nooitgedacht Low Level Scheme (NLLS):

Contracts for the commencement of Phase 2 of the Scheme have been awarded and work is scheduled for completion by March 2017. Funding remains a constraint to commence with Phase 3 to complete the project. This is discussed in more detail later in this document.

(ii) Coega Waste Water Treatment Works and Sea Outfall:

Preliminary planning has commenced, but designs cannot proceed, because of funding constraints, given the size of the project.

(iii) Coega Return Effluent Scheme:

Due to the scale (finance) of the projects, the NMBM is unable to commence with detailed design. The NMBM has commenced with preliminary planning and as such an ROD has been issued for the system. With the cooperation of the Coega Development Corporation (CDC), detailed design has commenced and the Return Effluent Reservoir with the outlet pipework at the Coega Kop site is being constructed with funding from the CDC.

The City Support Programme includes an exercise to evaluate infrastructure services and financing. The need and options for the provision of the above Schemes is presently being evaluated by a team from the World Bank.

2.2.2.3 N2 Nodal Development

The N2 Development/Bay West project includes a super-regional shopping centre, a mixed-use residential development (8000 residential opportunities), a 400 000m² high-tech warehouse, offices, a motor city, and light industrial area. Construction has commenced and the shopping mall is targeted to be completed by April 2015. The remainder of the development, including housing, will then follow. The estimated project value is R12 billion over 15 years, with the first phase comprising the shopping mall (value of R1,7 billion). 7 000 jobs will be created during the entire construction period.

2.2.2.4 Red Location Cultural Precinct

Located in the historic Red Location area of Ibhayi, the precinct has been developed, consisting of the Apartheid Museum, Art Gallery, Electronic Library and Backpackers' Lodge. The Apartheid Museum was completed in 2004. The Art Gallery and Electronic Library buildings are complete and were handed over to Council during April 2011. The business plan for the performing arts complex has been completed and the National Department of Arts and Culture has made R500 million available for this project. The last phase of the project will consist of a school of music.

The success of the Red Location Initiative is partly depended on the Urban Renewal of the Greater Ibhayi Area as this would enable broader urban renewal beyond the localised impact of the Red Location and Njoli Square Precincts upgrades.

2.2.2.5 Van der Kemp's Kloof

Van der Kemp's Kloof has been identified as a priority area for biodiversity conservation in terms of the Nelson Mandela Metropolitan Open Space System (NMMOSS) and is in the process of being proclaimed as a nature reserve.

The Van Der Kemp's Kloof project stretches from Helenvale to Chatty (beyond Booyens Park), including the Chatty Gorge east of Stanford Road, up to the Hopewell Conservation Area. It is a sizeable area with the potential to be developed holistically and in an environmentally sensitive way. The area offers opportunities for the development of hiking trails, picnic sites, recreational dams, game farming, gorge activities, tourism facilities and accommodation. The Kloof is divided into different nodes; the Kuyga Node, which was completed at the end of October 2010, and the Grootkloof Node, which was completed earlier this year (2014). Work on the Mountain Bike and Hiking Trail, which commenced in November 2010, is now completed. The short- to medium-term plan is to find investors who will help develop and manage some of the proposed facilities and activities; however, this will require the Nelson Mandela Bay Municipality to source funding to provide basic infrastructure.

2.2.2.6 Revitalisation of Uitenhage CBD

Phases one and two of the Uitenhage CBD upgrade, which focused on the upgrading of the historic Uitenhage Market Square located in the heart of Uitenhage, are complete.

Funded by the Nelson Mandela Bay Municipality, the MBDA has spent R30 million on the upgrading of the Market Square, which included the transformation of the space from a parking area to a civic and pedestrian central space.

2.2.2.7 Njoli Square Development

This project entails the development of a major community taxi/commercial centre where the Njoli Centre presently exists. After more than five years of planning, negotiation and sourcing of funding, the project is moving towards the implementation stage.

The development is anticipated to have a positive economic impact on Nelson Mandela Bay, with initial projections indicating that the project will, directly and indirectly, contribute R189 million to the Eastern Cape GDP during the construction period. During the first five years of operation, the Project will contribute around R107 million to the Eastern Cape GDP. As many as 2000 jobs can be created during construction, with approximately 200 permanent jobs being created.

The success of the Njoli Square Upgrading Initiative is closely linked to the upgrading of the Greater Ibhayi area. Njoli is linked to Ibhayi and Bethelsdorp Hubs in the Urban Network Strategy.

Njoli Square upgrading is funded by the NDPG and is located in the Urban Network Strategy as a catalytic project.

2.2.2.8 Mermaid's Precinct

The project known as the Mermaid's Precinct is located in the heart of the CBD between Russell Road and the Donkin Row houses. It is a proposed mixed use area comprising social housing, residential development and urban recreational node and complimentary mixed uses.

The area is currently derelict and vandalised and comprises both municipal and privately owned erven. It is ripe for redevelopment. All necessary studies and master planning is complete.

It is envisaged that the Municipality in conjunction with the MBDA, private sector and social housing institution will develop the area. Presently, funding is a constraint in taking the project forward.

The project is identified as a catalytic project and conforms to the definition of a Catalytic Urban Development Projects in the BEPP Guidance note 2015/16-2017/18.

2.2.2.9 North End Coastal Development

The North End Coastal Development project will reinstate the existing degraded coastal environment north of the Port Elizabeth Harbour over a 30-year period, creating an attractive urban gateway entrance to Nelson Mandela Bay. The project will help stimulate tourism and the economic development of the region. The first phase of the project will create a 500m long beachfront, with a direct link to the adjacent Nelson Mandela Bay Stadium, New Brighton and neighbouring communities. The project can be implemented only in partnership with Transnet and the National Ports Authority. A task team comprising the Nelson Mandela Bay Municipality, Transnet and other relevant stakeholders is to be established to develop a process plan.

2.2.2.10 Project Mthombo

Project Mthombo is an oil refinery planned to be located in the Coega Industrial Development Zone. The pre-feasibility study was undertaken by PETROSA, identifying Nelson Mandela Bay as the preferred site for the oil refinery. PETROSA is awaiting the DME's approval of the front-end engineering design (FEED). The project is expected to create 1000 direct jobs at an operational level, 23 000 jobs during construction, and 17 000 indirect jobs. The Municipality is engaged with processes to determine whether the project will be located in Nelson Mandela Bay or not.

2.2.2.11 Greater Addo National Elephant Park and Baviaanskloof Conservancy

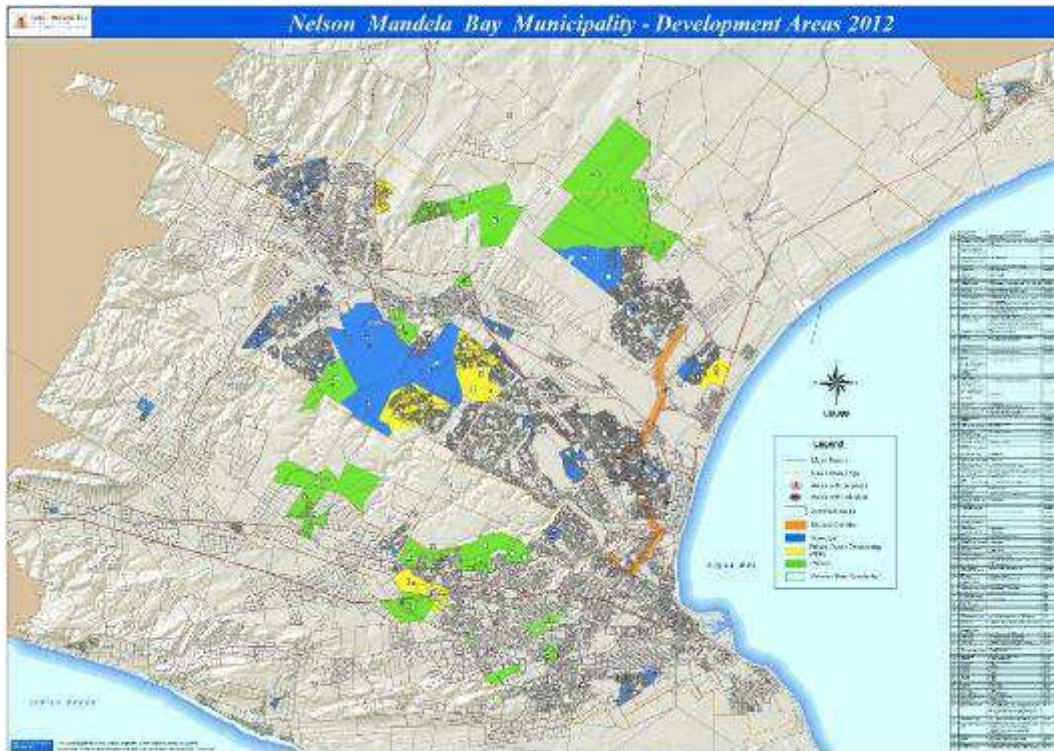
The Greater Addo National Elephant Park and the Baviaanskloof Mega-Reserve projects seek to develop and increase the sustainability of two prime conservation areas in the Eastern Cape. Although located outside the jurisdiction of the Nelson Mandela Bay Municipality, they will, on their successful development, form vital components of the tourism and natural attractions in the region.

2.2.2.12 Private sector developments

A number of private sector developments are taking place in the city, in tandem with municipal developments. These include the N2 node, incorporating the Bay West Mall Shopping Complex, and Jachtlakte/KwaNobuhle. The municipal capital investment in these projects is reflected in the Budget.

The following maps highlight the major development areas and urban growth directions in the Metro. They show areas of new development, largely residential and mixed-use development, the major industrial development areas, as well as areas in which urban renewal and infill development (regeneration development) is taking place. Growth directions are mainly in a western, north-western and northerly directions.

FIGURE 8: Major Development Areas in Nelson Mandela Bay

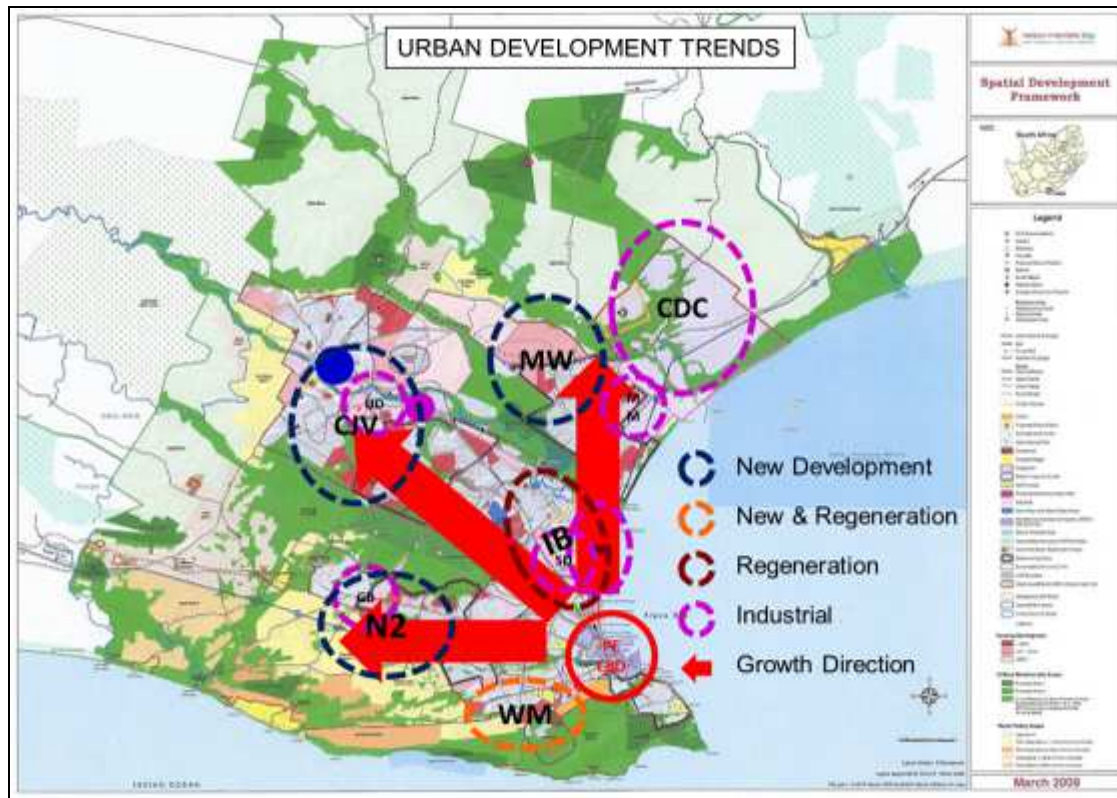


Source: NMBM, 2012

Urban development in the N2 Node is driven by the private sector and comprises largely mixed-use and residential developments aimed, at the high, middle and affordable market segments. The anchor in this development node is the Bay West Shopping Mall, currently under construction at a cost of R2 billion.

The development in the Chatty Jachtlakte Node involves mixed-use and residential development by the private sector and the Municipality, with an estimated yield of 32000 new residential opportunities in the middle, affordable (rental and ownership) and subsidised housing segments.

FIGURE 9: Urban Development Trends in Nelson Mandela Bay

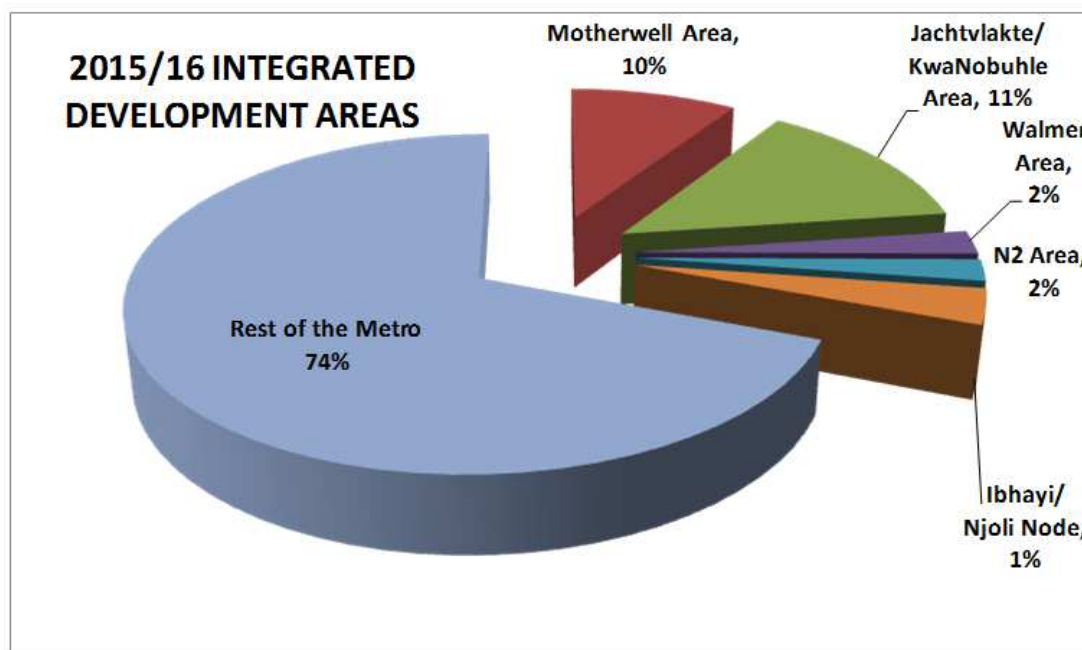


Source: NMBM, 2014

Development in the Motherwell area will comprise municipal and private sector developments, of which the municipal component will largely entail mixed residential development opportunities in the lower income segments. The private sector component will focus on mixed land use and residential development in the low, middle and higher end housing segments.

The aforementioned development trends are captured in the NMBM IDP and Budgets and are further illustrated by the distribution of funding priorities in terms of the 2015/2016 Draft Capital Budget, as reflected in the figures below.

FIGURE 10: Integrated Development Priorities as a Percentage of Draft Budget (2015/16)



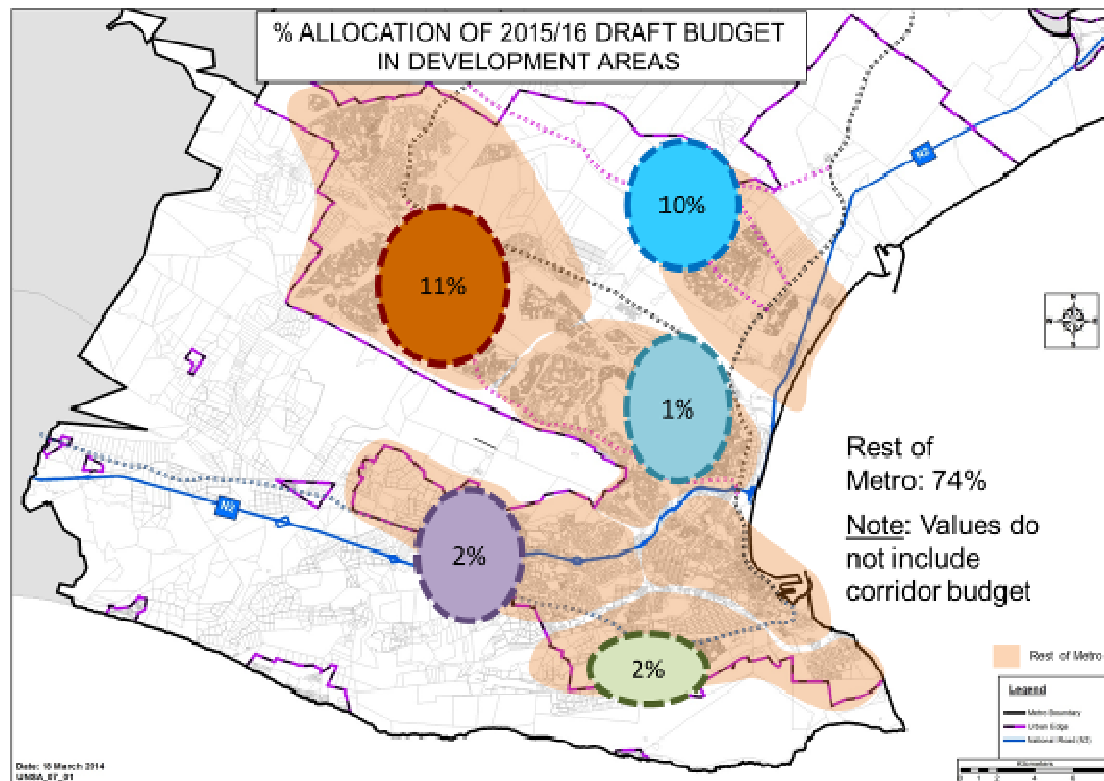
Source: NMBM Budget & Treasury, 2014

TABLE 10: Development Priorities in Nelson Mandela Bay (2015/16)

Development Area	2014/15 Actual Capital Expenditure	2015/16 Draft Capital Budget	%
Motherwell Area	R 97 012,292	R 162,233,100	10%
Jachtlakke/KwaNobuhle Area	R 83,254,572	R 173,038,250	11%
Walmer Area	R 12,459,711	R 37,540,880	2%
N2 Area	R 45,600,468	R 36,863,380	2%
Ibhayi/Njoli Node	R 11,113,093	R 9,841,100	1%
Rest of the Metro	R 1,221,574,887	R 1,108,361,290	74%
Totals	R 1,571,015,023	R 1,599,848,000	

Source: NMBM Budget & Treasury, 2014

FIGURE 11: Percentage Allocation of 2015/16 Draft Budget in Relation to Development Areas



Source: NMBM, 2014

2.3 TRENDS AND DEMAND FOR BASIC INFRASTRUCTURE

The provision of infrastructure to deal with basic services is not dealt with separately, but forms part of the integrated planning for the respective water and sanitation services, carried out to serve the Metro as a whole. As the development of infrastructure for human settlements has been the biggest driver for infrastructure expansion, the financial impact is related to the projects captured on the annual budgets.

The capacity of water and sanitation infrastructure to serve the NMBM is guided by the Metropolitan Spatial Development Framework (MSDF). The planning for the current and future capacity required, is dealt with in the approved Water and Sanitation Master Plans.

The abovementioned Water Master Plan was approved by Council in 2006 (NMBM Infrastructure & Engineering Directorate, 2006) and is currently being reviewed. However, the recommended expansions to the infrastructure remain relevant, as set out below. The Sanitation Master Plan (NMBM: Infrastructure & Engineering Directorate, 2012) was approved by Council in 2012.

2.3.1 Water Master Plan (WMP)

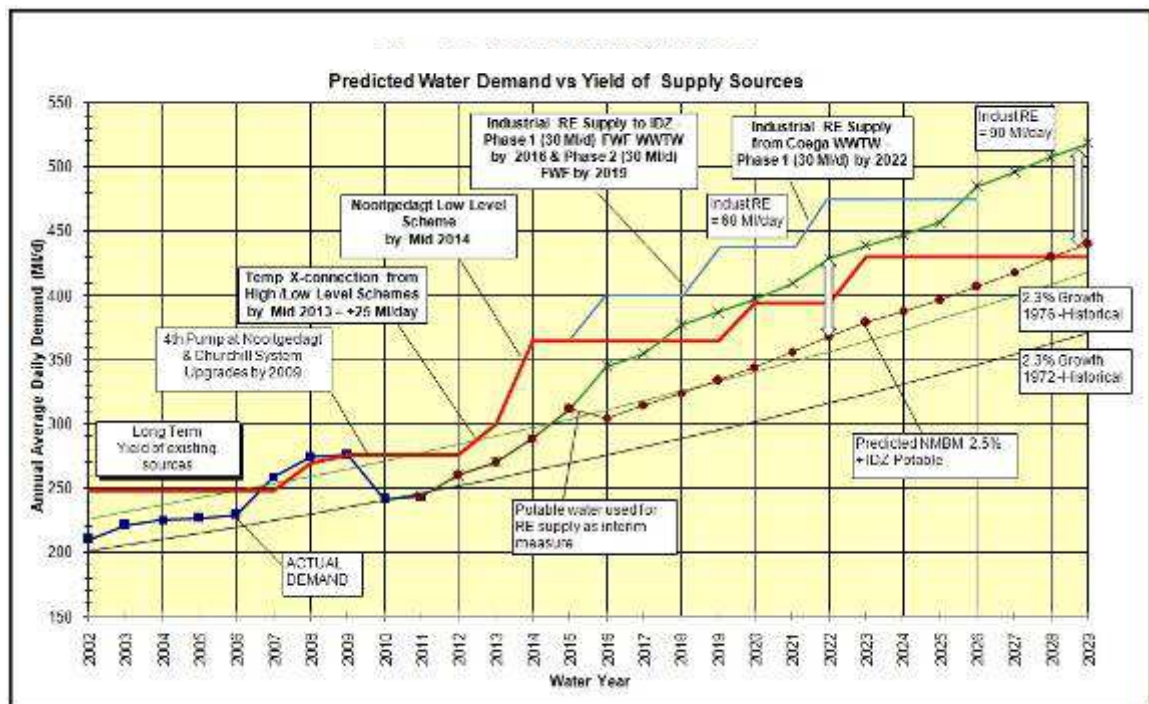
Sufficient internal bulk infrastructure exists to convey water to all developments within the metropolitan boundaries. Link water mains are installed as part of developments, when required. A constraint that does exist, is the completion of the Nooitgedacht Low Level Scheme, which provides water for all new developments, as well as the Coega Industrial Development Zone. In terms of the WMP (NMBM Infrastructure & Engineering Directorate, 2006), the Scheme was scheduled to be completed in 2013. Drought disaster funding (R450 million) and NMBM funds were used to construct 45 km of pipes, break pressure tanks and secondary pump stations. The remaining work (water treatment works, primary pump station and reservoir) will be completed over the next four years. An amount of R375 million is needed for the work and R80 million for the first phase of the completion is included in the 2015/16 Draft Budget.

The figure below is an extract of the anticipated water requirements up to 2030 and approved in the Algoa Water Reconciliation Study (Department of Water Affairs, 2012) conducted by the Department of Water Affairs (DWA).

The anticipated historic growth for Nelson Mandela Bay has been 2.3%; however, developments such as the Housing Programme and the Coega Industrial Development Zone would increase the medium-term growth pattern. As these developments are linked to the availability of funding and investor interest, it is difficult to predict this growth, but the Nooitgedacht Low Level Scheme has been confirmed as an immediately needed water source.

From a spatial perspective, the land set aside for housing development in terms of the Housing Programme, and for large developments, such as the Coega Industrial Development Zone, shows that the biggest need for water is in the north/northwest of the metropolitan area, which confirms the need for the augmentation of the water supply from Nootitgedacht.

FIGURE 12: Predicted Water Demand of Nelson Mandela Bay



Sources: Department of Water Affairs, 2012; NMBM Infrastructure & Engineering Directorate (Water & Sanitation) 2011

2.3.2 Sanitation Master Plan (SMP)

Sufficient internal bulk infrastructure exists to connect all developments within the metropolitan boundaries to sewers. Link sewers are installed, as and when required. Currently, sufficient hydraulic capacity exists to meet the requirements of the current developments. All waste water treatment works are being upgraded to meet future development and capacity demands, including effluent compliance. In this area the upgrade of the Fishwater Flats WWTW is significant, however, it will cost R1 billion.

Coupled to this is the need to eradicate the remaining 20 900 buckets that are still being used in the NMBM. The permanent measures for bucket eradication are covered by the Master Plan, however, the interim measures are covered in the implementation strategy approved by Council in October 2014 which includes the provision of communal ablution facilities in informal settlements, the construction of house slabs containing a toilet pending the construction of a full house and incremental bucket eradication through the housing programme.

As mentioned elsewhere in this report, the World Bank as part of the City Support Programme is currently investigating the need and best implementation of Nooitgedacht Low Level Treatment Works, Fishwater Flats and bucket eradication. The report on this investigation is expected in early 2015.

2.3.3 Asset condition

This data is an extract from a study (Infrastructure Maintenance Backlog Assessment) that was conducted in 2011.

TABLE 11: Water Backlog Maintenance

<i>Water Backlog</i>	Total Sum of Repair Cost	Total Sum of Estimated Replacement Value	Repairs as % of Replacement Value
Dams	R2,408,320.00	R768,141,482.00*	0.31%
Reservoirs	R21,519,671.43	R1,206,530,799.00*	1.78%
Water Treatment Works	R57,295,705.00	R656,586,425.00*	8.73%
Bulk Water Supply Lines	R12,949,500.00	R5,066,790,845.00*	0.26%
Pump Stations	R23,372,730.00	R127,379,002.00*	18.35%
Internal Reticulation	R530,370,326.24	R1,391,328,057.76	38.12%
Grand Total	R647,916,252.67	R9,216,756,610.76	

Source: NMBM Infrastructure & Engineering Directorate, 2011

TABLE 12: Medium-term Replacement/Refurbishment Plan

<i>Water Backlog</i>	< 2 yrs	< 5 yrs	ASAP	Monitor only	Record only	Routine	Total Sum of Repair Cost
Dams	R853,500.00	R264,800.00	R1,229,520.00	R0.00	R0.00	R60,500.00	R2,408,320.00
Reservoirs	R16,793,467.16	R295,000.00	R4,431,204.27	R0.00	R0.00	R0.00	R21,519,671.43
Water Treatment Works	R22,119,655.00	R7,301,250.00	R18,516,800.00	R359,500.00	R567,500.00	R8,431,000.00	R57,295,705.00
Bulk Water Supply Lines	R1,035,000.00	R1,982,500.00	R9,722,000.00	R210,000.00	R0.00	R0.00	R12,949,500.00
Pump Stations	R2,646,900.00	R477,000.00	R19,784,330.00	R120,000.00	R0.00	R344,500.00	R23,372,730.00
Internal Reticulation	R4,524,276.65	R4,040,984.18	R521,805,065.41	R0.00	R0.00	R0.00	R530,370,326.24
Grand Total	R47,972,798.81	R14,361,534.18	R575,488,919.68	R689,500.00	R567,500.00	R8,836,000.00	R647,916,252.67

Source: NMBM Infrastructure & Engineering Directorate, 2011

From the above table, it can be seen that the total maintenance backlog for water infrastructure for the next five years amounts to R647 916 252.

TABLE 13: Sewer Replacement Cost and Maintenance/Rehabilitation Plan

<i>Sewer Backlog</i>	< 2 yrs	< 5 yrs	ASAP	Monitor only	Record only	Routine	Total Sum of Repair Cost	Total Sum of Estimated Replacement Value
Pump Stations	R15,527,520.00	R1,111,000.00	R12,179,100.00	R81,000.00	R0.00	R826,700.00	R29,725,320.00	R120,724,600.00
Sewer Reticulation	R160,180,756.75	R167,349,637.23	R60,938,492.18	R211,084.03	R0.00	R422,168.05	R389,102,138.24	R2,110,840,274.14
Waste Water Treatment Works	R34,021,564.80	R5,046,233.80	R102,497,695.50	R687,320.00	R12,000.00	R487,290.00	R142,752,104.10	R1,979,608,789.00
Grand Total	R209,729,841.55	R173,506,871.03	R175,615,287.68	R979,404.03	R12,000.00	R1,736,158.05	R561,579,562.34	R4,211,173,663.14

Source: NMBM: Infrastructure & Engineering Directorate, 2011

The above information was used to update and forms the basis of the Engineering Design and Management Systems software data management system. This same management system is used to provide the GRAP 17 compliance data on asset management.

The abovementioned figures indicate the serious financial implications of the lack of maintenance of water and sanitation infrastructure. The situation is deteriorating progressively each year, due to the inability of the Municipality to fund basic repairs and maintenance. To relieve the situation, the largest capital requirement is required in less than two years, for which there is no budget.

2.3.4 Roads/Stormwater/Transport

The Comprehensive Integrated Transport Plan (CITP) as approved by the NMBM Council and Province, sets out the roads network requirements based on the MSDF. The CITP includes the Public Transport Plan, which is dealt with later in this report.

Road infrastructure, which includes stormwater, is critical for the support of economic activities in Nelson Mandela Bay and has the capacity to support the current major public transport network routes. However, the Housing Subsidy (HSDG) does not allow for the tarring of internal and access roads, resulting in an increase in backlogs. The latter is of particular importance, as this also impacts on public transport.

Projects that have been identified for implementation between the 2014/15 and 2018/19 financial years are summarised in the table below. The table excludes backlog costs that were not budgeted for, due to affordability levels, and therefore does not indicate the actual funding requirements to eliminate infrastructure and maintenance backlogs over the five-year period.

TABLE 14: CITP Projects

NO.	PROJECT DESCRIPTION	TOTAL PROJECT COST – five years (Rand)
1	Metropolitan Transport Planning	51,000,000
2	Roads required for additional capacity (short-term projects)	420,000,000
3	Roads required for access and connectivity (short-term projects)	450,000,000
4	Roads requiring rehabilitation (short-term projects)	310,000,000
5	Road maintenance projects	78,000,000
6	Bridge maintenance projects	310,000,000
7	Public transport projects	4,225,000,000
8	Non-motorised transport projects	190,000,000
9	Freight transport projects	3,700,000
10	Traffic and signage improvements (short-term projects)	40,000,000
11	Stormwater maintenance projects	210,000,000
GRAND TOTAL		6,287,700,000

The following table is an illustration of the roads, transport and stormwater backlogs and the maintenance budget required to address these backlogs:

TABLE 15: Maintenance Backlogs

	Total Operational Maintenance Backlogs	Annual Requirement to Eliminate Backlog	Operating Budget 2014/15	Operating Budget 2015/16	Operating Budget 2016/17	Operating Budget 2017/18	Operating Budget 2018/19	
	Roads & Stormwater		91,212,870	96,670,100	103,437,007	110,677,597	118,425,029	
1	Subsidised Roads	18,200,000	12,000,000	6,458,360	6,830,240	7,308,357	7,819,942	8,367,338
2	Non-subsidised Roads	80,000,000	73,000,000	47,222,460	50,055,840	53,559,749	57,308,931	61,320,556
3	Rehabilitation of Stormwater Facilities	55,000,000	51,000,000	37,532,050	39,784,020	42,568,880	45,548,702	48,737,111
4	Road Signs & Markings	25,000,000	7,700,000					
5	Bridges	381,000,000						
6	Resurfacing of Roads	243,000,000						

The implementation of the abovementioned projects will depend on the availability of funds and is supported by the asset information from the Road Management System, the Stormwater Asset System and the Bridge Management System.

2.4 TRENDS AND DEMAND FOR RESIDENTIAL INFRASTRUCTURE

The NMBM has successfully provided RDP housing. The Strategic Development Review Process has identified that the current provision of RDP housing is unsustainable and that there is a need for diversifying housing development initiatives.

In terms of the City Support Implementation Plan, a land and housing market trend analysis will be done with a view to develop proposals to revise the NMBM housing policy in a manner that is more sustainable and meets spatial restructuring objectives.

The NMBM Council on 6 December 2012 adopted the Human Settlements Framework 2030 that sets out the strategic vision for the implementation of the new approach towards achieving Integrated Human Settlements aimed at the following objections:

- Upgrade Informal Settlements and formalise backyard dwellings.
- Ensure all households have access to basic services.
- Plan for transformation, inclusion and resilience(to overcome spatial inequality).
- Increase residential densities and develop rental housing at scale.
- Renew priority urban zones (i.e. townships and inner-city).
- Improve organisational alignment and fitness.
- Support residential property functionality and transformation.

2.4.1 Land and housing analysis and project demand for housing by income group, location and cost

In order to create a better understanding of residential demand and supply, a joint exercise between the NMBM, the Housing Development Agency (HDA) and the MBDA was undertaken in 2012, conducted by Shisaka Development Management Services in collaboration with Bagale Consulting (Pty) Ltd. (Shisaka Development Management Services, 2012).

The following table shows the socio-economic distribution of local households from 2007 to 2020:

TABLE 16: Existing and Projected Housing Circumstances (2007 to 2020)

Existing & Projected Housing Circumstance 2007 - 2020 (No of H/Hs)								
Housing Circumstance	R0 - R3,499	R3,500 - R6,999	R7,000 - R9,999	R10,000 - R14,999	R15,000 - R19,999	R20,000 - +	Total	%
Formally Owned	73,397	23,759	12,633	17,452	8,679	29,563	165,483	52%
Formally Rented	35,591	9,918	4,903	5,993	3,272	5,675	65,352	20%
Informal Settlement	31,239	4,710	1,120	407	308	216	38,000	12%
Backyard Dwelling	33,765	7,396	3,460	2,975	967	443	49,006	15%
Other	1,987	220	185	123	162	117	2,794	1%
Total (Existing Housing Circumstances -2007)	175,979	46,003	22,301	26,950	13,388	36,014	320,635	100%
New Households - 2020	14,300	3,900	1,820	2,080	1,040	2,860	26,000	8%
Grand Total Households	190,279	49,903	24,121	29,030	14,428	38,874	346,635	108%
%	56%	14%	7%	8%	4%	11%		

Source: Shisaka Development Management Services, 2012

The data in Table 16 is based on data modelled by the Department of Economics at the University of Stellenbosch, utilising the Community Survey of 2007. This data was revised in accordance with a study undertaken in 2006 by Charles Simkins for the NMBM and verified through primary research undertaken by the firm Development Partners (Demographic Update for the NMBM – 2007). The estimate of new households was agreed in discussion with officials of the NMBM.

Of note is that 70% of the existing and projected population will depend on some form of subsidised housing in the future.

The following table indicates the proposed housing programmes to address the needs. Nine potential delivery solutions have been identified in accordance with National Government programmes. Of significance is the land need identified. The table shows that there is not a great demand for land acquisition, beyond what is currently owned by the NMBM.

TABLE 17: Summary of Land Requirements by Housing Programme

Programme	Current location	Res 1H/G	Res 1S	Res 2/3	Res 3F	Total land unit required (ha)
Programme 1: <i>In Situ</i> Upgrade of Informal Settlements	22,040		15,960			38,000
Programme 2: Backyard Dwelling Consolidation	44,100		4,900			49,006
Programme 3: New Supported Site & Service			14,300			14,300
Programme 4: Housing Supply (rental & subdivisions)	5,300					5,300
Programme 5: Inner City Rental				900	2,500	3,400
Programme 8: Housing Developer Driven Support programme		3,000				3,000
Total requirements (units)	71,440	3,000	35,160	900	2,500	41 560
Projected Land capacity (units) (Type A)	-	26,096	50,597	5,909	11,526	94,128
Excess capacity (units)	-	23,096	15,437	5,009	9,026	52,568

Source: Shisaka Development Management Services, 2012

The map attached as Annexure “C” shows private sector, municipal and public private partnership proposals for the development of different types of housing in Nelson Mandela Bay. This includes the affordable housing sector.

2.4.2 Management and upgrading of informal settlements

Informal Settlements Upgrading Programme

The Municipality has a dedicated programme for the elimination of informal settlements, as contained in the Informal Settlements Upgrading Plan (NMBM: Human Settlement Directorate, 2008). The Plan was developed in 2008 and included 81 informal settlements, of which 51 remain. These 51 informal settlements are contained in a matrix of *in situ* upgrading/destination areas, programmed over time, prioritized and implemented according to the availability of funding.

In terms of municipal policy, the relocation of informal settlements happens as a last resort. Where an informal settlement can be formalised *in situ*, this is done. Of the 105 originally identified informal settlements, 30 *in situ* upgradings of informal settlements were completed. In some instances, due to density, not everyone in an informal settlement can be accommodated *in situ*. In these cases, the remaining residents are relocated to locations situated as close-by as possible. Informal settlements in stressed areas, such as under power lines, on tip sites, in floodplains or other such areas, are relocated to new areas. To accommodate these communities, 9 greenfield sites have been prepared and serviced. In order to accommodate the total need for new development, 16 greenfield sites were programmed for completion in terms of the approved Human Settlements Plan.

The Informal Settlements Upgrading Plan makes provision for the following:

- Elimination of the housing delivery backlog of 72 411 units (49 000 backyard shacks and 23 411 informal settlements) through the provision of quality housing and the structured upgrading of informal settlements.
- Upgrading of informal settlements and backyard dwellings, preferably in-situ, and well located Greenfield developments by 2016. Of the 56 *in situ* informal settlements, 30 still need to be upgraded; and of the 16 Greenfield developments, 6 still need to be upgraded.
- Providing housing opportunities for an estimated 35 000 beneficiaries that are not being catered for in the current housing projects that are focused on beneficiaries earning R3 500 and below per month.
- Relocation of 3 000 communities living in stressed areas (such as flood-plain areas, tip-sites and power line areas) by end of 2016 in terms of the Relocation Plan, which is an integral part of the Informal Settlements Upgrading Plan. The identification of well located land in priority areas and integration zones will be key.

The Informal Settlements Upgrading Plan is part of the NMBM Human Settlements Plan. The main focus of the Plan is the full technical and social investigation of all the informal settlements within the Metro, as well as the categorisation of each settlement in term of needs and vulnerability.

The prioritisation of projects is based on technical readiness, including town planning layout approvals, general plan layout approvals, environmental approvals, completed geotechnical investigations, and the availability of bulk infrastructure. Greenfield projects are also prioritised as destination projects for relocation purposes.

2.4.3 Management and prevention of illegal occupation of land and buildings

In order to try and curb the growth of informal settlements and prevent new informal settlements, various strategies have been introduced, with varying degrees of success. These include the following:

- Community networks, to advise on changes to any informal settlements.
- Fencing off of vulnerable land.
- Ensuring that developable vacant land is planned and developed timeously to prevent invasion.
- Informing communities about land invasion procedures.
- Informing land owners about their rights and responsibilities in respect of protecting their land.
- Patrolling of areas to curb illegal invasions.
- Use of interdict processes to stop the invasion of targeted land.

2.4.4 Emergency housing for households living in life-threatening conditions

Currently the NMBM plays a facilitation role in the establishment of emergency shelters for communities. The NMBM identifies families in need and submits a formal request to the Provincial Department of Human Settlements for the approval and supply of emergency shelters in predetermined areas.

It must be noted that the emergency relocations to serviced sites take place with rudimentary services only. This means that the relocated families receive bucket sanitation and water from a communal collection point at a 200 m radius and basic gravel roads until the required top structures are completed.

2.4.5 Strategy for better located housing development for all and specifically the poor in relation to densification

Well located, pro-poor urban development strategies are well entrenched in the MSDF, Sustainable Community Planning Methodology and the Human Settlements Strategic Framework of the NMBM. The former in particular focuses on actions and approaches to achieve higher levels of functional, social and economic integration, simultaneously promoting and improving social, economic and environmental sustainability.

The density of existing areas should be increased through infill development on vacant land not required for other purposes. Corridor development along public transport and other major transport routes will also increase densities in existing areas.

To effectively increase density and thereby reduce urban sprawl, future densities should average at least 30 to 40 units per hectare (gross) in new areas. Current densities average 20 units per hectare.

It is predicted that more than 80% of the future residential demand in the Metro will be for low-income housing. In view of the need for densification, it is this sector that will, of necessity, be most affected.

The current practice of creating erven of 200 - 300m² for low-income housing is unsustainable from an economic and land utilisation point of view. Increased densities, on the other hand, can decrease land and servicing infrastructure costs and also enhance the viability of public transport systems.

The proposal in the context of the Nelson Mandela Bay area is as follows:

- To strengthen the existing major business routes and commuter routes in the Metro by the addition of high-density development alongside.
- To intensify development around existing public open spaces, where appropriate. Intensification refers to the subdivision of the existing appropriately located and designed Brownfield erven.
- The Greenfield development of certain strategic sites which, although located on the periphery of the city, could nevertheless be easily integrated into either the rail or road transport system. Environmental considerations rather than cadastral boundaries informed the perimeters of such external Greenfield sites.

2.4.6 Land identification and release for housing

The entire RDP housing programme is accommodated on municipal land. The release of the land is determined through the housing programme project matrix, as described above.

Social housing initiatives and the acquisition of private land in areas well served by facilities and amenities are areas in which intervention is required. In these instances, there is a need to acquire private land, but lack of a concomitant municipal budget.

Various ongoing efforts are made to densify using existing zoned land owned by government designated for uses such as schools and open spaces, as uses can change and social housing and other forms of residential uses can be accommodated.

2.5 TRENDS AND DEMAND FOR COMMUNITY AND SOCIAL INFRASTRUCTURE

2.5.1 Quantifying backlogs and future demand in relation to commitments secured by relevant provincial/national departments or entities

The table below relates to the delivery of social amenities. It shows actual delivery costs, if it includes the reality of housing costs (at minimum), internal reticulation, bulk servicing, social amenities and retail opportunities. The delivery cost per erf is approximately double the subsidy amount allowed, if community infrastructure is considered.

TABLE 18: Cost of Community Infrastructure

BACKLOGS (Informal and backyard shacks):		72411
	Delivery cost per erf	Total Backlog
1. Housing Expenditure	R80,960	R 5,862,394,560
Indicative First Order Summary - Social Facilities		
Schools	R20,000	R1,448,220,000
Clinics	R11,200	R811,003,200
Police Stations	R4,800	R347,572,800
Sports Facilities	R1,600	R115,857,600
Community Centres	R6,400	R463,430,400
Libraries	R1,600	R115,857,600
Parks and Recreation/Greening	R1,600	R115,857,600
Private Investment - Retail	R20,000	R1,448,220,000
2. Total - Social Facilities	R67,200	R4,866,019,200
3. NMBM Internal Reticulation	R23,211	R1,680,731,721
4. NMBM Bulk Reticulation (Bulk water, sewer and roads and stormwater upgrade)		R10,557,000,000
Total Housing, Social Facilities and Bulk Infrastructure	R194,582	R22,966,145,481

Source: Hatch Goba, 2012 (updated 2014)

Buildings, the natural environment, vegetation and open spaces are important for creating liveable environments. Linked to education and safety and security, well-functioning services and adequate facilities are also required by communities for proper living. To deliver the full spectrum of services and amenities with housing opportunities, good intergovernmental relations are required, as all spheres of government are involved in delivering these products.

A further impediment to the delivery of fully integrated and sustainable human settlements are the large developmental backlogs, which put pressure on the Capital Budget. The backlog is calculated based on the 72 411 housing unit backlog. The table above indicates the cost to eliminate housing backlogs and the related services that are required to establish fully integrated and sustainable human settlements.

Approximately R13,4 billion is needed to eliminate the housing backlog of 72 411 units to fully integrated human settlements standards.

2.6 TRENDS AND DEMAND FOR TRANSPORTATION

The City Support Implementation Plan recognizes the need for a comprehensive review of the current IPTS System. The World Bank has been appointed by National Treasury and is currently undertaking the review. Once the review is complete, it is anticipated that an optimal structure for public transport implementation as well as an optimal system within financial constraints can be developed.

2.6.1 Trends in demand for transport services by mode and income group

The Transport Travel Survey undertaken in 2009 indicates an estimated total of 1.33 million person trips per day in the municipal area.

TABLE 19: Person Trips per Day (2009)

MODE	PERSON TRIPS	% (ALL MODES)	% PRIVATE/ PUBLIC	% PUBLIC MODES
Private vehicle	739 746	56	57	-
Taxi (all types)	372 866	28	43	67
Bus	188 465	14		33
Walk	23 974	2	-	-
Total	1 325 051	100	100	100

Source: SSI Engineers & Environmental Consultants, March 2011

It should be noted that this information excludes the number of passenger trips by commuter trains; only two scheduled train services a day are in operation between Uitenhage and the Port Elizabeth CBD. The train service is accessible to a relatively small number of residents within walking distance of the stations, because the railway line was originally constructed as a freight line, away from the residential areas.

The future IPTS express route between Uitenhage and Port Elizabeth will alleviate this problem. PRASA is well advanced in the planning of the Motherwell to Port Elizabeth Commuter Rail Corridor. Tenders for the design of this service were recently withdrawn by PRASA and the implementation date is now unknown.

Walking is the predominant mode of travel in low income areas, while private transport is the predominant mode used in the Port Elizabeth Central/Western suburbs and Uitenhage/Despatch areas. In the Northern Areas (Gelvandale/Bethelsdorp), there is an almost equal modal split between walking and private and public transport.

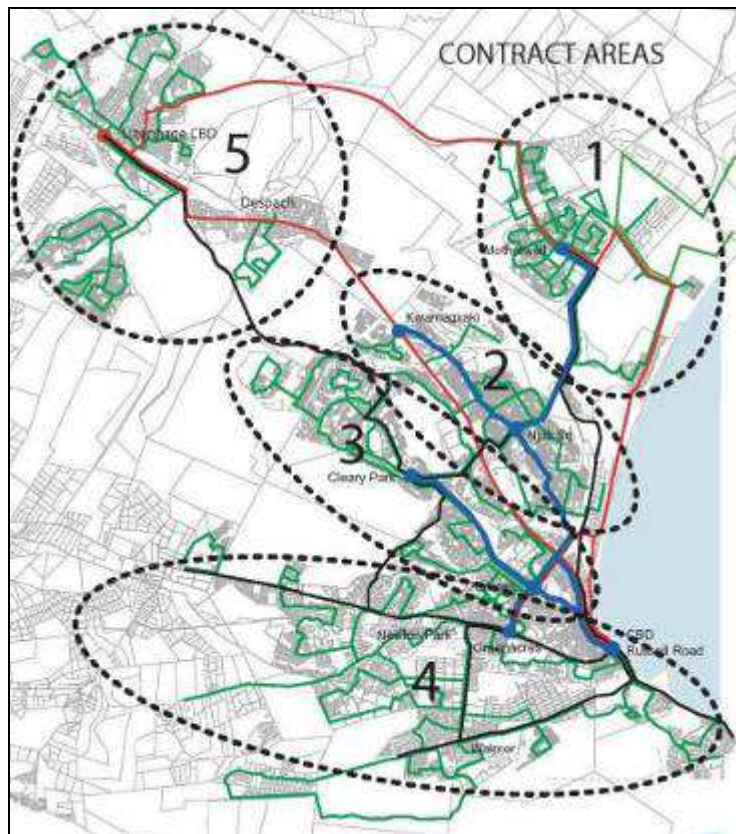
Contracted bus services and minibus taxis are currently the predominant public transport service providers in the municipal area.

Planning and implementation of an Integrated Public Transport System (IPTS) has commenced with the construction of bus lanes and the purchase of articulated buses and a solo bus. A pilot system was in operation during 2013, and the roll-out of the first contracted IPTS service is planned for 2015.

Travel time, accessibility, reliability, affordability, comfort and safety are important aspects of the IPTS Plan.

2.6.2 Implications of ITP and IPTS for land use management

FIGURE 13: Contract Areas for NMBM IPTS



Source: SSI Engineers & Environmental Consultants, March 2011

The above figure shows the catchment areas of the IPTS System.

2.6.3 IPTS Implementation Strategy

The Public Transport Plan proposals contained in the CITP were developed into an Operational Plan for the NMBM's Integrated Public Transport System. The Operational Plan proposed five service contract areas covering the municipal area, as shown in the figure above. The five contract areas are Motherwell, Njoli, Cleary Park, the Western Suburbs and Uitenhage. It is intended at this stage that each contract will be negotiated with current bus and taxi operators.

The routes to be operated (including Trunk Routes, Main Routes, Express Routes and Local Services/Area Routes), the infrastructure required, the type and size of the vehicle fleet and the institutional arrangements required to manage and monitor a public transport system are detailed in an Operational Plan which is currently under review.

A strategy was proposed in terms of which the five contract areas would be implemented according to a phased approach, with each contract area being implemented as a separate phase. The most applicable implementation order of the five contract areas was determined through a phasing study.

It is noted that the identification of contract areas and transportation nodal points has taken place prior to the preparatory work on the Urban Network Strategy. These have, however, been taken into consideration in the latter to ensure implementation collaboration.

2.6.3.1 Budget

Implementation Cost Estimate:

A high level draft budget for the implementation of the IPTS was prepared for the PTIS submission to the Department of Transport in November 2012. This budget was based on the available information and applicable assumptions at the time of the PTIS submission, which are subject to change, depending on conceptual changes to the implementation plan.

To the extent that such changes may have taken place in the intervening time, the draft budget has not been revised accordingly.

Capital costs include the cost of critical infrastructure required to implement IPTS, including trunk routes, stations, depots, interchanges and a control centre.

TABLE 20: High Level IPTS Cost Estimate

DESCRIPTION	COSTS (R million)				
	2014/15	2015/16	2016/17	2017/18	Total
PT INFRASTRUCTURE GRANT					
Unspent/(overspent) from previous year	R 146	R 0	R 0	R 0	R 146
Allocation	-R 100	-R 234	-R 250	R 0	-R 584
Total PTI Grants	R 46	-R 234	-R 250	R 0	-R 438
PTI EXPENDITURE					
Planning costs	R 112	R 114	R 141	R 129	R 497
Institutional development	R 0	R 0	R 0	R 0	R 0
Equipment	R 52	R 161	R 200	R 231	R 644
Infrastructure	R 124	R 296	R 351	R 403	R 1,174
Transitional costs	R 36	R 0	R 0	R 0	R 36
PTI Total Expenditure	R 324	R 572	R 692	R 763	R 2,351
PTI Possible underspend/(Deficit)	R 370	R 338	R 442	R 763	R 1,913
PTNO GRANT					
Unspent/(overspent) from previous year	-R 9	R 0	R 0	R 0	-R 9
Allocation	-R 130	-R 150	-R 150	R 0	-R 430
Total PTNO Grants	-R 139	-R 150	-R 150	R 0	-R 439

DESCRIPTION	COSTS (R million)				
	2014/15	2015/16	2016/17	2017/18	Total
PTNO EXPENDITURE					
Municipal operating costs	R 34	R 83	R 120	R 138	R 375
Marketing	R 15	R 17	R 20	R 23	R 75
Compensation for affected operators	R 4	R 21	R 43	R 70	R 138
Infrastructure maintenance	R 4	R 7	R 9	R 7	R 27
Direct operating costs	R 8	R 51	R 138	R 264	R 460
Estimated Fare revenue	-R 19	-R 103	-R 205	-R 336	-R 664
PTNO Total Expenditure	R 44	R 76	R 125	R 166	R 411
PTNO Possible underspend/(Deficit)	-R 95	-R 74	-R 25	R 166	-R 28
TOTAL					
Total grant funding required	R 369	R 648	R 817	R 929	R 2,762
Total Grant Allocation	-R 230	-R 384	-R 400	R 0	-R 1,014
Total unspent/(overspent) from previous year	R 137	R 0	R 0	R 0	R 137
TOTAL Possible underspend/(Deficit)	R 275	R 264	R 417	R 929	R 1,885

2.7 TRENDS AND DEMAND FOR SUSTAINABLE DEVELOPMENT

2.7.1 How the ecological (natural/green) infrastructure supports and constrains urban growth and development; procedures; standards; and performance

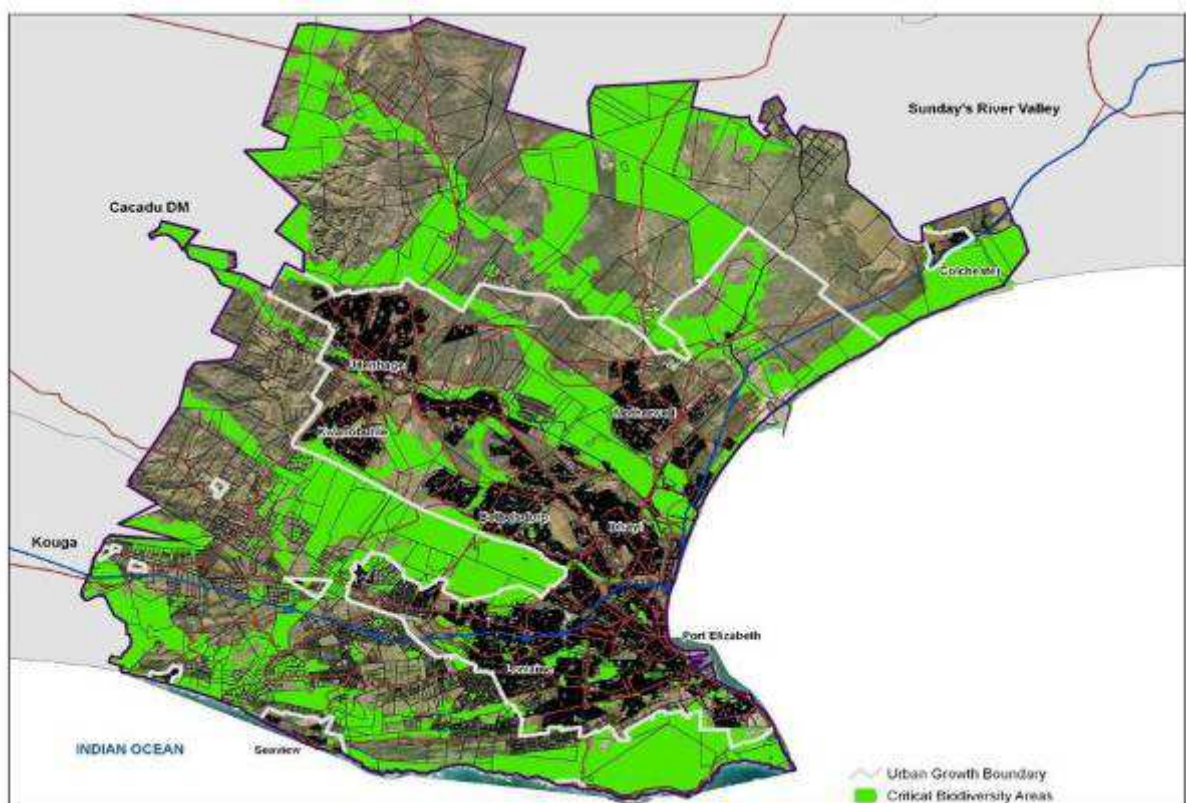
The National Environmental Management Biodiversity Act, Act 10 of 2004 and other environmental management Acts require municipalities to develop strategic environmental planning tools (i.e. Conservation Assessment, Environmental Management Framework and Bioregional Plan) and management programmes aimed at informing and guiding land use planning and decision-making processes, thereby promoting sustainable biodiversity management.

The Municipal Systems Act, Act 32 of 2000 requires that the environmental impacts of the Municipal Spatial Development Framework (MSDF) be evaluated. In 2007, the NMBM completed a systematic biodiversity planning assessment process that spatially represented a network of its biodiversity resources and processes. This was used to inform the Strategic

Environmental Assessment of the MSDF. The Municipal Systems Act 32 of 2000 also states that municipalities must deliver their services in a sustainable manner.

The biodiversity network represented within the MSDF was later used to inform the Environmental Management Framework (EMF) at a Metro-wide scale, guiding development to appropriate areas and limiting development in environmentally sensitive areas. Geographical areas were identified and mapped to facilitate a reduction in the legal requirements and streamline the Environmental Authorisation process at a strategic level, thereby ensuring that biodiversity priorities would be taken into the sector planning of the NMBM. It is anticipated that the Metro's EMF process will be completed in 2015.

FIGURE 14: Critical Biodiversity Areas



Source: NMBM Metropolitan Spatial Development Framework, 2009

The NMBM Bioregional Plan is aimed at conserving biodiversity at a regional level and is primarily concerned with guiding land use planning and decision making through improving the legal standing and consideration of Biodiversity/Conservation areas by all organs of state. The National Environmental Management Act, 107 of 1998, the Environmental Impact Assessment (EIA) regulations, as amended in 2010, and Government Notice R546 make specific mention of threatened ecosystems, Critical Biodiversity Areas, Bioregional Plans and systematic biodiversity plans to act as EIA triggers. The NMBM has completed the Bioregional Plan, which is due for gazetting for public comment in 2015.

A Corporate Environmental Impact Assessment Task Team (CETT) and Bilateral meetings between the Nelson Mandela Bay Municipality and the Provincial Department of Economic Development and Environmental Affairs (DEDEAT) are further instruments employed towards ensuring integration at social, economic and environmental levels.

The National Environmental Management: Integrated Coastal Management Act, Act 24 of 2008, allows for the development of a Coastal Management Programme that calls for an integrated, coordinated and uniform approach to coastal management within the Metro by local organs of state, non-governmental organizations, the private sector, local communities, other stakeholders and the public in ensuring the sustainable use of coastal resources. The programme is currently being updated and will be subjected to a public review process. The Coastal Development Line (hazard lines) study, has been completed in association with the Eastern Cape Provincial Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The delineated development lines (hazard lines) will, once promulgated, be used to inform appropriate development along the coastline of the Metro by means of specific regulations as well as the updated Coastal Management Programme and other sector plans of the NMBM. These plans are due for completion by the end of the 2014/2015 financial period.

The natural resources planning, inventory and operational management of the NMBM's nature reserve network and green infrastructure network is concerned with conserving ecosystem values, functions and the restoration of natural systems that underpin watershed health and hydrological integrity supporting natural resources necessary for agriculture and aquaculture.

Municipal policies, such as the Integrated Environmental Policy and the Integrated Energy Plan, are specifically geared to address the response and resilience of all communities to climate change impacts.

The Integrated Environmental Policy specifically, provides guidelines for the Land Use and Planning sector of the Municipality, which (amongst others) are to:

- Undertake spatial planning that reduces urban sprawl, promotes densification, mixed use development, and corridor developments, and
- Encourage green buildings and sustainable design and development practices.

The NMBM has set out to achieve the following sustainable goals:

- Providing an affordable and secure energy supply that increases the development and use of renewable, less toxic and less carbon intensive sources.
- Providing affordable and secure energy for all, while minimising demand and consumption.
- Increasing the percentage of energy derived from renewable sources.
- Policies promoting the use of clean and efficient energy.
- Achieving greenhouse gas emissions and air pollution reduction in both municipal operations and the community at large, with attention given to the reduction and prevention of inequalities.

- Improving the response and resiliency of all communities to climate change impacts on the built, natural and social environments, with the emphasis on public health and historically underserved populations.
- Ensuring that outdoor air quality is healthy for all segments of the human population and the natural environment.

The current areas of focus for climate change in the city include:

- Greenhouse gas emissions tracking and reduction.
- Maintenance and growth of current initiatives, whilst looking at others.
- Addressing the roles and responsibilities of every directorate in climate change related issues.
- Responding to vulnerability and aligning it with adaptation.
- Education and awareness.
- Ensuring alignment with provincial and national strategies and actions, and managing in-house policies and strategies.

In 2013, a municipal Community Awareness Campaign, called the Go Green Advocacy Programme, was launched. This Programme is aimed at providing residents with the resources they need to think critically about and address environmental problems and solutions, and include the environment as an important consideration in their work and daily living. This awareness programme built on the Go Green Campaign, which was initiated in 2008 to showcase municipal-led projects and initiatives which demonstrated sustainability.

The Integrated Energy Plan aims to provide a high level perspective of the energy trends and needs of Nelson Mandela Bay over the next 10 years. The Green Procurement Implementation Strategy is aimed at moving the NMBM toward the inclusion of environmental criteria in its Supply Chain Management Policy in order to encourage the development and diffusion of goods and services which have the least impact on the environment.

An Environmental Management System (EMS) is in operation at the flagship Nelson Mandela Bay Multi-Purpose Stadium. This Stadium was built on Green Goal principles, sourced from the 2006 FIFA World Cup held in Germany. An EMS is a management tool aimed at reducing and managing the environmental impacts of activities, and is a condition of the Stadium's environmental authorization.

The NMBM adopted the national standard for energy efficiency or SANS 204 in municipal buildings, which greatly raised awareness of the consumption of energy resources and the type of energy resource that is being used.

The Disaster Management Sub-Directorate (Safety & Security Directorate) has identified in its' Risk Assessment (2010) that the highest rated risks to the NMBM are Hydro-metereological (Floods & Storms) and Hydro-metereological (Droughts), and then Environmental Degradation (in order of importance). This has implications for city planning. Preventative and disaster-proof city planning and design must become the norm in future where the effects of climate change are not linear or always predictable.

The South African National Framework for Sustainable Development (NFSD) was approved in 2008, and is the precursor to the National Strategy for Sustainable Development and Action Plan 2011-2014 (NSSD 1), approved by Cabinet in 2011. In the NSSD 1, sustainable development is accepted as a long-term vision for the country's prosperity. Through 5 key priorities, it sets out to guide the implementation of all three tenets of sustainability (environmental protection, social equity and economic efficiency).

Priority 3 relates to the green economy and provides interventions to unlock the potential of this "mindshift" in developmental thinking. Infrastructure, and indeed the built environment, must become sustainable to serve both the needs of present and future communities. Another intervention is to implement a "Green Building Regulator Enforcement Programme", and municipalities can develop Green Building by-laws, as an example. The NMBM's IDP provides a

strong focus on Local Economic Development and job-creation projects for waste minimization, beautification and education and awareness-raising for residents on climate change.

One of the biggest challenges to the sustainability of 'green' infrastructure (ecological services such as wetlands, biodiversity corridors, natural habitat spaces, and other biophysical systems) is a failure to address the impacts of climate change and unsustainable resource use. The National Strategy for Sustainable Development and Action Plan 2011-2014 (NSSD 1) states that ecosystem resilience must not be disturbed, and that adaptive capacity in communities must be built. These goals relate to Specific Priority 5 of the NSSD 1, which relates to "responding effectively to climate change".

As one example of infrastructure's 'adaptive capacity' (ability to respond to changes in conditions), the Water & Sanitation Sub-Directorate has embarked on an externally-funded project to increase the energy and water efficiencies of 74 pump stations throughout the Metro. These pump stations are under strain due to population increase and cyclical droughts.

The integration of municipal and provincial spatial planning instruments are encouraged as a means of integration and alignment of strategic sustainability priorities. The overlaying of municipal spatial development frameworks, the conservation status layers, and collaboration with Environmental Management and other relevant Directorates are all efforts which speak to this integration and alignment. In addition, the multi-sectoral internal municipal forums, as well as bilateral discussions (such as those between the local Department of Economic Development, Environmental Affairs and Tourism and the NMBM) with local provincial authorities are part of efforts to create cross-communication, clarity on legislative compliance under the National Environmental Management Act and other legislation, and ultimately co-operative governance.

Overall, all the five priorities of the NSSD 1 can guide local government in making decisions on how to create sustainability in both human settlements and the built environment.

2.8 IMPACT OF SECTOR TRENDS AND DEMAND ON SPATIAL FORM

The spatial challenges identified, are not experienced in Nelson Mandela Bay only, but are common problems throughout South Africa and include:

- Fragmented socio-economic spatial development (an apartheid legacy).
- Urban sprawl.
- Low densities.
- Lack of integrated transport planning, e.g. car-dominated planning.
- Misalignment of transport and land-use planning.
- Poor civic infrastructure, especially in disadvantaged areas.
- Lack of housing typologies for lower income groups.
- Lack of mixed use and tenure options in lower income areas.

In order to address the above fragmented spatial form, a number of initiatives have been introduced and implemented to a varying degree in Nelson Mandela Bay. These include the following:

- Comprehensive Integrated Transport Plan, to ensure accessibility.
- Defining an urban edge and densification policies.
- Focus on the civic infrastructure in the public realm.
- Metropolitan Spatial Development Framework, including Local Spatial Development Frameworks and Sustainable Community Planning.
- NMBM Housing Programme.
- Social housing implementation.
- Land Use Management System revision.

- Retention of erven in new low income areas for private sector, residential and mixed use.
- Integrated Development Matrix.
- Urban simulation modeling, with a view to refine certain shortcomings identified during the first round and to incorporate financial modeling for the long-term financial sustainability strategy.
- Formulation of a long-term desired shared vision and mission.

Some of these interventions have been successful; however, the following aspects have been identified as barriers to the effectiveness of the interventions:

- The lack of funding to tar gravel roads and provide access to new areas and internal roads is a major inhibiting factor, as banks will not finance commercial developments unless they are located on a tarred road. Although land is made available for mixed-use development, this deters private sector development in newly developed residential areas.
- Private sector developers constantly pressurise the NMBM to relax the urban edge. Arguments such as the need for job creation and economic diversity are used to motivate developments. These developments cause leap-frog developments and unsustainable bulk infrastructure.
- The acquisition of well located private land at market related prices is a prolonged process, for which there is insufficient funding.
- Growth in the local population and economy is very slow. The implementation of development and the steering of development initiatives to priority areas can therefore take place over the long term only.
- For fully integrated and sustainable settlements, quality civic infrastructure in low income areas is needed. This includes the quality of roads, pavements, cycling infrastructure and civic amenities. There is no funding for this provision from the current grant framework, and

the NMBM is unable to fund this infrastructure itself. The result is that new lower-income township areas are developed, with noticeably deficient civic infrastructure and amenities.

- The Spatial Planning and Land Use Management Act (SPLUMA) has recently been promulgated. It is not yet yielding visible results although it is expected that changes can be anticipated in the 2015/16 financial year.
- Intergovernmental coordination is a major challenge with regard to integrated and sustainable human settlements. This is because facilities and services that are to be provided by the provincial sphere of government are not being properly coordinated in the development and redevelopment of human settlements areas.
- In certain projects in the Municipality, such as Zanenvula and Motherwell Extensions 29, 30 and 31, extra-ordinary arrangements have been made to secure the necessary intergovernmental coordination. This, however, does not happen as a matter of course in all projects. The Integrated Development Matrix was specifically developed to identify, at an early stage, the roles and funding requirements of all actors in the development of human settlements and to secure commitment.
- The Provincial Department of Transport does not contribute adequately to the maintenance of provincial roads in the Metro.

3. STRATEGIES AND PROGRAMMES

During 2014, the NMBM with the assistance of National Treasury undertook a strategic development review of the Municipality. This review examined past trends and behaviours both internal and external to the Municipality. It further identified scenarios for the Municipality going into the future. The Strategic Development Review will be completed before the end of the 2014 and will identify major decisions that need to be taken to steer the Municipality in a positive growth direction.

It is anticipated that the strategic development review will influence both the final BEPP for 2015/16 as well as the Budget.

The results of the Strategic Development Review will also influence other major strategic documents of the Municipality such as the long-term vision, the IDP, and the Spatial Development Framework.

3.1 LONG-TERM VISION

The Municipality's long-term Vision is as follows:

'To be a globally competitive and preferred Metropole that works together with the people.'

This Vision is currently being reviewed to ensure that a realistic and measurable, shared long-term vision is developed for Nelson Mandela Bay.

It is envisaged that the new visioning process will be formalised after the strategic review exercise currently being undertaken. This exercise will analyse the major strategic issues that confront the Municipality and guide the formulation of a short-, medium- and long-term vision and strategy. Once this is in place, a more coherent implementation strategy of the vision will be possible.

The following are the institution's strategic objectives, as contained in the 2013/14 IDP (NMBM IDP Office, 2013):

- Ensuring access to basic services for all resident communities in Nelson Mandela Bay.
- Developing and sustaining spatial, natural and built environments.
- Providing integrated and sustainable human settlements.

- Addressing the challenges of poverty, unemployment and social inequality.
- Fostering a safe, secure and healthy environment for both employees and communities.
- Positioning Nelson Mandela Bay as a destination of choice for both investors and tourists through the development of a prosperous and diverse economy.
- Accelerating service delivery through the acquisition and retention of competent and efficient human capital.
- Ensuring sound financial management and viability.
- Ensuring integrated service delivery amongst the three spheres of government, including government agencies, as well as sharing knowledge and experience with other local authorities in the country and internationally.
- Entrenching a culture of public participation in municipal planning, budgeting and decision-making processes.
- Ensuring responsive, accountable and clean government that mitigates risks and ensures internal control efficiency and effectiveness.

These strategies are encapsulated in the Municipality's five key IDP performance areas, namely:

- Basic Service Delivery and Infrastructure Development.
- Local Economic Development.
- Municipal Transformation and Organisational Development.
- Municipal Financial Viability and Management.
- Good Governance and Public Participation.

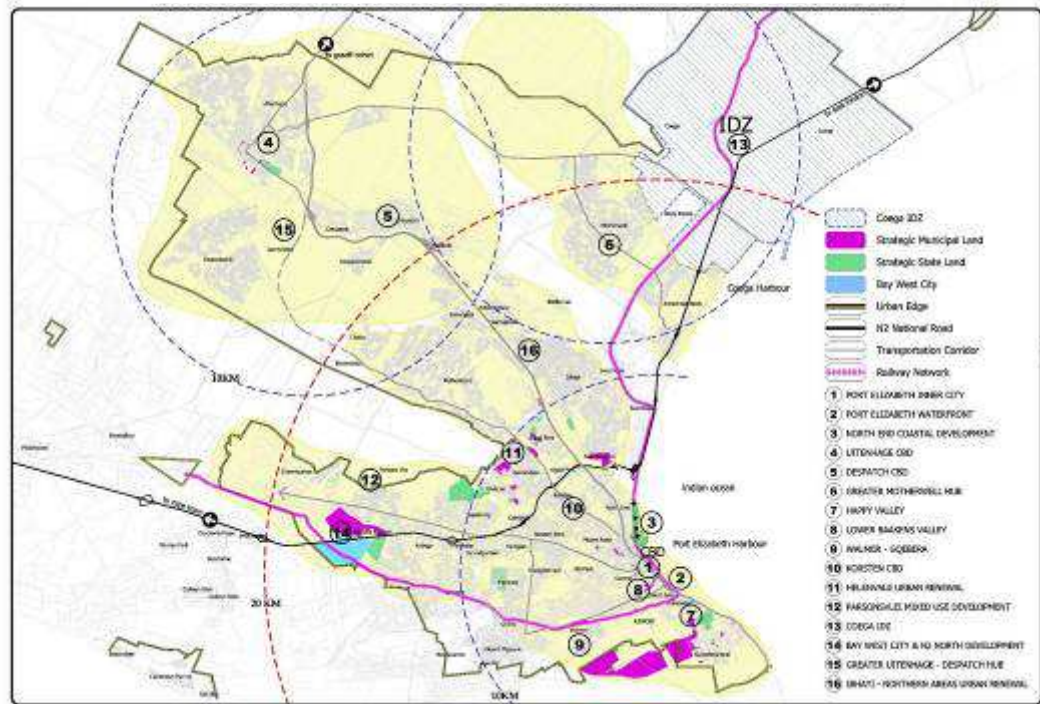
These strategic objectives can be seen to relate directly to the built environment performance indicators. The BEPP performance indicators matrix has been populated with available information and will be further populated so that a more comprehensive document is available by the submission of the final 2015/16 BEPP.

3.2 SPATIAL DEVELOPMENT STRATEGY OF NMBM

3.2.1 Metropolitan Spatial Development Framework (MSDF)

To ensure sustainable growth and development in Nelson Mandela Bay, it is vital that all strategic planning processes are aligned and fully integrated, so that development does not take place in an *ad hoc* or fragmented manner. Key to this, is the development of a shared long-term vision and strategic plan, which is discussed above. This strategic document will inform future integrated development planning, which will in turn inform the Spatial Development Framework of the Municipality. The Metropolitan Spatial Development Framework (MSDF) (NMBM Metropolitan Spatial Development Framework, 2009) contains a number of key sector plans that are necessary for development. The MSDF is also supported by:

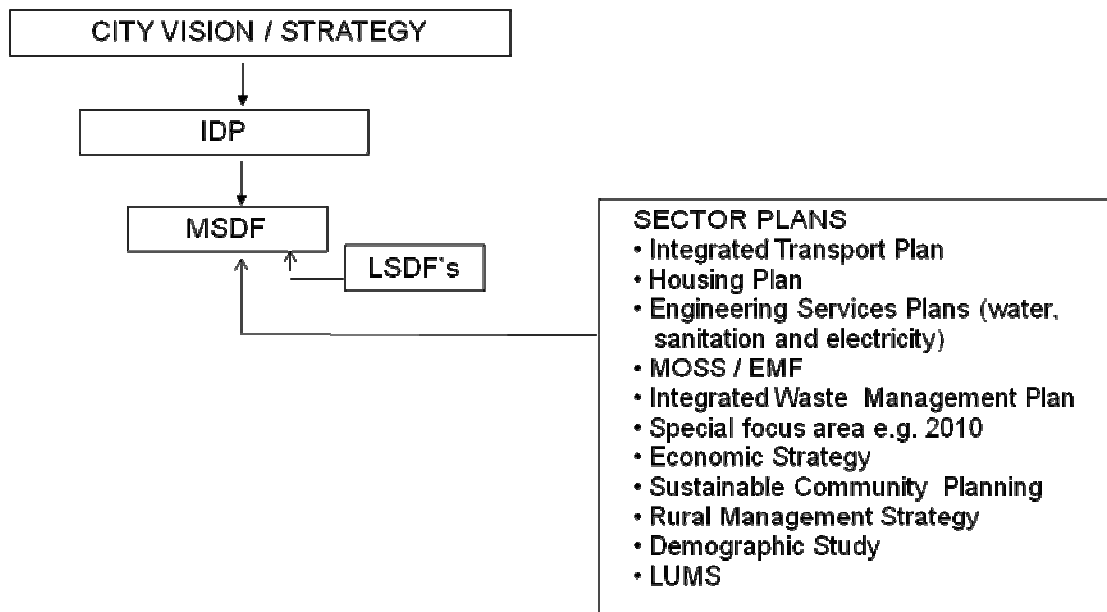
- **The Human Settlement Framework Plan 2030:** The HSP has prioritised four main restructuring hubs focused around the PE CBD, Uitenhage CBD, Coega IDZ/Motherwell Hub and Bay West/N2/Parsonsvelei Hubs. This plan, which was approved by Council in December 2012, starts to talk to spatial restructuring in these urban hubs. These areas are shown in the figure below.

FIGURE 15: Spatial Transformation and Priority Renewal Precincts

Source: NMBM Human Settlements Implementation Plan

The Metropolitan Spatial Development Framework in turn informs the Local Spatial Development Frameworks, which are more specific and location bound.

These frameworks are supported by an Integrated Land Use Management System. The diagram below reflects these linkages:

FIGURE 16: Relationship between Strategic Documents of the NMBM

Source: NMBM Metropolitan Spatial Development Framework, 2009

The Metropolitan Spatial Development Framework outlines the desired spatial development of the metropolitan area, as contemplated in Section 25(e) of the *Municipal Systems Act* (Act 32, 2000). It also highlights priority investment and development areas, and therefore serves as a guide to decision-makers and investors. It should be emphasised that the MSDF is an integral component of the IDP and translates this Plan into its spatial implications to provide broad, overall developmental guidelines. This tool must therefore not be used in isolation, but must support decision-making within the context of the IDP and the long-term vision and strategic plan.

The MSDF should furthermore not be interpreted as a blueprint aimed at managing physical development, but rather as a framework that provides guidance in respect of the location and nature of anticipated growth and future development in Nelson Mandela Bay. Desired patterns of land use are indicated, although room still exists for interpretation and further refinement. The interpretation and finer details appear in the Local Spatial Development Frameworks. The MSDF is development orientated, to allow for growth and changing circumstances and to promote investor confidence.

The MSDF is aligned with and does not conflict with other development strategies, locally, nationally, provincially and regionally.

The MSDF was approved by Council in April 2009, along with the IDP, and is subject to review in 2014/15.

A review of the MSDF is one of the programmes to be undertaken as part of the City Support Implementation Plan.

3.2.1.1 Spatial Development Framework proposals

Three focal points in the Metropolitan Spatial Development Framework are regarded as key in achieving restructuring, integration and sustainability.

Sustainable Community Planning Methodology

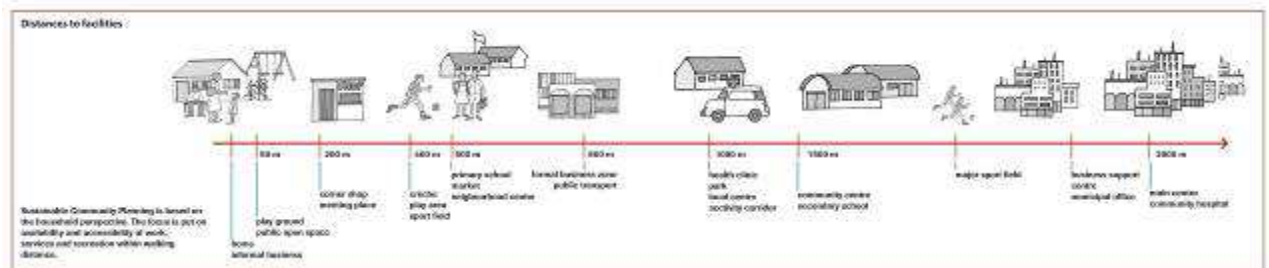
The existing pattern of development in Nelson Mandela Bay is the result of segregation-based planning. The structuring not only separates different racial groupings in geographical terms, but has also resulted in great disparities in standards of living, as well as access to infrastructural services, employment, and cultural and recreational facilities. As these imbalances serve as constraints for redevelopment, they should be addressed and rectified.

Sustainable Community Units (SCUs) have been introduced to achieve a more balanced structure in Nelson Mandela Bay, in order to reduce discrepancies in terms of service provision and standards; promote integration in socio-economic and functional terms; and provide for economic activities and employment opportunities.

The urban area of Nelson Mandela Bay has been divided into a number of planning units or entities, known as Sustainable Community Units. These are defined by the distance that an average person can comfortably walk in half an hour, i.e. a 2 km radius. The planning methodology aims to provide the

requirements for a minimum standard of planning and living within those areas; in other words, amenities, facilities and job opportunities must be within walking distance of all residents. All SCUs in Nelson Mandela Bay are to be linked by a public transport network, which will ensure that all areas are accessible to all communities by means of public transport, which is also required in terms of the Integrated Transport Plan.

FIGURE 17: Distance to Facilities

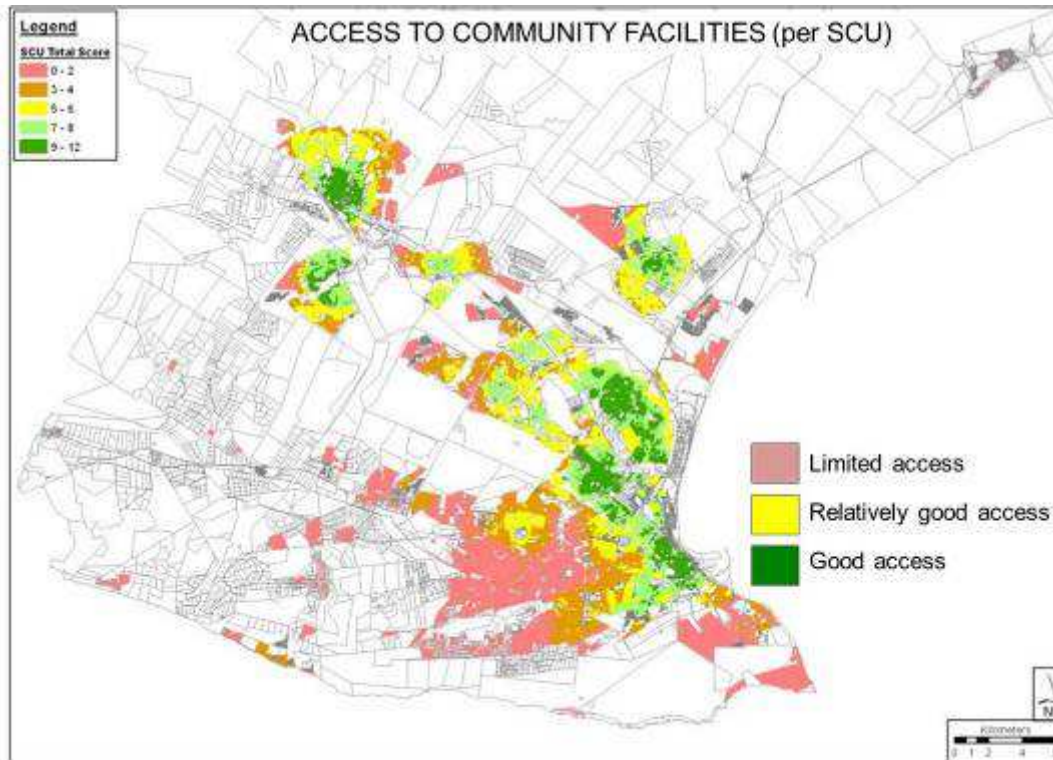


Source: NMBM Sustainable Community Planning Guide

Basic municipal facilities and services should be provided within walking distance of residential areas; higher order facilities can be located further away, as reflected in the analysis and maps below.

A GIS analysis of the provision of facilities and services in Nelson Mandela Bay was undertaken. It shows that poorer areas have the highest provision. The analysis does not refer to a qualitative analysis; it is only quantitative.

The following composite plan shows the spatial provision of facilities and services.

FIGURE 18: Access to Facilities

Source: NMBM CorpGIS, 2010

The planning methodology concept identifies the need to make higher levels of sustainability and integration in Nelson Mandela Bay the primary focus of SCU planning. The basis for sustainable community planning lies in the development principles adopted at national, provincial and local government levels, as supported by legislation and government policies.

The Municipality's sustainable community planning methodology, which is currently being implemented, covers both existing and future areas of development. A fundamental principle of this plan is to have work opportunities closer to places of residence in order to reduce the need to travel. This is to be achieved through the planning of new areas to accommodate more than just housing developments but also through a paradigm shift on the location of new settlements closer to rather than further away from places of employment and social and public amenities. Peri-urban areas in which settlements exist, are also planned according to the sustainable community planning methodology, with a view to providing local job opportunities.

The development goals and principles of particular importance for spatial planning in SCUs are:

- (a) Poverty alleviation and the satisfaction of basic needs.
- (b) Focus on special needs groups (HIV and AIDS affected persons, children, the elderly, and persons with disabilities).
- (c) Gender equality and equity.
- (d) The environment (physical, socio-economic).
- (e) Participation and democratic processes.
- (f) Local economic development.
- (g) Accessibility (public transport and pedestrian focus).
- (h) Mixed-use development.
- (i) Corridor development.
- (j) Safety and security.
- (k) Variation and flexibility.
- (l) Appropriate densification.
- (m) Reducing urban sprawl.

To achieve both sustainability and integration, six functional elements need attention in relation to the above principles.

These six functional elements are:

- (a) Housing
- (b) Work
- (c) Services
- (d) Transport
- (e) Community
- (f) Character and identity

Focusing on these six elements, minimum standards are pursued to achieve an acceptable planning quality that will result in an improved quality of life for residents in these areas (for more detail on the planning methodology outlined above, refer to the *Sustainable Community Planning Guide*, dated June 2007; also available on the municipal website: www.nelsonmandelabay.gov.za).

Corridors and accessibility

In restructuring Nelson Mandela Bay, the development of corridors along major routes that have the potential for integrated mixed land use development, supported by improved public transport services (e.g. the Khulani Corridor), is also envisaged. A Comprehensive Integrated Transport Plan (CITP) has been developed as a key component of the MSDF. This is currently under review.

As the primary goal of the CITP is to improve accessibility for all residents of Nelson Mandela Bay, it has a strong focus on public transport provision.

Visible implementation projects are the introduction of the Integrated Public Transport System, as well as pedestrian and cycle-paths along major roads.

Economic development and growth

This crucial component of the Spatial Development Framework seeks to generate means to support and enhance urban development. Various interventions may be utilised to support economic growth and development, based on a number of considerations, such as:

- (a) the importance of linking the residents of Nelson Mandela Bay to opportunities;
- (b) directing investments to places where they will have the greatest effect;

- (c) protecting and enhancing natural and cultural resources for sustainability and enriching the experience of Nelson Mandela Bay; and
- (d) weaving the growth of Nelson Mandela Bay strongly into the economic fabric of the Eastern Cape Province.

3.2.2 Implementation and prioritisation

The MSDF provides strategic guidance in respect of areas on which the Municipality should focus the allocation of its resources. In order to assist in prioritising projects and allocating resources, four main elements of the MSDF were isolated as geographic entities that could give guidance as to where the priority capital investment areas lie. These areas are:

- (a) Core economic areas
- (b) Infill priority areas
- (c) Strategic development areas
- (d) Service upgrading priority areas

The MSDF is also supported by a number of sectoral plans and topic-specific planning documents, including the following, as discussed earlier:

- (a) Strategic environmental assessment
- (b) Urban edge/Rural management and urban densification policies
- (c) Demographic study update
- (d) Land Use Management System
- (e) The Human Settlements Implementation Plan

3.2.3 Incorporating sectoral plans

The various sectoral plans incorporated into the MSDF are identified in this section. These sectoral plans, which have major spatial implications for the MSDF, are as follows:

- (a) Coastal Management Plan
- (b) Coastal Development Line (Hazard Line) Study
- (c) Disaster Management Plan
- (d) Environmental Policy
- (e) Infrastructure Development Plan
- (f) Integrated Transport Plan
- (g) Integrated Waste Management Plan
- (h) Local Economic Development Strategy
- (i) Metropolitan Open Space System
- (j) Public Transport Plan
- (k) Tourism Master Plan
- (l) Integrated HIV and AIDS Plan
- (m) Water Master Plan
- (n) Sewerage Master Plan
- (o) Human Settlements Plan
- (p) Land Use Management System

In addition to this, with the preparation of the more detailed Local Spatial Development Frameworks and their approval, the MSDF becomes more detailed.

3.2.4 Current status of MSDF

The MSDF is continually being refined through ongoing information gathering and studies. The legislation prescribes that the MSDF should be annually

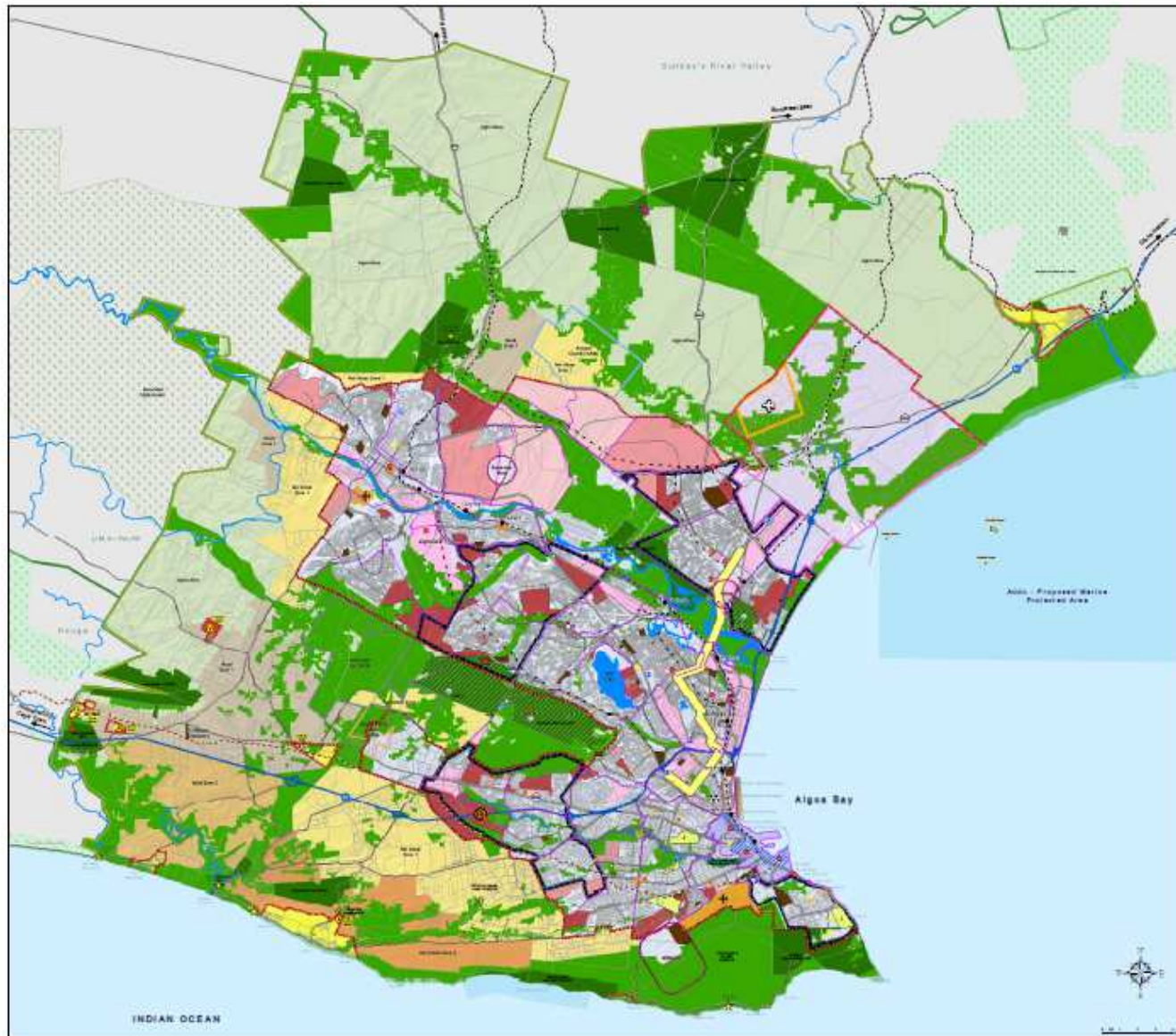
reviewed, with Council approval required every five years. The MSDF is being reviewed and will be approved by Council in 2015.

As mentioned earlier, part of the City Support Implementation Plan, the Spatial Development Framework and Built Environment Strategy will be reviewed before June 2015 which is when the SDF is due to be approved by Council.

The refinement of the MSDF happens through the preparation of LSDFs and policy and plan adjustments over time.

The Spatial Development Framework of the Municipality is reflected in the plan below. The plan specifically shows the following aspects, which are dealt with in more detail in the Spatial Development Framework Report:

- Urban growth areas, phased over time
- Urban edge, beyond which development is limited
- Major development nodes
- Major transport routes, including corridors for investment and development
- Environmentally protected areas
- The low-income housing programme



Legend

- 2010 Soccer Stadium
 - Abattoir
 - Education
 - Hospitals
 - Proposed Nature Reserve
 - Resorts
 - Rural Villages
 - Railway Station
 - Strategic Intervention Projects
 - Urban Growth Boundary
 - Rail
 - Future Rail
 - Rail Narrow Gauge
 - National Roads
 - Major Arterial
 - Minor Arterial
 - Future Roads
 - Khulani Corridor
 - Airport
 - Proposed Future Airport
 - Groendal State Forest
 - Addo National Park
 - Cemeteries
 - Coastal Villages
 - Coega IDZ
 - Eastern Cape Surrounds
 - Golf Courses
 - Hazardous Waste Area
 - Industrial
 - Main Rivers and Inland Water Areas
 - Mandela Bay Development Agency (MBDA) Mandate Area
 - Marine Protected Area
 - Nature Reserves outside NMB boundary
 - North End Beach Reclamation Project
 - Restructuring Zones
 - Sustainable Community Units
 - UDZ Boundary
 - Waste Landfill Buffer 800m (Approximate only)
 - Wedgewood Golf Estate
 - Hopewell Eco Estate
 - Amanzi Country Estate
 - Cadastre
- Business Areas**
- Neighbourhood Node
 - Regional Node
 - Metropolitan Node
 - N2 Development Node
- Housing Development**
- < 2010
 - 2011 - 2019
 - 2020 >
- Critical Biodiversity Areas**
- Protected Area 1
 - Protected Area 2
 - Critical Biodiversity Area (Includes Critical Ecological Support Areas 1 & 2 - refer SRK Conservation Assessment Plan for more detail)
- Rural Policy Areas**
- Agriculture
 - Peri Urban Zone 1 (1,8ha minimum erf size)
 - Peri Urban Zone 2 (5ha minimum erf size)
 - Rural Zone 1 (10ha minimum erf size)
 - Rural Zone 2 (20ha minimum erf size)

3.2.5 Integrated Development Matrix

The Integrated Development Matrix has been developed as part of the sustainable community planning methodology to provide a framework for the implementation of the coordinated planning of the different activities of the Municipality, to ensure the creation of integrated and quality human settlements. The Integrated Development Matrix defines and facilitates cooperation and coordination between the municipal directorates themselves, as well as external actors in the planning and implementation processes, such as parastatals, banks, CBOs, NGOs and provincial and national government. It also defines roles that will allow citizens and businesses in the city to live and operate more sustainably.

FIGURE 19: Integrated Development Matrix Framework

INTEGRATED DEVELOPMENT MATRIX				
LEVEL / ACTIONS		STAKEHOLDERS		
		<i>Local, Provincial, National Government Dept's; Private Sector, NGO's; CBO's, Banks, Private household, citizens groups etc.</i>		
PLAN	Integrated Development Plan			
	Spatial Development Framework			
	Sustainable Community Planning			
	Detailed Layout Planning			
BUILD	Decision to phase development			
	Surveying			
	Engineering Services			
	House design/ construction			
	Develop public areas/ facilities			
LIVE	Role of city dwellers- recycle, walk vs car, solar power etc.			
	Role of business and commerce			
	Schools and institutions- daily operations			

Responsibility of each stakeholder in respect of each level of the planning framework

Source: NMBM SCU Planning Guide, 2007

3.3 AREA-BASED MANAGEMENT INITIATIVES

There are four area-based management initiatives. These are:

- Mandela Bay Development Agency (MBDA)
- Uitenhage-Despatch Development Initiative (UDDI)
- Motherwell Urban Renewal Programme (MURP)
- Helenvale Urban Renewal Programme (HURP)

Nelson Mandela Bay suffers from an underdeveloped institutional landscape where there is not enough capacity in any of the existing agencies to effectively promote socio-economic, economic and industrial development in a coordinated manner across the Metro. None of the current agencies provide an integrated enabling service. The Mandela Bay Development Agency (MBDA), established in 2003 by the Nelson Mandela Bay Municipality (NMBM) with the support of the Industrial Development Corporation (IDC), has become the driving force behind urban regeneration in Nelson Mandela Bay's inner city, with the aim of promoting economic and tourism development against the backdrop of urban renewal. The UDDI was established in 2000 as an initiative between private sector - Volkswagen, and the Metro to focus on development in the Uitenhage and Despatch area. MURP and HURP are initiatives from National Government to focus number previous disadvantages nodes in South Africa.

3.3.1 Mandela Bay Development Agency (MBDA)

Established in 2003, the Mandela Bay Development Agency (MBDA) is a municipal entity mandated to facilitate the regeneration of the Inner-City area, with a view to promoting economic and tourism development against the backdrop of urban renewal. The MBDA's mandate also extends to the Uitenhage Inner-city and other development and township areas.

The Inner-City LSDF (Urban Dynamics EC, 2013) has been prepared to guide development in the harbour/waterfront area, South End, Humerail, the CBD, Richmond Hill, Central and North End. These areas are crucial to the growth and development of the Metro as a whole.

Work has focused on, *inter alia*, Govan Mbeki Avenue Phase 2, the Strand Street upgrading, the Donkin Reserve and the multi-nodal interchange at the intersection of Govan Mbeki Avenue and Russell Road. The development of the former Tramways Building is also being pursued.

The philosophy of the MBDA which applies to their projects is to create well researched, community participated, catalytic infrastructure projects and services through public sector investment to attract private sector investment. In this way, a more diverse economy including tourism and real estate is created.

3.3.2 Uitenhage-Despatch Development Initiative (UDDI)

The UDDI, established as a facilitation body for the promotion of sustainable development in Nelson Mandela Bay, with the main focus on Uitenhage and Despatch, is an implementer for some of the Metro's programmes in the Uitenhage/Despatch area.

The UDDI's goal is to stimulate special and economic sector development in the sub-region (Uitenhage and Despatch), with the objective of regenerating the economies of this region of Nelson Mandela Bay.

The UDDI has three strategic focus areas, aligned to the IDP of the Nelson Mandela Bay Municipality. These three areas are:

- Town improvement
- Enterprise development
- Spatial economic linkages between Uitenhage and Despatch

The initiatives under the three focus areas have been set in line with the UDDI's three-year strategic plan, with a strong bias towards job creation, skills development, education improvement, SMME sector development and the general socio-economic improvement of the Uitenhage and Despatch communities.

3.3.3 Motherwell Urban Renewal Programme (MURP)

Motherwell was one of eight pilot areas targeted by the Presidential programme for Urban Renewal. The main objectives of this programme are: to eradicate crime, poverty and joblessness in the targeted areas.

Motherwell was established in 1982 to accommodate people from informal and illegal dwellings built on the flood plains in Soweto-on-Sea, and to cater for the influx of people into the urban area.

Motherwell was mainly developed as a residential area and the necessary infrastructure for recreational facilities, basic amenities and job creating activities did not keep pace with the growth of the area.

MURP facilitated a number of projects including Hawkers Trading Facilities, Car Washes, a hydroponics project, a Business Development Service Centre, Cleaning and Greening project, a peace park and the NU 2 Stadium.

3.3.4 Helenvale Urban Renewal Programme (HURP)

Helenvale, as an area urgently in need of upgrading, led to the establishment of the Helenvale Urban Renewal Programme, based on the Motherwell Urban Renewal Programme. This Programme has also adopted a multi-faceted approach to the upgrading of amenities and services in Helenvale and to fostering employment and community participation. The MBDA is assisting with development implementation.

3.4 COORDINATION AND ALIGNMENT WITH SIPS

There are three Presidential Infrastructure Coordinating Commission (PICC) programmes that affect the NMBM. The PICC is made up of 18 programmes, generally called SIP (Strategic Integrated Projects).

The following SIPs apply in NMBM:

- SIP 3: South Eastern Node and Corridor Development
Focused on the creation of infrastructure for economic purposes.
- SIP 7: Integrated Urban Space and Public Transport Programme
Focused on the creation of infrastructure for the development of urban spaces.
- SIP 18: Water & Sanitation
Focused on the creation of water and sanitation infrastructure, as much of the listed projects are common in all the SIPs. SIP 18 was recently launched however no submissions have been made.

The PICC has now clearly indicated that the Commission provides a coordinating function for all the projects identified at local level and does not provide any finances for the implementation of the projects.

TABLE 21: Current SIP Projects in Nelson Mandela Bay

Project Name and Scope	Project status	Project budget	
Coega IDZ & Port of Ngqura: Water & Sanitation Services <i>Construction of a water treatment works, waste Water treatment works, pump stations, reservoirs and pipelines.</i>	1. Nooitgedacht: 98% of pipelines complete. Transfer pump station and break pressure reservoir: 90% complete. Phase 2 tenders are scheduled for completion in February 2017.	Bulk Water:	R351M
		Wastewater Treatment:	R900M
		Recycled water for Industrial Use:	R600M
		TOTAL:	R1851M

Project Name and Scope	Project status	Project budget	
	<p>2. Wastewater Treatment Works: Preliminary design and EIA commenced.</p> <p>3. Recycled effluent schemes in preliminary design stage. ROD received for RE scheme. Reclaimed reservoir is being constructed. Business plan being prepared with the Coega IDZ for funding.</p>		
<p>Integrated Human Settlements& Bucket Eradication <i>Construction of bulk services, reticulation services and top structures to relocated household from stressful informal settlements and meeting the national target for the eradication of informal settlements</i></p>	<p>Business Plan for funding completed. NMBM Council approved a short, medium and long term approach to bucket eradication. House building contractors are constructing houses where subsidies are available and slabs & toilets (medium term approach) on serviced site where no subsidies are available yet.</p>	<p>Houses:</p> <p>Internal water and sanitation services:</p> <p>Bulk water and sanitation services:</p> <p>Roads and stormwater:</p> <p>TOTAL:</p>	<p>R2357M</p> <p>R696.9M</p> <p>R1340.5M</p> <p>R888.4M</p> <p>R5282.8M</p>
<p>Waste Water Treatment & Environment <i>Upgrading of all waste Water treatment works to support the eradication of</i></p>	<p>1. Phase 1 update of Fishwater Flats WWTW commenced on inlet structures. 2. Only limited budget is available for the upgrade of all the WWTWs. 3. ROD for Cape</p>		<p>R484M</p>

Project Name and Scope	Project status	Project budget	
<i>buckets by providing waterborne sanitation. Improvement of river water quality</i>	Recife WWTW being queried by DEDEAT		
Improving road access to KwaZakhele Township <i>Upgrading of John Tallant Road, construction of a link road to KwaZakhele Township and rehabilitation of Grahamstown Road.</i>	Project completed in September 2014		R61M
BRT / IPTS <i>Provision of efficient, safe, affordable, sustainable and accessible multi-modal public transport system that supports social and economic development to ensure optimal mobility and improved quality of life for the residents and users of the transport system in the Metropolitan area</i>	IPTS review currently under way		R2500M

The implementation of projects for social purposes is being carried out; however, those identified for strategic economic development, with a huge impact on poverty alleviation and job creation, such as Coega, are not being funded.

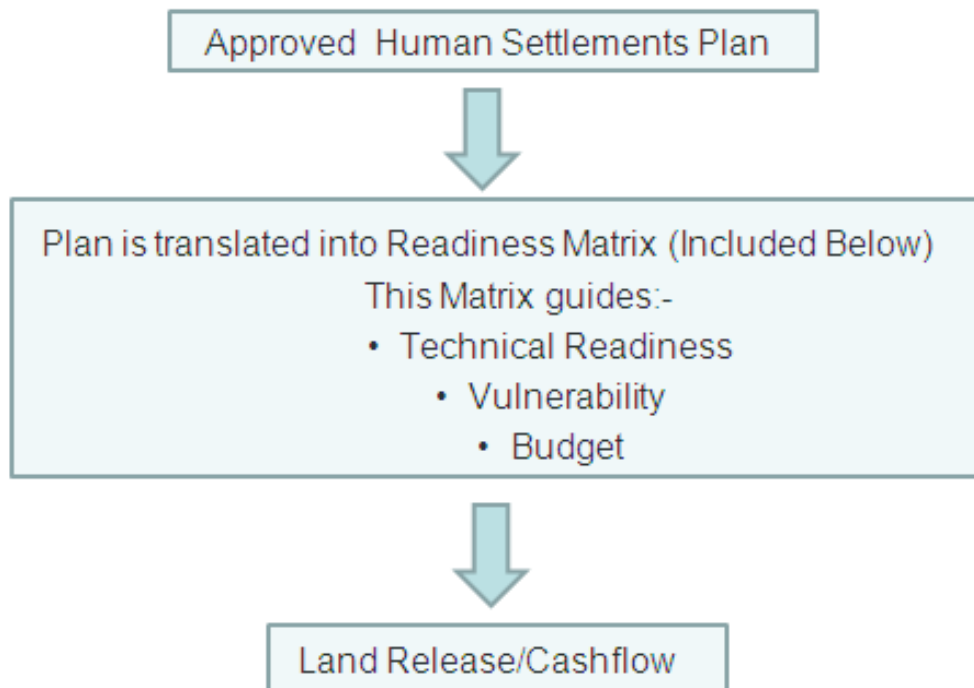
3.5 LAND RELEASE AND DEVELOPMENT STRATEGY AT CITY-WIDE LEVEL

The Human Settlements Plan (NMBM Human Settlement Directorate, 2012) occurs on land that is owned by the Municipality and the development of this land is done in accordance with the Development Readiness Matrix, which is a project management tool for the Housing Programme.

The NMBM is in the fortunate situation of owning large areas of land. Land is released for the Housing Programme sequentially in terms of the MSDF to minimise expenditure on bulk infrastructure and according to statutory approvals required for township development.

The entire Housing Programme is included in the municipal Human Settlements Plan.

The development process is shown in the figure below.



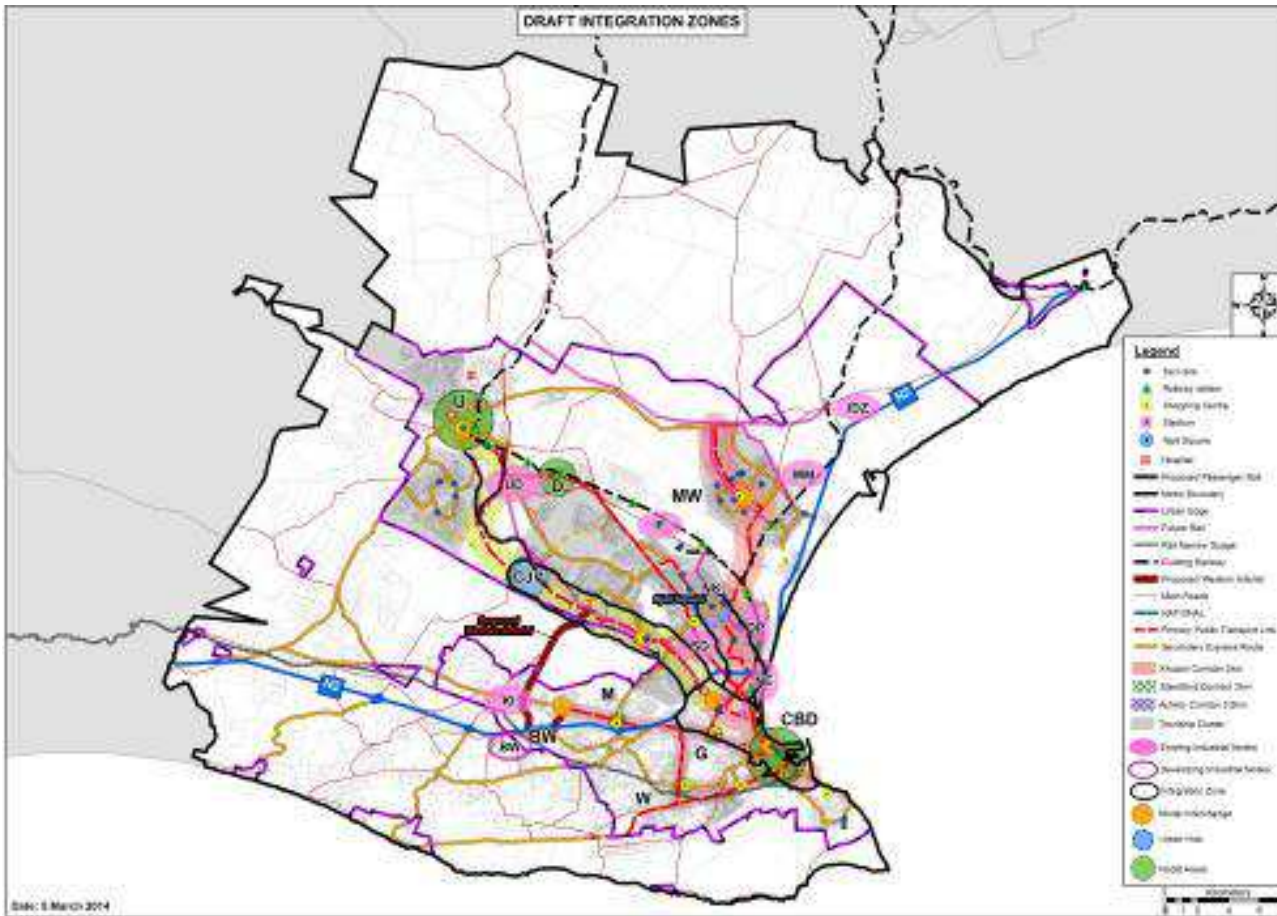
3.6 IDENTIFICATION OF URBAN NETWORK, INTEGRATION ZONES AND HUBS

3.6.1 Identification, description, prioritisation and phasing of integration zone(s) in the Municipality, including their geographical boundaries, taking the rationale for their identification and prioritisation from the Metro's Urban Network element identification process and the Urban Networks Strategy (with its associated spatial, economic and developmental objectives).

URBAN NETWORK STRATEGY/Framework

An Urban Network Strategy (UNS) Framework was approved by the Council as part of the 2014/15 BEPP submission. This framework was also accepted by the NDP-Unit at National Treasury. The key elements of this broad Urban Network Framework are:

FIGURE 21: Urban Network Strategy Framework



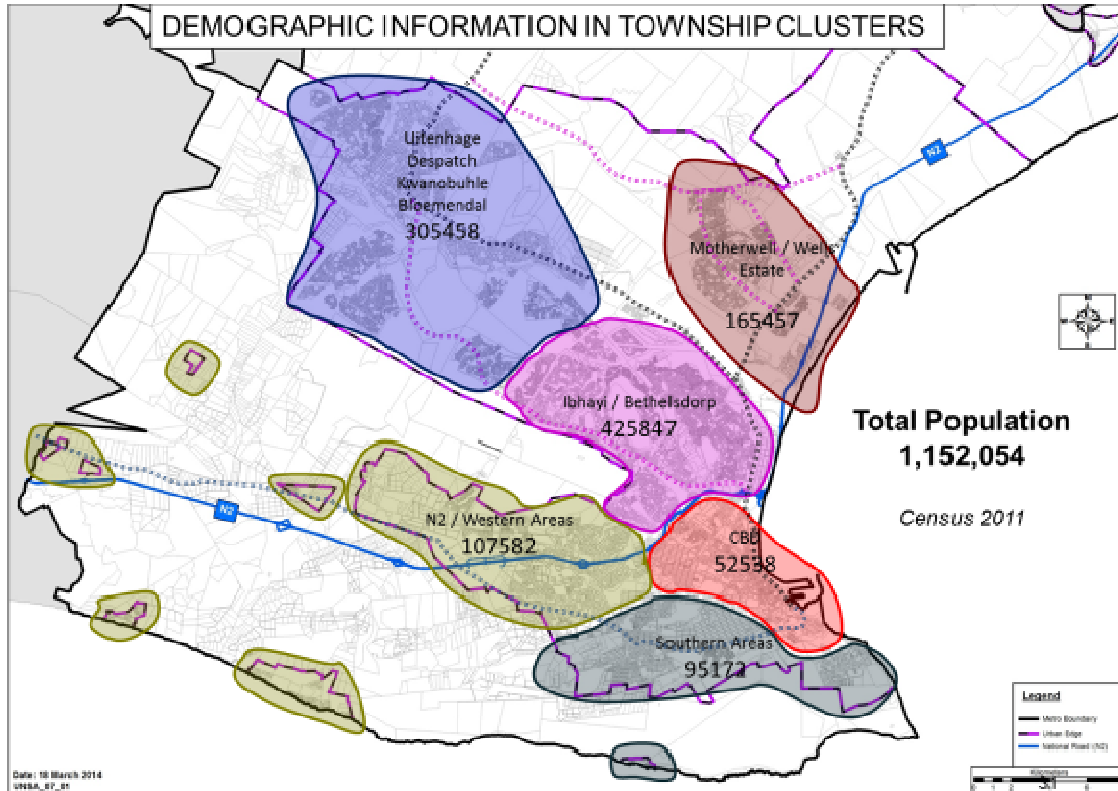
Source: NMBM, 2014

Cluster Identification

Underlying the identification of this Urban Network Framework are six township clusters. These are:

- **Uitenhage, Despatch, KwaNobuhle and Bloemendal Cluster.** The total population for this cluster, which includes Uitenhage farms and Colchester wards, is 305 458 persons.
- **Motherwell-Wells Estate Cluster,** including Swartkops, Amsterdamhoek and Bluewater Bay, with a population of 165 457.
- **Ibhayi-Bethelsdorp Cluster,** which includes Ibhayi, KwaDwesi, KwaMagxaki, Joe Slovo, Govan Mbeki, New Brighton, Soweto-on-Sea, Veeplaas, Zwide, Helenvale and Algoa Park, with a population of 425 847.
- The **CBD Cluster,** which includes the inner-city areas of Central, North End, Korsten, Newton Park and Mill Park, with a population of 52 538.
- The **Southern Areas Cluster,** comprising Summerstrand, South End, Humerail, Walmer, Fairview, Theescombe and Schoenmakerskop, with a population of 95 172.
- The **N2 – Western Areas Cluster,** comprising Fernglen, Sunridge, Westering, Malabar, Parsonsvei, Kabega, Framesby, Kuyga and the Peri-Urban areas, with a population of 107 582.

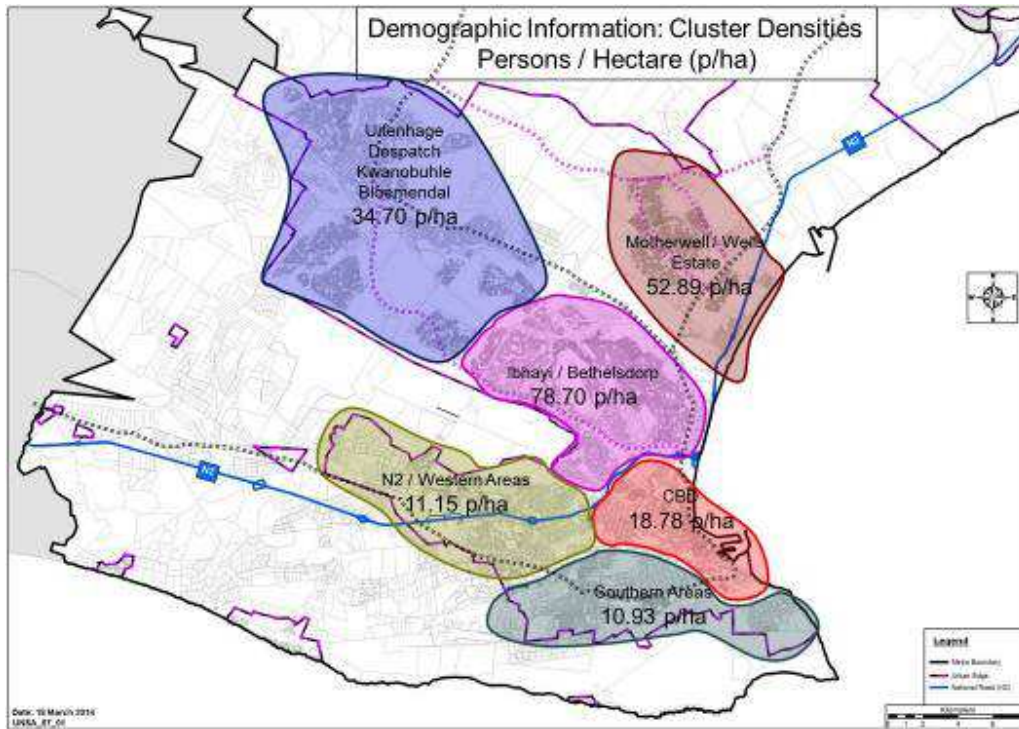
FIGURE 22: Urban Network Strategy - Township Clusters (improved resolution)



Source: NMBM, 2014

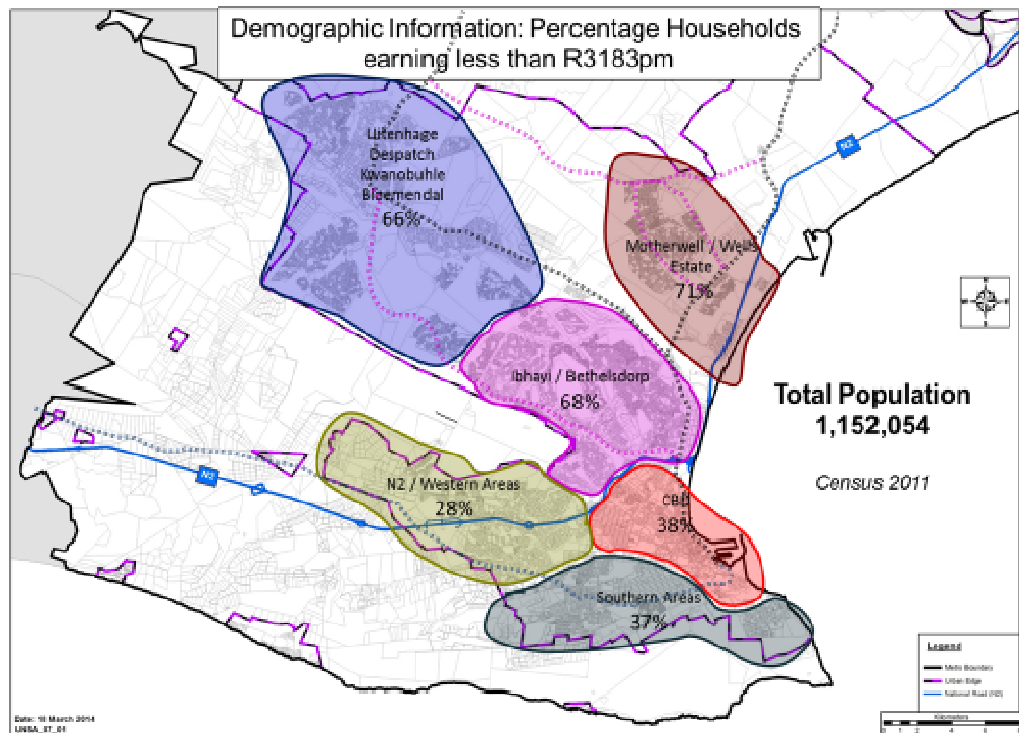
The density and income characteristics of these clusters are further illustrated in the figures below, which clearly highlight the higher densities and lower income levels of the Northern Townships (clusters) with Ibhayi having the highest density per hectare and Motherwell having the highest percentage of the population earning less than R3 183 per month.

FIGURE 23: Urban Network Strategy: Cluster Densities (Persons/Ha)



Source: NMBM, 2014

FIGURE 24: Urban Network Strategy - Income Levels per Cluster



Source: NMBM, 2014

CENTRAL BUSINESS DISTRICTS (CBD'S)

The framework identifies the CBD's of Port Elizabeth, Uitenhage and Despatch as important hubs in the urban framework. The Port Elizabeth CBD is however identified as the primary CBD for the Nelson Mandela Bay Metropolitan Area.

PRIMARY NETWORK/TRANSPORT LINKS

The primary network in this Urban Network includes three of the five major transport arteries, being:

- (a) Harrower/Stanford Road in a north-westerly direction, linking the PE CBD with the Gelvandale, Helenvale, Bethelsdorp and Bloemendal (Chatty) Townships.
- (b) R75 in a north-westerly direction, linking Port Elizabeth with Despatch and Uitenhage, as well as the townships of Ibhayi, Algoa Park, Missionvale, Govan Mbeki, KwaDwesi and KwaMagxaki with Port Elizabeth, Despatch and Uitenhage.
- (c) North-south linkage through Ibhayi along SheyaKulati, Njoli, Daku and Dibanisa Roads, linking the PE CBD and Ibhayi with Motherwell, also referred to as the Khulani Corridor.

The other significant network/transport links include:

- (a) Heugh/Buffelsfontein Road (East to West) being the most southern route.
- (b) Old Cape Road (R101) (east to west).
- (c) The N2 runs from the West to the North through the urban area, serving as a further primary linkage between the urban areas of Nelson Mandela Bay.

These arteries/transport links form the structure of the Integrated Public Transport System in Nelson Mandela Bay and comprise road as well as rail network links.

The other two major arteries, i.e. Buffelsfontein/Heugh Road and Old Cape Road are, for the purposes of this discussion, included as part of the Secondary Network Links.

Road network:

Public transport serves the metropolitan area along the following existing and planned routes:

- North-South linkage between the PE CBD and Motherwell via Ibhayi along the Khulani Corridor (SheyaKhulati, Njoli, Daku and Dibanisa Roads).
- North-West linkage between the PE CBD and Bloemendal/Bethelsdorp along Stanford Road, currently terminating near the Cleary Park Shopping Centre, but with planned future extension to Uitenhage via the Chatty, Jachtlakke and KwaNobuhle Estate areas.
- South-West linkage between the PE CBD and the Western Suburbs via Old Cape Road, currently terminating in the vicinity of Rowallan Park, but with planned future extension towards the Redhouse Chelsea intersection, with a possible linkage to the Bay West Mall development.

Rail network:

There is an existing passenger rail link between the PE CBD and Uitenhage via New Brighton, Sydenham, Swartkops, Redhouse, Despatch. This is part of the Port Elizabeth – Graaff-Reinet Line.

There is an existing passenger rail link between PE CB and Motherwell/Markman. This is part of the Port Elizabeth – JHB Line.

A future passenger rail link between Port Elizabeth Centre and Motherwell via the planned new Motherwell Rail Corridor parallel to Tyinira Street (Motherwell) is planned. There is a possible long-term linkage between Coega and Uitenhage. This is a high-

priority project driven by PRASA and about to be assessed in terms of NEMA processes.

A long-term passenger rail link route exists between Port Elizabeth and Uitenhage via Bethelsdorp, Chatty, Jachtlakte and KwaNobuhle. This route alignment has been in existence for a long time but is compromised in places by existing developments. PRASA, however, maintains its long-term interest in this line, particularly to serve the KwaNobuhle community.

A narrow-gauge rail line exists between Humerail (Port Elizabeth) and Loerie. This line originally served as a goods line between Port Elizabeth and Loerie, but has fallen into disuse over recent years. It has the potential to carry passengers between the Port Elizabeth harbour nodal areas and the new Bay West Mall.

PRIMARY URBAN HUBS

Two primary urban hubs have been identified and agreed to, namely:

Njoli Hub

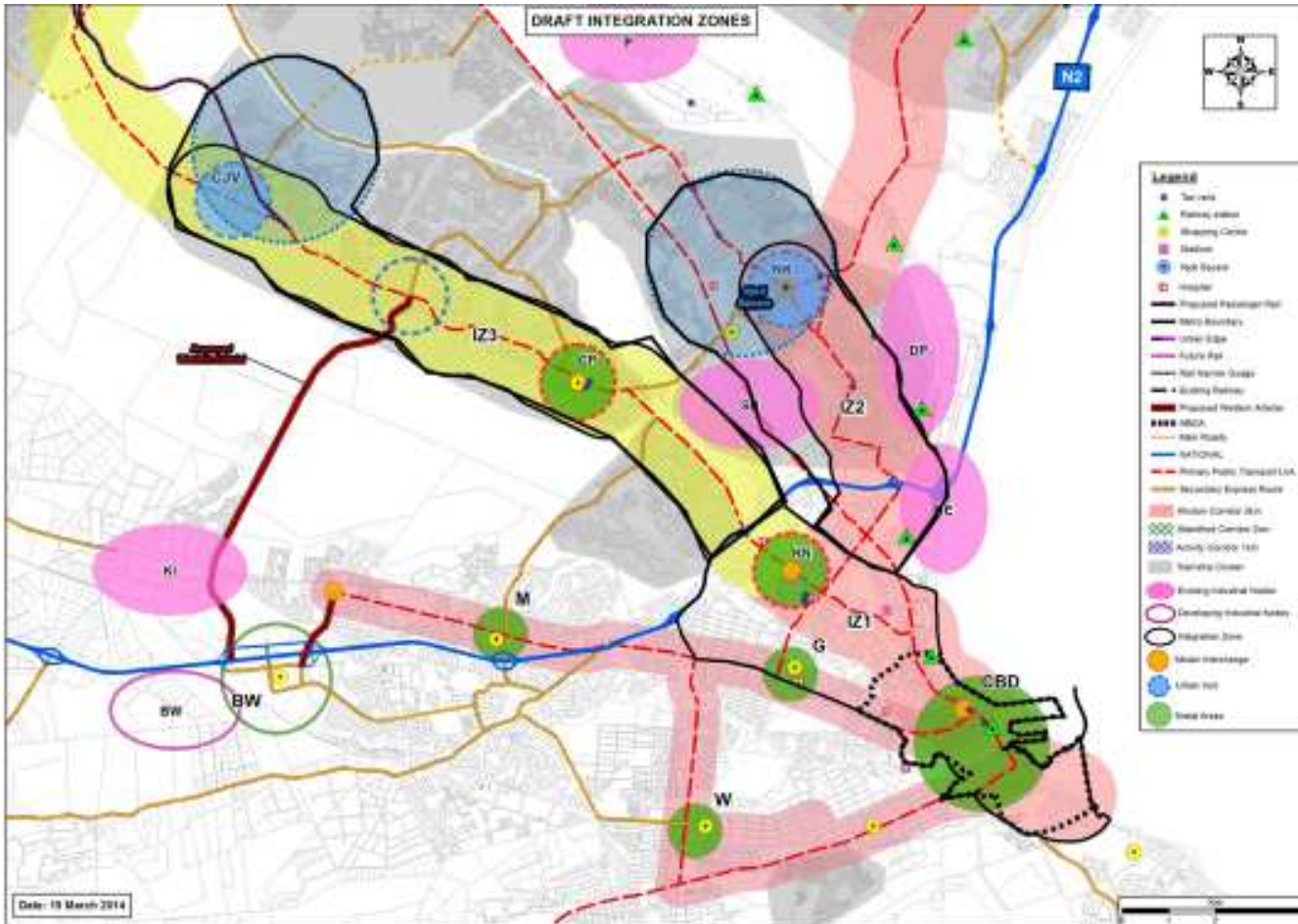
This Hub is identified as the Primary Hub for urban/catalytic intervention with the objective of linking and integrating the previously segregated townships of Ibhayi and Bethelsdorp. It was previously referred to as the Njoli/Kenako Hub.

The key elements in this hub include:

- Njoli Square, a multi-million rand redevelopment initiative around the historic Njoli Square;
- Khulani Corridor, a major transport link and development corridor, designed to link the Port Elizabeth CBD with the townships of Ibhayi and Motherwell;

- Kenako shopping Centre, a recently completed shopping centre;
- The Vista Campus of the Nelson Mandela Metropolitan University (NMMU), also known as the Vista Campus;
- The Eastern Cape Training Centre (ETC) opposite the Kenako Centre;
- The Dora Nginza hospital which is envisaged as a future academic hospital for the NMMU Medical School Facility; and
- The Vistarus informal settlement next to the Vista Campus, which is to be redeveloped as part of the Zanemvula Project, one of the first Mega/Presidential Projects initiated in 2006/07 in terms of the Breaking New Ground Strategy.
- The Red Location Cultural Precinct which includes the Red Location Museum of Apartheid, an Art Gallery, an Electronic Library; a Backpackers' Lodge as well as the regeneration of Singhapi Street can be considered as a Secondary Hub to the Ibhayi/ Bethelsdorp Hub.

FIGURE 25: Urban Hubs and Integration Zones



Source: NMBM, 2014

Chatty Jachtlakte Hub

The Chatty Jachtlakte Hub is identified as the second primary hub in great need of catalytic intervention to unlock the development potential of this newly developed area. It is situated to the West of Njoli around the intersection of the Bloemendal Arterial and Stanford Road.

This Hub is at the core of the greenfields component of the aforementioned Zanemvula Mega Project, developed as an initiative of the National Department of Human Settlements; Provincial Department of Human Settlements and the Municipality. The Housing Development Agency (HDA) is the implementing agent.

Key elements in this hub include:

- The convergence of Standford Road, Bloemendal Arterials and the MR448 (Old Uitenhage Road). Standford Road is one of the primary links between the Port Elizabeth CBD and Uitenhage. The Bloemendal Arterial on the other hand is not yet fully developed, but serves as an important North/South linkage between the R75 and Standford Road. MR 368 still serves as an important secondary link between Port Elizabeth and Uitenhage and has the potential to link the Njoli and Chatty Jachtlakte Hubs.
- The new greenfield residential developments of Joe Slovo West; Bethelsdorp North; Khayamnandi; the Chatty developments and the Jachtlakte/Kwanobuhle extensions currently in the planning stage, will yield in the order of 54000 residential opportunities, once fully developed. Approximately 14000 units have already been completed and are in need of social facilities and amenities.
- There are large tracts of vacant and serviced land in the greenfield development areas that can be utilized for catalytic high density infill and mixed used development.

SECONDARY NETWORK LINK

The primary network is strengthened and supplemented with a road network (of higher and lower order roads) that forms the secondary routes that link the five major arteries in the NMBM network.

Of significance in this Urban Network Framework are the links between the Urban Hubs and the primary network linkages which include:

- a) The Langenhoven Drive/Kempston Road link between Old Cape Road and Stanford Road linking the two primary arteries and extending into the Khulani Corridor.
- b) A link between Njoli Square and Stanford Road via Spondo Road and Bethelsdorp Road.
- c) A link between Njoli Square and the Chatty Jachtlakke Hub via Koyana Street, Chelsea Road and the Old Uitenhage Road (MR368).
- d) The Bloemendal Arterial link between the Uitenhage Road (R75) and Old Uitenhage Road (MR 368)
- e) A link between Stanford Road and the Old Uitenhage Road via Laurence Erasmus Drive.

SECONDARY HUBS

Secondary Hubs have not yet been identified for this Urban Network Framework although Motherwell has been noted as a possible priority secondary hub. The identification of Secondary Hubs will be included in the final 2015/16 BEPP.

The following mixed use nodes are under consideration as Secondary Hubs:

- Despatch CBD (D)
- Uitenhage CBD (U)
- Greenacres/Newton Park (G)

- Walmer Node (W)
- Makro/Framesby/Westerling (M)
- Bay West City Node (BW) (currently under construction)

INTEGRATION ZONES

The Urban Network Framework identifies three Integration Zones. These are:

- **Integration Zone 1 (IZ1)** which includes the Port Elizabeth CBD as well as the Newton Park and Stadium LSDF areas.
- **Integration Zone 2 (IZ2)** which incorporates a portion of the Khulani Corridor between the Standford Road and Njoli Square.
- **Integration Zone 3 (IZ2)** along Standford Road, establishing a link between Integration Zone 1 and the Chatty Jachtlakte Hub.

OTHER ACTIVITY CORRIDORS

The Nelson Mandela Bay Urban Network further identifies other existing mixed use activity corridors that are important. These are:

1. *Walmer*: Starting at Marine Drive as Walmer Boulevard, increasing in activity at 1st Avenue intersection, from where the road becomes Heugh Road, continuing to the intersection of Buffelsfontein Road and 17th Avenue.
2. *Walmer Main Road*: Commencing from Heugh Road, to Walmer Main Road, to the intersection with the William Moffat Expressway.
3. *William Moffat Expressway*: Starting from the intersection of Buffelsfontein and 17th Avenue, along William Moffat Expressway to Cape Road.
4. *Cape Road*: Starting at the intersection of William Moffat Drive and Cape Road, to Greenacres, terminating in the CBD.

It is specifically recorded that these activity corridors also serve as major employment areas.

3.6.2 Details of proposed or completed adjustments to the determination of spatial targeting instruments (PHDAs, SHRZs, UDZs, IDZs, SEZs, etc.) applicable to each Integration Zone

This draft BEPP has not yet reached the stage that the spatial targeting instruments can be fully developed.

It is recognised that, in the future adjustments, may have to be made to the instruments mentioned above. The work has not reached the level to properly determine the interventions possible.

In respect of Restructuring Zones for Social Housing, Council has approved that submissions be made to the Provincial Department of Housing and Local Government to declare the entire area within the urban edge a Restructuring Zone. This will allow flexibility in the location of social housing opportunities, including restructuring zones identified in the Urban Network Strategy.

3.6.3 Details of proposed or completed adjustments to Spatial Development Frameworks and Land Use Management System, and where relevant, By-Laws and Regulations applicable to each Integration Zone

It is recognised that adjustments may have to be made to the SDF and Land Use Management System in the future. The work has not reached the level to properly determine the interventions possible.

3.6.4 Details of identification of catalytic projects or programmes by prioritised Integration Zone, illustrating the intervention, sequencing, budget allocation and funding source. Each catalytic project or programme must be identified with a network element, i.e.

- CBD
- Urban Hub
- Transport Link and Activity Corridor

This Section cannot be finalised until such time as the Urban Network Strategy becomes more detailed. This process is under way.

In the interim, the following table has been prepared, based on the Draft Budget, as well as the Draft Urban Network Strategy described above.

TABLE 22: Integration Development Zones

Motherwell Area

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
20120030	KwaNobuhle Area 11	20,636,665	23,000,000	39,884,030
20120055	Motherwell NU 30	29,724,780	26,653,500	26,653,500
20120061	Motherwell NU 31	0	1,000,000	40,081,000
20130061	Ramaphosa West	0	250,000	11,701,500
19930329	Motherwell Electrification - Bulk Supply	419,112		695,550
19960193	Wells Estate Reinforcement	1,014,211	1,245,800	1,333,300
20120083	Motherwell Depot	630,522		-
20110054	Motherwell Main Sewer Upgrade	295,043	3,000,000	3,000,000
20110068	KwaNobuhle Area 11 – Link Sewer	738,761	15,000,000	15,000,000
20080126	SMME Hive	630,200	9,509,650	-
20080079	Wells Estate - Stormwater Improvements	2,608,850		-
19940233	Motherwell Canal Wetlands		1,000,000	1,000,000
20030379	Motherwell NU29 & 30 : Roads & S/w Bulk Infrastructure		6,574,200	5,000,000
19990104	Coega Reinforcement	1,474,540	15,000,000	15,000,000
20050097	Nooitgedacht/Coega Low Level System	37,546,288	60,000,000	40,000,000
20060107	Motherwell/Coega WWTW and outfall sewer	1,293,319	2,400,000	
TOTAL		97,012,292	162,233,100	199,348,800

Jachtlakte / KwaNobuhle Area

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
20110091	Khayamnandi Extension	66,280,641	37,074,650	28,263,620
20120033	Jachtlakte (Chatty 11-14)	1,671,577	18,47,150	5,000,000
20130038	ERF 8228	136,372	1,126,350-	-
20080144	Kwanobuhle: Upgrading of water reticulation	-	1,000,000	1,000,000
20120085	Kwanobuhle Reservoir Link Watermain	-	2,000,000	5,000,000
20080048	Jachtlakte: Bulk Water Supply Pipeline	218,125	4,000,000	5,000,000
20070144	Kwanobuhle WWTW : Upgrading	7,332,455	5,000,000	5,000,000
20070147	Kelvin Jones WWTW: Upgrade	12,175,523	12,000,000	20,000,000
Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
20070156	Fishwater Flats WWTW Upgrade	81,799,483	105,000,000	100,000,000
20080138	Kwanobuhle: Upgrading of sewer reticulation	-	1,000,000	1,000,000
20110056	Swartkops Low Level Collector Sewer Upgrade	6,581,438	8,800,000	15,000,000
20100057	Security upgrade - KwaNobuhle Fire Station		577,000	-
20030603	Stormwater Drainage System: Phases 2: Mondile Str.	7,058,956	1,586,600	-
TOTAL		183,254,572	173,038,250	185,263,620

Walmer Area

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
20120054	Walmer G Phase 3	174,747	13,486,460	-
20030471	Walmer-Lorraine Reinforcement	1,934,428	3,380,000	1,314,000
20080163	Fountain Road Development	216,423	9,079,420	-
20050250	Driftsands WWTW Phase 3 extension	7,152,545	3,000,000	5,000,000
20110067	Industrial Site (Airport Valley) - Bulk Sewer	-	2,000,000	3,000,000
20050064	Augment Collector Sewer for Walmer Heights and Mt Pleasant	1,058,008	5,000,000	10,000,000
20070191	Occupational Health and Wellness Center at Walmer	748,822	175,000	

Project ID	Project Description	2013/14 Actual Expenditure	2014/15 Approved Capital Budget	2015/16 Draft Budget
20080098	Upgrading of Walmer Training Centre	818,522	-	-
20120047	Walmer Development	166,283	1,150,000	-
20120052	Walmer Q Phase 3	189,931	270,000	-
TOTAL		12,459,711	37,540,880	19,314,000

N2 Area

Project ID	Project Description	2013/14 Actual Expenditure	Draft Budget 2015/16	Draft Budget 2016/17
20120048	Grogro	4,207,997	1,863,380	15,000,000
20030030	Lorraine - Bulk Sewerage Augmentation	2,154,726	10,000,000	10,000,000
19940201	H45 Redhouse - Chelsea Arterial: Walker Drive to N2	32,085,200	25,000,000	-
TOTAL		38,447,923	36,863,380	25,000,000

**Ibhayi/Njoli
Node**

Project ID	Project Description	2014/15 Actual Expenditure	Draft Budget 2015/16	Draft Budget 2016/17
20120060	Masakhana Village	152,261	4,737,040	-
20130039	Mandela Village Housing Project	-	1,661,610	-
20010118	Ibhayi Reinforcement	771,927	2,337,650	622,200
19990168	Njoli Square Redevelopment	10,188,905	1,104,800	53,114,550
TOTAL		11,113,093	9,841,100	53,736,750

TOTALS	349,440,135	419,516,710	482,663,170
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Source: NMBM Budget & Treasury, 2014; the MBDA intends spending R23 million in the CBD on upgrading projects.

3.6.5 Developmental strategies for each Integration Zone, including core objectives and instruments

It is recognised that, in the future, strategies for each Integration Zone will be determined. The work has not reached the level to properly determine the strategies, objectives and appropriate instruments.

ICDG funding will be used to develop Local Spatial Development Frameworks for the Ibhayi and Bethelsdorp areas, which will lead to detailed development strategies.

3.6.6 Details of institutional arrangements required to ensure the sustainability of interventions applicable to each Integration Zone

It is recognised that, in the future, these details will be determined. The work has not reached the level to properly determine these details.

3.6.7 Proposed timeframes for preparation and execution of catalytic projects and programmes

It is recognised that, in the future, these details will be determined. The work has not reached the level properly determine these details.

4. OUTCOMES AND OUTPUT

Urban Settlements Development Grant and Human Settlements Development Grant

The Municipality has shifted its focus from simply providing shelter to establishing integrated sustainable human settlements and providing good quality housing. In the establishment of integrated human settlements in terms of the 2014/15 financial year priorities, the Municipality has prioritised the following outputs:

- Identification of (4) four parcels of land for social housing.
- Development of 835 houses.
- The provision of permanent water and sanitation servicing for 4000 sites.
- The upgrading and servicing of 4 informal settlements.
- The tarring of 10km of gravel road.
- Provision of 1 km stormwater drainage.
- Relocation of 1200 families living in environmentally stressed areas.
- Rectification of 112 'wet and defective' houses.

The 2015/16 priorities and outputs will be identified once the IDP is finalized.

Neighbourhood Development Partnership Grant

R13,6 million is provided in 2015/16 financial year. This will be spent on two projects namely Fountain Road Youth and Advice Centre (R6 million) and the Motherwell Thusong Centre (R7,6 million). Both developments already exist and the funding will be spent on improving the amenities, security and appearance of the existing centres so that they are more user friendly for the public.

Integrated National Electrification Programme

Subject to DoE grant funding approval, it is intended to create 3 860 electricity connections at a total value of R42 million. Areas benefitting include Chatty, Motherwell, Khayamandi, Joe Slovo West, Silvertown, Red Location, Walmer and Ekuphumleni.

Electricity connections will greatly enhance the quality of life of beneficiaries.

Outcomes and impact for each Integration Zone

Once the budget process is finalised it will be possible to determine the outcomes and impact for each integration zone.

The above tables indicate that the draft 2015/16 budget is largely focused on bulk service installation in the integration zones.

5. INSTITUTIONAL AND FINANCIAL ARRANGEMENTS

In terms of the City Support Implementation Plan, Nelson Mandela Bay Municipality will receive technical support and expert review to enhance capital planning, the budget process and a financial sustainability strategy.

It has been the experience that NMBM has in the past had difficulty in adequately assessing capital and operating budget priorities. The support from the City Support Programme will assist in reaching agreement around priorities and ensuring the correct priorities are addressed.

5.1 INSTITUTIONAL ARRANGEMENTS FOR INTEGRATED PLANNING

The following institutional arrangements are in place for integrated planning:

- **Integrated Development Matrix**
(see Section 3.2.5 above)

- **Multi-disciplinary Technical Task Team (MDTTT)**
A Multi-Disciplinary Technical Task Team comprising senior management representatives from all the directorates of the Metro has been in existence since 2007 as a platform for inter-departmental and inter-disciplinary interaction on technical matters of strategic importance to the Metro. The MDTTT meets on a monthly basis to discuss and consider matters of cross-sectoral relevance and has since its inception added enormous value to the notion of integrated planning and implementation in the Metro. The MDTTT has no decision-making authority, but serves as a platform to consider and prepare technical recommendations to Council.

- **Integrated Human Settlements Development**
The Municipality follows an integrated approach towards all human settlements projects. This is achieved through the Integrated Development Matrix, as well as the Cluster approach, adopted by the Municipality as an integrated project mechanism.

- **External Capacity Support**
Internal capacity is supported through the sourcing of external contractors to deliver top structure services and install services. This approach places the Municipality in a position to deliver more services in housing than the current funding opportunities allow. The same approach is being used to implement all engineering projects.

- **Project Team Approach**

The creation of project teams, which include Infrastructure and Engineering, Human Settlements, Public Health and professional service providers, ensures a well co-ordinated and managed project.

- **Management Information Systems**

The NMBM Corporate GIS is currently implementing various management systems, which facilitate integrated processes in general, including those processes related to low income housing and project management. These systems are reflected below:

- **Project ILIS (Integrated Land Information System)**

Project ILIS manages all processes relating to land, thereby keeping a record of all land transactions. These include subdivisions, consolidations, township establishment, rezonings, departures, special consent, sale of land, acquisition of land, lease of land, building plans, and site development plans. Project ILIS includes systems for the following:

- **Housing Delivery Management System (HDMS)**

As part of Project ILIS, an IT system is required to ensure that houses are constructed on the correct erven and that beneficiaries are correctly assigned to the identified properties.

- **Building Plans Management System**

The management of the building plan approval process is electronically done through the ILIS system.

- **Land Application Management System (LAMS)**

A critical component of Project ILIS relates to managing all applications submitted that relate to land. LAMS records details of the application and then tracks applications as they follow the route through the Municipality.

5.2 INSTITUTIONAL ARRANGEMENTS FOR CAPITAL PROGRAMME MANAGEMENT

The NMBM has set up a Capital Programme to implement infrastructure to meet its developmental needs, as captured in the IDP. The supporting sector plans identify the needs/gaps in infrastructure, which are then scheduled for implementation in the three-year Capital Programme.

Planning for implementation includes the concept designs, environmental assessments, final designs and construction, which are the different phases that are planned for and that are critical for the successful spending of the Capital Budget. In the 2013/14 financial year the municipality managed to spend 98.7% of the Capital Budget despite serious setbacks and challenges the Municipality faced and will continue to face. Structures have been set up for the monitoring of implementation and expenditure, as follows:

- Directorate
 - Projects management of individual projects.
 - Reporting to the Portfolio Committees.
- Quarterly performance
 - Report of performance on SDBIP.
 - Grant budget performance.
 - Budget implementation.
- Annual
 - Reporting of Directorates' annual performance.
 - Annual SDBIP performance.

The above measures assist the successful implementation of the Budget Programmes and the Annual Report. Although budget expenditure of over 95% has consistently been achieved, concerns have been raised about the “hockey stick” expenditure curve versus the traditional S-curve. This theory can be tested on individual projects, considering that over 200 projects are being implemented. If all projects were scheduled for completion by 30 June 2015, this S-curve would result, but as this is not the case, it will seldom be achieved; within the municipal implementation space, various other factors impact seriously on the project cycle, such as:

- Ward priorities and ward-based budgets for housing development and tarring of gravel roads.
- Community objections.
- Small, medium and micro enterprise contractors: Demand for work and the associated work stoppages.

To continue to improve expenditure patterns, no project will be allowed to enter the capital program unless it has a clear procurement plan. To facilitate this, an electronic centralized procurement plan module is in its final stages of development as part of the Supply Chain Management Information System. This will be completed by February 2015 for full implementation in the 2015/16 financial year.

5.3 SUPPLY CHAIN MANAGEMENT AND PROCUREMENT PLAN

The Municipality has a Supply Chain Management Policy and System in place. These comply with legislation requirements and govern all supply chain management processes, including tender specifications, evaluation and adjudication.

The Municipality also has a Supply Chain and Contract Management Unit to assist project managers and directorates in procurement processes.

Approximately 45% of the Draft 2015/16 Capital Budget is contractually committed to projects as procurement of those multi-year projects has started in the 2014/15 financial year. Due to the infrastructure planning and condition assessment cycles, the procurement plans of some project only kick start the procurement processes late in the financial year.

In the 2013/14 financial year, the Municipality enhanced its contract management system to a completely electronic supply chain management information system. In the 2014/15 financial year, this will result in a paperless supply chain system that will assist to eliminate irregular expenditure due to incomplete tender files, improved turnaround times, improved record keeping and ensure security.

5.4 PARTNERSHIPS

No formal public-private partnerships in terms of legislation are in place. It is the intention of the Municipality to explore these options in the development of the N2 North Node and in future hubs.

Currently, a partnership exists in respect of the Bay West Development, in the form of a municipal services agreement. This agreement commits the developers and the Municipality to counter-funding for the provision of bulk services to the area.

The Mandela Bay Development Agency (MBDA) is a development agency and implementing partner of the Municipality. Initially, MBDA projects were confined to the CBD area of the Municipality known as its mandate area, however, its mandate has expanded to include other areas such as Helenvale, Motherwell and portions of Ibhayi.

5.5 VALUE OF PROGRAMMES AND PROJECTS BY SECTOR

The following is the value of programmes by Sector:

TABLE 23: Value of Programmes and Projects by Sector

Directorate	2013/14 Actual Capital Expenditure	2014/15 Capital Budget	Draft 2015/16 Capital Budget
Budget & Treasury	23,542,175	10,260,000	10,836,000
Chief Operating Officer	2,235,612	6,650,000	7,830,000
Corporate Services	43,334,329	15,700,000	14,500,000
Economic Development, Tourism and Agriculture	216,423	-	-
Recreational & Cultural Services	12,000,664	21,000,000	18,500,000
Human Settlements	175,634,029	245,223,000	255,462,008
Electricity and Energy	200,350,150	195,391,081	176,941,127
Roads, Stormwater, Transportation & Fleet	608,400,654	462,340,919	489,495,149
Water Services	183,548,516	206,480,000	241,411,964
Sanitation Services	227,639,306	366,491,000	414,572,753
Public Health	47,928,795	58,490,000	40,950,000
Safety & Security	5,708,580	11,822,000	8,538,000
Motherwell Urban Renewal Programme	11,033,557	-	-
	1,571,015,023	1,599,848,001	1,679,037,001

Source: NMBM Budget & Treasury, 2014

5.6 VALUE OF PROJECTS BY INTEGRATION ZONES

Attempts have been made to calculate the value of projects for the initially identified integration zones as follows.

TABLE 24: Value of Projects by Draft Integration Zones

Integration Zone	2015/16 Development Priorities
Motherwell Area	223,061,376
Jaghtvlakte/KwaNobuhle Area	216,840,619
Walmer Area	37,311,460
N2 Area	34,000,000
Ibhayi/Njoli Node	37,311,460
Rest of the Metro	1,0513,315,086
Total Draft Capital Budget	1,599,840,001

5.7 VALUE OF EACH CATALYTIC PROJECT OR PROGRAMME IN RELATION TO NETWORK ELEMENTS

Refer to Section 3.6.4.

The projects mentioned in this section include those that are physically located within the Integration Zone. However, supporting infrastructure, such as water and sanitation, is located outside of these areas. Therefore the projects that are on the Capital Budget support these catalytic projects.

5.8 NON-INFRASTRUCTURE RELATED INTERVENTIONS IN INTEGRATION ZONES

Specific consideration will be given to non-infrastructure related interventions as the integration zones are developed further..

It is recognised that successful urban areas are not only brought about by bricks and mortar, but by management systems, such as Special Rating Areas (SRA's) in CBD areas. The first operating SRA exists in Richmond Hill. Property owners pay a levy through the municipal accounts and the amount is paid over to a specially created company that looks after services. Other areas as candidates as SRA's are being considered.

5.9 APPLICATION OF GRANT ALLOCATIONS

Application of grant resources is reflected below.

The Nelson Mandela Bay Municipality prides itself in fully complying with the grant conditions as stipulated in the Division of Revenue Act. For this reason a conscious decision was made to apply the grant in the following areas:

To formalize informal areas by providing:

- Portable running water to support housing delivery and upgrading of informal human settlement.
- Water borne sewerage to support housing delivery and upgrading of informal human settlement.
- Increase water treatment capacity to cater for the additional water demand for both current and future housing delivery and upgrading of informal human settlement.
- Increase water network capacity to cater for the additional water demand for both current and future housing delivery and upgrading of informal human settlement
- Upgrading and expanding the waste water and sewerage treatment facilities to handle the additional affluent that need to be treated as informal settlement are upgraded and developed.

- Upgrading the pipe network capacity to handle the additional sewerage and waste water flow as result of housing delivery and the upgrading of informal settlements
- Bucket Eradication
- Tarring of gravel roads and provision of stormwater networks as part of the upgrading program of informal settlements.
- Provision of sidewalks when areas are upgraded and new areas developed to ensure a safe environment for pedestrians.

The NMBM applies its grant funding (USDG) for the development of infrastructure that supports its Housing Programme. This has resulted in the installation of water and sewer pipelines that serve each of the identified human settlements for house construction. In addition, the funds have also been used for the upgrade and development of sewer pump stations and water and waste water treatment works. With this as background, it has also formed the basis of the NMBM adopted approach that the best way to eradicate buckets is through the establishment of integrated human settlements, in terms of which communities are relocated from stressful situations to subsidised houses (HSDG) with waterborne sanitation. Recently other bucket eradication initiatives have been introduced as recorded elsewhere in this report. The challenge is the misalignment of the USDG and the HSDG, because the NMBM consistently services approximately 4 000 erven per year, while less than 600 subsidies from HSDG were approved in the 2014/15 financial year to the NMBM for housing top structure construction. This will seriously delay the housing backlog eradication.

TABLE 25: Application of Grant Resources

Urban Settlements Development Grant			858,144,000
	Tarring of Gravel Roads	50,000,000	
	Bulk Water	198,080,000	
	Bulk Sanitation and Bucket Eradication	359,841,000	
	Internal Services for Housing Delivery	245,223,000	
DME - Electrification Grant			28,000,000
	Informal Housing Electrification	28,000,000	
Integrated Public Transport System (IPTS)			234,000,000
	Public Transport Infrastructure	234,000,000	
Neighbourhood Development Partnership Grant			60,554,000
	Local Economic Development	60,554,000	
Total Grant Funding for the Draft 2015/16 Capital Budget			1,180,698,000

Source: NMBM Budget & Treasury, 2014

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ANNEXURE “A”**PERFORMANCE MATRIX**

The attached Performance Matrix has been populated with available information as far as possible. The Performance Matrix as was submitted in the 2014/15 BEPP is attached and will be refined. In accordance with a directive received in October 2014 from National Treasury, the performance matrix will be finalised by the 2016/17 BEPP submission and will be aligned to the institutional Service Delivery and Budget Implementation Plan.

ANNEXURE “B”**Key economic drivers (source: Rand International Capital Report, prepared for Nelson Mandela Bay Business Chamber, 2011)****(a) Overview of Eastern Cape economy**

Nelson Mandela Bay is situated in the Eastern Cape Province of South Africa. The Eastern Cape Province is located on the Southern-most coast of Africa and is the second largest of South Africa's nine provinces, covering approximately 170,000 square kilometers, with a population of 6.4 million, of which 65 percent live in rural areas. The ports of Port Elizabeth and East London are well established and the new deepwater port of Ngqura in Port Elizabeth adjacent to the Coega Industrial Development Zone (IDZ), is South Africa's flagship industrial port.

The Coega IDZ was established in order to maximise economic development within the region by focusing on export-orientated manufacturing and industrial activities within a range of core activities seen as locationally competitive within the Eastern Cape. The IDZ is supported by world-class infrastructure and services provided within the Zone.

According to Statistics South Africa, the Eastern Cape economy recorded a growth rate of 2.4% in 2008. This was below the country's growth rate of 3.1% for the year. The regional GDP of R155,520 million at current prices for 2007 was the fourth largest in the country, with employment also placed fourth (1,258,000 out of 12,885,000 for South Africa).

The industrial sector, including transport, contributes approximately 32% of the gross geographic product in the Eastern Cape. The main economic drivers are the automotive industry, petro-chemicals and food processing. Approximately 40% of the national automotive industry is based in the region, with a large Daimler-Chrysler automotive assembly plant in East London and Volkswagen and General Motors plants situated in Nelson Mandela Bay.

The largest number of employees in the Eastern Cape is in the Services and General Government sector (at 290 708), with manufacturing providing employment for 106 419 in 2009. Trade – represented by wholesale, retail and accommodation, which is also a proxy for tourism – was the next largest employer in the Eastern Cape, with 96 260 employees.

(b) Overview of Nelson Mandela Bay economy

Nelson Mandela Bay consists of the city of Port Elizabeth and the adjacent areas of Uitenhage, Despatch and Colchester. Port Elizabeth is South Africa's fifth-largest city, and the areas of Uitenhage and Despatch are two residential areas with industrial components within the metropolitan area. Uitenhage is located at the foothills of the Winterhoek Mountains and lies about 24 km north of Port Elizabeth. The Addo Elephant National Park is situated 45 kilometers north of Uitenhage. Uitenhage's economy is strongly dependent on the motor industry: Volkswagen, Lumotech and Goodyear have plants and factories in Uitenhage.

Despatch lies on the banks of the Swartkops River between Port Elizabeth and Uitenhage. Its name reflects its early function as a place for despatching bricks via rail to Port Elizabeth.

The Nelson Mandela Bay Municipality was the first metropolitan municipality in the Province and is one of seven metropolitan areas in South Africa.

Nelson Mandela Bay covers an area of approximately 200 000 hectares and is bordered by the Sundays River to the north and the Van Stadens River to the west.

Nelson Mandela Bay is the largest contributor to the Eastern Cape economy, generating 42% of the provincial Gross Geographic Product (GGP). Of its population of about 1.1 million, 26% are employed. The Nelson Mandela metropolitan area has a large pool of both skilled and unskilled labour, excellent infrastructure in terms of road and rail, and provides easy access to both the Port Elizabeth and Ngqura ports and the Airport.

Nelson Mandela Bay is one of the major industrial areas in South Africa and is the primary manufacturing hub of the Eastern Cape. Traditionally, economic growth in the Nelson Mandela Bay area has been strong, but dependent on a narrow industrial base and traditionally been driven by a few sectors only, mainly automotive vehicle and component manufacturing and exports.

The table below provides a snapshot of the evolution of the local economy between 1999 and 2009 in terms of GGP, with employment numbers per major economic sector.



TABLE 1: Snapshot of the evolution of local economy

Economic Sector	GGP - Rm 1999	GGP - Rm 2009	% Change 1999 - 2009	Jobs 1999	Jobs 2009	% Change 1999 - 2009
Agriculture	108	121	12%	4,472	3,390	-24%
Mining	83	65	-22%	423	564	33%
Manufacturing	8,686	11,921	37%	59,254	50,635	-15%
Electricity	562	645	15%	1,176	1,208	3%
Construction	529	1,302	146%	11,088	10,752	-3%
Trade	4,839	6,337	31%	46,293	32,744	-29%
Transport	4,049	6,750	67%	13,650	9,680	-29%
Finance	7,201	12,459	73%	17,782	26,835	51%
Services	9,345	12,370	32%	52,111	63,089	21%
Private households				23,640	28,397	20%
Taxes less Subsidies	4,903	6,788	38%			
Total GGP	40,305	58,757	46%	229,889	227,294	-1%

Source: Rand International Capital interpretation of Global Insight data, 2008 and 2009.

Note: The GGP figures are in constant 2005 prices in Rand million.

The following points are worthy of mention when analysing these sectoral trends in the Metro's economy over ten years:

- Real total Gross Geographic Product growth (at constant 2005 prices) increased by 46%, whilst employment declined by 1% over the same period ('Jobless Growth').
- The finance, insurance and real estate sector has grown by 73% and is the single largest sector, at 21.2% of GGP. It has also been the largest contributor to new employment, at 51% of the 1999 total.
- The general services and government services sector is the second largest contributor to GGP, but with the most employment creation at 63 089 jobs or 27.8% of total employment, reflecting a growth rate of 21% over the past decade.
- Manufacturing is the third largest sector in the local economy, at 20.3%, employing 50 635, which represents a substantial decline over the past decade; and
- The largest growth over the period was in the construction sector, at 146%, with only a 4.7% growth in employment in the sector. The sector accounts for 2.2% of GGP.

The manufacturing industry in Nelson Mandela Bay is traditionally seen as the dominant industry in the region, even though it has moved to third position in terms of actual GGP per sector. The dominant industrial activity in Nelson Mandela Bay is the motor vehicle and components industry.

The two major motor vehicle manufacturers in the Metro are: Volkswagen South Africa (VWSA) and General Motors. VWSA's plant is located in Uitenhage, while General Motors has plants in Sidwell, Struandale and Neave in Port Elizabeth. The Ford Motor Company of Southern Africa produces the Ford RoCam engines at a plant in Struandale. These engines are exported to Europe, Russia, India and China.

An indication of the manufacturing activity in the Eastern Cape and the NMBM is provided in the table below, which also indicates the growth of the various sectors over the past decade, together with the NMBM's contribution to the various sectors in the Eastern Cape.

TABLE 2: Manufacturing activity in the Eastern Cape and Nelson Mandela Bay

Manufacturing Sector	EC Total	% Growth 1999 - 2009	NMBM Total	% Growth 1999 - 2009	% NMB of EC
Food, beverages	3,481	31%	1,347	38%	39%
Textiles, clothing	1,612	19%	546	28%	34%
Wood & Paper	772	6%	384	12%	50%
Fuel, petrol, chemical	4,010	19%	3,166	21%	79%
Other non-metallic	550	14%	377	17%	69%
Metal products, machinery	1,916	29%	895	36%	47%
Electrical machinery	954	33%	709	36%	74%
Electronic, sound	210	31%	100	32%	48%
Transport equipment	5,419	25%	3,814	28%	70%
Furniture and other	1,271	7%	583	15%	46%
Total	20,195	23%	11,921	27%	59%

Source: Rand International Capital interpretation of Global Insight data, 2008 and 2009.

An analysis of the table reveals the following pertinent trends:

- The real growth of the sector (at constant 2005 prices) over a decade has been 23% for the Eastern Cape and 27% for Nelson Mandela Bay.
- The transport equipment sector represents the bulk of the automotive industry and 27% of total manufacturing in the Eastern Cape and 32% of Nelson Mandela Bay. Growth has been 25% and 28% respectively.
- The fuel, petrol and chemical sectors, together with metal products and machinery, is another contributor to the automotive industry and represents 29% of the Eastern Cape and 35% of the local industry, with an average growth rate of approximately 25%.
- Nelson Mandela Bay accounts for 59% of total manufacturing production in the Province, with 79% of the fuel and chemicals sector, 70% of the transport equipment (automobile) sector, and 47% of the metal products sector, all predominantly automotive related.
- Food and beverages has indicated strong growth at 31% in the Province and 39% in the Metro, which bodes well for food security in the region.
- The decline of the textile and clothing industry in the Province and the Metro is evident from the relatively low proportions of the manufacturing sector, occupying 8% and 5% for the Province and the Metro respectively.

Tourism as an industry is vigorously pursued, both nationally and provincially, and typically spans a number of sectors, making it difficult to measure actual performance. The tertiary sectors of trade and finance, services and transport typically include components of tourism expenditure. The tertiary sector has demonstrated the most significant growth in output and employment over the past decade.

Nelson Mandela Bay was host city to eight of the 2010 FIFA World Cup soccer games at its award-winning new Nelson Mandela Bay Stadium. The World Cup generated more than R163 million in expenditure in Nelson Mandela Bay and created 614 direct and 834 indirect jobs in the tourism sector. A cumulative 28 billion viewers in 208

countries were exposed to the city, with an estimated media value of R188 million. A total of 245,555 soccer fans attended the Fifa Fan Fest at St George's Park, while 286,000 supporters attended the eight matches held in Nelson Mandela Bay.

From January to February 2013, the Nelson Mandela Bay Municipality also successfully hosted six AFCON Games, attracting thousands of visitors and earning media and marketing attention to the value of millions of rands. This event was a major boost for the local hotel and hospitality industries.

Tourism's contribution to the Metro's GGP is estimated at 17%. It is estimated that foreign tourist arrivals in Nelson Mandela Bay were approximately 488 182 in 2010, while domestic tourist trips numbered approximately 2 268 700. These trends were extrapolated in the following table:

TABLE 3: Trends in visiting tourists

Visiting Tourists	2006	2007	2008	2009	2010
Foreign Tourist Arrivals	405 600	421 824	438 697	456 245	488 182
Domestic Tourist Trips	2 015 710	2 076 181	2 138 466	2 202 620	2 268 700

Source: Nelson Mandela Metropolitan University Tourism Research Unit, June 2006

The state of Nelson Mandela Bay's economy and infrastructure is healthy and the Metro and organised business are willing and able to welcome and facilitate investment in the region.

The envisaged economic development of the Metro is supported by the Spatial Development Framework and its sector plans.

DEVELOPMENT AREAS

MAP 1: Development Areas in Nelson Mandela Bay

