



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

**BUILT
ENVIRONMENT
PERFORMANCE
PLAN**

2017/18 – 2019/20

TABLE OF CONTENTS

1.	INTRODUCTION AND BACKGROUND	1
1.1	INTRODUCTION.....	1
1.2	PURPOSE OF THE BEPP	1
1.3	ADOPTION OF THE BEPP BY COUNCIL	2
1.4	PLANNING ALIGNMENT BETWEEN BEPP, IDP, SDF AND BUDGET.....	2
1.5	STRATEGIC DEVELOPMENT REVIEW.....	8
1.6	THE STRATEGIC PLANNING PROCESS: MISSION/ VISION/ STRATEGY	14
1.7	CAPACITY SUPPORT IMPLEMENTATION PLAN (CSIP)	17
2.	SPATIAL PLANNING AND PROJECT PRIORITISATION.....	20
2.1	SPATIAL TARGETING.....	20
2.1.1	<i>SPATIAL DEVELOPMENT STRATEGY.....</i>	<i>20</i>
2.2	LOCAL AREA PLANNING.....	75
2.2.1	<i>LOCAL AREA PLANNING FOR THE INTEGRATION ZONES</i>	<i>75</i>
2.2.2	<i>LOCAL AREA PLANNING FOR INFORMAL SETTLEMENTS AND MARGINALISED AREAS</i>	<i>89</i>
2.2.3	<i>LOCAL AREA PLANNING FOR GROWTH NODES.....</i>	<i>89</i>
2.2.4	<i>HOUSING PROJECT AREAS AND IPTS IN RELATION TO INTEGRATION ZONES</i>	<i>89</i>
2.3	PROJECT PREPARATION.....	92
2.3.1	<i>PROJECT PREPARATION FOR COMPLEX AND CATALYTIC PROJECTS.</i>	<i>92</i>
2.4	INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET	93
2.4.1	<i>LAND IDENTIFICATION AND RELEASE FOR INFORMAL SETTLEMENT UPGRADING.....</i>	<i>93</i>
2.4.2	<i>INSTITUTIONAL ARRANGEMENT AND OPERATING BUDGET FOR URBAN NETWORK /GROWTH AREAS/ ECONOMIC NODES AND CATALYTIC PROJECT</i>	<i>95</i>
3.	INTERGOVERNMENTAL PROJECT PIPELINE	100
3.1	INTERGOVERNMENTAL PRIORITISED PROJECTS	100
3.1.1	<i>CRITICAL GROWTH AND DEVELOPMENT PROJECTS FOR ALL SECTORS</i>	<i>100</i>
3.2	INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET	106
3.2.1	<i>LEADERSHIP AND GOOD GOVERNANCE</i>	<i>106</i>
3.2.2	<i>RISK MITIGATION AND OPERATING BUDGET IMPLICATIONS.....</i>	<i>109</i>
4.	SPATIAL BUDGET MIX	110
4.1	CAPITAL FUNDING	110
4.1.1	<i>CAPITAL BUDGET ALLOCATIONS TO PRIORITY DEVELOPMENT AREAS.....</i>	<i>111</i>

4.1.2	<i>Capital Budget Allocations to Integration Zones/ Growth Areas</i>	114
4.2	INVESTMENT STRATEGY	115
4.2.1	<i>APPLICATION OF GRANT ALLOCATIONS</i>	115
4.2.2	<i>PROPOSED URBAN SETTLEMENTS DEVELOPMENT PLAN</i>	117
4.3	INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET	117
4.3.1	<i>CAPACITY SUPPORT IMPLEMENTATION PLAN</i>	117
4.3.2	<i>VALUE OF PROGRAMMES AND PROJECTS BY SECTOR</i>	117
5.	IMPLEMENTATION	119
5.1	LAND RELEASE STRATEGY	119
5.2	PROCUREMENT APPROACH FOR TOP PRIORITY PROJECTS	120
5.2.1	<i>SUPPLY CHAIN MANAGEMENT AND PROCUREMENT PLAN</i>	120
5.3	INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET	121
5.3.1	<i>CAPITAL PROGRAMME</i>	121
5.3.2	<i>CAPACITY SUPPORT IMPLEMENTATION PLAN</i>	123
6.	URBAN MANAGEMENT	124
6.1	URBAN MANAGEMENT INTERVENTIONS.....	124
6.2	TRANSPORT MANAGEMENT	125
6.2.1	<i>TRENDS AND DEMAND FOR TRANSPORTATION</i>	127
6.3	INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET	127
6.3.1	<i>PRECINCT-BASED MANAGEMENT ENTITIES</i>	128
6.4	ECONOMIC PERFORMANCE.....	139
7.	INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET	152
7.1	CROSS-CUTTING INSTITUTIONAL ARRANGEMENTS.....	152
7.1.1	<i>ESTABLISHMENT OF A SINGLE ORGANISATIONAL PLANNING PROCESS</i>	152
7.1.2	<i>ESTABLISHMENT OF A BEPP TEAM</i>	152
7.1.3	<i>INTEGRATED DEVELOPMENT MATRIX</i>	153
7.1.4	<i>INTER DEPARTMENTAL TECHNICAL TASK TEAM</i>	154
7.1.5	<i>EXTERNAL CAPACITY SUPPORT</i>	155
7.1.6	<i>PROJECT TEAM APPROACH</i>	155
7.1.7	<i>MANAGEMENT INFORMATION SYSTEMS</i>	155
7.2	CONSOLIDATED OPERATING BUDGET	157
8.	REPORTING AND EVALUATION	159
8.1	BUILT ENVIRONMENT OUTCOME INDICATORS AND TARGETS.....	159
8.2	THEORY OF CHANGE	159
9.	BIBLIOGRAPHY	161

LIST OF ANNEXURES

- ANNEXURE “A”:** Guidance Note (National Treasury, Cities Support Programme: BEPP Guidance Note for 2017/18 – 2019/20 (issued on 21 October 2016).
- ANNEXURE “B”** Strategic Review of the Built Environment
- ANNEXURE “C”** Development Areas Map
- ANNEXURE “D1”** Informal Settlement Upgrading Project Map
- ANNEXURE “D2”** Informal Settlement Upgrading and Relocation Projects (also captured in Annexure “F”)
- ANNEXURE “E”** Catalytic Project List
- ANNEXURE “F”** Inter-governmental Project Pipeline
- ANNEXURE “G”** Built Environment Outcome Indicators and Targets
- ANNEXURE “H”** Urban Settlements Development Grant Plan

LIST OF ACRONYMS

AEL	Air Emissions Licence
APDP	Automotive Production and Development Programme
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
CGDS	City Growth and Development Strategy
CSEZ	Coega Special Economic Zone
CITP	Comprehensive Integrated Transport Plan
CoGTA	Department of Cooperative Governance and Traditional Affairs
CORPGIS	Corporate Geographic Information Systems
CSIP	Capacity Support Implementation Plan
CSP	City Support Programme
CWWTW	Coega Waste Water Treatment Works

DAFF	Department of Fisheries and Forestry
DBSA	Development Bank of Southern Africa
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DME	Department of Minerals and Energy
DORA	Division of Revenue Act
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
DWS	Department of Water and Sanitation
EC	Eastern Cape
ECSECC	Eastern Cape Socio-economic Consultative Council
EDRS	Economic Development & Recreational Services
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
ETC	Eastern Cape Training Centre
EPRU	Eastern Province Rugby Union
FWFWWTW	Fish Water Flats Waste Water Treatment Works
GGP	Gross Geographic Product
GIS	Geographic Information Systems
GRAP 17	Generally Recognised Accounting Practices (Property, Plant and Equipment)
GVA	Gross Value Added
HAD	Housing Development Agency
HDMS	Housing Delivery Management System
HIV/AIDS	Human Immunodeficiency Virus causing the Acquired Immunodeficiency Syndrome
HSDG	Human Settlements Development Grant
HURP	Helenvale Urban Renewal Programme
ICC	International Convention Centre
ICDG	Integrated City Development Grant
ICLEI	International Council for Local Environmental Initiatives
IDP	Integrated Development Plan
SEZ	Special Economic Zone
IHHS	Integrated Housing and Human Settlements Grant
ILIS	Integrated Land Information System
INEP	Integrated National Electrification Programme
IPTS	Integrated Public Transport System
IT	Information Technology

ITP	Integrated Transport Plan
LAMS	Land Asset Management System
LED	Local Economic Development
LSDF	Local Spatial Development Framework
LTDP	Long Term Development Plan
LTFS	Long Term Financial Strategy
LUMS	Land Use Management System
MBDA	Mandela Bay Development Agency
MDTTT	Multi-Disciplinary Technical Task Team
MIDP	Motor Industry Development Programme
Multi OEM	Multi Original Equipment Manufacturers Complex
MOSS	Metropolitan Open Space System
MPT	Municipal Planning Tribunal
MRF	Materials Recovery Facility
MSW	Municipal Solid Waste
MURP	Motherwell Urban Renewal Programme
NDP	National Development Plan
NDP	Neighbourhood Development Partnership
NDPG	Neighbourhood Development Partnership Grant
NEMA	National Environmental Management Act
NFSD	National Framework for Sustainable Development
NLLS	Nooitgedacht Low Level Scheme
NMBBC	Nelson Mandela Bay Business Chamber
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
NMMU	Nelson Mandela Metropolitan University
NSSD	National Strategy for Sustainable Development
PE	Port Elizabeth
NT	National Treasury
PDohS	Provincial Department of Human Settlements
PICC	Presidential Infrastructure Coordinating Commission
PPC	Pretoria Portland Cement Company
PPF	Project Preparation Facility
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
RDP	Reconstruction and Development Programme
RE Scheme	Return Effluent Scheme
ROD	Record of Decision
SALGA	South African Local Government Association
SANRAL	South African National Roads Agency Limited
SAPS	South African Police Services
SCU	Sustainable Community Unit
SCUs	Sustainable Community Units
SDBIP	Service Delivery and Budget Implementation Plan
SDR	Strategic Development Review
SEZ	Special Economic Zone
SIPs	Strategic Infrastructure Projects
SMP	Sanitation Master Plan
SOE	State Owned Enterprise
SPLUMA	Spatial Planning and Land Use Management Act
SPUU	Safety and Peace through Urban Upgrading Programme
SRA	Special Rating Area
StatsSA	Statistics South Africa
TNPA	Transnet National Ports Authority
UNS	Urban Network Strategy
USDG	Urban Settlements Development Grant
W&S	Water and Sanitation
WMP	Water Master Plan
WtE	Waste-to-Energy
WUL	Water Use Licence
WWTW	Waste Water Treatment Works

1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

This Built Environment Performance Plan (BEPP) follows the BEPP content and format provided by National Treasury in the Guidance Note (National Treasury, Cities Support Programme: BEPP Guidance Note for 2017/18 – 2019/20 (issued on 21 October 2016). It should be read in conjunction with the prior annual BEPP submissions for additional background information.

This BEPP attempts to conform to the requirements of the Guidance Note issued for the 2017/18 BEPP's. A copy of the Guidance note is attached as Annexure "A" for reference purposes.

A Strategic Review of the Built Environment is attached as Annexure "B". This strategic review contains updated information that was contained in the previous BEPP's. The Strategic Review contains important contextual information for this BEPP.

1.2 PURPOSE OF THE 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 metropolitan municipalities. It is submitted to National Treasury in order to, *inter alia*, access the following conditional grants:

- Integrated City Development Grant (ICDG)
- Urban Settlements Development Grant (USDG)
- Human Settlements Development Grant (HSDG)
- Public Transport Infrastructure Grant (PTIG)
- Neighbourhood Partnership Development Grant (NDPG)
- Integrated National Electrification Grant (INEP)

The BEPP aims to demonstrate the use of these grants for the purpose of spatial restructuring through targeting capital expenditure in areas that will maximise the positive impact on citizens, leverage private sector investment, and support growth and development towards a transformed spatial form and a more compact city.

This Built Environment Performance Plan builds the foundation for refinement and consolidation of the prior BEPP's particularly the 2015/16 BEPP by:

- Emphasising spatial planning and prioritisation through:
 - Spatial Targeting- prioritising Integration Zones
 - Local area planning
 - Greater catalytic project preparation detailing
 - Recognising the need for intergovernmental planning and sector alignment
 - Working towards a strategy for the prioritised Integration Zones
- Better articulating the required Urban Network Strategy investments in order to maximise provincial, national and State Owned Enterprises investments.
- Better defining a pipeline of catalytic urban development projects

1.3 ADOPTION OF THE BEPP BY COUNCIL

The 2017/18 BEPP was adopted by Council and submitted to National Treasury in compliance with DoRA by 31 May 2017.

1.4 PLANNING ALIGNMENT BETWEEN BEPP, IDP, SDF AND BUDGET

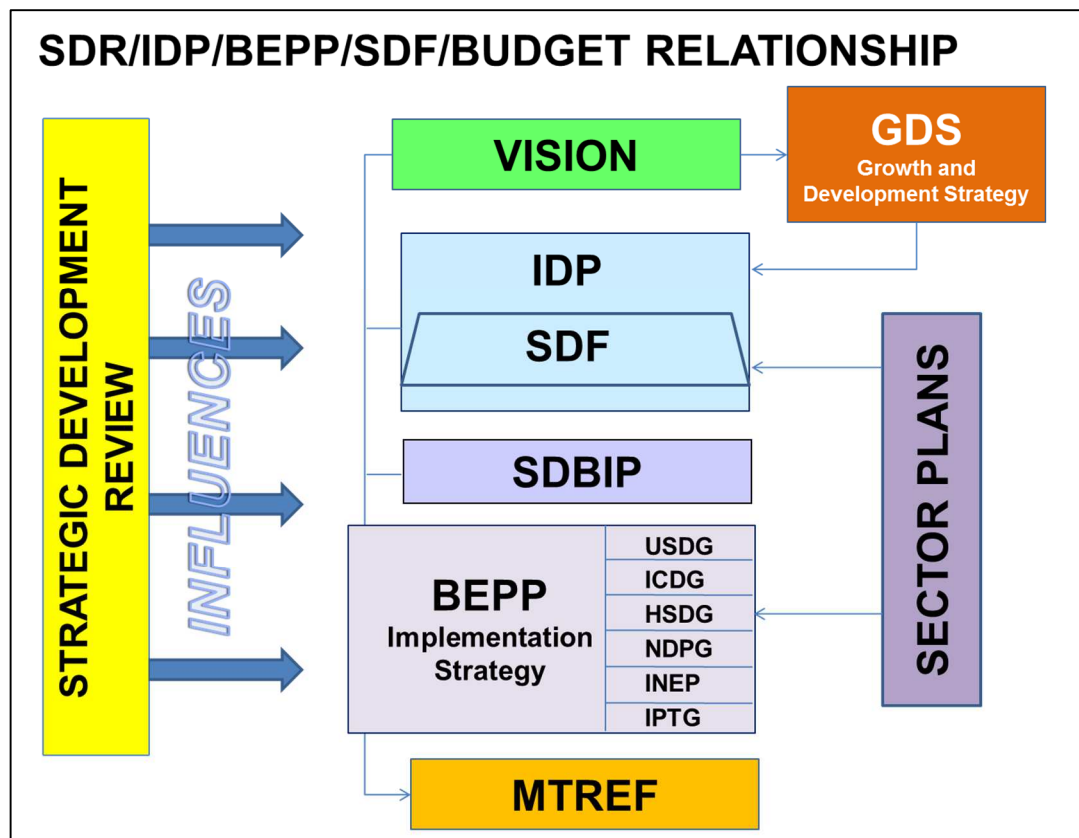
The BEPP is to be read together with, and is complementary to, the Municipality's key strategic documents, including the City Growth and Development Strategy, the Integrated Development Plan (IDP), the Budget,

the Spatial Development Framework (SDF) and the Comprehensive Integrated Transport Plan.

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

The following diagram can be seen to reflect the interrelationship between the BEPP, Spatial Development Framework and key strategic programmes/plans of the City:

FIGURE 1: Strategic Plan Relationship to the BEPP



Source: NMBM, 2017

An exercise is being specifically undertaken to formulate a mission and vision for the City and to maximise the alignment between a City Growth and Development Strategy (GDS), the BEPP, IDP, SDF and Budget.

A Task Team was established in October 2016 to drive this process which is politically led by the political portfolio head of Economic Development, Tourism and Agriculture.

The following diagram illustrates the processes whereby better alignment is achieved through regular Strategic Planning meetings underpinned by two Strategic Planning Workshops where major strategic decisions are taken.

FIGURE 2: Programme for Alignment of Strategic Planning Processes

Phase	Preparatory	Strategy Workshop #1	Detailed planning	Strategy Workshop #2	Finalisation	Council	Adoption
Summary	Preparation	Set direction	Detailed work, based on direction set	Confirm and adjust strategies and plans, informed by detailed work	Final changes and preparation for Council	Consideration by Council Committees	Approval and adoption by Council
Consultation	<ul style="list-style-type: none"> • IDP meetings • Prepare research consultation • Initiate research consultation 		Complete research consultation			Statutory consultation	
GDS	<ul style="list-style-type: none"> • Political visioning • Visioning session 	Political and executive leaderships generate outline city strategy	Prepare draft GDS	Political and executive leaderships consider and refine drafts of key strategy documents	<ul style="list-style-type: none"> • Final changes to GDS • Prepare GDS report to Council 	Council considers strategy documents	Council approves and adopts strategy documents
IDP			Prepare draft IDP		<ul style="list-style-type: none"> • Final changes to IDP • Prepare IDP report to Council 		
BEPP & SDF			Prepare draft BEPP & SDF		<ul style="list-style-type: none"> • Final changes to BEPP & SDF • Prepare BEPP report to Council 		

Source: NMBM, 2017

Better alignment is achieved in the final 2017/18 BEPP, IDP and Budget with work continuing to achieve even greater alignment in the 2018/19 Budget/IDP cycle.

A key feature of the alignment of processes has been the intensive consultation process undertaken for the preparation of the City Growth and Development Strategy and IDP which impacts upon all strategic planning including the BEPP.

Focus and strategic sessions with economic actors took place after a series of questionnaires were circulated.

The consultation process ran parallel to the IDP ward committee meetings that are held and included questionnaires and focus group workshops.

The election of 3 August 2016 and consequent changes of leadership impacted on the start date of the strategic planning process alignment. Time frames will be much improved in the 2017/18 Financial year in preparation of the 2018/19 strategic plans.

The spatial strategy for transformation and integration of the City is contained in the BEPP and its Urban Network Strategy, the Spatial Development Framework and the Sustainable Community Planning Methodology. The spatial strategy is expanded upon in section 2.1.1 of this report.

An alignment process between the BEPP and SDF is underway to ensure consistency in terminology and detail. This process will be completed in the 2017/18 financial year.

The IDP contains a section that deals with the spatial strategy of the NMBM. Integral to this section is the BEPP method and results.

The following table shows the key areas of alignment between the BEPP, SDF and IDP.

Table 1: Key area of alignment between BEPP, SDF and IDP

Area of Alignment	BEPP	SDF	IDP	BUDGET
BEPP method	Explained	Identified	Covered in Spatial Strategy	N/A
UNS element: Catalytic Projects	Identified	Alignment in process	Identified	Budgeted partially
UNS Element Informal Settlements upgrading	Identified	Identified	Identified	Budgeted
UNS element: Growth Areas	Identified	Identified	Identified	Budgeted
BEPP indicators	Identified and populated	Alignment in process to include relevant cadastral areas	Performance Management system recognises responsibility for relevant BEPP indicators	Capital Budget areas identified and populated

Source: NMBM 2017

1.5 STRATEGIC DEVELOPMENT REVIEW

During 2014 it was acknowledged that a number of indicators show that the NMBM has entered a low growth trap which weakens long term prospects for economic growth and poverty reduction, and threatens the fiscal sustainability of the municipality. The major indicators have not changed positively from 2014 to 2017.

Economic performance of the metro is weak with low investor confidence, joblessness and widespread economic exclusion. Although the metro has made impressive strides in expanding access to housing and basic services, this very success threatens the fiscal viability of the metro over the long term as low payment levels and rising operating costs erode its capacity to fund the significant investments required in infrastructure extension, maintenance and replacement.

The City Support Programme enabled a Strategic Development Review (SDR) through engagement with the political and administrative leadership. This review assessed the development challenges and opportunities facing the city and initiated a strategic planning process which involved the development of a number of possible scenarios linked to important development choices to be made.

It became clear from the analysis and the scenario planning exercise that the NMBM leadership needed to develop and sustain a consistent and mutually reinforcing set of initiatives and programmes (embracing financial, economic, developmental and organisational themes) to maintain a virtuous growth cycle which can meet the challenges facing the city over the long term.

It has been agreed that a shift of the development trajectory of the metro is required. This shift has been summarised as the “walking together for growth” scenario and calls for bold, strategic and disciplined leadership so that, by 2030, the metro is a dynamic, creative city of choice for residents and investors.

The decisions required in the "walking together for growth" scenario have been agreed as follows:

DECISION 1: ESTABLISH A SINGLE ORGANISATIONAL PLANNING PROCESS

The city must significantly strengthen strategic planning systems, to ensure they are consistent, mutually reinforcing and provide an effective guide to development. A lack of integration between major planning instruments, particularly with respect to human settlements, public transport and land use management makes a significantly negative contribution to the built environment outcomes experienced in the metro area.

In order to strengthen strategic planning, the city leadership should establish a strategic planning centre for the organisation, with capacity to: (i) exercise strong technical oversight of sectoral planning within a framework established by the Spatial Development Framework; and (ii) undertake extensive monitoring, evaluation and data analysis to drive empirically based policy formulation

The metro itself cannot control economic growth, so it must behave strategically with the powers it has and build the partnerships it needs to facilitate growth. Moreover, it must carefully choose what it seeks to do, as well as what it does not seek to do.

The single organisational planning process must have the Spatial Development Framework at its centre, because of the need to redefine the urban space economy for inclusive and sustainable growth. The current low density, sprawling urban form of the metro area has long been identified as an obstacle to equitable, sustainable and efficient development. Yet current city development strategies have continued to perpetuate – and in some cases entrench – this urban form. This has imposed long term costs on the municipality, households and businesses that are emerging as a significant constraint to future growth and poverty reduction.

DECISION 2: IMPLEMENT A MORE STRATEGIC BUDGET PROCESS

The previous budget process had many deficiencies: It was predominantly technical with no space for discussion of strategic and political imperatives and the budget implications. This reinforces a 'business as usual' approach by spending departments. Furthermore, consultation starts very late in the process and while the final budget may be technically sound (i.e. it could be approved by National Treasury as a funded budget) it lacks credibility with the political leadership, community organisations, and parts of the business sector. Such a budget is undermined from the moment it is adopted, and does not achieve its main purposes, namely to ensure that the budget reflects strategic choices, and that spending stays within the budget.

However, a municipal budget should be (a) strategically and technically well-considered; (b) financially-constrained; (c) politically-determined; and (d) broadly consulted and supported.

A strategically well-considered budget will ensure that spending shifts away from low priority and unaffordable projects and programmes towards essential and high priority projects and programmes. It will not merely react to the latest pressures but forge a deliberate path in the chosen strategic direction. It will be policy-driven (i.e. it will respond to strategic choices that are clearly articulated), especially in relation to the built environment and economic growth.

A technically well-considered budget will provide for an operating surplus of at least 15%, to ensure that the metro can afford capital programmes on a reasonable scale.

A financially-constrained budget will be funded (cash inflows will be sufficient to cover cash outflows). This is likely to require mandatory savings across the organisation, reprioritisation of major programmes, accelerated generation of

trading surpluses through service expansion (even to surrounding municipalities), and evaluations of returns on asset portfolios.

A politically-determined budget should reflect - within the available resources - political and strategic priorities; and a broadly consulted and supported budget should be able to win broad agreement among community, business and other social sectors that the budget is appropriate and correct. Without these the city budget will not be able to resist pressures to be continually amended, and so will not be effectively implemented.

In the course of preparation of the IDP, BEPP, Budget and Growth and Development Strategy for 2017/18 a more strategic budget process has been implemented. This is explained above.

DECISION 3: REFOCUS ALL ACTIVITIES AROUND DEVELOPMENTAL PROGRAMMES

The core strategic shift required in the approach of the city is from a Welfarist approach to a Developmental one. While the Welfarist approach has expanded access to social package of housing and basic services, it has not enabled the local economy to grow in ways that can provide opportunities to the majority of residents. It has left the city caught in a Welfarist dilemma: the more successful it is in providing a social package the less sustainable the municipality – and the social package - becomes over the long term.

A developmental approach is one where the city is able to enter a virtuous cycle of growth, where carefully selected infrastructure investment triggers increased economic activity and rising property prices. This, in turn, allows the city to collect growing service charge revenues from a rising number of non-poor households, and growing property tax revenues as prices rise. And this expands the ability of the city to invest in further infrastructure. Entering this virtuous, developmental cycle requires city to interface more actively with land markets, both to enable increasing number of households to participate and

benefit meaningfully from land market activity in the city, and to garner the revenue benefits.

Effective infrastructure programmes are the key to the city entering this virtuous cycle. The current investment portfolio represents the only chance the city has to get this right, both due to their scale and the absence of any additional sources of finance. It is thus essential that the city urgently seek to rebalance the social and economic dimensions of the portfolio to ensure that it will generate appropriate returns though expanding the revenue base of the city and re-establishing at least a basic operating surplus.

The need to build a more compact and inclusive spatial framework for the city, based on transit oriented development corridors (or integration zones) that are outlined in its Spatial Development Framework and Built Environment Performance Plan has been recognised. For this decision to be effective, it now needs to ensure that its sectoral development policies complement this approach.

DECISION 4: REBUILDING ORGANISATIONAL STABILITY AND INTEGRITY

The multiple organisational weaknesses that have limited the effective capacity at NMBM require that the following specific actions be undertaken:

- Strengthen the strategic centre of the organisation, locate all strategic planning and major operational planning in this centre, and ensure regular meetings of the entire top management of NMBM;
- Establish a correct and cooperative relationship between political and administrative structures that recognises the different responsibilities and accountabilities of political leaders and officials;
- Re-establish trust and the ability to work across silos though appropriate teambuilding activities;
- Radically enhance administrative productivity by leadership modelling of the necessary changes in behaviour, investing in staff seeking to

institutionalise these changes; and improving the management of performance;

- Strengthen integrity systems and ensure that they respond to causes rather than symptoms; enhance transparency and predictability; and strengthen and protect the internal audit function.

DECISION 5: REBUILD SOCIAL PARTNERSHIPS

The city leadership will need to work hard to create social consensus and build social capital, as it will not be possible to be effective unless some success has been achieved in this sphere.

There will need to be a sense of trust built around a ‘new deal’ and a new social coalition. There will have to be a shared sense of the challenges being faced, and a shared commitment to facing those challenges.

Some essential initiatives in this sphere should be:

- a programme with clear messaging and news and innovative channels of communication, particularly with the urban youth, unions and business sectors;
- Develop new means of community engagement, in consultation and oversight, in order to re-invigorate the relationship with communities. Test new mechanisms of community oversight of service delivery in selected areas: community scorecards, social audits. Re-examine (change and broaden) the roles of ward committees.
- Develop new means of engaging social partners for development.

Detailed recommendations to support the above decisions were adopted in July 2015 and are in the process of being implemented.

As described earlier, the public consultation processes employed in the 2017/18 Strategic Plan formulation are unprecedented in the country and go a

long way towards rebuilding trust amongst stakeholders that is critical to the realisation of the mission and vision.

1.6 THE STRATEGIC PLANNING PROCESS: MISSION/ VISION/ STRATEGY

“The purpose of a clear strategy is to bring the desired future into the present so that it can be realised”. Parker (2007)

The Strategic Planning Process aims to deliver on a City Growth and Development Strategy (CGDS) or Long Term Strategic Plan (LTSP) and an Integrated Development Plan (IDP) – an ‘Action Plan’ which is extrapolated from the LTDP. It can be comprised of the following Phases:

Phase I: Preparation

Preparation is informed by essentially two key sources:

- a) The Residents (constituents) and Organisations of all kinds who affect or are affected by the socio/political and economic environment (External Environment)
- b) The capability and capacity of the Municipality to consistently and successfully deliver on the needs and wants of its “shareholders”

Together these sources of information inform the Strategic Plan which is collectively and innovatively shaped and crafted in order to realise the desired future.

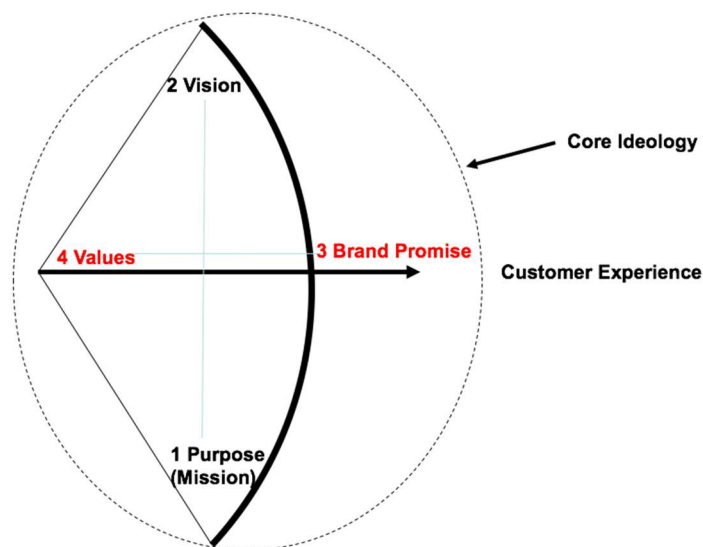
To this end, the NMBM embarked on the most extensive yet in South Africa, public and Economic Sector consultation, where the socio/political and economic environment in all the Sectors have been exhaustively examined.

This has been followed by deep introspection by leadership in the NMBM to analyse its internal capacity and capability to deliver.

Phase II: Crafting the Core Ideology

The Core Ideology forms the center or core of the Strategic Plan – without which the plan cannot find any direction. This core ideology can be illustrated as follows:

FIGURE 3: Elements of Core Ideology



Source: Enterprises University of Pretoria, 2017

The Purpose (Mission) outlines the purpose of the institution: why it exists and who it serves. The Vision articulates the desired future.

The Brand Promise (combination of 1 and 2) makes a clear statement about what it “promises” to deliver and can be held to whilst the 6 Values – which are the feathers in the arrow, drive and guide the brand promise to its points of delivery.

The Strategic Plan is built around, and to, drive the core ideology.

The draft core ideology of Nelson Mandela Bay was jointly crafted by the Mayoral Committee in December 2016 but is still subject to confirmation and review:

Mission (purpose)

“To create Freedom, Fairness and Opportunity for all in NMBM; Stop Corruption; Create jobs and Improve Service Delivery”

Vision

“An iconic, friendly, ocean city driven by innovation, service excellence and economic development - a destination of choice”

Brand Promise

“One City One Future”

Core Values

- ***Good Governance***
- ***Integrity***
- ***Proactive***
- ***Caring***
- ***Growth Oriented***
- ***Diversity***

Phase III: Developing the Long Term Strategic Plan and the IDP

This process commenced in February 2017 with highly concentrated half day Strategic Planning Workshops with each Economic Sector attended jointly by each Economic Sector and senior political and administrative leadership from the Municipality. The outcomes are jointly crafted Economic Sector Plans – underpinned by consensus on realities and priorities.

The outcome of the Economic Sector Core Strategic Plans together with Ward Specific Feedback was dealt with at a Mayoral Strategic Planning workshop that took place 20 and 21 February 2017.

These processes will assist the NMBM in the formulation of a City Growth and development Strategy. The processes will be completed during the latter half of 2017. Work to date has influenced the formulation of the IDP and budget allocations.

1.7 CAPACITY SUPPORT IMPLEMENTATION PLAN (CSIP)

During the course of preparation of this BEPP, the Capacity Support Implementation Plan has been further implemented. The CSIP identifies a number of programmes of support for the NMBM through the City Support Programme of National Treasury. As these programmes are further developed, they will influence the critical sections of the BEPP relating to strategies and programmes, outcomes and outputs and institutional and financial arrangements.

The following table identifies the Capacity Support Implementation Plan (CSIP) currently being undertaken through the City Support Programme of National Treasury and the status of those programmes.

Table 2: Capacity Support Implementation Plan 2016/17

Project	Purpose	Activities	Status
Organisational Change Management Support	<ul style="list-style-type: none"> Assist to build more effective management teams and departments. 	<ul style="list-style-type: none"> 'As-Is' organisational structure finalised Draft Service delivery model finalised Departmental coaching undertaken 	<ul style="list-style-type: none"> Finalised
Long term development planning support	<ul style="list-style-type: none"> Assist in the development of a long term city-strategy 	<ul style="list-style-type: none"> Thorough integrated process plan developed Improved consultation process developed 	<ul style="list-style-type: none"> Vision /Mission completed Consultation processes completed Input into a Growth and Development Strategy IDP Development
	Spatial Development Framework alignment support.	Gap analysis assistance	<ul style="list-style-type: none"> Complete
Financial planning Infrastructure financing support	<ul style="list-style-type: none"> Entrench use of a long-term financial model as basis for city financial strategy Assist to finance its infrastructure and catalytic projects 	<ul style="list-style-type: none"> Long-term financial model built and calibrated Assessed status and readiness of proposed capital projects to get financing 	<ul style="list-style-type: none"> Long-term financial model has yet to be used to develop a financial strategy Need to institute a proper project pipeline, where project choices are made and appropriate financing sought LTF Strategy to be developed
Revenue strategy & management support	<ul style="list-style-type: none"> To assist NMBM to review its tax and tariff structure 	<ul style="list-style-type: none"> Scoping completed 	<ul style="list-style-type: none"> Ongoing advice
Review of integrated public transport system	Technical expertise to facilitate reaching broad agreement on an appropriate approach to public transport	<ul style="list-style-type: none"> Technical analysis and engagements to prove unviability of original plans Facilitation to assist in resetting relationship with industry 	<ul style="list-style-type: none"> Ongoing support

Project	Purpose	Activities	Status
Human settlements support	To develop and support more appropriate approach to housing delivery in the city	<ul style="list-style-type: none"> • Draft of proposed appropriate approach developed for discussion • Managing transition to appropriate approach • Appropriate location of housing projects 	<ul style="list-style-type: none"> • Ongoing
Support for BEPP annual process	To support NMBM to continue to improve and refine its BEPP	<ul style="list-style-type: none"> • Repeated iterations to high quality BEPP • Entrenching spatial planning and the BEPP among senior managers • Outcome indicators 	<ul style="list-style-type: none"> • Ongoing
Support for catalytic projects	To support catalytic project preparation & implementation	<ul style="list-style-type: none"> • Repeated iterations to sound choice of catalytic projects • To ensure that catalytic projects are given adequate attention, priority, capacity and budget 	<ul style="list-style-type: none"> • Ongoing
Sub-national doing business	To improve city regulatory and administrative performance in respect of economic activities	<ul style="list-style-type: none"> • Process improvement action plans developed for Construction Permits & Getting Electricity and registering property 	<ul style="list-style-type: none"> • Ongoing
City economic partnerships	To establish partnering as a standard approach to city government economic development initiatives.	<ul style="list-style-type: none"> • determine opportunity or challenge around which partnership programme will take place 	<ul style="list-style-type: none"> • To be initiated

Source: NMBM, 2017

2. SPATIAL PLANNING AND PROJECT PRIORITISATION

2.1 SPATIAL TARGETING

2.1.1 SPATIAL DEVELOPMENT STRATEGY

The NMBM Spatial Development Strategy is articulated in a number of documents. These are identified and elaborated upon below.

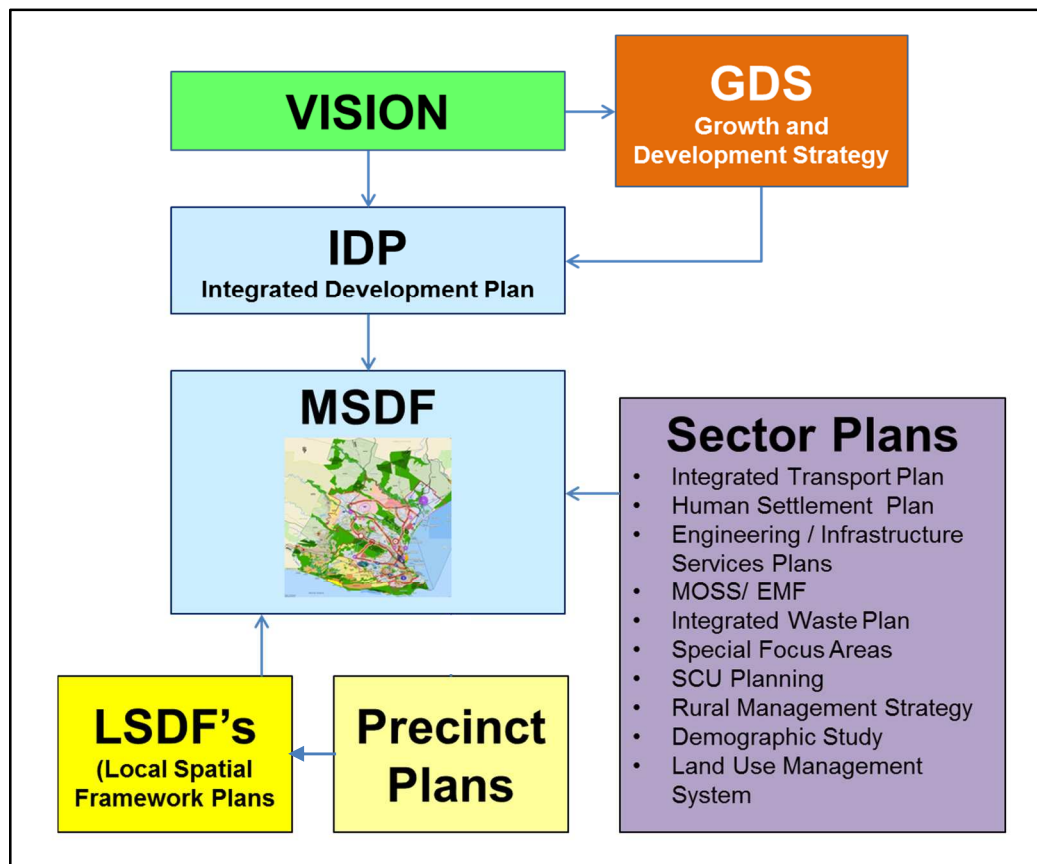
2.1.1.1 Metropolitan Spatial Development Framework (MSDF)

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 mission, vision and Growth and Development Strategy discussed above.

The Growth and Development Strategy informs future integrated development planning, which in turn informs the Spatial Development Framework of the Municipality. The Metropolitan Spatial Development Framework (MSDF), contains a number of key sector plans that are necessary for development.

The Metropolitan Spatial Development Framework in turn informs the Local Spatial Development Frameworks (LSDFs), which are more specific and location bound. Within the Local Spatial Development Plans are more detailed plans for specific precincts.

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

FIGURE 3: Relationship between Strategic Documents of the NMBM

Source: NMBM, 2017

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 represents the 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 Growth and Development Strategy.

FIGURE 4: Vertical Alignment between IDP and SDF

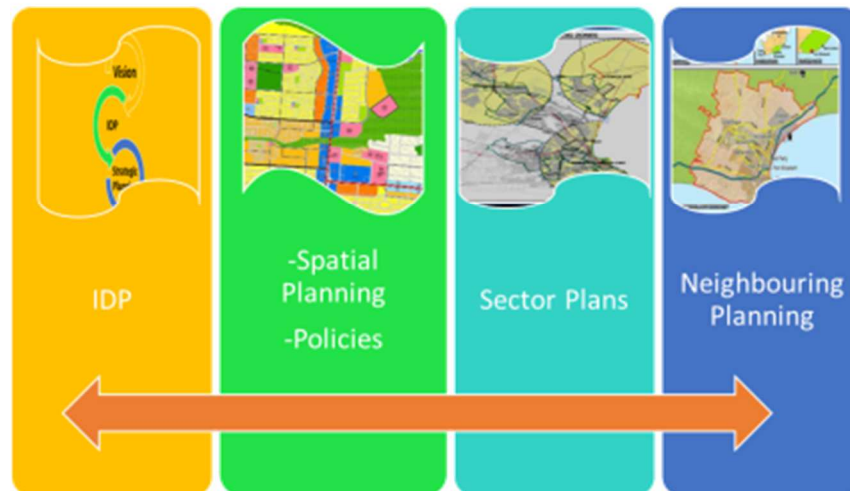
VERTICAL ALIGNMENT WITH IDP AND SDF



Source NMBM, 2015

FIGURE 5: Horizontal Alignment of Spatial Planning

HORIZONTAL ALIGNMENT OF SPATIAL PLANNING



Source: NMBM, 2015

The current MSDF is presently under review for the 2017- 2022 period. It is to be aligned with the Growth and Development Strategy and BEPP (including the Urban Network Strategy) and does not conflict with other development strategies, locally, nationally, provincially and regionally.

2.1.1.1.1 Spatial Development Framework proposals

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

These are discussed below and are:

- The Sustainable Community Planning Methodology
- Corridors and access
- Economic Development and growth

2.1.1.1.1.1 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, cultural and recreational facilities. As these imbalances serve as constraints for redevelopment, they should be addressed and rectified.

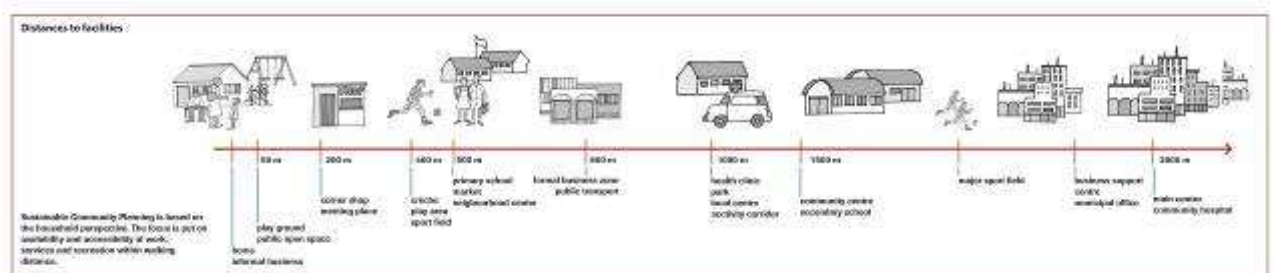
Sustainable Community Units (SCUs) have been introduced to achieve a more balanced structure in Nelson Mandela Bay, in order to reduce discrepancies in terms of service provision and standards; promote integration in socio-economic and functional terms; and provide for economic activities and employment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

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

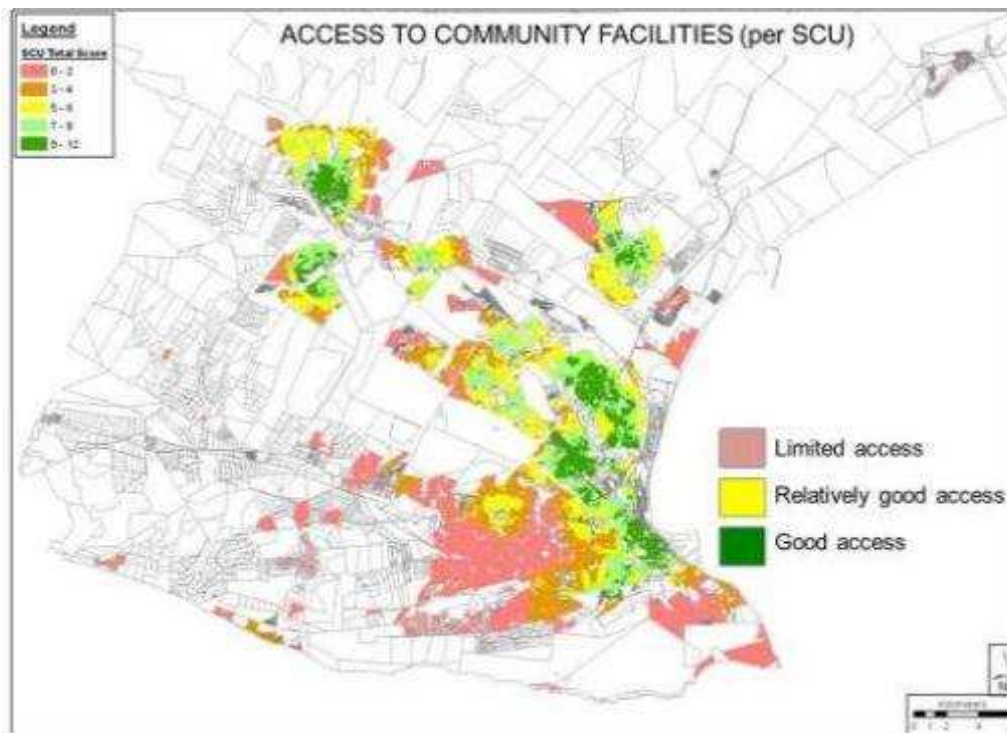
FIGURE 6: Distance to Facilities



Source: NMBM Sustainable Community Planning Guide 2007

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 7: Access to Facilities

Source: NMBM CorpGIS, 2010

The SCU 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 and amenities.

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).

2.1.1.1.2 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 pedestrian and cycle-paths along major roads.

2.1.1.1.3 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.
- (e) Implementing Transport Oriented Development.

2.1.1.1.2 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

2.1.1.1.3 MSDF sector plans

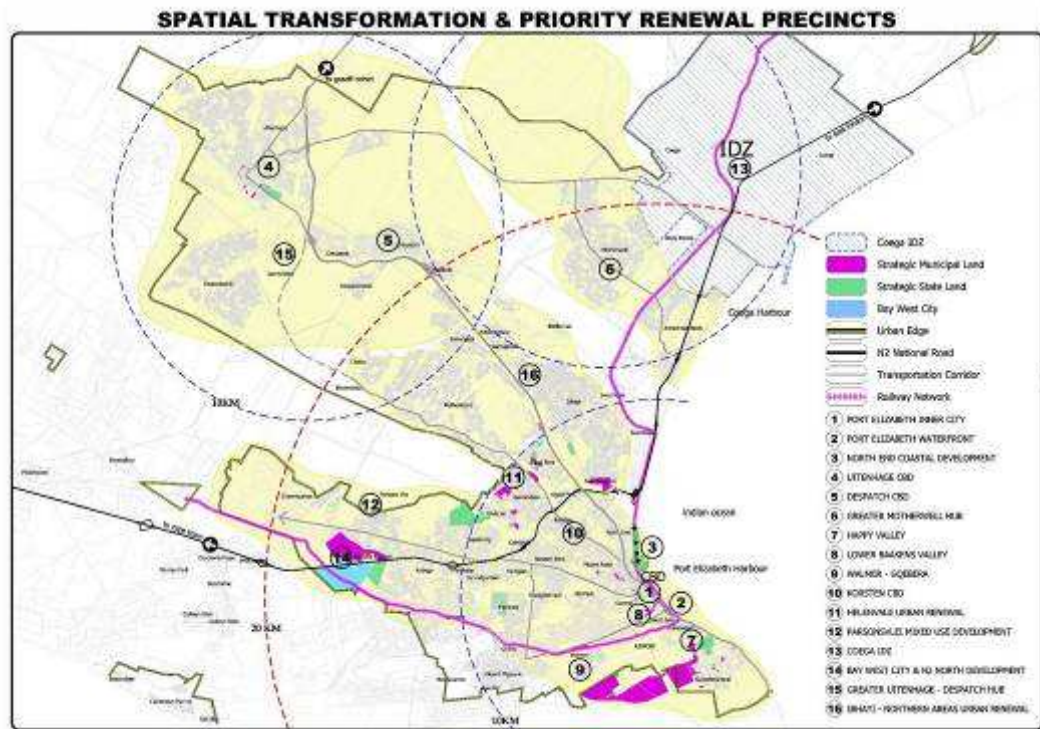
The various sector plans incorporated into the MSDF and which have major spatial implications for the MSDF, are as follows:

- (a) Coastal Management Plan
- (b) Coastal Development Line (Hazard Line) Study
- (c) Disaster Management Plan
- (d) Environmental Management Framework
- (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.

The MSDF is also supported by:

The Human Settlement Framework Plan 2030: The HSP has prioritised four main restructuring hubs focused around the Port Elizabeth CBD, Uitenhage CBD, Coega SEZ/ Motherwell Hub and Bay West/ N2/ Parsonslei Hubs. This plan, 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 8: Spatial Transformation and Priority Renewal Precincts

Source: NMBM Human Settlements Implementation Plan, 2012

2.1.1.1.4 Current status of the MSDF

The MSDF is continually being refined through on-going information gathering and studies, policy formulation and plan adjustments from time to time as well as the preparation of new and reviewed Local Spatial Development Plans. The legislation prescribes that the MSDF should be annually reviewed, with Council approval required every five years.

As part of the Capacity Support Implementation Plan, the Spatial Development Framework is being reviewed and aligned with the BEPP and other strategic plans for approval in the latter part of 2017.

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

Land Use Management

Spatial Planning and Land Use Management Act (SPLUMA)

The Nelson Mandela Bay Municipality (NMBM) is in the process of aligning the spatial planning institutional arrangements with the provisions of the Spatial Planning and Land Use Management Act, 2013 (SPLUMA). Key elements to note are:

- **The Municipal Planning Tribunal (MPT)** – The Municipality has, in terms of the Act, established a decision making body to deliberate on Land Development Applications. The Nelson Mandela Bay Metropolitan Municipal Planning Tribunal is fully operational.
- **Appeal Authority** – The Council will be the Appeal Authority on all land development matters. This is envisaged to shorten the bureaucracy in previous appeal processes where land development appeals were sent to the Province for adjudication.
- **The SPLUMA By-law** – The Municipality has developed a draft Municipal Bylaw that will address issues of time frames for land development application processes, guidelines in interpretation of provisions contained in the Act among other things. This By-law is now being refined and prepared for public consultation. Adoption by Council and promulgation is anticipated during 2017/18.

Section 33 (1) of the Act requires all land development applications to be submitted to the municipality as the primary authority. This gives the Municipality leverage to determine its spatial vision, guide and monitor development in its areas of jurisdiction and determine timeframes on decision making processes. The Municipal Planning Tribunal or any other authority required or mandated to make a land development decision in terms of the Act or any other law relating to land development, may not make a decision which is inconsistent with a Municipal Spatial Development Framework as stipulated in Section 22 (1) of the Act. This gives the BEPP an opportunity to highlight specific zones in the SDF, LSDF's and Precinct Plans, such

as Integration Zones, where capital investment projects are to be channelled in such a way that any development initiative will be directed towards prioritised catalytic urban development projects. This will mean that any land development initiative seeking approval of the Council (through the Municipal Planning Tribunal) will have to be in line with the provisions of the SDF as they relate to the project prioritisation areas.

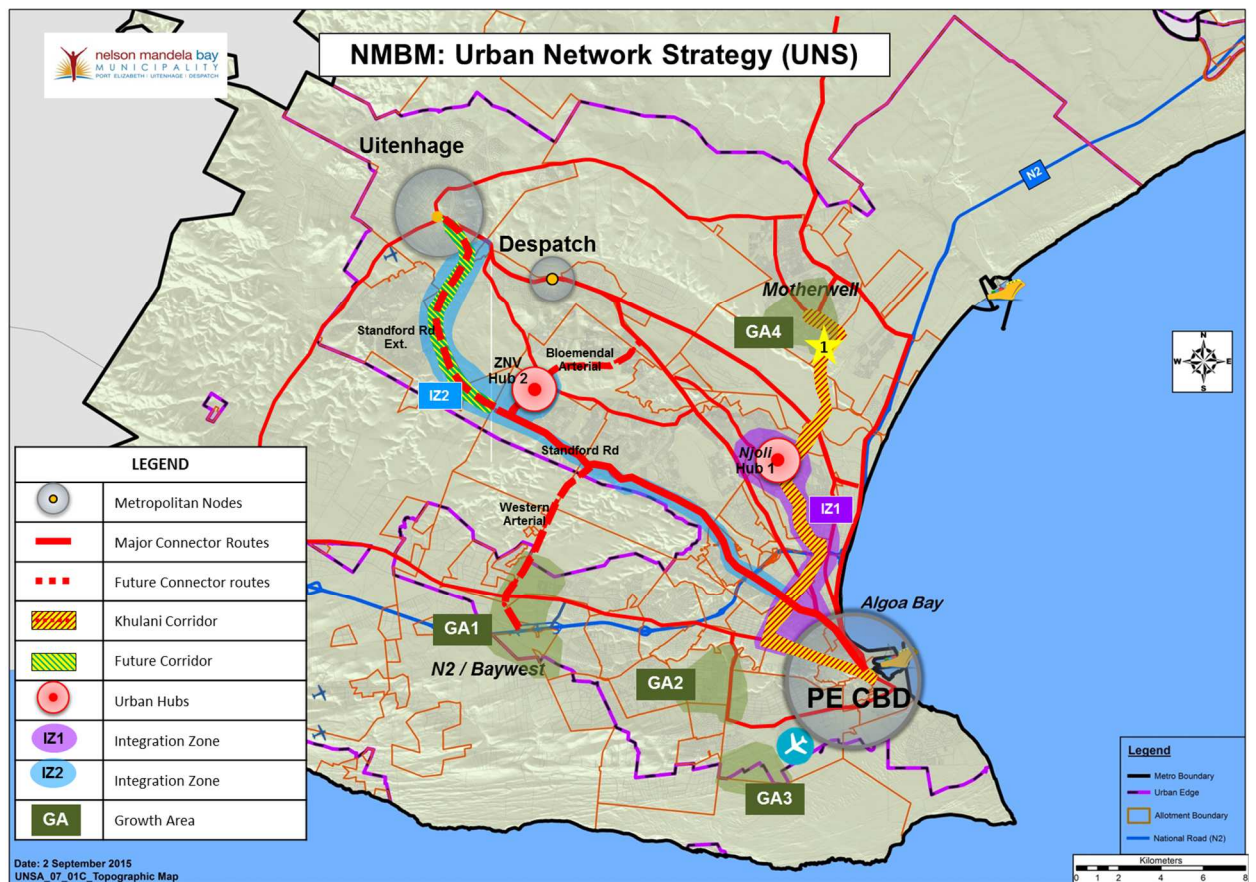
2.1.1.2 Urban Network Strategy and Prioritisation of Integration Zones

2.1.1.2.1 Identification of Urban Network Elements

The Urban Network Strategy (UNS) framework was approved by the Council as part of the 2016/17 BEPP submission. This framework was developed over time in conjunction with the NDP-Unit at National Treasury and in accordance with the prescribed methodology.

The key elements of the Urban Network Strategy are illustrated and explained in more detail below.

FIGURE 10: Urban Network Strategy Framework



Source: NMBM, 2017

2.1.1.2.1.1 Township Clusters

For the purposes of analysis the townships of Nelson Mandela Bay have been clustered into six township clusters. These are as follows:

Uitenhage, Despatch, KwaNobuhle and Bloemendal Cluster:

This Cluster is comprised of wards 41; 42; 43; 44; 46; 47; 48; 49; 50; 51 and 52; as well as the two peri-urban wards, i.e.: 45 and 53. The key demographic features of the cluster are as follows:

- Total population of 305 458 persons (StatsSA, 2011) representing 84 995 households;
- Average population density: 34,7 persons and or 8.9 households per hectare
- 83,2% of households are living in formal dwellings; 10.4% (\pm 8839 households) in informal dwellings; and 6.4% (\pm 5440 households) in backyard accommodation (formal and informal);
- The employment rate estimated to be 31% and approximately 66% of the population earn less than R3183 per month;

Motherwell-Wells Estate Cluster:

This cluster is comprised of wards 54: 55: 57; 59; 59; 60 and ward 56 which is a peri-urban ward. It includes Motherwell, Swartkops, Amsterdamhoek and Bluewater Bay and has the following key demographic features:

- Total population of 165 457 representing 46522 households (StatsSA, 2011);
- Average population density: 52.89 persons and or 14.57 households per hectare;
- Approximately 93,9% of households are living in formal dwellings; 2.9% (\pm 1349 hh) in informal dwellings; and 3.2% (\pm 1489 hh) in backyard accommodation (formal and informal);
- The employment rate is 30% and approximately 71% of the population earn less than R3183 per month.

Ibhayi-Bethelsdorp Cluster:

The cluster is comprised of the areas of Ibhayi, KwaDwesi, KwaMagxaki, Joe Slovo, Govan Mbeki, New Brighton, Soweto-on-Sea, Veeplaas, Zwide, Helenvale and Algoa Park represented by wards: 10; 13; 14; 15; 16; 17; 18;

19; 20; 21; 22; 24; 25; 26; 27; 28; 29; 30; 31; 32; 33; 34; 35; 36; 37 and 38; and with the following key demographic features:

- Total population: 425 847 representing 107 177 households (StatsSA, 2011);
- Average population density: 78.70 persons and 20.16 households per hectare;
- 81.9% of households are living in formal dwellings; 12.8% (± 13719 hh) in informal dwellings; and 5.3% (± 5680 hh) in backyard accommodation (formal and informal);
- The employment rate is 30% and approximately 68% of the population earn less than R3183 per month;

CBD Cluster:

This cluster is comprised of the inner-city areas of Central, North End, Korsten, Newton Park and Mill Park represented by wards 5; 7 and 11. The key demographic features of this cluster area, are as follows:

- Total population: 52 538 representing 16 251 households (StatsSA, 2011);
- Average population density: 18.78 persons and 5.71 households per hectare;
- 94.7% of households are living in formal dwellings; 0.7% (± 114 hh) in informal dwellings; and 4.6% (± 747 hh) in backyard accommodation (formal and informal);
- The employment rate is 50% and approximately 38% of the population earn less than R3183 per month.

Southern Areas Cluster:

This cluster is comprised of Summerstrand, South End, Humerail, Walmer, Fairview, Theescombe and Schoenmakerskop, including wards 1; 2; 3; 4; and

6. The key demographic features of this cluster are as follows:

- Total population: 95 172 representing 33 438 households (StatsSA, 2011);
- Average population density: 10.93 persons and 3.91 households per hectare;
- 86.2% of households live in formal dwellings; 7.9% (± 2642 hh) in informal dwellings; and 5.9% (± 1973 hh) in backyard accommodation (formal and informal);
- The employment rate is 54% and approximately 37% of the population earn less than R3183 per month.

N2 – Western Areas Cluster:

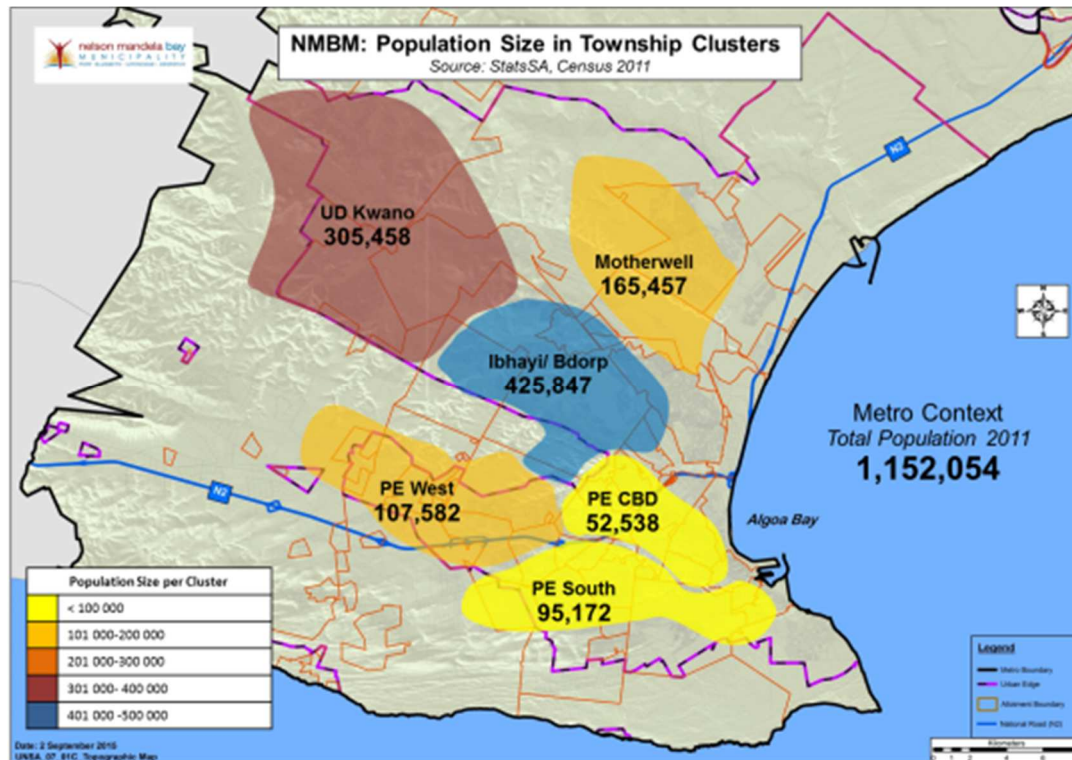
This cluster is comprised of the areas of Fernglen, Sunridge, Westering, Malabar, Parsonsvei, Kabega, Framesby and Kuyga. It includes wards 8; 9; 12; 39 and the peri-urban ward 40. The key demographic features of this cluster are as follows:

- Total population: 107 582 representing 32 185 households (StatsSA, 2011);
- Average population density: 11.15 persons and 2.99 households per hectare;
- 9.16% of households live in formal dwellings; 4.9% (± 1577 hh) in informal dwellings; and 3.5% (± 1126 hh) in backyard accommodation (formal and informal);

- The employment rate is 61% and approximately 28% of the population earn less than R3183 per month.

The identification of the clusters assisted the analysis necessary for the development of the Urban Network Strategy. These are shown below.

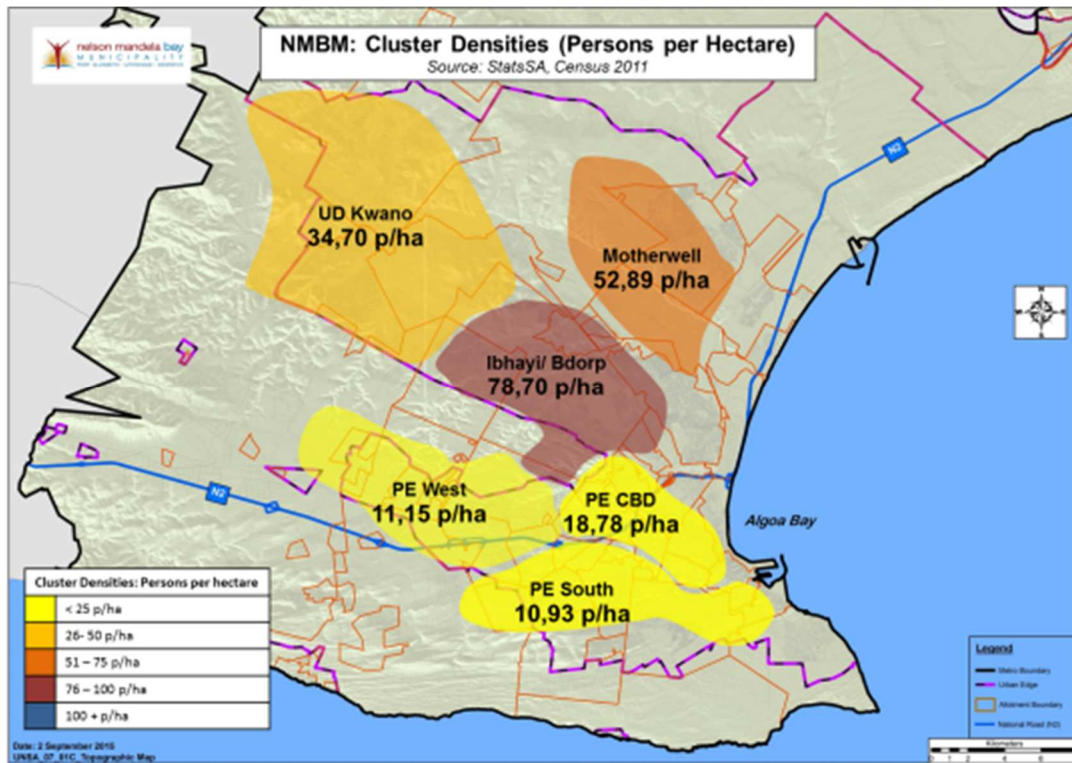
FIGURE 11: Urban Network Strategy - Township Clusters



Source: NMBM 2015 (based on StatsSA, 2011)

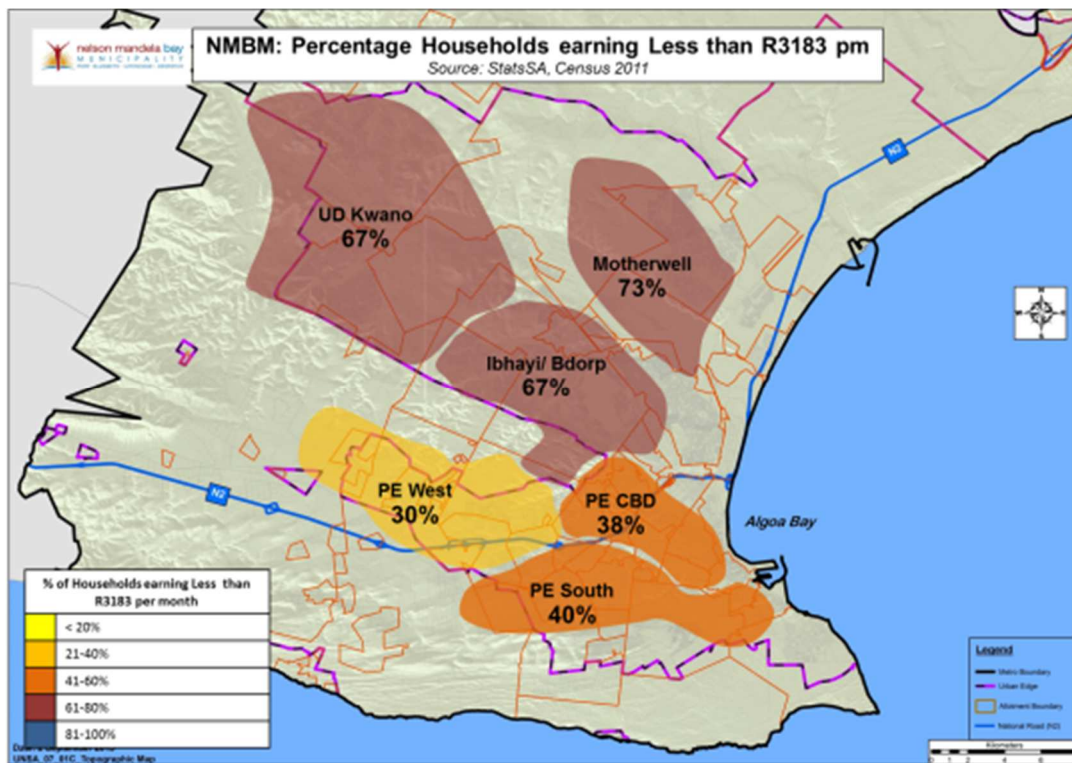
The density and income characteristics of these clusters are further illustrated in the figures below, which highlight the higher densities and lower income levels of the Northern Townships (clusters) with Ibhayi having the highest density per hectare. Motherwell has the highest percentage of the population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

FIGURE 12: Urban Network Strategy - Cluster Densities (Persons/Ha)



Source: NMBM, 2015 (Based on StatsSA, 2011)

FIGURE 13: Urban Network Strategy - Income Levels per Cluster



Source: NMBM, 2015 (Based on StatsSA, 2011)

2.1.1.2.1.2 Central Business Districts (CBD's)

The Urban Network Framework identifies the CBD's of Port Elizabeth, Uitenhage and Despatch as important nodes. The Port Elizabeth CBD is identified as the primary CBD for Nelson Mandela Bay Metropolitan Area.

FIGURE 14: Functional Area with existing Municipal Nodes (CBD's)



Source: NMBM, 2015

2.1.1.2.1.3 Primary Network/Transport Links

MAJOR ARTERIES

The primary transport network includes three of the five major transport arteries, being:

Harrower/Stanford Road

This road runs in a north-westerly direction, linking the PE CBD with Gelvandale, Helenvale, Bethelsdorp and Bloemendal (Chatty). The long-term integrated road network planning provides for the extension of Standford Road from its current point of termination in the Chatty/ Zanemvula development area, to the Uitenhage CBD area. This extension is reflected in the current planning of the Jachtvlakte / Kwanobuhle Estate residential developments.

Provincial Route R75

The R75 runs in a north-westerly direction and links Port Elizabeth, Despatch and Uitenhage, as well as the townships of Ibhayi, Algoa Park, Missionvale, Govan Mbeki, KwaDwesi and KwaMagxaki.

Khulani Corridor

The Khulani Corridor refers to the north-south linkage between PE CBD, Ibhayi, Njoli and Motherwell along SheyaKulati, Daku and Dibanisa Roads.

Other primary arteries are:**Old Cape Road (R101)**

Provincial Route R101, Old Cape road is a westerly linkage between the PE CBD and the Western Townships of Westering, Kabega, Rowallan Park and Bridgemeade.

Heugh/Buffelsfontein Road

This southern route links the PE CBD to the Western Coastal area of Seaview.

William Moffet Expressway

This road is a north-south linkage between Heugh Road / Buffelsfontein Road and Old Cape Road.

The N2

The N2 runs from West to 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 which is comprised of road and rail 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, Jachtlakte 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 a 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 and Despatch. This is part of the Port Elizabeth – Graaff-Reinet Line.

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

The planning of a future passenger rail link between Port Elizabeth CBD and Motherwell via a proposed new Motherwell Rail Corridor parallel to Tyinira Street (Motherwell) is well under way. There is a long-term possible linkage between Coega and Uitenhage. This is a high-priority project driven by PRASA and detailed route alignments and station designs are being finalised. Environmental Impact Assessment in terms of the National Environmental Management Act, 107 of 1998 and its regulations has also commenced. PRASA envisages to commence with implementation during the first quarter of 2018.

PRASA has confirmed their long-term interest in a passenger rail link between Port Elizabeth and Uitenhage via Bethelsdorp, Chatty, Jachtlakke and KwaNobuhle along a route alignment which has been in existence for a long time. The route is however partially compromised by existing developments which require attention at the appropriate time.

A narrow-gauge rail line (Apple Express) exists between Humerail (Port Elizabeth) and Loerie, which is located west of Nelson Mandela Bay. This line originally served as a goods line between Port Elizabeth and Loerie, but has fallen into disuse. There are investigations underway to operationalise the rail line between Humerail and Baywest Precinct for passenger rail purposes or alternative tourism trips.

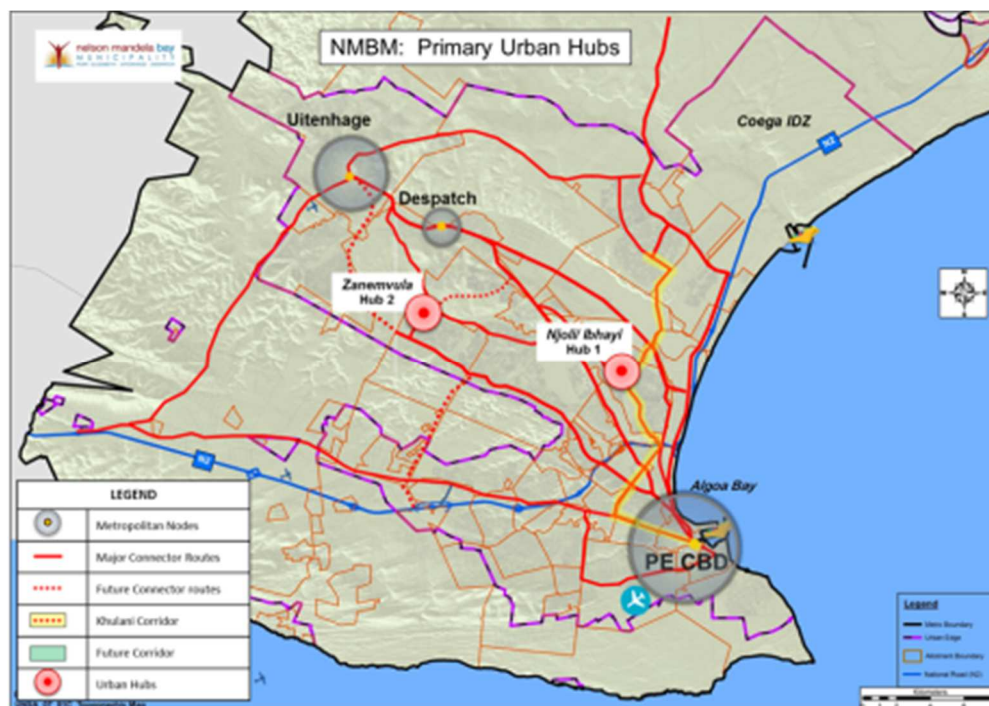
2.1.1.2.1.4 Urban Hubs

The Urban Network Approach (NDPG, 2013) makes provision for the identification of “urban hubs” that will serve as “town centres” for under serviced township clusters. It furthermore allows for a hierarchy of urban hubs, i.e. primary and secondary hubs

PRIMARY URBAN HUBS

The Primary Hubs are identified as follows:

FIGURE 15: Primary Urban Hubs



Source: NMBM 2015

Port Elizabeth CBD

The Port Elizabeth CBD is the administrative centre of the City and is recognised in the Urban Network Strategy as a Primary Hub.

Njoli/ Ibhayi Hub

Spatial targeting and the elimination of spatial inequalities, as envisaged in the National Development Plan, is an underlying principle of the Urban Network approach, hence the focus on catalytic development of urban hubs in under-serviced township clusters. The Njoli Hub is identified as the Primary 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. Its identification was informed *inter alia*, by;

- its importance as an historical public space for meeting and informal trading;
- the convergence of major routes in Ibhayi;
- the development of the Njoli transportation modal interchange and hub along the Khulani Corridor; and
- the underlying potential to creatively plan and implement public facilities and amenities that will act as catalysts for wider and more intensified developments that will enhance the scale of economies for the installation of public infrastructure in these areas.

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, which was recently completed;
- The Vista Campus of the Nelson Mandela Metropolitan University (NMMU);
- 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;
- 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.

Zanemvula (Chatty Jachtlakte) Hub

The Zanemvula (Chatty Jachtlakte) Hub is identified as the second Primary Hub. It is 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 green field 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.

Abutting the Zanemvula (Chatty Jachtlakte) Hub in the North is the Nelson Mandela Bay Logistics Park. Phase 1 of the Park is fully developed and operational and the development of Phase 2 is now identified as a catalytic project and will provide job opportunities.

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 are intended to be used for high density infill and mixed used development including employment opportunities.

SECONDARY HUBS

The Uitenhage and Despatch CBD's are identified as secondary hubs as a result of their role and function as sub-regional metropolitan (sub-metropolitan) nodes.

The Urban Network Framework includes the following Secondary Hubs:

Secondary Hub S1 (Kenako/Vista):

This hub is situated in the Ibhayi / Bethelsdorp area around the Kenako Centre; East Cape Training Centre (ETC); Dora Nginza Provincial Hospital; and the Vista Campus of the Nelson Mandela Metropolitan University (NMMU). It forms a logical link and extension to the Njoli Hub and holds significant potential for development interventions that will link two previously spatially (and socially) separated communities. The precinct planning for this hub will be undertaken as part of the precinct planning which runs concurrently with the preparation of the Ibhayi and Bethelsdorp LSDF's.

A draft precinct plan for the Ibhayi Precinct Area has been prepared in conjunction with the NDPG-unit of National Treasury and their consultants.

The Bethelsdorp Precinct Planning is intended to be completed before September 2017.

Secondary Hub S2 (Red Location):

This hub is located around the Red Location Cultural Precinct which includes the Red Location Museum of Apartheid, art gallery, electronic library; a backpackers' lodge as well as the regeneration of Singhapi Street. The node will play a significant role as a cultural/ tourism node and can be directly linked with the Port Elizabeth CBD by means of the New Brighton Railway Station which is within walking distance. It will furthermore complement and strengthen not only the Njoli Hub, but also the Khulani Corridor. Preliminary precinct design concepts are included in the Draft Ibhayi Precinct Plan.

Secondary Hub S3 (Jachtlakte/ Kwanobuhle):

Kwanobuhle Estate is a privately owned proposed development which is about to be developed and will link the Chatty/ Jachtlakte development with Kwanobuhle. A significant mixed-use/ retail node is planned along Standford Road extension in the longer term. Provision is also made for a railway station at this juncture as part of the planned PRASA commuter rail connection between Port Elizabeth and Uitenhage via Kwanobuhle. It could alternatively serve as a passenger station for the alternative light rail system planned along Standford Road. This nodal locality is therefore included as a future and long term Secondary Hub (S3).

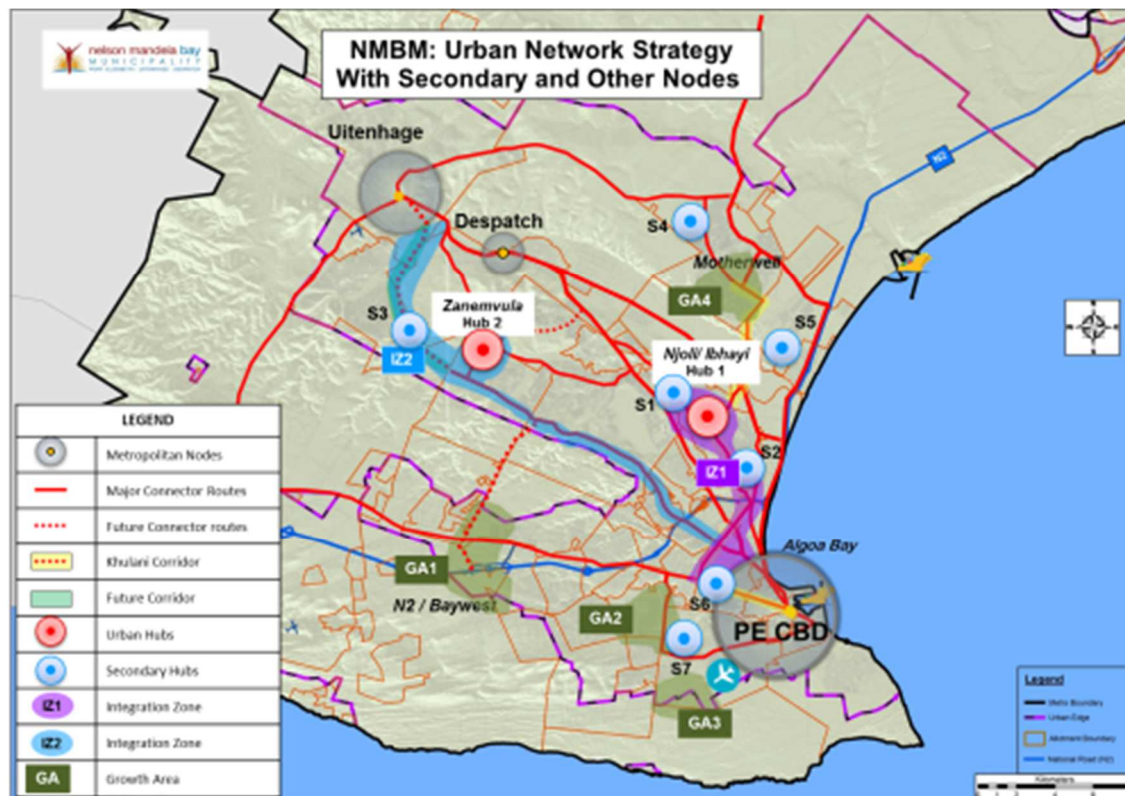
Secondary Hub 4 (S4)(Motherwell North):

The layout for the Motherwell North extensions currently under development, made provision for a retail node which could be developed as a secondary township hub. A possible future secondary railway station in this vicinity will contribute to the significance of this node as a future hub.

Secondary Hub 5 (S5)(Wells Estate):

The long-term road network plans make provision for a road linkage between Weinronk Way in Blue Water Bay and Tynira Street in Motherwell via the Wells Estate Extension 3 development. Provision has been made for a retail node at the convergence of the Phases 5 and 6 of Wells Estate Extension 3 and Blue Water Bay. This node could be developed as an effective secondary township hub for integrated mixed use development.

FIGURE 16: Urban Network Strategy with Secondary Hubs

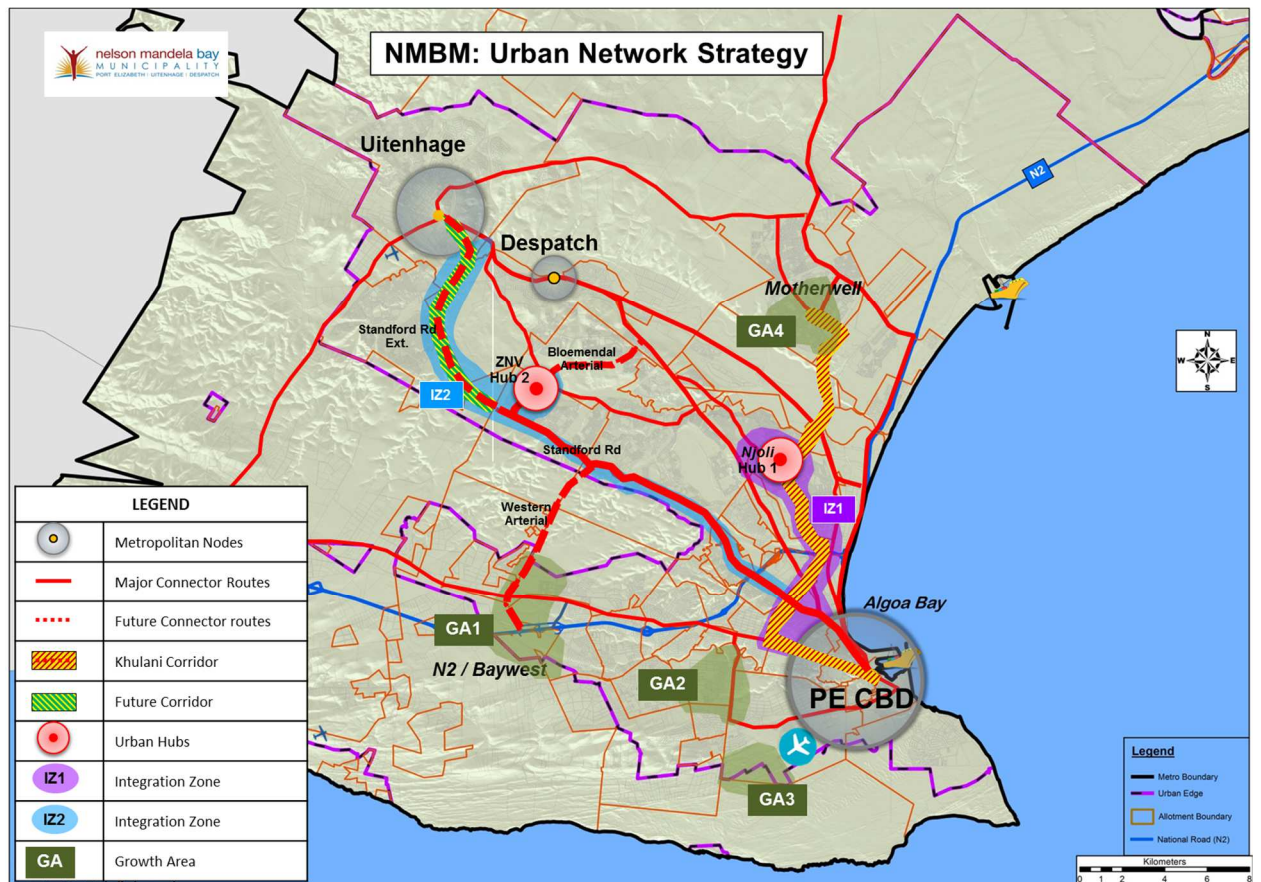


Source: NMBM 2015

2.1.1.2.1.5 Integration Zones

The following figure illustrates the location of the two prioritised integration zones and growth areas in the city.

FIGURE 17: Urban Network Framework with Urban Hubs and Integration Zones



Source: NMBM, 2017

Two Integration Zones are identified linking the CBD and Primary Hubs. The Integration Zones traverse the poorest parts of the city where catalytic development is targeted.

The Integration Zones are described below.

Revised / Prioritisation of Integration Zones

Consideration has been given to the prioritisation of the Integration Zones with the following result:

TABLE 3: Integration Zone Prioritisation

Integration Zone	Priority
Khulani / Njoli	IZ1
Standford Road	IZ2

It should be noted that notwithstanding this prioritisation, development in both Integration Zones will take place simultaneously.

The Khulani/ Njoli Integration Zone has been prioritised above Standford Road due to the advanced development of the two catalytic projects of Njoli Square and the Red Location Precinct in that zone.

The Port Elizabeth CBD is the anchor for both Integration Zone 1 and Integration Zone 2 and holds significant potential for inner city revitalisation with projects such as the Mermaids Precinct and the Port Baakens Catalytic Projects.

The key strategy for CBD is focused on inner city rejuvenation and densification. A full list of projects that will develop these objectives is incorporated in the Inter-governmental Project Pipeline Matrix (Annexure "F").

The projects include:

- Govan Mbeki Government Precinct
- Baakens Valley Gateway and Port Baakens Precinct Development
- Govan Mbeki Public Transport Route
- PE Station Upgrade
- Telkom Park / Happy Valley Re-development

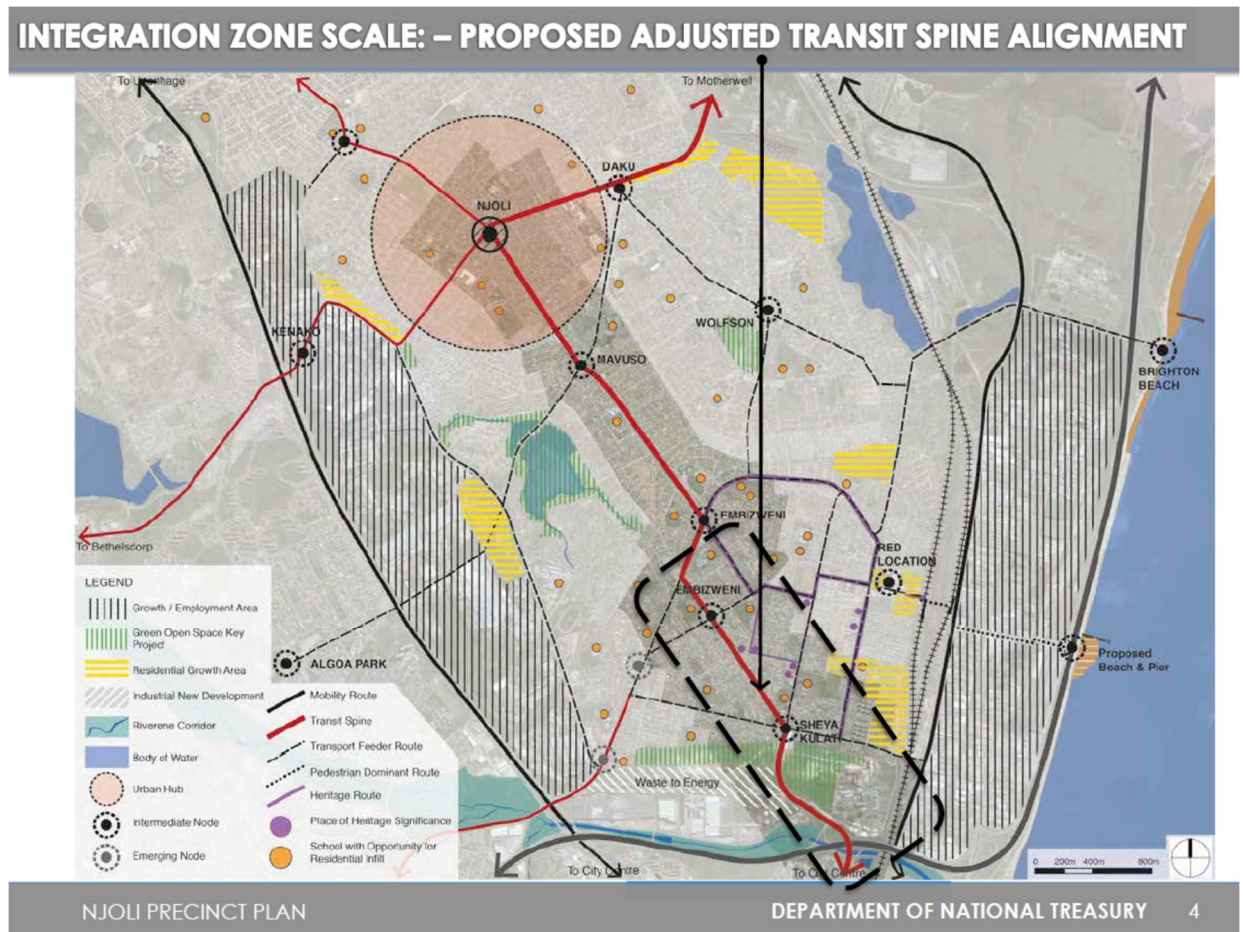
The Mandela Bay Development Agency, a wholly owned entity of the Municipality has the CBD and its upgrading through projects as its primary focus.

The Integration Zones are described below:

Integration Zone 1 (IZ1) (CBD/Khulani/ Njoli):

This Integration Zone links the Inner City area and the Njoli Hub and incorporates a portion of the Khulani Corridor between Standford Road, and Njoli Square. It includes Secondary Hubs Kenako/ Vista and Red Location and holds potential for urban regeneration and intensified mixed use development along the Khulani corridor and around the Njoli Hub.

The key strategy for this Integration Zone is focused on Transport Orientated Development; in-situ informal settlement upgrading; cultural / tourism development and the development of a waste beneficiation park. A full list of projects that will fit these objectives is incorporated in the Inter-Governmental Project Pipeline matrix attached as Annexure "F ".

FIGURE 18: Draft Conceptual Njoli Precinct Plan

Source: NMBM/ National Treasury, 2016

The plan above shows more detailed work that has been done in the Njoli and Red Location Catalytic Project Areas. It identifies a number Intermediate and Emerging Nodes for future public transport stops and mixed use activity. It also identifies broad areas for residential and economic infill development which will be interrogated for implementation as a next step.

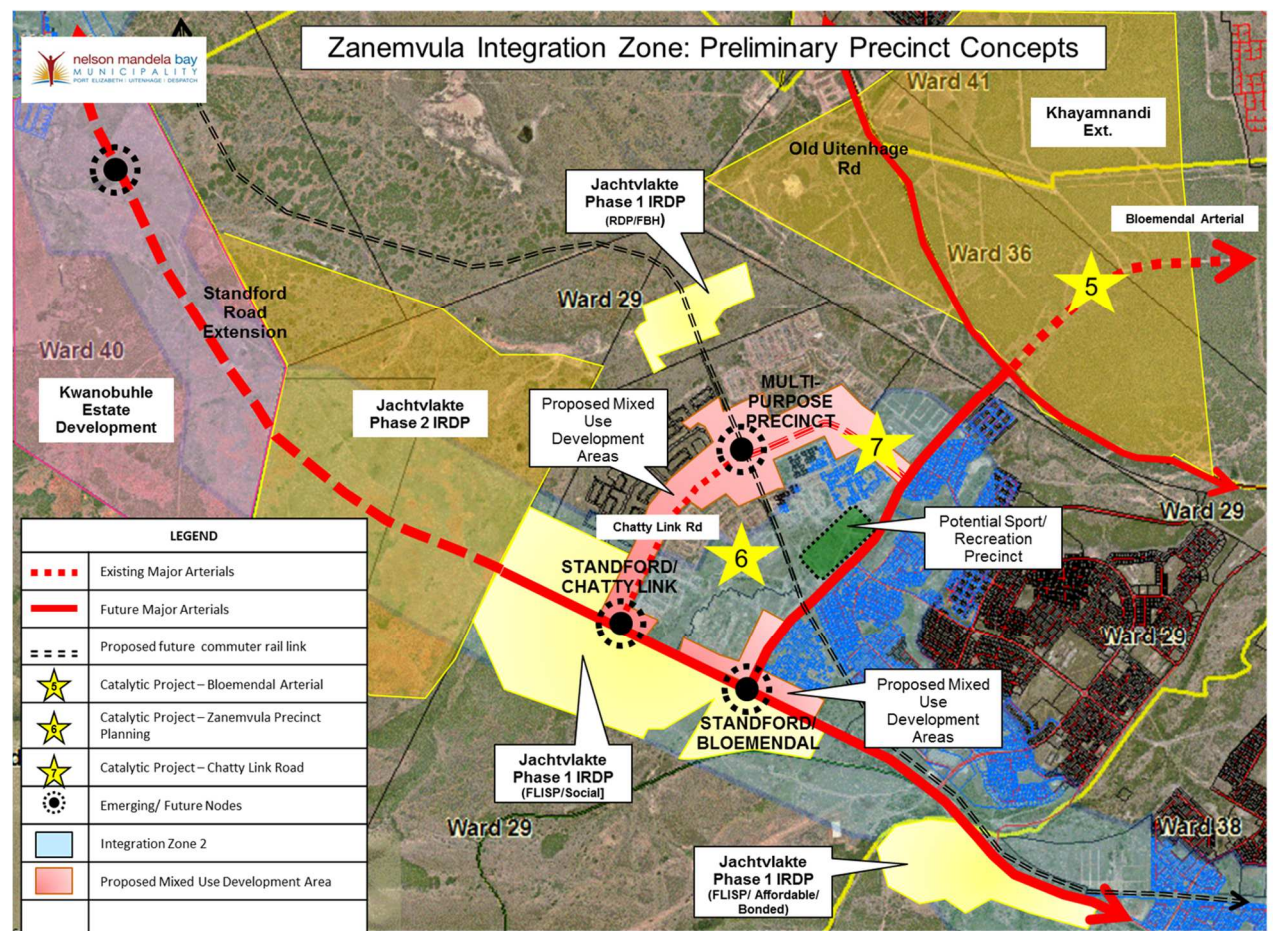
Integration Zone 2 (IZ2) (Standford Road):

This Integration Zone along Stanford Road serves as a spatial link between Integration Zone 1 and the Chatty Jachtlakte Hub. Environmental and spatial constraints make it a very narrow corridor with limited scope for catalytic development intervention. This would be limited to modal interchanges along Stanford Road such as the Cleary Park Modal interchange. The extent of the Integration Zone around the Zanemvula Chatty Hub has been amended to

incorporate the Chatty/Jachtvlakte, Zanemvula and Kwanobuhle Estate Housing Projects.

The key strategy for this Integration Zone is focused on spatial transformation and integrated residential development. A full list of projects that will develop these objectives is incorporated in the Inter-governmental Project Pipeline (Annexure “F”).

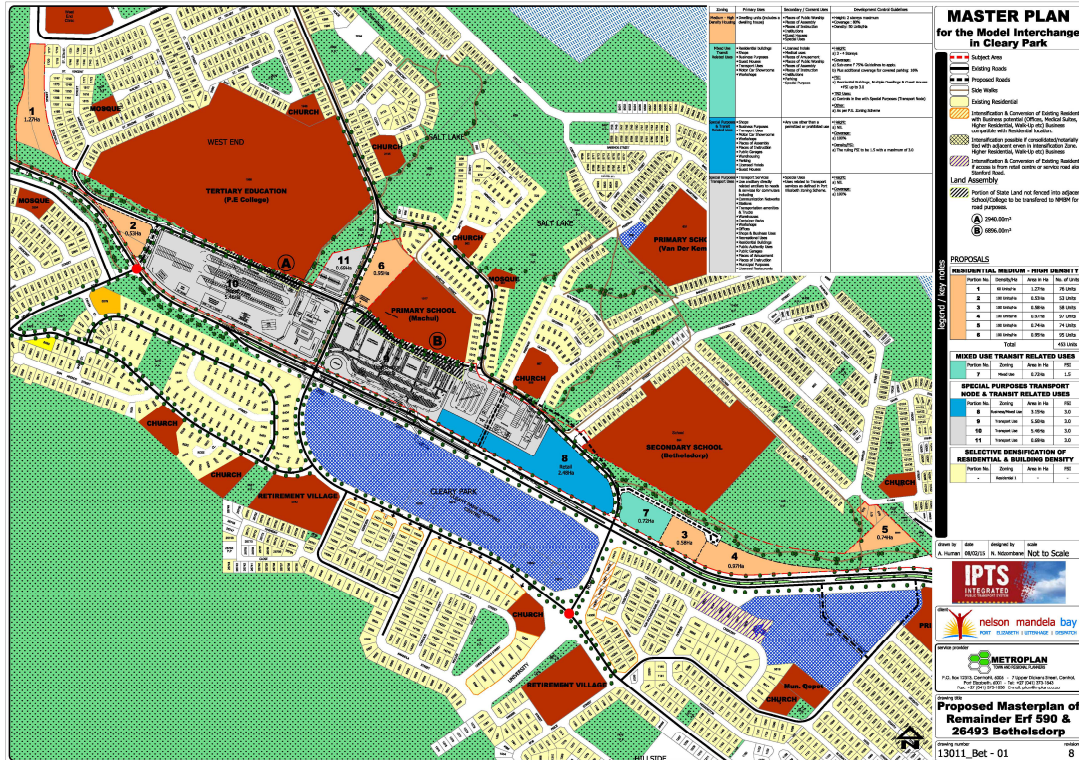
FIGURE 19: Zanemvula Precinct Plan Concept



Source: NMBM, 2017

The plan above shows more detailed work that has been done in the Zanemvula (Chatty) Catalytic Project Area. It identifies nodes for future public transport stops and mixed use activity. It also identifies broad areas for residential and economic infill development which will be interrogated for implementation as a next step.

FIGURE 20: Draft Cleary Park Precinct Plan



Source: NMBM, IPTS 2017

The plan above shows detailed precinct planning for the Cleary Park Modal Interchange Catalytic Project Area. The plan is undergoing technical verification where-after it will be submitted to Council for approval prior to implementation.

Growth Areas/ Economic Nodes

Four Growth Areas / Economic Nodes (GA 1 to GA 4) have been identified as shown and discussed below:

TABLE 4: Growth Area/ Economic Node Categorisation

Growth Area	Node Description	Node Category
GA 1	Baywest / N2 Nodal Development Area	Emerging
GA 2	Fairview	Emerging
GA 3	Walmer/ Summerstrand	Established with new growth
GA 4	Motherwell/ Wells Estate	Declining with new growth potential

Source, NMBM 2017

Annexure “F”, Inter-governmental Project Pipeline Matrix, contains a detailed list and description of all the public and private projects that exists and or are anticipated for these growth areas/ economic nodes.

Growth Area 1: Baywest / N2 Nodal Development Area

The potential of the Baywest/ N2 Node as a catalyst for intensified integrated and mixed use development has contributed to the inclusion of the larger development area of this node as a Growth Area. This Growth Area holds the potential to attract private sector investment in the development of the node which should be harnessed because of its potential to be a significant generator of rates income.

The Baywest / N2 growth area is anchored by the new regional Baywest Mall which opened in May 2015. This growth area will expand to include further intensified mixed use and residential development, which if developed at full capacity, will deliver approximately 10 000 permanent job opportunities and approximately 8 200 residential opportunities aimed at the low, middle and high income markets. Housing typologies will range from higher density rental and ownership apartments to low density single residential units for a varied socio-economic sector.

This growth area has been identified as a Mega Catalytic project referred to as the N2 Nodal Development Catalytic Project, by the National Department of Human Settlement in collaboration with the Housing Development Agency (HDA).

Other developments such as the Kuyga extension, Westbrook and Parsonsvei form part of the larger nodal development area and contribute to additional mixed use and residential development with a potential to yield an estimated 6 500 residential opportunities.

A direct road linkage between the Baywest/N2 Node and Chatty/Zanemvula has been identified as a high priority in order to enhance the accessibility of this node to the northern townships of the Metro, from a convenience and job opportunity perspective.

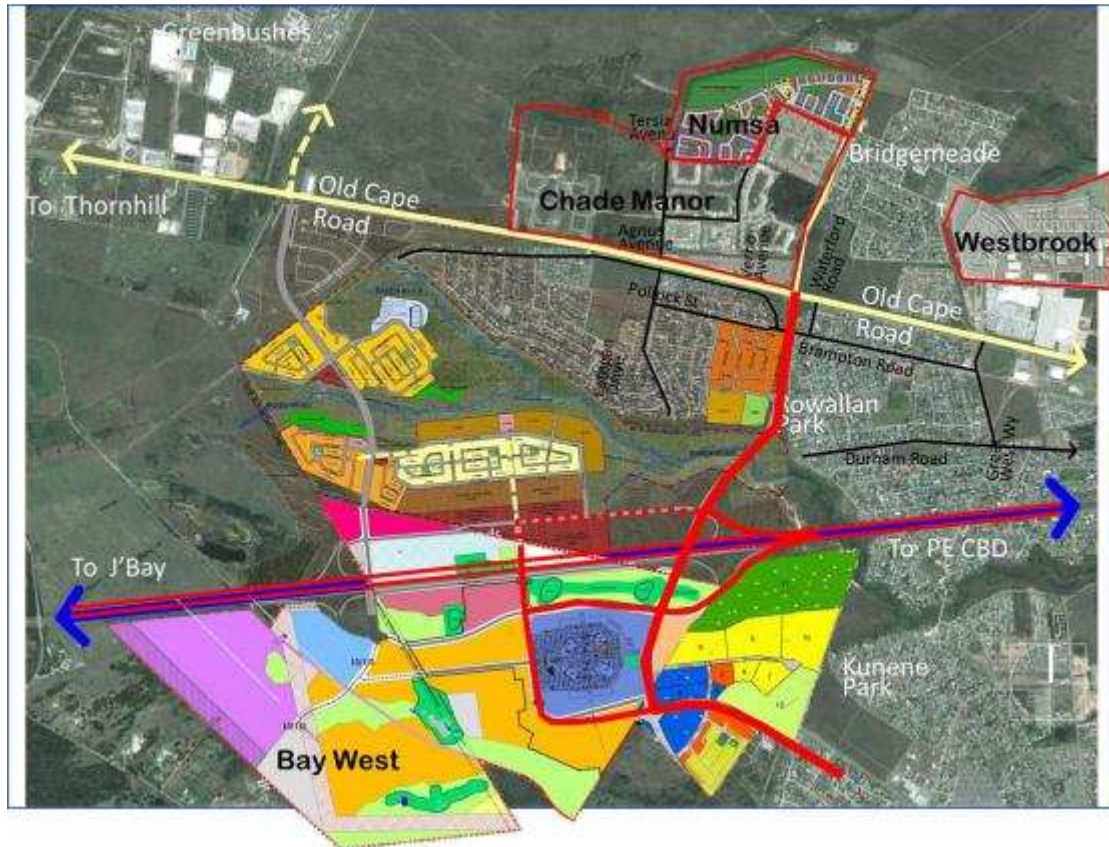
The key strategy for this Growth Area is the development of a growth node comprising of integrated residential and economic development. Projects include inter alia:

- Walker Drive to N2
- Western Arterial - N2 Cape Road Link
- Western Arterial - Stanford Road Link
- N2 North
- Utopia Development
- Erf 432 Development
- Kuyga Extension

The high level intervention strategy of the municipality has been to enter into service level agreements that have facilitated the development of bulk infrastructure to allow the development of the area. In addition, the Municipality is pursuing the development of the Western Arterial as a catalytic linkage project to link this area to the Chatty / Jachtlakte / Zanemvula area. All major private sector development applications in this node have been

approved. The Municipality will be the developer of the N2 North area and a public private partnership is being investigated.

FIGURE 21: N2 Baywest Growth Area



Source: NMBM, Western Areas LSDF, 2013

Growth Area / Economic Node 2 (GA2): Fairview West

Fairview West area is located within an 8 km radius from the CBD and is adjacent to the William Moffet Expressway and Circular Drive activity corridors. It forms part of a land restitution area from which large numbers of people were relocated. A number of housing projects, comprised of mixed residential typologies aimed at the lower income groups, contribute to the area being identified as an area of substantial development potential to illustrate spatial transformation.

The key strategy for this Growth Area is focussed on densification and spatial transformation of this node as a high density integrated and mixed housing

area. A list of projects that will develop these objectives is incorporated in the Inter-governmental Project Pipeline Matrix (Annexure “F”). These projects include:

- William Moffet Expressway
- Circular Drive
- Willow Road Upgrade
- Fairview Links
- Willowdene
- Fairview West

The key developments in this area are the social rental and finance linked subsidised (FLISP) housing developments developed in 2015 and 2016. These developments have brought higher density populations into this emerging area. In addition, new commercial developments are taking place along William Moffet Avenue and along Circular Drive that form the boundaries of this node.

The intervention strategy for this growth area has been to support and facilitate the social housing developments. The commercial developments have been facilitated by the recently approved Local Spatial Development Framework.

Certain bulk infrastructure is needed for the further development of this area and is quantified in Annexure “F” which contains the detailed project list. It is the intention of the Municipality to fund this bulk infrastructure in the medium term.

Growth Area / Economic Node 3 (GA3): Walmer

This Growth Area is a combination of existing well established residential and economic development as well new integrated residential development.

The key strategy for this Growth Area is spatial transformation and integrated residential development for lower income communities. A list of projects that will develop these objectives is incorporated in the Inter-governmental Project Pipeline Matrix (Annexure "F") and includes:

- Erf 1948 Walmer Phase 1
- Erf 1948 Walmer Phase 2
- Erf 11305 Walmer
- Walmer Development - Human Settlement (Services)
- Reinforcement of Electricity Network - Walmer Lorraine
- Industrial Site (Airport Valley) - Bulk Sewer
- Upgrading of Fountain Road - Walmer Township
- H103: Heugh Road (MR427) Widening (3rd Avenue to Wentworth)
- Theescombe / Gqebera Bulk Stormwater
- Stormwater retention
- Walmer Cosmo
- Driftsands Collector Sewer
- Driftsands WWWT Augmentation
- Walmer Gqebera - Urban Rejuvenation
- Possible Railway Station - Apple Express
- Allister Miller Drive
- Precinct Plan/ Walmer Gqebera

The intervention strategy of the Municipality for this area has been to collaborate with the Provincial Department of Human Settlement to fast track the formalisation of the informal settlements in the area. In addition, major funding was provided for the much needed bulk infrastructure such the Driftsands collector sewer and stormwater management. The development and upgrade of Fountain Road commercial facilities form part of the interventions of this economic node. In addition, sport fields and other amenities have been prioritised and developed. Detailed layout planning and environmental authorisation for the major developments have been prioritised.

The development of the Walmer Links social rental and finance linked (FLISP) housing has been made possible through the provision of municipal land.

Growth Area/ Economic Node 4 (GA4): Motherwell

Motherwell is prioritised for transformation by the Municipality, primarily because of its history as a dormitory town for the Markman Industrial Area. It is under serviced in terms of economic and social facilities and amenities. Even where those facilities and amenities exist, the quality is sub-standard. Major extensions to the township area (Motherwell Extensions 12, 29, 30 and 31) are currently under construction as part of the municipal human settlement programme. This development, which is rolled out as an integrated residential development, will yield almost 12 500 residential opportunities for approximately 50 000 people.

Significant developments in this area are the Motherwell Shopping Centre and Clinic. Other existing facilities such as a Thusong Centre (to be redeveloped as a Traffic Centre), the Motherwell Community Centre and the higher density Sakhasonke Housing Project are located in this area. The node will also serve as the terminal point for the Khulani Corridor, as well as a future modal interchange.

This growth area has the potential to develop substantially particularly when the planned Motherwell Rail Corridor is implemented. The future Motherwell rail station will be in close proximity and forms a strong focal point in this node. It is therefore important that this node be targeted for catalytic intervention in the near future.

Although planning for the area is mostly complete, detailed precinct planning is needed around the future Motherwell Rail Corridor stations and public transport nodes. This will be undertaken during the 2017/18 period.

Projects include:

- Motherwell Traffic and Licensing Centre (Conversion of un-utilised and vacant Thusong Centre)
- Motherwell Rail Corridor Phase 1 (Planning and implementation of commuter rail link with stations between Swartkops rail line and Motherwell NU29)
- Motherwell High Density Housing Project
- Infill Residential Development (Low Income Residential Development)
- Motherwell Modal Interchange (Planning of Modal Interchange as part of Precinct Development and complementary to Motherwell Rail Corridor)
- Motherwell NU31 IRDP (Greenfield Residential Development)
- Tyinira Endlovini
- Ramaphosa West
- Cultural Centre Motherwell
- Motherwell NU 29 & 30 : Roads & S/w Bulk Infrastructure
- Motherwell North Bulk Sewerage
- Fire Station Motherwell- Refurbishment
- Motherwell Arterial Development
- Motherwell NU 30 - Human Settlement (Services)
- Motherwell NU 31 - Human Settlement (Services)

The intervention strategy of the municipality for this area is implemented through the Motherwell Urban Renewal Programme (MURP) which has a dedicated office that deals only with Motherwell projects and programmes, ranging from spatial to cultural and economic interventions.

Other Nodal Areas

Other nodal areas which are recognised as part of the Urban Network Framework include:

Greenacres/ Newton Park Node:

This is an existing retail and mixed use node at the convergence of Cape Road and Langenhoven Drive/ Kempston Road transport and activity corridors. An “informal modal interchange” is contained in the parking areas of the Greenacres Retail Park and holds the potential of formalisation. An LSDF for this area was approved by Council in 2014. The potential for high density infill residential development in this node should be considered and promoted.

FIGURE 22: Greenacres/ Newton Park Node

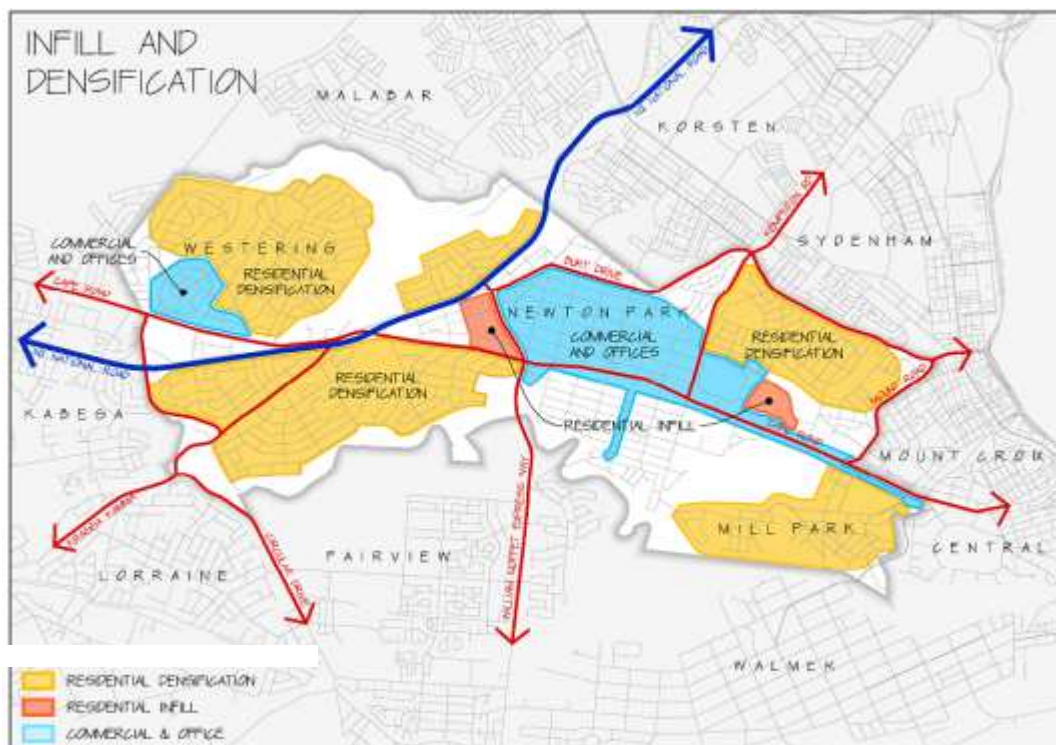


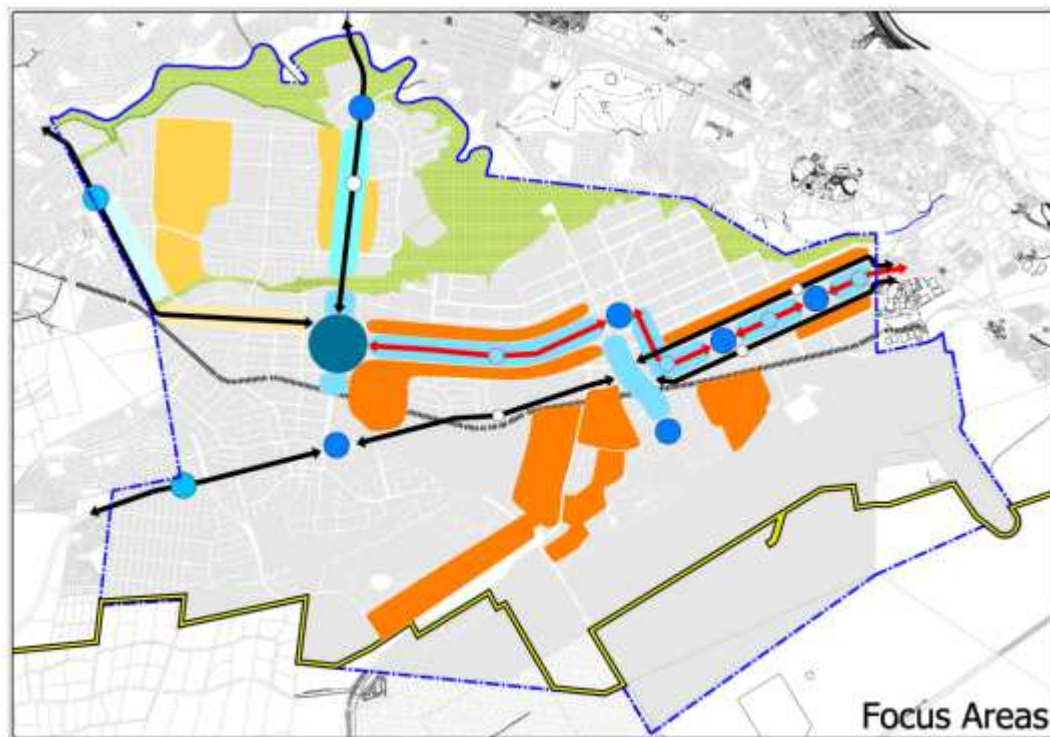
Figure 24 : Infill and Densification

Source: NMBM Cape Road (Mill Park to Westering) LSDF, April 2014

Walmer Node (S7):

The Walmer Node is situated at the convergence of Main Road, Walmer and William Moffet Expressway and is comprised of major retail centres. It is included in the Greater Walmer LSDF, approved by Council in 2013. The figure below, extracted from the LSDF, shows the importance of this node in its spatial context and targets it for development.

FIGURE 23: Walmer Node



Focus Areas for Priority Actions Required

Source: Greater Walmer LSDF, October 2013

An “informal modal interchange” is developing at taxi drop-off and pick-up points and should be formalised as part of nodal development interventions.

Great Westway (Makro/Framesby/Westering) Node

This node is located at the intersection of Samantha Way/Bramlin and Cape Road. It is largely a retail node around the Makro, Metlife Plaza and Linton Grange shopping centres. A day care medical centre is also located in this node.

FIGURE 24: Great Westway Node



Source: NMBM Cape Road (Mill Park to Westering) LSDF, April 2014

Other Activity Corridors

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

1. *Walmer*. This corridor begins at Marine Drive as Walmer Boulevard, increases in activity at 1st Avenue intersection, from where the road becomes Heugh Road, and continues to the intersection of Buffelsfontein Road and 17th Avenue.

2. *Walmer Main Road*: This corridor commences in Heugh Road, it runs to Walmer Main Road, to the intersection with the William Moffet Expressway.
3. *William Moffet Expressway*: This corridor starts from the intersection of Buffelsfontein and 17th Avenue and runs along William Moffet Expressway to Cape Road.
4. *Cape Road*: This corridor starts at the intersection of William Moffet Drive and Cape Road, and runs to Greenacres, terminating in the CBD.

2.1.1.3 MARGINALISED AREAS /INFORMAL SETTLEMENTS

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 107 informal settlements. This plan formed the basis of the Human Settlements Plan as well as the Human Settlements Sector Plan that was approved in Dec 2012. The informal settlements are contained in a matrix of in situ upgrading/destination areas, programmed over time, prioritized and implemented according to priority the availability of funding.

The map and matrix attached as Annexures “D1” and “D2” show municipal proposals for low income housing development.

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. 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 date 45 informal settlements have been in-situ upgraded and 16 green field sites have been development for relocation on an incremental basis with full water and sanitation and basic roads. This includes more than 28 900 sites.

2.1.1.3.1 Status of Housing Developments

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.

In terms of the Capacity Support Implementation Plan, a land and housing market trend analysis has been 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. This work will verify and supplement the work described above. A draft proposal has been completed and will be introduced to the administrative and political leadership in this financial year with a view towards implementation of a demonstration project.

2.1.1.3.2 Management and upgrading of Informal Settlements

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. 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) 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.

As part of the on-going development of this plan the NMBM has recently engaged with the National Department of Human Settlements in terms of the National Upgrading Support Programme (NUSP) in order to assess the processes and strategies linked to the social and technical development of informal settlements throughout the Metro. It is planned to ensure best practice and alignment with other Metro's throughout the country.

2.1.1.3.3 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.

2.1.1.3.4 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 Sustainable Community Planning Methodology of the NMBM. The methodology 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. Transit oriented development (TOD) is a priority of the city.

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 that is currently subsidised. 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 to 300m² for low-income housing is unsustainable from an economic and land utilisation point of view. Increased densities can decrease land and servicing infrastructure costs and also enhance the viability of public transport systems and more importantly access to employment, services and amenities for households.

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

- To strengthen existing major bus routes and commuter routes by the addition of high-density development along the routes especially in the identified Integration Zones. (TOD).
- To intensify development around existing public open spaces, where appropriate. Intensification refers to the subdivision of the existing appropriately located and designed brownfield even.
- 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 location of such external greenfield sites.

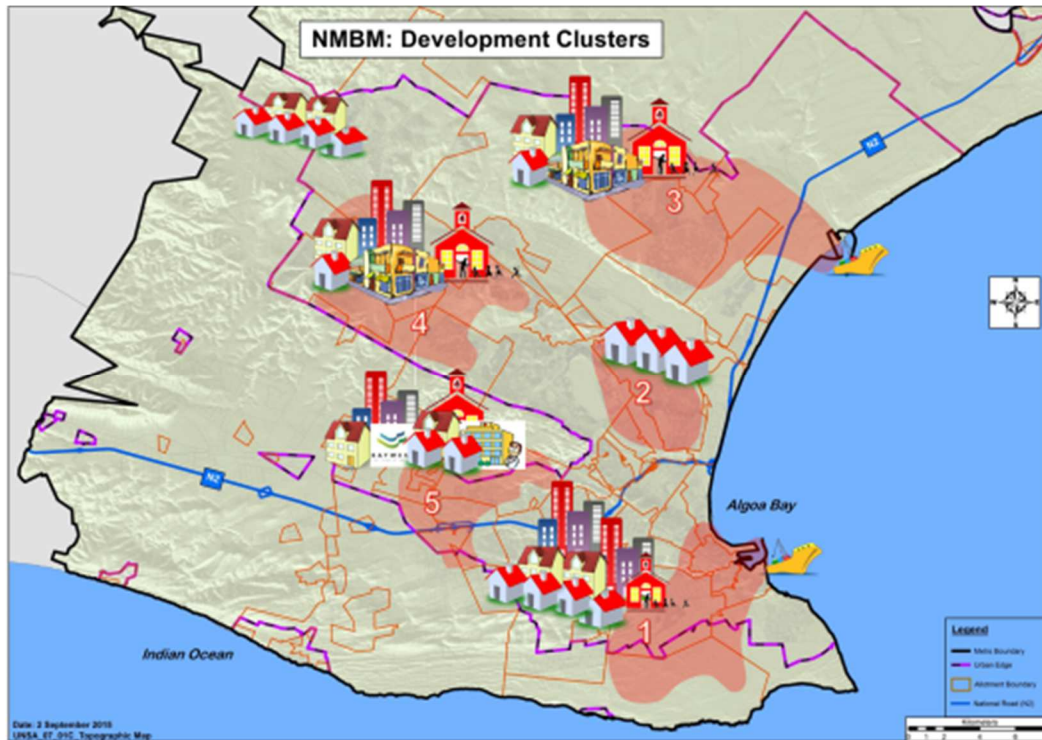
2.1.1.4 GROWTH NODES (COMMERCIAL AND INDUSTRIAL) IDENTIFICATION AND PRIORITISATION

2.1.1.4.1 Growth Nodes and Directions

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 Shopping Centre, and Kwanobuhle Estate proposed development. The municipal capital investment in these projects is reflected in the Budget.

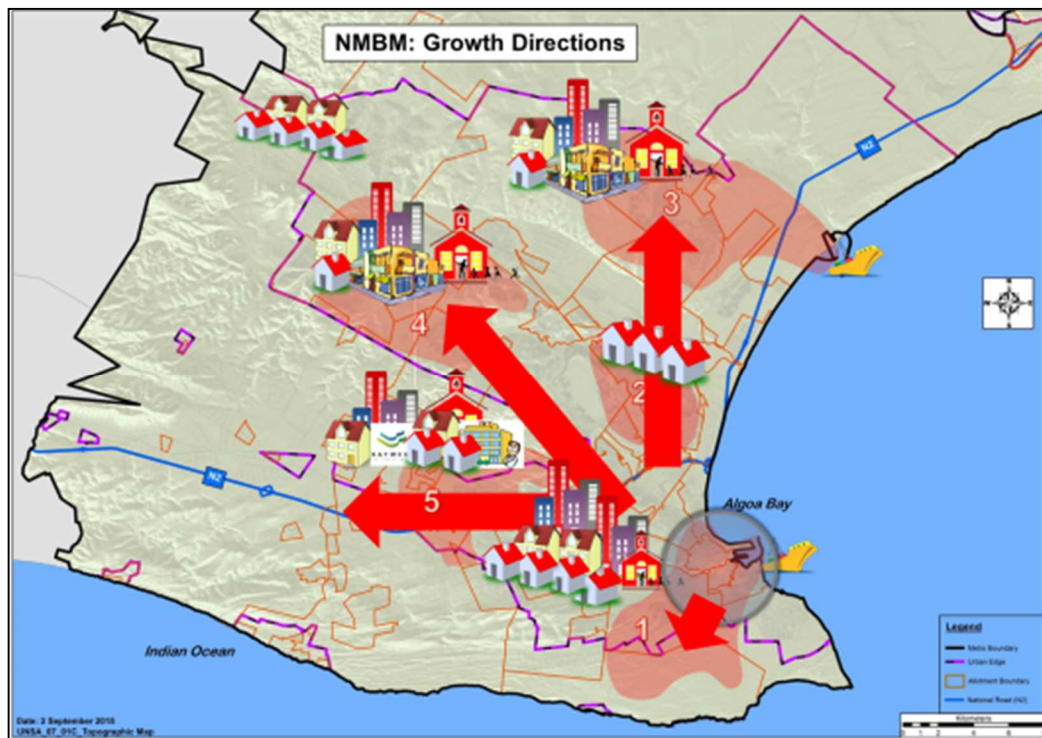
The following maps highlight the major development areas and urban growth directions. They show areas of new development, largely residential and mixed-use development, the major industrial development areas, as well as areas in which urban renewal and infill development (regeneration development) is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

FIGURE 25: Major Development Clusters in NMBM



Source: NMBM, 2015

FIGURE 26: Urban Development Trends in NMBM



Source: NMBM, 2015

N2 Node

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. This is discussed in more detail above under Growth Areas/ Economic Nodes.

The greater N2 node is identified as a Catalytic Project Area of NMBM and the full development of the greater node will be actively pursued.

Coega SEZ Growth Node

The Coega Special Economic Zone (SEZ) is a government initiated catalyst for socio economic development. The Coega SEZ has the mission of providing a competitive investment location for supporting the establishment of value-added business services that enable socio-economic development in the NMBM, Eastern Cape and South Africa. The growth node is based on a cluster model, which strategically positions related and synergistic industries and their supply chains in close proximity to one another with a view to developing agglomerative economies. The Coega SEZ has 14 zones, with a focus on (but not limited to) the following sectors:

- Metallurgical
- Business Process Outsourcing
- Automotive
- Chemicals and Petro-Chemicals
- Agro Processing and Aquaculture
- Logistics
- Energy and Green Economy
- Maritime

Chatty Jachtlakte Node

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 32 000 new residential opportunities in the middle, affordable (rental and ownership) and subsidised housing segments. To the North of the Chatty Jachtlakte Node is the Nelson Mandela Bay Logistics Park. Phase 1 is fully developed and there is a demand to develop Phase 2 which is now identified as a catalytic project. This can provide much needed work opportunities for the future residents of the Chatty Jachtlakte Node.

Transport can have a significant impact on the location of economic activity. The new Chatty Link Road which is under construction traverses the Zanemvula area and presents the opportunity to stimulate the economy in this very poor residential area. In stimulating the economic activities along the route, the principles of Transit Oriented Development should be used. The transport route is clearly a catalyst for economic development and could include the following benefits:

- Access to economic opportunity - employment and entrepreneurship opportunities from businesses that operate at public transport nodes – like bus stations, train terminals, and taxi ranks.
- Social spaces - where people can connect, network, and share knowledge. Just by creating a safe environment for people to interact, a myriad of opportunities can emerge.
- Easier movement of labour - integrated and efficient transport routes reduce wasted time (such as waiting time, and walking between a train and a taxi station, for instance) – meaning that people can be more productive.

“With innovations like high-speed connectivity, sensors, big data, geo-location and mobile services, transit routes can become the connective tissue that creates stronger communities and flourishing local economic development. These various forms of technology can help stimulate ecosystems of trade and development alongside important commuter routes – uplifting local communities and improving the lives”. Harry van Huyssteen, Transport Industry Subject Matter Expert, at T-Systems South Africa. [Extract from article on internet: SME SOUTH AFRICA – A lifeline to SME success. Today's top entrepreneurship and business stories (28 September 2016): How data-driven transport systems have the potential to stimulate economic development by Staff Writer - Published: 28 Sep, 2016.]

The Chatty Jachtlakte precinct is identified as a BEPP Catalytic Project.

Motherwell Node

Development in the Motherwell area comprises municipal and private sector developments and is discussed in more detail under the section covering growth areas and economic nodes above.

The Motherwell Urban Hub Precinct is identified in this BEPP as a Catalytic Project.

2.2 LOCAL AREA PLANNING

2.2.1 LOCAL AREA PLANNING FOR THE INTEGRATION ZONES

The section above describes the NMBM Urban Network Strategy which includes the identification and prioritisation of integration zones.

Detailed Integration Zone planning, precinct planning and the identification of a pipeline of projects for each Integration Zone will continue to be a priority for the 2017/18 year.

2.2.1.1 Catalytic Projects

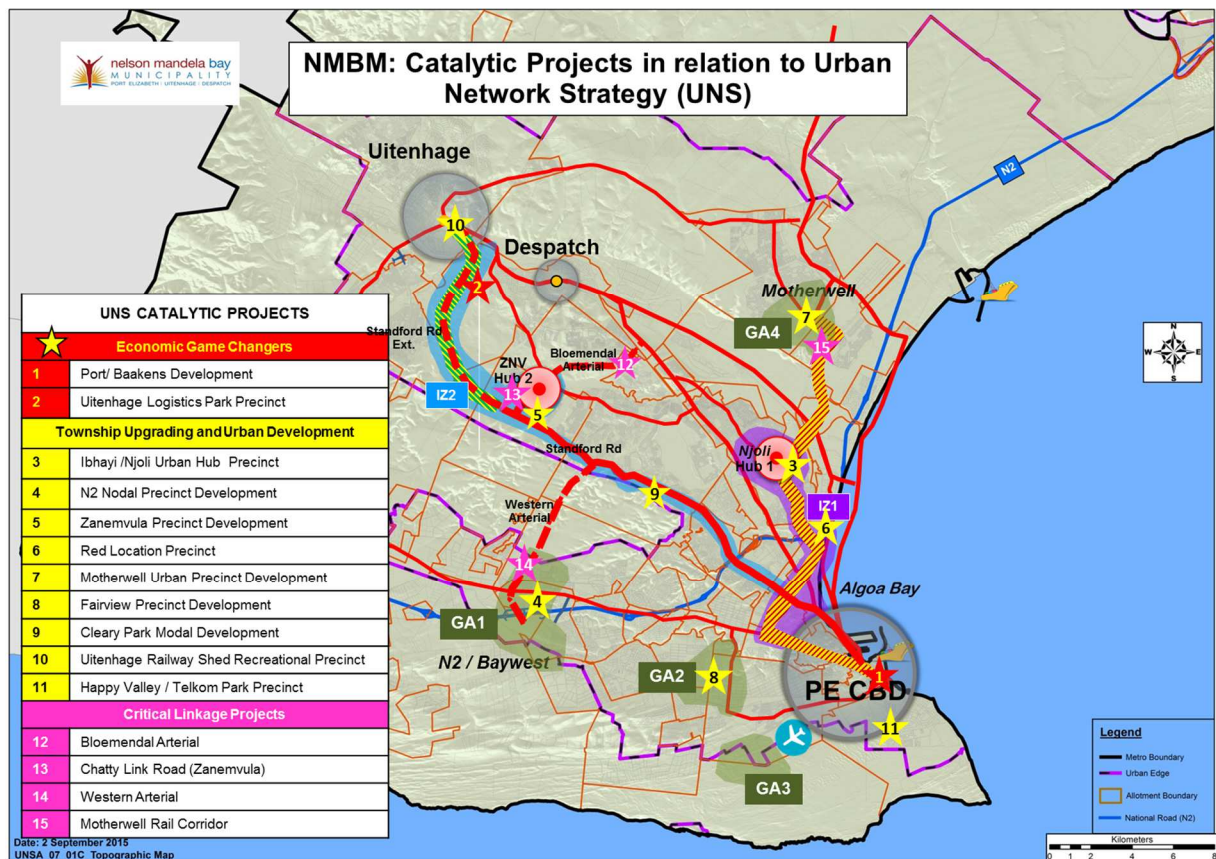
Notwithstanding this, the Catalytic Projects identified in this BEPP reflect interventions that include developments that are:

- within and related to defined Integration Zones;
- private and public sector initiatives in their implementation;
- inner city, mixed use, social, commercial and residential development initiatives;
- informal settlements and marginalised area upgrading;
- linkage projects such as critical road infrastructure to ensure the proper linkages of the Integration Zones to the rest of the city.

This accords with the BEPP Guidelines classification issued by National Treasury.

The following map shows the location of the selected catalytic projects in relation to the Integration Zones of the Urban Network Strategy framework.

FIGURE 27: NMBM Catalytic Projects



These catalytic projects will be vigorously pursued during the 2017/18 financial year and beyond. It is the intention to move the catalytic projects as quickly as possible from planning to the implementation phase, in collaboration with all role players.

Annexure “E” is the Catalytic Project List and it maps the institutional and funding requirements for implementation. It is in the later stages of project development that timing and budget aspects of each catalytic project will become more refined. Annexure “E” will continue to be refined on an on-going basis.

NMBM is characterised by slow economic growth. It can therefore be concluded that positive change will be slow. In view of this, the City does not have an opportunity for many economic and “game changing” projects. It is important therefore to focus efforts on a limited number of strategic projects that can have maximum impact. In addition, because of the extreme poverty of the city, poor areas need to be targeted for investment and development.

The City is spatially divided due to the geography and historic patterns of development. Linkage projects to increase access must therefore also be prioritised.

The 15 Catalytic Projects identified can be broadly categorised into three groupings:

- Economic Game Changing Projects
- Township Upgrading and Development Projects
- Critical Linkage Projects

These are as follows:

Table 5: Catalytic Project Categorisation

Catalytic Category	Project
Economic Game Changers	1. Port Baakens Development
	2. Uitenhage Logistics Park
Township Upgrading and Urban Development	3. Happy Valley (Telkom Park) Precinct Development
	4. Zanemvula Precinct Development
	5. Motherwell Precinct Development
	6. Red Location Precinct
	7. Njoli Urban Hub Precinct
	8. Cleary Park Modal Development
	9. Fairview Precinct Development
	10. Uitenhage Railway Shed Recreational Precinct
	11. N2 Nodal Development
Critical Linkage Projects	12. Bloemendal Arterial
	13. Chatty Link Road
	14. Western Arterial
	15. Motherwell Rail Corridor

PORT BAAKENS DEVELOPMENT

This project is the most significant BEPP Catalytic Project from an economic development perspective. The Baakens River Precinct has been conceptualised as an integral part of the Port Marina Precinct, which is concurrently being planned by Transnet. It is envisaged that the 23 km of Baakens River Valley, together with the sea water frontage and port area, will contribute to an alternative economy for the City. A number of projects have been identified, as part of the Baakens River Precinct Plan, in order to maximise the success of the precinct. These include:

- The Baakens Valley: The Valley offers significant potential for property development through the rehabilitation of the river and the creation of a water body to attract mixed use real estate property development.
- A pedestrian bridge over the Baakens River: The aim of this project is to provide pedestrian access between the heart of the city and the Baakens/Port Marina precinct, as well as increased parking along Produce Street to enable the newly developed Tramway Building to function effectively as a destination for events for the city.
- St Peter's land: The aim is to refurbish the ruins of the St Peter's site, landscape the area and provide a multi-purpose events space. The maintenance and cleaning of the cemetery and surrounding area will include the Paupers Grave and the Black Steps. Pedestrian connections will be provided and lighting to the whole area, improved.
- Land assembly and redevelopment: The majority of the buildings in the precinct are underutilised or vacant, offering an opportunity to regenerate the historic CBD and put a new economic heart into it.
- The Baakens River Park: The need for an attractive environment with pedestrian/cycle paths that link into Settlers Park together with a safe and secure park where people can walk and play will support and enrich future adjacent uses.
- Social/Mixed Use Housing: The Baakens Valley Precinct Plan identifies the possible development of up to 1000 housing units.
- The upgrading and restoration of the Port Elizabeth Library which is a historical monument.

- Vuyisile Mini Square Upgrade: The aim of this project is to remove the parking from the Square and return it to the most important space in the city for its people.

There are also a number of related linkage aspects associated with the “project” which together form a programme for the catalytic development of this area. These include the Apple Express and the beachfront and harbour access. Integral to the longer term development of this area is the development of alternative sites for the manganese ore dumps and oil tank farm at Coega SEZ.

The project will contribute to addressing challenges of poverty, unemployment and social inequality through the development of a diverse economy based on tourism real estate. It responds directly to the key performance area of Local Economic Development through the provision of public sector investment into infrastructure and will attract private sector investment. The project will increase the rates base of the city and is at the initial phases of implementation. It will also assist to socio-economically integrate the area.

Transnet has recently started a process to develop non-port related activities at the Port Elizabeth Port which forms an integral part of this project. The NMBM is interacting with Transnet in order to ensure a common development vision for the entire area and related projects. A constructive partnership needs to be formed for the planning and implementation of the programmes for this area for the benefit of the citizens of NMBM. Processes are under way to ensure that this happens.

UITENHAGE NMB LOGISTICS PARK

The purpose-built Nelson Mandela Bay Logistics Park (NMBLP) in Uitenhage managed by the Coega Development Corporation (CDC) is geared to locating more first and second tier suppliers in automotive manufacturing. The vision of the NMBLP is to obtain economies of scale for the automotive manufacturing industry through centralisation of different functions and suppliers to reduce costs by shortening and improving the supply chain to the automotive industry.

Precinct A of the Park is 57 hectares and features purpose-built infrastructure and shared services including security, ICT and logistics to minimise costs for new investors and existing tenants. More than 1000 people are employed within Precinct A of the Park. Developments in Precinct A have reached a stage where expansion will have to be undertaken into Precinct B. Investments need to be made in economic enabling infrastructure for essential services and utilities such as electricity, water, a fire-ring main for emergencies and internal roads.

The automotive production sector remains a critical segment for the city economy because of its cross-cutting linkages across several industries and services as well as its documented contribution to various economic development imperatives. Inputs into automotive production include textiles, metals, electronics, plastics and chemicals, general engineering, and packaging.

There is a demand to implement Precinct B, to occupy an estimated area of 126 hectares. Due to the potential job creation and economic impact the logistics precinct is now identified as a BEPP Catalytic Project.

To complete the required infrastructure for Precinct A and to develop Precinct B an estimated investment of R350m is required.

The project will have considerable socio-economic benefits for the Nelson Mandela Bay Municipality and the Eastern Cape Province as it will contribute to sustaining jobs in the automotive sector, create export led growth and a positive balance of payments. These interventions are in line with IPAP and are expected to lead to substantially increased investment in the automotive and metal sectors, leading to increased production, job creation and diversification of the two closely linked sectors.

HAPPY VALLEY PRECINCT / TELKOM PARK

A Local Spatial Development Framework (LSDF) was developed and approved by Council for the redevelopment of this precinct. Future development will be retail, residential, office and tourism/leisure/entertainment development. An Expression of Interest (EOI) was released in May 2014. Based on the input of the Expressions of Interest, a Request for Proposal (RFP) was developed and Architectural Guidelines prepared for the development.

The cadastral boundaries for the residential, retail and office park portions of the development need to be finalised and zoned accordingly. At this stage it is intended that the residential portion will be sold and the office and retail portions developed on a long term lease basis.

Funding is required for bulk infrastructure to the area prior to any development taking place. The site is un-serviced. The MBDA has undertaken to do a feasibility study to demonstrate that the plans reflect a strong Internal Rate of Return (IRR) to ensure the attraction of private investors.

R5 million was allocated in the 2016/17 Adjustments Budget of the MBDA for the demolition of the old stadium on the site.

Once the feasibility study is completed a revised RFP will be released.

ZANEMVULA PRECINCT DEVELOPMENT

The Zanemvula precinct development intends to ensure that socio-economic facilities and amenities and alternative residential types are provided within these RDP housing areas.

Amenities in this area will also serve the Bloemendal and KwaNobuhle areas.

Mixed use areas have been planned alongside the transport spine in this area in the heart of Zanemvula project (45 000 residential opportunities).

Opportunities do not exist for connectivity of this area to the rest of the city and the role of this area as a transport hub needs to be recognised.

The hub will fulfil a larger role of city building in this area and bring much needed economic and social activity to what is presently a sea of houses in isolation of any other city fabric. The area is located in the integration zone identified in the Urban Network Strategy.

There is synergy between this project and the project which is the subject of the South African Germany Peer to Peer Network which examines projects in three South African Cities and three German Cities. This project is being led by COGTA and the Zanemvula mixed use corridor is the NMBM project for the Network.

MOTHERWELL PRECINCT DEVELOPMENT

Development in the Motherwell area comprises municipal and private sector developments. Critical to the development of this area is the implementation of a commuter rail link with four stations between the Swartkops line and Motherwell NU29 as a first phase. This is discussed in more detail under the catalytic project of Motherwell Rail Corridor.

The Motherwell Growth Area / Economic Node is discussed in more detail above.

RED LOCATION PRECINCT

Located in the historic Red Location area of Ibhayi, the precinct consists of the Apartheid Museum, Art Gallery, Electronic Library and Back-packers Lodge. The Apartheid Museum was completed in 2004. The Art Gallery and Electronic Library buildings were completed in 2011. The performing arts complex and school of music form the last two phases of the precinct. The Business Plan for the performing arts complex is complete.

The access roads to the Red Location Precinct are in a state of disrepair. Hence it was considered important to upgrade Singhapi Street as a major tourism approach route to the Red Location in order to maximise the tourism opportunities for the residents of the area themselves and enable them to develop a street similar to Vilakazi Street in Soweto, Johannesburg, celebrating the art, culture and heritage of New Brighton. The Singhapi Street project is further being implemented in order to ensure that local economic development in the so-called township areas is aligned to the urban renewal initiatives within the inner city.

The Iconic Red Location Project received approximately 150 000 visitors per annum when the Museum was open. The museum remains closed due to community demands. Initiatives are under way to re-open the Museum.

The precinct will play a significant role as a cultural/tourism node and can be directly linked with the Port Elizabeth CBD by means of the New Brighton Railway Station, which is within walking distance. It will furthermore complement and strengthen not only the Njoli Hub, but also the Khulani Corridor.

NJOLI URBAN HUB PRECINCT

Njoli Square is in the heart of one of the oldest dormitory suburbs in Port Elizabeth. The multi-million rand redevelopment initiative around the historic Njoli Square will contribute to creating a dignified space within a previously marginalised community. It is aimed specifically at economic upliftment.

The project is comprised of the following:

- Reconfiguration of the junction of Njoli and Daku Roads to accommodate traffic flow through a compact four-legged intersection;
- Accommodation of development components on the four quadrants surrounding the intersection, such as commercial development, medical suites, space for a future library and civil building, and stalls for informal traders and a Modal Transport interchange;

- Promoting pedestrian accommodation through safe and controlled crossing points;
- Accommodating future IPTS stations on the approaches to the intersection and
- Accommodating all minibus-taxi operations in one facility at or close to the existing off-street facility.

The infrastructure: roads, stormwater, water, sewerage and electrical connections, a taxi rank and space for informal traders will be implemented in the next financial year, while the balance of the project will be advertised in terms of a Request for Proposals to attract private sector development.

CLEARY PARK MODAL DEVELOPMENT

A modal interchanges has been planned at Cleary Park in close proximity to the existing shopping centre. The intention is to develop:

- Catalytic activities around the modal interchange
- Opportunities for public transport activities and densification along Cleary park route

The Cleary Park route is very constrained and needs planning intervention as a section runs alongside the commuter railway.

FAIRVIEW PRECINCT DEVELOPMENT

This precinct is not only a catalytic project but is also recognised as a Growth Area/ Economic Node of the City. It is an Integrated Mixed Use and Residential Development in the Fairview / Willowdene as discussed in detail in the section covering Growth Areas and Economic Nodes above.

UITENHAGE RAILWAY SHED RECREATIONAL PRECINCT

This project involves the development of an integrated mixed use and recreational precinct that links the Uitenhage Railway Shed development with

a planned open space and regional recreational facility. The regional recreational facility is a planned recreational facility of the Municipality.

A business plan for the release of the commercial component of the railway shed is completed. Sites for the recreational development have been identified and planning still needs to be undertaken for the remainder of the mixed use and recreational component.

This project is considered as an important project for the Uitenhage area as it will bring regional recreational opportunities to the area and will support the Railway Shed and Science Park Centre which have been developed by the Municipality.

N2 NODAL DEVELOPMENT

The N2 Growth Area/ Economic Node is discussed in detail above. The project therefore is both a BEPP Catalytic Project and Growth Area. This area is the fastest growing development area in the NMBM.

The project area is anchored by the Baywest Shopping Mall of 90 000 m² GLA. The greater area includes 450 000 m² of mixed retail and office space, a hospital, hotel and ICC.

The area is critical for socio-economic integration and will, once fully developed, provide a range of housing opportunities. In order to further the objectives of integration and access, this area will need to be physically linked to the Zanemvula Chatty area via the Western Arterial.

BLOEMENDAL ARTERIAL

The Bloemendal Arterial is a critical link that connects the Njoli and Chatty Jachtlakte Hubs. The construction of this critical linkage forms part of the longer-term proposal of the Comprehensive Integrated Transport Plan.

The road is 9 km in length and is comprised of two portions made up of 6.5 km and 2.5 km. Once constructed, it will strengthen access and integration by

spatially linking the two areas. By improving connectivity between areas, economic activity will also increase.

A spin off of the development of this road will be that it is an essential transport collector to fast track development in the area. The impact will directly assist the predominantly poor area.

The road will form a catalyst for commercial development, employment and other social facilities which have presently been constrained due to no access.

CHATTY LINK ROAD

The Chatty Link Road is a Catalytic Project as it is critical for the further development of the mixed use planned area which abuts it. This area will allow development of much needed alternative higher density housing opportunities, community and economic amenities as well as open spaces and meeting places.

The road is a 1.98 km link road between Standford Road and Bloemendal Arterial Routes and is presently under construction partially using ICDG funding.

WESTERN ARTERIAL

The Western Arterial is a critical link road linking the N2 nodal area to the Chatty Jachtlakke area and greater Uitenhage. It is approximately 10 km in length and preliminary designs are completed. Detailed designs have been finalised for the interchange with the N2 as well as the link between the interchange and Cape Road.

Route alignment between Cape Road and Standford Road is currently being finalised through the EIA process.

This route will connect areas of poverty and unemployment to the growing N2 economic node. Presently people from Uitenhage and surrounds need to

travel into Korsten in order to get to the N2 node which offers many employment opportunities.

The estimated cost for the interchange and Cape Road link is approximately R400 million. Submissions have been made to SANRAL for financial support to fund the road. SANRAL has indicated positive intentions to partially support the construction of the road. With construction of the road, access and integration of the City will be substantially enhanced.

MOTHERWELL RAIL CORRIDOR

PRASA is due to invest R1,4 billion for the completion of the first phase of this corridor which will ultimately run from PE CBD to Motherwell NU29 in its first phase.

Detailed designs of the rail link and stations are complete and are undergoing environmental authorisation.

An MOU between NMBM and PRASA has been developed and will be concluded shortly. The MOU makes provision for the institutional and technical support to give effect to the development such as land exchanges, infrastructure provision etc.

The route is hampered by the existence of certain informal settlements in the way of the route alignment. These challenges will have to be overcome in due course.

A future phase 2 is intended and will continue the loop through Coega IDZ and Markman.

The rail is complementary to the IPTS route between Port Elizabeth CBD and Motherwell.

A final longer term phase is a link to Uitenhage station from Motherwell.

2.2.2 LOCAL AREA PLANNING FOR INFORMAL SETTLEMENTS AND MARGINALISED AREAS

The programme for informal settlements and marginalized areas is discussed under 2.1 above. Local area planning takes place at the point of design of the new township. Layouts for these developments are prepared in advance and in accordance with the Local Spatial Development Frameworks and the Sustainable Community Planning Methodology outlined in the Spatial Development Strategy section of this report. Community participation in the development of the layouts is important.

2.2.3 LOCAL AREA PLANNING FOR GROWTH NODES

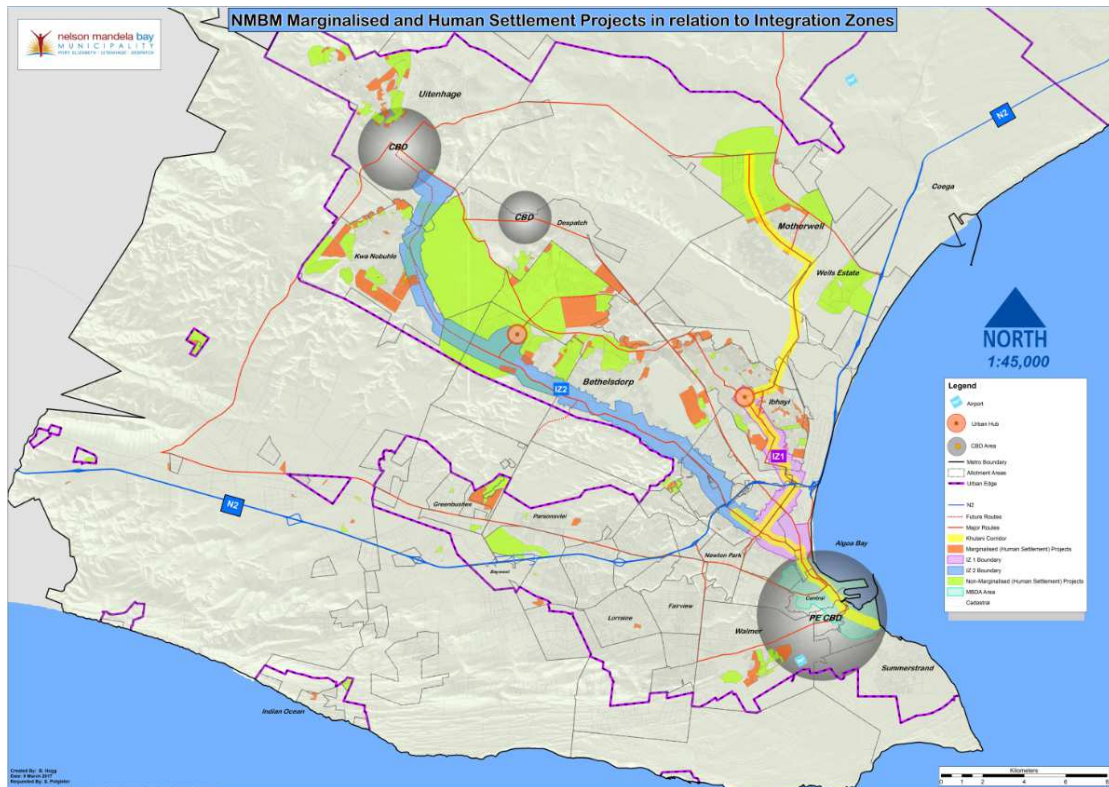
Planning for the growth nodes is guided by the Local Spatial Development Frameworks of those areas. Within those areas precinct planning and more detailed planning takes place within the LSDF context.

Specific precinct planning is currently being undertaken for the Bethelsdorp, Ibhayi and Motherwell precincts.

2.2.4 HOUSING PROJECT AREAS AND IPTS IN RELATION TO INTEGRATION ZONES

The following map shows the location of the Integration Zones in relation to the housing project areas. It should be noted that some housing project areas are within Integration Zones. There are a number of housing project areas which do not necessarily correlate well with the Urban Network Strategy priority areas. As has been mentioned elsewhere in this report, in order to deliver housing in a more sustainable manner, the NMBM is in a process of reviewing its housing delivery strategy. In particular, this will prioritise delivery of higher density housing within UNS priority areas, i.e. Integration Zones and Growth Nodes. It is to be noted that this policy is in draft format and has not been through the administrative and political approval processes.

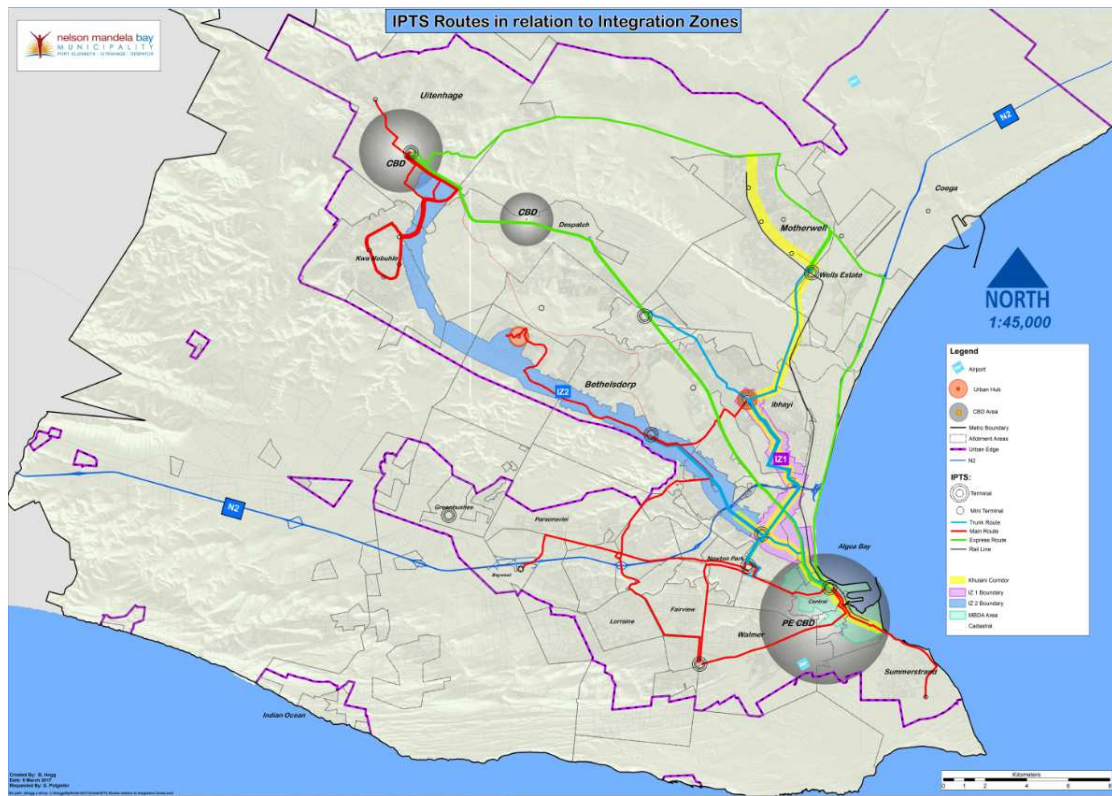
FIGURE 28: Housing Programmes in relation to Integration Zones



Source: NMBM, 2017

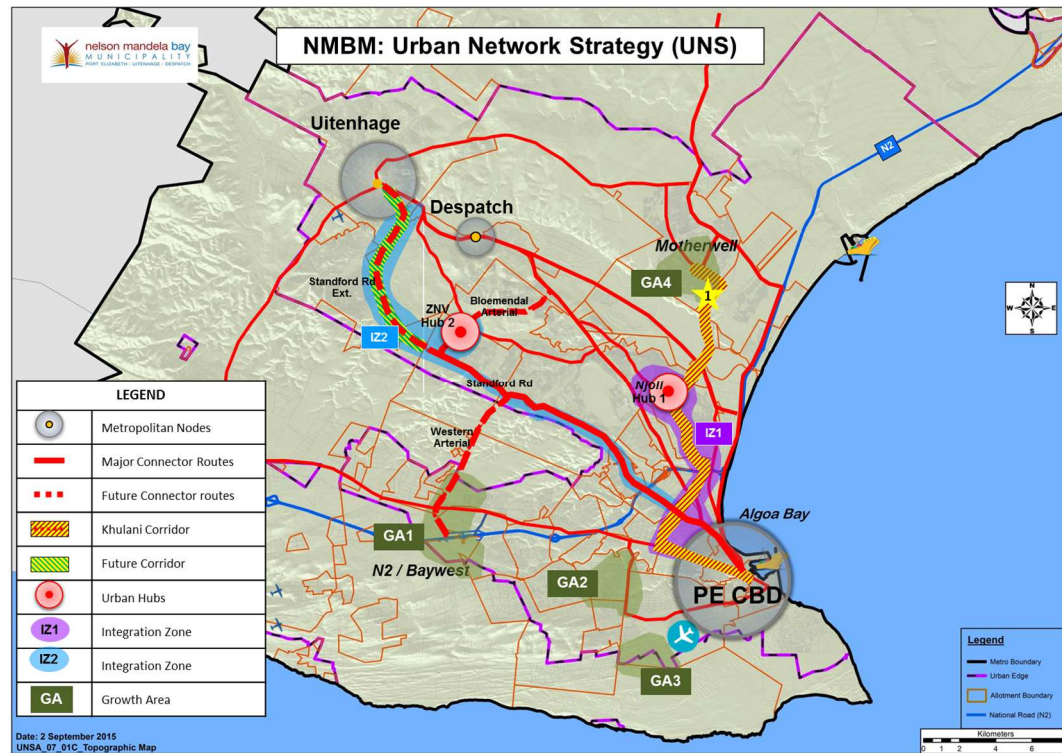
The following two maps juxtaposed against each other, show the transport plan in relation to the top priority target areas of the Urban Network Strategy. In particular, it demonstrates that the IPTS system is located within and prioritises the UNS.

FIGURE 29: IPTS Routes in relation to Integration Zones



Source: NMBM, IPTS, 2017

FIGURE 30: NMBM, Urban Network Framework



2.3 PROJECT PREPARATION

2.3.1 PROJECT PREPARATION FOR COMPLEX AND CATALYTIC PROJECTS

The NMBM built environment trends (Annexure “B”) show a sluggish economy with little private sector investment. Within this context, the following can be seen to be impediments for the full realisation of the NMBM complex and catalytic projects:

- Moving the projects from planning stage to implementation stage in terms of critical processes.
- The time critical processes such as EIA's, Infrastructure assessments and other expert reports take to complete before costing and viability can be finalised.
- 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 difficulty to achieving socio-economic integration in such areas and provision and take-up of a range of housing opportunities.

The Catalytic Projects are being evaluated and assisted through the City Support Programme using expert assistance as well as the Project Preparation Facility (PPF) offered in terms of the CSP Programme by the Development Bank of Southern Africa (DBSA).

The PPF is a programme of assistance from the DBSA, for qualifying local authorities to prepare catalytic projects up to implementation stage. This includes some funding or resources for necessary expert studies and viability assessments.

2.4 INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET

2.4.1 LAND IDENTIFICATION AND RELEASE FOR INFORMAL SETTLEMENT UPGRADING

The entire NMBM housing programme is accommodated on municipally owned land. The release of the land is determined through the housing programme project matrix, as described elsewhere in this report.

Various on-going efforts are made to densify the city using existing zoned land owned by government that is designated for uses such as schools and open spaces. Uses can change over time and social housing and other forms of residential use can be accommodated on underutilised sites.

The Municipality has always prepared a number of sites in advance of the allocation of HSDG funds for development. In 2013/2014 financial year, 4012 sites were serviced, 2014/2015 financial year 4035 sites were serviced and during the current financial year up to 3rd quarter, 2026 sites have been serviced. More than 10 000 serviced sites have been made available.

These sites will be developed using HSDG for a full top structure.

TABLE 6: Serviced Sites available for development as at December 2016.

Item	Project Name	No. of Sites	Type of Development	Project Status	Expected Date of Readiness
1	Motherwell NU 12	350	Greenfields	Serviced	Ready
2	Motherwell NU 30	1405	Greenfields	Serviced	Ready
3	Khayamnandi Ext. Phase 1A&B	471	Greenfields	Serviced	Ready
4	Khayamnandi Ext. Phase 2	1013	Greenfields	Serviced	Ready
5	Khayamnandi Ext. Phase 3	208	Greenfields	Serviced	Ready
6	Khayamnandi Ext. Phase 4A	358	Greenfields	Serviced	Ready
7	Khayamnandi Ext. Phase 4B	372	Greenfields	Serviced	Ready
8	KwaNobuhle Area 11	1414	Greenfields	Serviced	Ready
9	Joe Slovo Uitenhage	300	In-situ	Serviced	Ready
10	Kwanobuhle Area 7 Ph 4	244	In-situ	Serviced	Ready
11	Kwanobuhle Area 8 Ph 4	266	In-situ	Serviced	Ready
12	Doorenhoeck	40	In-situ	Serviced	Ready
13	Red Location	172	In-situ	Serviced	Ready
14	Motherwell High Density	109	In-situ	Serviced	Ready
15	Kwanobuhle erf 8228	111	In-situ	Serviced	Ready
16	Pola Park	117	In-situ	Serviced	Ready
17	Rosedale	249	In-situ	Serviced	Ready
18	Masekhane Village	125	In-situ	Serviced	Ready
	Total	7240			

2.4.2 INSTITUTIONAL ARRANGEMENT AND OPERATING BUDGET FOR URBAN NETWORK /GROWTH AREAS/ ECONOMIC NODES AND CATALYTIC PROJECT

The NMBM is presently considering its macro organisational structure. It is recognised that the existing structure does not complement the coordination of the strategic planning processes of the city. The organisational structure is expected to be finalised during the first half of the 2017/18 financial year. Notwithstanding this, the following institutional arrangements are relevant.

PARTNERSHIPS

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

Currently, partnerships exist in respect of the Bay West and Utopia Developments which form part of the N2 Node Catalytic Project. This is in the form of municipal services agreements. The agreements commit 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 municipal entity and implementing partner of the Municipality. Initially, MBDA projects were confined to the Port Elizabeth CBD area of the Municipality known as its mandate area, however, its mandate later expanded to include other areas such as Helenvale, Motherwell, Schauderville, Korsten and portions of Ibhayi.

A new Board for the MBDA was appointed in 2016 and this Board is currently reviewing its strategic focus with the Municipality.

The original MBDA mandate area covers the Port and Baakens Valley Precinct and Happy Valley Precinct catalytic projects. Seamless co-operation between the MBDA and NMBM is vital to the successful implementation of these projects.

MBDA as well as other area based management initiatives are discussed under the Urban Management section of this report.

In 2016/17 financial year, the NMBM has engaged with National Treasury to pursue a public private partnership for the development of the NMBM Waste Beneficiation Project. This project is explained in more detail in Annexure "B".

DEVELOPMENT CLUSTERS

The Municipality through its Economic Development Tourism and Agriculture Directorate is working with different industrial clusters in order to drive manufacturing that will ultimately create decent jobs. There are three Industrial Clusters that the city is collaborating with in the region:

- Automotive Cluster
- Composite Cluster
- Maritime Cluster

AUTOMOTIVE CLUSTER:

The Automotive Industry Development Centre (AIDC) provides support to the Original Equipment Manufacturers (OEMs) and suppliers through their programmes in order to enhance global competitiveness. Their programmes include:

- Skills development and training
- Supplier and enterprise development
- Incubation programmes
- Energy management

COMPOSITE CLUSTER:

The cluster coordinates Research and Design (R&D), skills development and industrialisation efforts to activate value chains that make use of non-corrosive and lightweight composite technology, but covering all non-metallic polymeric technologies including composites, plastics, elastomers and specialty coatings.

The cluster aims at establishing a dedicated non-metallic hand skill training capability, a collaborative R&D capability in which scientists and engineers (academia and industry) can work together on developing non-metallic solutions that can enhance the competitiveness of existing value chains and unlock new ones.

The aim is to cross-pollinate technology and skills between boat building, renewable energy, automotive and aerospace using shared infrastructure.

MARITIME CLUSTER:

The Nelson Mandela Bay Maritime Cluster was only founded in 2012 and is still in the process of developing. Nelson Mandela Bay Maritime Cluster's objective is to enhance networking opportunities between local maritime business, government and institutions of higher learning.

The Nelson Mandela Bay Maritime Cluster strives to increase competitiveness within the ocean economy and work towards creating opportunities for investment and job creation.

INVESTMENT INCENTIVES POLICY

Incentives are one of the many policy tools used by governments to encourage investments in a particular area or sector. There are various investment incentives and other financial and non-financial support for investment offered by government. NMBM has an approved Investment

Incentives Policy which is aligned to these national incentives and support initiatives.

The NMBM Incentive Policy provides the necessary guiding principles, details on incentives offered by NMBM, application processes, relevant requirements and approval procedures, and defines roles and responsibilities to enable a professional, consistent and transparent incentive management dispensation. The Incentive Policy is specifically focused to attract additional investments from new and existing investors to Nelson Mandela Bay in the following key sectors as identified in the NMBM Economic Growth and Development Strategy:

Manufacturing sub-sectors: fuel, petroleum, rubber products, wood and related products:

- Automotive manufacturing sub-sector
- Tourism and hospitality
- Agriculture
- Construction
- Logistics
- Other knowledge and information sectors (incl. BPO)

The Incentive Policy is directed at new medium to large investments, as defined by the National Small Business Amendment Act (2003), i.e. new investments that will create 50 or more permanent jobs and have minimum asset values of between R2 million and R5 million, depending on the sector the business operates within.

The biggest challenge NMBM has with the policy is the insufficient budget available to implement all the incentives.

TOP 50 PROGRAMME

Nelson Mandela Bay Municipality has identified the need to recognise local companies for their contribution to economic development and growth of the region. Despite the challenges, strenuous local cost of doing business and a globally competitive market place the local companies continue to grow.

The NMB Top 50 Programme acknowledges these companies. The Programme was established in 2015 and has two main objectives:

The first objective is that of recognition and retention of the top 50 NMB companies for their contributions to the economic growth of the region across five specific categories. Proposed categories which have been identified include but are not limited to: Top Exporters, Top Investors, Top New-Comers, Long Standing Companies and Top Job Creators.

The second objective is to extend the service offering of the Export Help desk through the stakeholder engagement exercise in order to develop lasting relationships with the top 50 local companies.

NMBM recognises the impact created by these local companies in their contribution to job creation and sustainability, economic growth, increase in exports and investments and expansions. These Top Companies were awarded a certificate from the Municipality at a ceremony on 3 March 2016.

3. INTERGOVERNMENTAL PROJECT PIPELINE

3.1 INTERGOVERNMENTAL PRIORITISED PROJECTS

3.1.1 CRITICAL GROWTH AND DEVELOPMENT PROJECTS FOR ALL SECTORS

The intergovernmental project pipeline is contained in Annexure “F” attached hereto. This annexure contains not only the BEPP Catalytic Projects but also other growth and investment projects that the City needs to undertake.

The following projects have been preliminarily identified as critical for sustained growth and development of the City. They require screening detailed evaluation and prioritisation. However, should they proven to be unavoidable, major capital investment will be required.

TABLE 7: Potential Critical Investment Priorities in the NMBM

No	Description	Cost Est.	Budget	Timeframes	Project Status
1	Nooitgedaght Phase 3	R350M	DWS	Dec-19	Contractor award stage
2	Borehole Water Exploration	R200M	16/17 - R3M '17/18 - R8M '18/19 - R8M	Dec-19	Tender to be advertised by March 2017.
3	Sea Water Desalination	R1,500M	16/17 - R1M '17/18 - R4M '18/19 - R4M	5 yrs.	60MI/d: Cost estimate excludes link pipe & pump station network to distribution network. Subject to EIA processes
4	Sundays River	R1,000M	16/17 - R1M '17/18 - R4M '18/19 -	3 yrs.	55MI/d: Cost estimate includes link pipe & pump station network to

No	Description	Cost Est.	Budget	Timeframes	Project Status
			R4M		distribution network. Subject to EIA processes
5	Fishwater Flats	R1,300M	R100M pa	5-10 yrs.	Phase 1: 95% complete
6	Coega Wastewater Treatment Works	R1,500M	16/17 - R6M '17/18 - R7M '18/19 - R7M	5 yrs.	Preliminary planning phase.
7	Coega Return Effluent	R600M	16/17 - R0.25M '17/18 - R1M '18/19 - R2M	3 yrs.	Project ready for implementation
8	Non-Revenue Water	R1,400M	R650M for First 5 yrs.	10 yr. Plan	Project Commenced. R1010M required for infrastructure upgrades. These are cost estimates, 10 Year Plan being drafted.

Source: NMBM 2017

- 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 the provision of basic water and also water for economic growth and development. Phase 2 of this project has commenced by the implementation of three contracts completed in March 2017. Phase 3 requires R210M (four contracts) for the completion of the entire expansion. The Department of Water and Sanitation (DWS) has committed R128 million.
- Fishwater Flats Wastewater Treatment Works (FWFWWTW) upgrade has commenced with the inlet works which are approximately 75% complete. The Wastewater Treatment Works is critical for further growth and development in the Metro. The total funding needed is estimated at R1,3 billion.

- Economic infrastructure for developments such as the Coega Wastewater Treatment Works and the Coega Return Effluent Scheme, is needed to support the Coega SEZ. Further development of the SEZ will be hampered without funding for these projects. An investment of approximately R600M is required to complete the Return Effluent project.
- Planning has commenced on a new wastewater treatment facility to support the housing developments north of Motherwell and the Coega SEZ. This plant is planned for an ultimate capacity of 120 MI/d costing in the region of R1 500M. A start up capacity of approximately 20MI/d will be required.

As part of the Capacity Support Implementation Plan, funding strategies for Fishwater Flats and the Coega Waste Water Treatment Works will be looked at to optimise the timing and funding.

Backlogs and funding requirements

Annexure “B” attached indicates the detailed infrastructure and maintenance requirements per sector for NMBM.

The table below reflects the estimated total capital backlog for NMBM.

TABLE 8: Total Infrastructure Capital Backlog

BACKLOGS	AMOUNT
Infrastructure capital backlog	R 10 541 000 000
Capital refurbishment and repairs and maintenance	R 11 697 000 000
Electricity network refurbishment and infrastructure recapitalisation	R 1 324 000 000
Total	R 23 562 000 000

The abovementioned amount of R23,562 billion does not include the provision of public amenities such as schools libraries and clinics, public transport provision and housing for backyard dwellers. Electricity and Energy Directorate has applied for and received a grant from the French government to conduct a full audit, feasibility study and development of a business case for the recapitalisation of the Electrical network in the NMBM. The study commenced in March and should last about five months.

3.1.1.1 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.

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.

Project Name and Scope	Project status	Project budget	
<p>Waste Water Treatment & Environment</p> <p><i>Upgrading of all waste Water treatment works to support the eradication of buckets by providing waterborne sanitation. Improvement of river water quality</i></p>	<p>1. Phase 1 update of Fishwater Flats WWTW commenced on inlet structures.</p> <p>2. Only limited budget is available for the upgrade of all the WWTWs.</p> <p>3. ROD for Cape Recife WWTW being queried by DEDEAT</p>		R484M
<p>Improving road access to KwaZakhele Township</p> <p><i>Upgrading of John Tallant Road, construction of a link road to KwaZakhele Township and rehabilitation of Grahamstown Road.</i></p>	<p>Project completed in September 2014</p>		R61M
<p>BRT / IPTS</p> <p><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</i></p>	<p>IPTS review currently under way</p>		R2500M

Project Name and Scope	Project status	Project budget	
<i>users of the transport system in the Metropolitan area</i>			

The projects identified under the three applicable SIPs for the NMBM are all part of current and future budget cycles.

3.2 INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET

3.2.1 LEADERSHIP AND GOOD GOVERNANCE

3.2.1.1 Strategic Development Review and CSIP Projects

The CSP Capacity Support Implementation Projects support leadership and good governance.

Section 1 of this report deals with the Strategic Development Review as well as the CSIP and status of projects in detail.

The following specific leadership and good governance projects form part of the CSIP.

3.2.1.2 Organisational change management support

NMBM faced severe organisational challenges. These included instability, political/ administrative blurring, problems with legal compliance and an extremely poor labour relations environment. The organisational structure also requires review to align the institution with its strategic objectives. The support included a review of the organisational structure; advice on the labour

relations environment, and teambuilding and coaching. This support has been finalised.

3.2.1.3 Long-term Strategic Planning Support

There is widespread distrust and there are constant challenges to city initiatives due to inadequate and inappropriate consultation and citizen engagement. In addition, there are constant protests challenging the institution. The IDP/budget participation processes have been greatly enhanced in the current year by developing processes through which citizen trust can be enhanced and with proper participation, lead to a credible and well understood IDP and budget processes. This process is still under way and will lead to the development a Growth and Development Strategy with supporting strategic plan.

NMBM had no substantive development vision and strategy. A mission and vision forming a core ideology for the City have now been developed.

3.2.1.4 Financial planning support

NMBM has difficulty to adequately assess capital and operating priorities. This project seeks to introduce an appropriate capital prioritisation and planning system. It also seeks to assist in the development of a Long Term Financial Sustainability Strategy (LTFSS). A further aspect to be addressed is an improvement of the IDP Budget processes and alignment. The intention is to establish a credible budget planning process within the NMBM that addresses the key issues proactively and timeously to support a smooth budget process.

3.2.1.5 Revenue strategy and management support

The current budget preparation processes indicate inappropriate tariff structures, increasing gross debtors and inadequate revenue system functionality. The initiative involves the review of current tariff structures, compare them to service delivery costs and affordability of debtors; and suggest changes which could be more appropriate; review revenue system functionality and performance and advise on possible improvements; review and advise on suggested approaches to collecting the debtors book.

3.2.1.6 Inter-sectoral Municipal Provincial, SOE, National Consultation

The following aspects are worth noting.

IGR FORUM

The NMBM has held regular IGR forum meetings to which other spheres of government sector departments are invited to deal with inter-sectoral issues.

Processes are underway to re-evaluate a terms of reference for this forum in order to ensure that this forum becomes more strategic in its work.

NELSON MANDELA BAY STRATEGIC INTERFACE FORUM

A Memorandum of Understanding was signed in 2014 between Transnet SOC Limited, Transnet National Ports Authority, Coega Development Corporation, Nelson Mandela Bay Metropolitan Municipality and the Mandela Bay Development Agency to establish the Nelson Mandela Bay Strategic Interface Forum (NMBM SIF).

The purpose of the MOU is to promote and facilitate collaborative effort between the parties through engagement on strategic issues of mutual significance. It furthermore outlines the structures and sub-committees which inter alia included a sub-committee on Spatial Planning and Development (SPD) issues and a Projects Committee.

This MOU was reviewed in September 2016 by a special sub-committee that recommended inter alia the following amendments to the MOU:

- The inclusion of PRASA; ACSA and NMMU as Parties to the MOU
- Alternating the responsibility of the Chair between the Port Manager and a City representative.
- A plenary that involves all stakeholders at least twice a year.

The SIF meets every second month. It has challenges of commitment from all parties; transparency and getting the same representative to the meetings for continuity, but these are being addressed.

3.2.2 RISK MITIGATION AND OPERATING BUDGET IMPLICATIONS

These aspects have not been specifically addressed as part of this BEPP. Consideration will be given to these issues in the forthcoming year and as the organisational review processes are completed.

4. SPATIAL BUDGET MIX

4.1 CAPITAL FUNDING

The 2017/18 Capital Budget is indicated below.

TABLE 10: 2017/18 Capital Budget

Directorate	2017/18 Capital Budget	Draft 2018/19 Capital Budget	Draft 2019/20 Capital Budget
Budget & Treasury	25,574,580	6,242,500	19,819,553
Chief Operating Officer	6,410,526	15,331,579	16,191,228
Corporate Services	13,560,000	17,150,000	16,085,000
Economic Development, Tourism and Agriculture	-	-	-
Sport and Recreation	38,720,000	35,500,000	28,000,000
Human Settlements	221,676,316	219,754,386	241,569,298
Electricity and Energy	276,985,789	267,873,684	285,712,684
Roads, Stormwater, Transportation & Fleet	451,050,070	427,230,635	452,062,174
Water Services	196,000,000	210,500,000	211,000,000
Sanitation Services	281,964,035	309,860,526	308,860,526
Public Health	47,100,000	44,000,000	51,766,000
Safety & Security	13,700,000	21,500,000	19,000,000
Motherwell Urban Renewal Programme	7,500,000	-	-
TOTAL	1,565,241,316	1,574,943,310	1,650,066,463

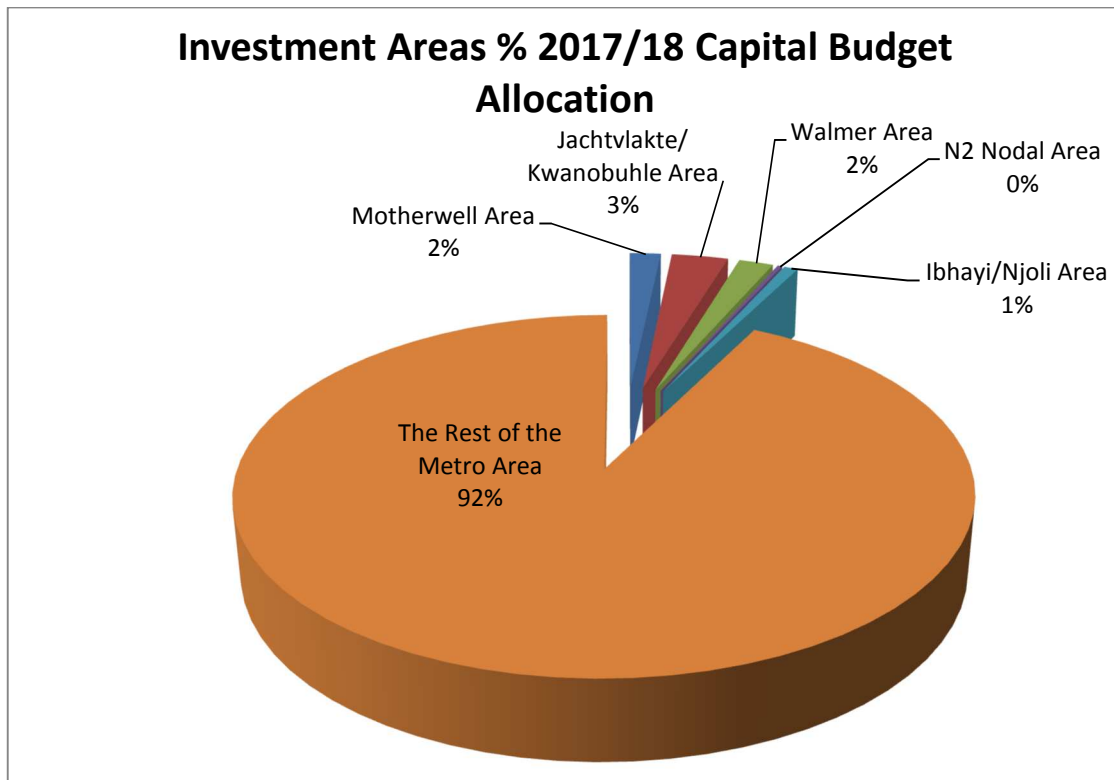
The funding of the 2017/18 Capital Budget is indicated in the table below. Budget and Treasury as part of the budgeting process is investigating the taking up of a loan to supplement the Capital Budget with loan funding to fund bankable projects and in that way release own revenue for needed capital projects which fall outside the conditional grant conditions.

TABLE 11: Capital Budget (2017/18) Source of Funds

Funded by:	2017/18 Capital Budget	Draft 2018/19 Capital Budget	Draft 2019/20 Capital Budget
National Government	999,916,736	998,450,810	1,051,396,910
Other transfers and grants	322,350,000	336,500,000	352,000,000
Public contributions & donations	92,300,000	77,000,000	77,000,000
Internally generated funds	150,674,580	162,992,500	169,669,553
TOTALS	1,565,241,316	1,574,943,310	1,650,066,463

4.1.1 CAPITAL BUDGET ALLOCATIONS TO PRIORITY DEVELOPMENT AREAS

The development trends are captured in the NMBM IDP and Budgets and are illustrated by the distribution of funding priorities in terms of the 2017/2018 Capital Budget, as reflected in the figures below.

FIGURE 31: Area Priorities as Percentage of 2017/18 Budget

Source, NMBM (2017)

TABLE 12: Area Priorities in Nelson Mandela Bay (2017/18)

Developmental Area	2015/16 Actual Expenditure	%	2016/17 Original Budget	%	2017/18 Budget	%
Motherwell Area	39,105,000	2%	100,300,000	7%	26,000,000	2%
Jachtlakte/ Kwanobuhle Area	53,022,839	3%	44,750,000	3%	47,500,000	3%
Walmer Area	32,592,523	2%	66,941,880	5%	28,935,789	2%
N2 Nodal Area	-	0%	-	0%	4,000,000	0%
Ibhayi/Njoli Area	16,387,363	1%	17,738,600	1%	11,707,895	1%
TOTAL ALLOCATED TO DEVELOPMENT AREAS	141,107,725	9%	229,730,480	17%	118,143,684	8%
The Rest of the Metro Area	1,515,179,495	91%	1,122,940,640	83%	1,447,097,631	92%
TOTAL BUDGET	1,656,287,220	100%	1,352,671,120	100%	1,565,241,316	100%

Source: NMBM Budget & Treasury, 2017

4.1.2 Capital Budget Allocations to Integration Zones/ Growth Areas

The following table has been prepared, showing the Budget for projects in the elements of the Urban Network Strategy described above.

TABLE 23: Integration Zone and Growth Area Budget Allocations

Description	Capital Budget 2017/18	%	Draft Capital Budget 2018/19	%	Draft Capital Budget 2019/20	%
Central Business District	13,000,000	1%	5,000,000	0%	7,000,000	0%
Growth Area 1 & Informal Settlement Upgrading	4,000,000	0%	5,000,000	0%	7,000,000	0%
Growth Area 2	1,000,000	0%	1,000,000	0%	7,000,000	0%
Growth Area 3 & Informal Settlement Upgrading	71,673,684	4%	46,000,000	3%	64,323,684	4%
Growth Area 4	14,500,000	1%	18,584,908	1%	13,000,000	1%
Growth Area 4 & Informal Settlement Upgrading	6,000,000	0%	6,500,000	0%	3,500,000	0%
Informal Settlement Upgrading	315,718,421	19%	306,973,684	23%	303,864,035	19%
Integration Zone 1	11,000,000	1%	11,000,000	1%	6,000,000	0%
Integration Zone 1 & Catalytic Project	5,657,895	0%	17,543,860	1%	17,543,860	1%
Integration Zone 1 & Informal Settlement Upgrading	2,700,000	0%	5,650,000	0%	4,100,000	0%
Integration Zone 2	24,910,526	2%	25,500,000	2%	6,500,000	0%
Integration Zone 2 & Informal Settlement Upgrading	40,000,000	2%	43,254,386	3%	61,745,614	4%
Catalytic Projects	52,249,913	3%	30,000,000	2%	10,000,000	1%
Municipal Major Projects	309,400,000	19%	339,250,000	25%	278,500,000	18%
TOTAL	871,810,439		861,256,838		790,077,193	
TOTAL CAPITAL BUDGET	1,656,287,220		1,352,671,120		1,565,241,316	
% ALLOCATED	53%		64%		50%	

Source: NMBM Budget & Treasury, 2017

4.2 INVESTMENT STRATEGY

4.2.1 APPLICATION OF GRANT ALLOCATIONS

The application of grant resources is reflected below.

The Nelson Mandela Bay Municipality fully complies 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:

- Potable running water to support housing delivery and upgrading of informal human settlements.
- Water borne sewerage to support housing delivery and upgrading of informal human settlements.
- Increase water treatment capacity to cater for the additional water demand for both current and future housing delivery and upgrading of informal human settlements.
- Increase water network capacity to cater for the additional water demand for both current and future housing delivery and upgrading of informal human settlements.
- Upgrading and expanding the waste water and wastewater treatment facilities to handle the additional sewage that needs to be treated as informal settlements are upgraded and developed.
- Upgrading the pipe network capacity to handle the additional sewerage and waste water flow as a 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.
- Upgrading and rehabilitation of existing stormwater network due to densification and ageing of infrastructure.
- 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 the 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. The challenge is the misalignment of the USDG and the HSDG in that the HSDG subsidies are not keeping pace with available serviced sites. Approximately 7000 sites are ready for development should HSDG money be received. In addition, beneficiary management is a challenge.

TABLE 14: Application of Grant Resources - 2017/18 Capital Budget

Urban Settlements Development Grant (USDG)		911,761,000
	Tarring of Gravel Roads	85,500,000
	Bulk Water Services	201,210,000
	Bulk Sanitation	349,540,000
	Internal Services for Housing Delivery	252,711,000
	Public Lighting	17,100,000
	Upgrading of Public Open Spaces	5,700,000
Public Transport Infrastructure Grant (PTIG)		273,297,000
	Public Transport Road Infrastructure	273,297,000
Integrated National Electrification Grant (INEP)		30,000,000
	Informal Housing Electrification	30,000,000
Neighbourhood Development Partnership Grant (NDPG)		15,000,000
	Precinct Upgrading for Economic Development	15,000,000
Integrated City Development Grant (ICDG)		7,308,000
	Spatial Planning & creating connectivity	7,308,000
		1,237,366,000

Source: NMBM Budget & Treasury, 2017

4.2.2 PROPOSED URBAN SETTLEMENTS DEVELOPMENT PLAN

In accordance with the requirements of the Division of Revenue Act and the National Department of Human Settlements, an Urban Settlements Development Plan for 2017/18 is attached as Annexure "H".

4.3 INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET

4.3.1 CAPACITY SUPPORT IMPLEMENTATION PLAN

In terms of the Capacity 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.

4.3.2 VALUE OF PROGRAMMES AND PROJECTS BY SECTOR

The consolidated Operating Budget per Directorate is contained in Section 7.2 which follows. The Capital Budget per Directorate is reflected below.

The following is the value of programmes by Sector:

TABLE 15: Capital Budget by Directorate

Directorate	2017/18 Capital Budget	Draft 2018/19 Capital Budget	Draft 2019/20 Capital Budget
Budget & Treasury	25,574,580	6,242,500	19,819,553
Chief Operating Officer	6,410,526	15,331,579	16,191,228
Corporate Services	13,560,000	17,150,000	16,085,000
Economic Development, Tourism and Agriculture	-	-	-
Sport and Recreation	38,720,000	35,500,000	28,000,000
Human Settlements	221,676,316	219,754,386	241,569,298
Electricity and Energy	276,985,789	267,873,684	285,712,684
Roads, Stormwater, Transportation & Fleet	451,050,070	427,230,635	452,062,174
Water Services	196,000,000	210,500,000	211,000,000
Sanitation Services	281,964,035	309,860,526	308,860,526
Public Health	47,100,000	44,000,000	51,766,000
Safety & Security	13,700,000	21,500,000	19,000,000
Motherwell Urban Renewal Programme	7,500,000	-	-
TOTAL	1,565,241,316	1,574,943,310	1,650,066,463

5. IMPLEMENTATION

5.1 LAND RELEASE STRATEGY

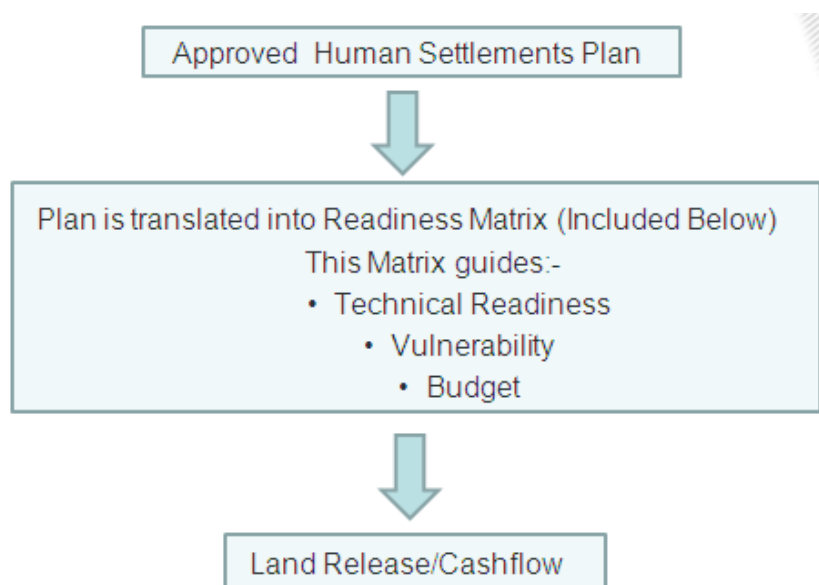
The Human Settlements Plan (NMBM Human Settlement Directorate, 2012) provides for residential development on land that is owned by the Municipality and the development of this land is done in accordance with the Development Readiness Matrix, which is a project management tool for the Housing Programme.

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 and the Human Settlements Plan forms part of the Human Settlements Sector Plan of the Municipality.

The development process is shown in the figure below.

FIGURE 3232: Development Process



Attached as Annexure “D1” and “D2” is a map and matrix that reflects all of the current informal settlements upgrading and relocation projects within the Municipality. These projects take place on municipally owned land.

In general, land availability is not a major problem for the catalytic projects that have been identified.

5.2 PROCUREMENT APPROACH FOR TOP PRIORITY PROJECTS

5.2.1 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 any Capital Budget is contractually committed to projects as procurement of multi-year projects starts in prior financial years. Due to the infrastructure planning and condition assessment cycles, the procurement plans of some projects only start the procurement processes late in the financial year.

The centralised filing of files of formal tenders is a continuous problem and a serious concern for this municipality. The municipality has again received an audit qualification for SCM irregular expenditure due to incomplete and missing tender files during the 2015/16 financial year audit. This technically implies that the municipality was again qualified for its poor filing.

The electronic SCM system has helped to ensure that all attendance registers, minutes and items presented to all the Bid Committees are in place. This has significantly reduced the risk of incomplete files, however the submitted tenders have been isolated as the main and remaining problem. For these reasons Budget and Treasury are considering removing the function of filing and record keeping from the SCM unit.

5.3 INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET

5.3.1 CAPITAL PROGRAMME

This BEPP results in a Capital Programme to meet infrastructure 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. Part of this programme is to support private development and to increase the rates and revenue base for the municipality in its efforts to become less grant funding dependant.

Planning for implementation includes the concept designs, water use license application, 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.

The Capital Budget Performance for the past few years was as follows:

Financial Year	Original Budget %	Adjustments Budget %
2013/14	99%	99%
2014/15	100%	91%
2015/16	98%	89%

Structures have been set up for the monitoring of implementation and expenditure as follows:

- Directorate
 - Project 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 in excess of 90% has consistently been achieved, concerns have been raised about the “hockey stick” expenditure curve versus the traditional S-curve. The performance of the municipality is linked to the project cycle and cash flows of more than 200 individual projects each year on the capital budget. The Budget and Treasury Directorate has, however, strengthened controls by adding the requirement of a detailed procurement plan for each project before it will be considered for entering the Capital Budget. However, 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 and protests delaying completion of projects.
- Small, medium and micro enterprise contractors: Demand for work and the associated work stoppages.

5.3.2 CAPACITY SUPPORT IMPLEMENTATION PLAN

Apart from other relevant CSIP projects mentioned in other sections of this report the following projects are of relevance to properly managing the Capital Budget and operating budgets.

Financial planning support

NMBM has difficulty to adequately assess capital and operating priorities. This programme seeks to introduce an appropriate capital prioritisation and planning system. It also seeks to assist in the development of a Long Term Financial Sustainability Strategy (LTFSS).

A further aspect to be addressed is an improvement of the IDP Budget processes and alignment. The intention is to establish a credible budget planning process within the NMBM that addresses the key issues proactively and timeously to support a smooth budget process

Revenue strategy and management support

The current budget preparation processes indicate inappropriate tariff structures, increasing gross debtors and inadequate revenue system functionality. It aims to review current tariff structures, compare them to service delivery costs and affordability of debtors; and suggest changes which could be more appropriate:

- review revenue system functionality and performance and advise on possible improvements;
- review and advise on suggested approaches to collecting the debtors book.

Infrastructure financing support

There are 3 strategic water services projects well placed to support poverty reduction and promote economic development. These are bucket eradication, Phase two of the Nootgedacht WWTW and Fishwater Flats WWTW. The project involves high level strategic evaluation of the current proposals and to make recommendations on approaches to accelerate implementation.

Long term development planning support

NMBM has not had substantive development vision and strategy. The intention is develop a short, medium and longer term development vision and strategy by managing the development of the BEPP, SDF, Transport planning and housing programme and other strategic documents and ensuring that they are effectively aligned and feed into the annual processes generating the budget and IDP. This is to be led by the SDR report findings and decisions.

6. URBAN MANAGEMENT

6.1 URBAN MANAGEMENT INTERVENTIONS

This BEPP has identified the Integration Zones and Growth Areas which have been completed with reference to National Treasury where the UNS is prescribed.

Because the Municipality has not finalised all precinct planning in the integration zones, urban management initiatives have not yet been identified. This aspect will receive attention after the precinct planning is complete and once the organisational structure is finalised. Precinct planning in selected integration zones is expected to be completed in the 2017/18 financial year.

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 for SRA's are being considered.

6.2 TRANSPORT MANAGEMENT

According to the Technical Transport Planning Guidelines for CITPs prepared by the Department of Transport, the alignment of an Integrated Public Transport System (IPTS) should inform land development, thereby providing proposed developments access to existing and operational public transport facilities. Additionally, the CITP can indicate the necessary intensification requirements of commercial, residential and activity land-uses that would make an IPTS viable. Low density, dispersed developments beyond the reach of public transport corridors have numerous negative impacts on the transport system, including long trip-times to public transport nodes, poor non-motorised transport (NMT) opportunities and the promotion of private vehicle use. These developments should consequently not be prioritised for development until they are linked to the public transport system or employment opportunities are provided within or close to the development and urban densities are increased to sustainable levels.

The MSDF, and the individual project proposals specified by the MSDF, should be evaluated according to the transport implications of the project alternatives. Selection of project alternatives should be made with reference to the performance of the proposal and transport system in terms of the following objectives:

- Integration
- Safety
- Environmental Impact
- Economy
- Accessibility

Poor integration of land-uses and inadequate accessibility to work opportunities by public transport, negatively impacts the economy and environment through long average travel times, high fuel usage and wasted time.

One of the focal points of the MSDF is to develop corridors along major transport routes. These corridors are to be flanked by mixed-use development and be supported by improved public transport routes, such as the Khulani Corridor that extends from the

NMBM 2010 Stadium to Njoli Square and Motherwell. These corridors thereby promote accessibility to a number of amenities, facilities and jobs, as well as improve mobility within the City.

The strategic development projects included in the MSDF implement the core development focus areas. A number of projects, such as the Njoli Square Development, the Motherwell Urban Renewal Programme, and the Zanemvula Project to name a few, should include strategies to promote mixed-use development, increase urban density and develop infill housing on currently vacant land, especially along transport corridors. These approaches have numerous advantages in terms of the transport system that covers all of the objectives for projects mentioned above.

Improved integration can be assured by promoting public transport development, which is made viable by increasing housing densities as more people can make use of fewer public transport stops. The safety of non-motorised transport (NMT) users is enhanced by upgrading the road reserves as well as through densification: by placing more residences and businesses adjacent to the access routes, human presence on the street is increased thereby enhancing pedestrian security. Environmental impact is mitigated by reducing travel distances and time spent travelling by promoting mixed-use developments and public transport. Dense, mixed-use neighbourhoods allow economic opportunities and community facilities to be located closer to a greater number of residents, thereby making the provision of facilities more cost effective. Accessibility to public transport and facilities is also improved by dense, mixed-use development strategies on defined transport corridors.

The economic situation of the majority of residents in NMBM makes them captive to public transport and/or NMT. Public transport itself encourages the use of NMT for the initial trip phase, from home to a public transport stop, and the final trip phase, from stop to destination. It is therefore vital for the effectiveness of a public transport system, that NMT users can safely and securely reach public transport. Community segregation is another issue that should be actively dealt with by the SDF, as segregation restricts access to some parts of the community, reducing ability to reach public transport and community facilities.

6.2.1 TRENDS AND DEMAND FOR TRANSPORTATION

Fundamental to the concept of the Integration Zones is the accessibility via public transport and Transport Oriented Development. This is in accordance with the CITP objectives of:

- Integration
- Safety
- Environmental Impact
- Economy
- Accessibility

Poor integration due to historic spatial planning and land-uses perpetuates inadequacy in accessibility to work opportunities and other amenities by public transport which impacts negatively to the economy, environment and other social factors through long average travel times, high fuel usage and wasted time.

One of the focal points of the MSDF is to develop corridors along major transport routes. The corridors in the proposed integration zones are to be flanked by mixed-use development and will be supported by improved public transport routes that were identified specifically to facilitate mobility and accessibility within the Integration Zones. The starter service as it is currently being planned mainly subscribes to the five objectives of the CITP that seek to foster integration and provide safe and secure service while increasing accessibility by either contributing or facilitating socio and economic activities within the NMBM and beyond.

6.3 INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET

As stated above, precincts within the integration zones have not yet been detailed. It is intended in the 2017/18 financial year to complete precinct planning for Ibhayi, Bethelsdorp and Motherwell areas which support the Integration Zones. Once this is completed precinct management entities can be further established.

Notwithstanding the above, the Municipality has a number of existing precinct management entities presently dealing with locality bound urban management.

6.3.1 PRECINCT-BASED MANAGEMENT ENTITIES

There are five 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)
- Coega Development Corporation (CDC)

6.3.1.1 Mandela Bay Development Agency (MBDA)

The Mandela Bay Development Agency (MBDA), was established in 2003 by the Nelson Mandela Bay Municipality (NMBM) with the support of the Industrial Development Corporation (IDC) and implements urban regeneration in Nelson Mandela Bay's inner city. The aim is to promote economic and tourism development against the backdrop of urban renewal. The MBDA is a Municipal Entity. The MBDA's mandate also extends to the Uitenhage Inner-city and other development and township areas.

The philosophy of the MBDA which applies to their projects is to create well researched, community participated, 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.

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

The following projects are being pursued:

- Happy Valley Precinct development/ Telkom Park / Eastern Province Rugby Union (EPRU) Stadium redevelopment
- Baakens River Precinct Node 1 – Vuyisile Mini Square Upgrade
- Baakens River Precinct Node 1 – Pedestrian Bridge
- Singhapi Street Environmental Upgrade
- Restoration of the Campanile building
- Rivonia Trial Art Piece
- Expanded Public Works Programme – Visual Arts and Heritage
- SPUU – Safety and Peace through Urban Upgrading

Of the above, the Baakens River Precinct and Happy Valley Precincts, form part of the suite of BEPP catalytic projects of the Municipality, and are therefore prioritised.

6.3.1.2 Uitenhage-Despatch Development Initiative (UDDI)

The Uitenhage Despatch Development Initiative (UDDI) was founded in May 2003 as a Section 21 non-profit company. It is wholly-funded by the NMBM for its operating budget and is also supported by the Department of Science & Technology (SAASTA), Department of Economic Development, Environmental Affairs & Tourism (DEDEAT) and other private and public sector entities for programmes/projects specific initiatives.

The UDDI is a special purpose agency established to facilitate sustainable development of the north-western region of the biggest metropolitan in the Eastern Cape Province, the Nelson Mandela Bay Municipality (NMBM). The agency advocates the socio-economic upliftment of the Uitenhage and Despatch areas, and the broader Nelson Mandela Bay Metro.

The UDDI identified five overarching strategic goals to facilitate alignment with strategic initiatives. These goals include stimulating economic growth, investment and supporting entrepreneurship as well as contributing to the social upliftment of the community through education and training. As a collective, these strategic goals form the core foundation of the UDDI's strategic posture. In addition, three long-term strategic focus areas were

identified which should play a central role in the attainment of organisational goals. These include town regeneration, enterprise development, education, training and skills development.

As part of addressing inequality, poverty and unemployment, there is an urgent need to develop infrastructure or revive existing structures in the communities where development programmes can locate.

There are two projects that are ready to be implemented:

- Phase II Science Centre Development - **Creative Industries Skills Hub and Innovation Centre**. The incubator for creative industries will enable the fast tracking of emerging businesses in these sectors. The main aim is to accelerate the development of SMMEs in the strategic sectors of the local economy.

The facility will consist of a multi-use business incubation centre and smaller retailing facilities and exhibition, innovation and prototyping labs and quality control facilities. This kind of facility will target production for both local and international markets.

Business plans and draft infrastructure plans to be developed in the 1st phase of this project – 2016/17 and phase 2 will focus of full development of the Centre/Hub and programmes implemented.

Acquisition of property - Old railway sheds (Phase II Science Centre Project)

Business plan development and resource mobilisation from NMBM – R12m from sale agreement of the adjacent private development and DEDEAT R22m. The total project cost is estimated at R35m (development of economic infrastructure)
Programme Funding – ECDC/DTI – estimated operational cost to run the facility will be funded from incubation funding form the DTI/Department of Small Businesses.

Business incubation is a program designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. The programme offers a culture conducive to business, enabling policies and leadership, availability of appropriate finance, quality human capital, venture-friendly markets for products, and a range of institutional and infrastructural supports.

6.3.1.3 MOTHERWELL URBAN RENEWAL PROGRAMME (MURP)

Motherwell is 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 primarily developed as a residential area and the necessary infrastructure for recreational facilities, basic amenities and job creation did not keep pace with the growth of the area.

The key strategic objectives of the Urban Renewal Strategy are:

- Infrastructure development
- Economic development
- Crime reduction
- Job creation

125 public sector projects have been implemented in Motherwell since the start of the programme. These equate to R551 666 211 in the fields of local economic development, human settlements and social development.

The impact of the urban renewal programme are that household income has improved by 16,6% due to an increase in the number of employed household heads. In addition , 92% of households occupy formal structures compared to only 65% in 2001 and sewerage connections have increased from 22 714 in 2001 to 37 116 (95%) in 2011.

In addition, piped tap water has increased from 10 077 in 2001 to 30 659 in 2011 (46,7%).

To enhance Motherwell as a Growth Node, the following projects are being planned:

Project	Investor/s	Time lines
Motherwell Rail Link	PRASA – R1.3 billion	2015/16 – 2019 The design is currently being prepared.
Film Centre	National Film & Video Foundation	2016/17 – 2018/19 The project has been awarded to NMBM – Motherwell area.

6.3.1.4 Helenvale Urban Renewal Programme (HURP)

Helenvale was declared an urban renewal area in 2006. National and provincial investment has resulted in R78 million worth of investment between 2007 and 2012 specifically focused on infrastructure, skills programmes and job creation.

The German Development Bank has invested R50 million, for the Safety and Peace through Urban Upgrading Programme (SPUU) upgrading project in Helenvale.

The project is now in its third year. A SPUU Master Plan was completed and includes infrastructure and community projects, such as violence prevention. The SPUU Master Plan is the result of extensive public participation. Helenvale is one of the most down trodden townships in the Nelson Mandela Bay with a very high crime rate, unemployment and social decay. The MBDA has project managed the construction of the Helenvale Resource Centre at a cost of R38 m and general road upgrades (pavements, lights, etc.) at a cost of R78 m (all National Treasury funding). The MBDA also operates the Helenvale Resource Centre.

A Finance Agreement was signed with the German Kfw Bank for 5 million Euros. The possibility exists for a further funding (5 million Euros) after the completion of the first phase which ends in January 2018. The first three projects: schools, safe walkways and

a soccer field have commenced. The total amount of these project financed by Kfw Bank and project managed by the MBDA is R20 million.

6.3.1.5 Coega Development Corporation

The Coega Development Corporation (Pty) Ltd (“CDC”) was established in 1999 to develop and operate the Coega Special Economic Zone (“CSEZ”). The CDC is a government owned entity which has the operator’s licence for the 11500 hectare (ha) SEZ area. The SEZ is adjacent to the deep water Port of Ngqura which is managed by Transnet.

A revised legislative framework was established for the SEZ with the promulgation of the Special Economic Zones Act 16 of 2014 (Act 16 of 2014) enacted through the SEZ regulations of 09 February 2016. An SEZ is an economic development tool to promote national economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology. The SEZ is intended to:

- Facilitate the creation of an industrial complex having strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services;
- Development infrastructure required to support the development of targeted industrial activities;
- Attracting foreign and domestic direct investment;
- Providing the location for the establishment of targeted investments;
- Enabling the beneficiation of mineral and natural resources;
- Taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
- Promoting regional development;
- Creating decent work and other socio economic and social benefits in the region in which it is located; and
- Generating new and innovative economic activities

The NMBM and the CDC have an agreement in place that outlines the relationship between the organizations in order to meet the developmental objectives of government. To date, the CDC has accessed funding from national and provincial government to

construct the necessary infrastructure for support the Coega SEZ. The infrastructure includes roads and bulk services.

Water and sanitation for the Coega SEZ have been identified as areas of concern by the NMBM and CDC. The availability of water and sanitation imposes limits to the growth of the Coega SEZ, having the implication that high water uses cannot invest in the SEZ until utility requirements have been addressed. A Water, Sewer and Return Effluent Master Plan has been developed for the Coega SEZ, the implementation of which will cost approximately R4,3 billion. The breakdown is reflected below.

TABLE 3: 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	1,213,870,00
2016/2017	20,000,000	580,000,000	320,000,000	920,000,000	426,970,000	1,346,970,00
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	1,597,500,00	896,000,000	2,973,500,00	1,234,550,00	4,208,050,00
		0	0	0	0	0

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

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

(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 February 2017. Funding remains a constraint to commence with Phase 3 to complete the project.

(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 pipe work at the Coega Kop site is being constructed with funding from the CDC.

The change introduced by the SEZ legislation of 2014 has impacted on the funding model for the Coega SEZ bringing both threats and opportunities. Opportunities have been enhanced by the improved incentive packages which will enable the Coega SEZ to attract more local and foreign direct investment, but, with the establishment of more SEZ's in South Africa, the Coega SEZ will also face increased competition for limited funding.

The CDC Strategic Plan for 2015/16 to 2019/20 has identified strategic goals and objectives aimed at achieving financial self-sustainability by the end of the five year planning framework. The strategic objectives are:

- Securing 54 investors valued at R10.28 billion by 2019/20
- Sustaining tenant industries to realise 50 operational investors by 2019/20
- Diversify and grow the CDC income streams to a sum of R2.47 billion by 2019/20

- Realise 61,772 jobs from all spheres of CDC operations by 2019/20
- Train 29,227 people by 2019/20
- Achieve 40% of procurement spend on SMMEs by 2019/20

The capital expenditure of the CDC is determined by investor requirements. Provision is made for capital expenditure over the Medium Term Expenditure Framework (MTEF), but, capital expenditure will only materialize once the relevant investor is secured in the SEZ.

A total capital budget of R6.7 billion is required for projects over the five year planning framework of the CDC for the development of infrastructure to support economic development and is detailed within table 15.

TABLE 17: SEZ Initiatives

Name	Description
Coega/Ngqura Manganese Ore Export Terminal	The terminal comprises an exchange yard in Zone 11, a dual track to the stockpile area in Zone 9 and a conveyor corridor to the export berths on the finger jetty of the Port of Ngqura.
Rail Upgrade (Coega To Sishen)	Has the same initial capacity as for the terminal and needs to be aligned with the terminal capacity and the provision of new locomotives and rolling stock by Transnet Freight Rail.
CCGT Powerstation and LNG Terminal	The CCGT Power Station and associated Liquid Natural Gas Supply. Bulk infrastructure to support the development within Zone 10 of the Coega SEZ would need to be constructed.
Nuclear Fuel Cycle	Intended to beneficiate the country mineral resources and would be fully dependent on the nuclear new build programme.

Name	Description
Bulk Liquid Tank Farm	A site has been allocated within the Port of Ngqura and the infrastructure and municipal services required to make the east bank of the Port of Ngqura operational are being provided by the CDC.
Project Mthombo	There is a business case for Project Mthombo and a more detailed review leading up to the decision to proceed with Front End Engineering and Design is being carried out.
Nooitgedacht Low level Scheme	This potable water augmentation scheme for the NMBM is critical to the CDC for continuing to attract prospective investors.
Fishwater Flats Waste Water Treatment Works (FWF WWTW)	FWF WWTW is the main treatment plant for the NMBM and the Coega SEZ. Currently, the plant is overloaded and requires upgrading.
Coega WWTW	Project Mthombo and other industrial water use projects together with the domestic waste water from Motherwell North developments will necessitate the development of the planned Coega WWTW in Zone 9 of the SEZ. Studies to support the establishment of the Coega WWTW will continue during 2016/17.
Return Effluent Scheme	Return Effluent is a key enabler for the future of the Coega SEZ and NMBM. In a water scarce area, recycling of effluent to provide industrial process water is an essential requirement.
Maritime Opportunity	The CDC has identified the Maritime Industry as a business opportunity that is untapped and thus has a potential as a reliable revenue generation opportunity.

The investment pipeline of the SEZ is focused on distinct sectors as identified within the NMBM approved Development Framework Plan for the Coega SEZ (2006).

Maritime and Port related logistics is a key focus area for the Coega SEZ. The development of Zone 1 will continue with the provision of services to the Port laydown area and sites to investors locating in the area. The Logistics competitiveness of the area will be enhanced with the establishment of the BAIC automotive investment in Zone 1 South.

Within the automotive cluster of Zone 2, the CDC is committed to the establishment and growth of a Multi Original Equipment Manufacturers Complex (Multi OEM) which will include a supplier park, e-coating plant, paint shop and vehicle distribution center. The associated operation of the automotive focused Nelson Mandela Bay Logistics Park in Uitenhage will continue.

Zone 3 will continue to be developed for general industry, significantly strengthened by the availability of industrial gases from investments made by Afrox and Air Products. The zone is home to a fast growing agro processing cluster.

The training cluster in Zone 4 will be the subject of further development, including the provision of opportunities relating to business process outsourcing, driver training and learnerships in the built environment.

Zone 5 is serviced and available for the establishment of metallurgical related investments. Master Planning for the area east of the Coega River has been completed and has focused on ensuring a planning framework with sufficient flexibility to accommodate a range of development scenarios geared to stimulate agglomerative economies.

The bulk of zones 6 and 11 is allocated to the Project Mthombo oil refinery and the establishment of a compilation yard to service the Coega Manganese terminal to be established in Zone 9.

Efforts to develop an Aquaculture cluster in Zone 10 will continue. Zone 10 is the site for a proposed CCGT Energy complex which is being considered as part of an Independent Power Producers project being led by the Department of Energy. The process of establishing a chemicals cluster within Zone 7 of the SEZ will continue with the establishment of two new facilities within the area.

Zones 12 and 14 are positioned to address the development of advanced manufacturing and an aeronautical cluster in keeping with the SDF framework for the City and the priorities and opportunities identified within the Coega East Masterplan.

6.4 ECONOMIC PERFORMANCE

The Eastern Cape Development Corporation (ECDC) has undertaken a number of research studies in the Eastern Cape Province to monitor economic performance. The source of economic data reflected below is the 2016 Regional Economic Profile: Nelson Mandela Bay Metro.

6.4.1 Economic performance per Sector

The following priority sectors are the key drivers of both the NMBM and Eastern Cape economies:

- Agro-processing
- Business Processing and Outsourcing (BPO)
- Capital Goods
- Ocean Economy
- Information Technology and Electronics (ICT)
- Manufacturing
- Mining
- Petrochemicals
- Renewable Energy
- Textiles
- Tourism

Agro-processing

The agro-processing industry refers to the transformation of products originating from the agriculture, forestry and fisheries sector. Agro-processing industry plays a critical role in development, especially in developing countries and the industry has been identified in the National Development Plan as a key vehicle for creating jobs and growth.

In 2015, the total real value of the GDP for the agro-processing industry in the Nelson Mandela Bay was R4.6 billion. This is a 6.0% increase from 2010 when the value was R4.3 billion. In 2015, the agro-processing industry accounted for 26.7% of the total manufacturing sector's value, and 5.7% of the total GDP value of the Nelson Mandela Bay.

Between 2010 and 2015, the Nelson Mandela Bay's agro-processing industry grew by 1.2% per annum, compared to the 1.0% for the Metro's total manufacturing sector but lower than the 1.5% for the entire NMBM economy. The Eastern Cape's agro-processing industry outperformed the NMBM's, growing at a rate of 1.4% per annum between 2010 and 2015. This suggests that there are factors that are affecting the overall competitiveness of the local agro-processing industry.

Although the Nelson Mandela Bay's agro-processing employment is 1.0% higher than it was in 2010 (229 jobs), it is still below the historic peak attained in 2005 when approximately 13 091 people were employed in the Nelson Mandela Bay agro-processing industry. The industry however, still remains a critical employer, accounting for 23.8% of manufacturing employment.

Business Processing and Outsourcing (BPO)

Business process outsourcing (BPO) refers to the outsourcing of business processing services to outside firms, replacing in-house services.

In 2015, the majority of BPO operations in the Eastern Cape were confined to the Nelson Mandela Bay Metro, more specifically the Coega IDZ. The most significant BPO investment in the province has been the construction of the R125 million, 1 500 seat call-centre within the IDZ in 2007. This BPO park covers five hectares in Coega's business service precinct and includes training facilities and recreational space.

Since the establishment of this park, the Coega IDZ has attracted R90.8 million in investment from a number of BPO investors including:

- R35.1 million from Discovery
- R33 million from WNS SA
- R12.7 million by CAPITA
- R10 million from Bizworks now no longer operating

Collectively, these firms employed 1 400 people in 2015, or 0.6%, of the total national employment in the BPO sector. Despite this small contribution, the Nelson Mandela Bay BPO sector accounts for 28.0% of the total BPO employment outside of Gauteng, the Western Cape and KwaZulu-Natal. Employment growth in the Nelson Mandela Bay BPO sector has remained static since 2010, bearing the loss of 50 jobs as a result of the closure of Bizworks operations in 2011.

Capital Goods

The term capital goods, includes durable equipment that lasts at least three years. This equipment is usually used in manufacturing, mining or the development of infrastructure (motor vehicles and vehicle components).

The Nelson Mandela Bay's capital goods sector is a critically important component of the metro's economy, generating approximately R7.8 billion in real GDP value in 2015. This is over R500 million more than recorded in 2010. Nelson Mandela Bay is also a major contributor at a provincial level accounting for 75.4% of the Eastern Cape's capital goods sector. The capital goods sector is accordingly a large component of the broader

manufacturing sector in the NMBM, contributing 44.9% to total manufacturing GDP value in 2015. This sector's share of total manufacturing GDP value has remained constant at 44% for the 2010 to 2015 period.

The Nelson Mandela Bay's capital goods sector is dominated by the manufacturing of transport equipment primarily motor vehicles and vehicle components.

Between 2010 and 2012, the Nelson Mandela Bay's capital goods sector grew at 3.5% above both the national (2.7%) and provincial averages (3.3%). This growth was driven by a several major investments in the NMBM over this period including:

- The R600 million investment by China's First Auto Works (FAW) in the construction of a light truck assembly plant in the Coega IDZ. This plant is anticipated to produce 5 000 trucks a year and employ up to 750 people.
- The awarding of a R6 billion contract to General Motors South Africa (GMSA) in partnership with Tenneco South Africa to export catalytic convertors to the United States.
- A R400 million investment by Agni Steel into the establishment of a high-tech smelting plant in the Coega IDZ that will produce 100 000 tons of mild steel billet fabricated from scrap metal a year, and employ approximately 270 people.

The 2013 to 2015 period saw a very marginal increase (0.1%) in the GDP value growth rate of the Nelson Mandel Bay's capital goods sector. The Nelson Mandela Bay's capital goods sector nevertheless appeared to be more resilient than both the South African and Eastern Cape capital goods sectors, which between 2013 and 2015, contracted by 0.7% and 0.4%, respectively. The Nelson Mandela Bay's capital goods sector is likely to continue to outperform the sector at a national level due to a number of future investments that are likely to come on line in the near future such as the:

- R4.5 billion investment by Volkswagen Group (VWSA) in new models and infrastructure at its Uitenhage vehicles factory.
- R670 million investment by Goodyear South Africa to increase production of high-value-added consumer tyres at its Uitenhage plant.

- R11 billion investment by the Beijing Automotive International Corporation (BAIC) in the construction of a completely knocked down (CKD) vehicle manufacturing plant in the Coega IDZ. This is anticipated to create approximately 2 500 direct and 7 500 indirect jobs.

The above figures highlight the strong GDP value growth prospects of the Nelson Mandela Bay's capital goods sector, as well as the importance of the automotive industry to the economy of the NMBM.

The strong growth in the capital goods sector GDP value between 2010 and 2015 has not seen a corresponding rise in employment in the Nelson Mandela Bay's capital goods sector, which declined by 5.8%, from 26 837 in 2010 to 25 287 in 2015. Almost all of these jobs (70.1%) were lost in the transport equipment sub-sector. This has resulted in the Nelson Mandela Bay's capital goods sector shedding an average 310 jobs per year since 2010, resulting in an average annual employment growth rate of -1.2% between 2010 and 2015.

Despite the capital goods sector's poor employment growth between 2010 and 2015, it still accounts for 50.0% of total manufacturing employment and 7.1% of total metro employment.

Ocean Economy

Marine Transport and Manufacturing (MTM) includes activities in the marine transport sector including cargo handling, national registry and flagging and the manufacturing sector which includes marine vessel building, rig and ship repair and offshore oil and gas services.

Approximately 8.6 million tons of cargo were handled in 2015 by both the Port of Ngqura (72 785 tons, 0.8%) in the Coega IDZ and the Port of Port Elizabeth (8.6 million tons, 98.2%). This represents a 1.0% decrease from the 8.7 million tons of cargo handled by these two ports in 2014.

Significant growth is expected in transshipment containers from and to the Port of Ngqura. At present current demand stands at 765 000 TEUs (Twenty Foot Equivalent Unit - is the unit of the capacity of a container ship, a container terminal and the statistics of the container transit in a port), which is expected to grow to 3 million TEUs by 2043.

Volumes of manganese moving through the Port of Ngqura are expected to increase to 13 million tons per annum in 2020 following the relocation of the terminal from the Port Elizabeth harbour.

The liquid bulk terminal is expected to increase its handling of liquid bulk products from 1.1 million kilolitres in 2014, to 22.2 million kilolitres in 2043. This is made up of a growth in liquid exports and importing crude oil from 2018 onwards as well as the proposed refinery and a Gauteng–Ngqura pipeline.

The Port Elizabeth Port currently handles around 9 million tons of cargo per annum, which is expected to decrease to 4 million tons per annum with the removal of manganese and crude oil to the Port of Ngqura (Transnet, 2014).

Automotive export and import volumes are expected to grow from 115 000 to 280 000 units per year by 2043.

Break bulk volumes are expected to increase from the current 0.3 million tons per annum to 0.6 million tons per annum by 2043.

There is only one major boat building firm in Nelson Mandela Bay, Tag Yachts, a locally-based manufacturer of luxury catamarans destined for the United States market. This business plans to relocate from St Francis Bay to larger premises at the Port of Port Elizabeth. This will necessitate an investment of between R60 million and R80 million and increase employment from its currently level of 48 to 200 (DEDEAT, 2016).

In 2013 the Port of Ngqura was named as one of four South African ports earmarked for the repair and upgrading of drilling rigs in the 2013/2014 IPAP. It was noted in the plan that an estimated 120 drilling rigs passed Cape Point every year, with an additional 80 to 100 rigs along the West Coast. The policy suggested that approximately 28 rigs could be

serviced across South Africa, of which four would be at the Port of Ngqura. Based on the DTI's estimations, the repair of these 28 oil rigs could support 7 000 direct and 21 000 indirect jobs, and lead to R10 billion in foreign revenue being injected into South Africa's economy (DTI, 2014). Based on statistics from Transnet (2016), the Port of Ngqura provided repair services to two oil rigs in 2015 up from zero in 2014 (Transnet, 2016).

In respect of Fisheries & Aquaculture, the aquaculture industry is relatively young, both nationally and provincially, there are only a limited number of aquaculture facilities currently operating in the Eastern Cape. At present, there is only one aquaculture project in the Nelson Mandela Bay focusing on abalone ranching off the coast of Cape Recife. In addition to this farm, the Coega Development Corporation (CDC) has announced plans to develop a R2 billion aqua-farming facility on 300 hectares of land at the Coega IDZ. This development will include dedicating 80 hectares to abalone farming by 2020, and a further 120 hectares to finfish farming. These farms are anticipated to create 2 080 permanent jobs, with all abalone produced exported to the Far East.

Despite the limited number of a marine or freshwater aquaculture projects in the Nelson Mandela Bay, the Metro does have a sizable wildcatch fisheries industry. Collectively these two industries generated R107.2 million in GDP value for the Nelson Mandela Bay in 2015, 45.3% higher than the R73.8 million generated in 2010. This GDP value was almost exclusively derived from the chokka (squid) and line fish industries based from the Port Elizabeth harbour. In a normal season, the Nelson Mandela Bay chokka industry fishes between 7 000 and 8 000 tons of squid a year; however, due to diminishing squid supplies as a result of climate change and over fishing, the local industry has been unable to harvest more than 5 000 tons per year.

This has had a direct impact on the GDP value growth rate of the Nelson Mandela Bay fisheries sub-sector, which only grew by 0.4% in 2014. Despite this low growth rate in 2014, which was below the national (4.7%) and provincial (0.9%) averages, the strong GDP value growth in the preceding years made it possible for the industry to attain an average year-on-year growth rate of 7.8% between 2010 and 2015.

The strong GDP value growth rate of the fisheries industry between 2010 and 2015 had a corresponding positive impact on employment. Over the 2010 to 2015 period

employment rose by 7.9% year-on-year with the industry adding 780 new jobs. Port Elizabeth accounted for the majority of this employment, accounting for 92.3% (720 jobs) of this growth.

Information Technology and Electronics (ICT)

The Information and Communication Technology (ICT) industry includes the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, storage, and audio-visual systems, which enable users to access, store, transmit and manipulate information. The ICT industry cuts across both the manufacturing sector (the production of both hardware and software) as well as the services sectors (data storage, maintenance and repairing systems, etc.).

In 2015, the Nelson Mandela Bay's ICT industry contributed R2.8 billion to the total GDP-R of the Metro, and accounted for 59.1% of the total GDP value of the Eastern Cape's ICT industry. The Metro's ICT industry has shown significant positive growth between 2010 and 2015, registering an average annual GDP value growth rate of 1.5% per year over the period.

Following the slowdown in broadband and fibre roll-out post-2010, the GDP value growth rate of the Nelson Mandela Bay's ICT industry decreased sharply, with the 2011 to 2012 period only registering a growth rate of 0.7%. Although this decline was greater than that exhibited at either a national or provincial level, the Nelson Mandela Bay's ICT industry's average annual GDP value growth rate of 1.5% between 2010 and 2015, still outperformed the provincial average of 1.3%, but was well behind the national ICT growth rate of 3.7%. This increase in the Nelson Mandela Bay's ICT industry growth rate has had little impact on the industry's contribution to overall metro GDP value which remained fairly constant over the 2010 to 2015 period. Despite this, the Nelson Mandela Bay's ICT contribution to total metro GDP value peaked in 2015 at 3.5%.

Unlike the positive growth in GDP value, the Nelson Mandela Bay's ICT industry has exhibited a downward trend in respect of ICT employment, decreasing by 6.9% in absolute terms between 2010 and 2015. This has resulted in the loss of almost 300 jobs in the industry over the period, taking employment within the industry to 3 832 in 2015.

Manufacturing

Manufacturing is a process by which machinery, tools and labour are used to produce goods for use or sale as intermediaries, or as final products, either domestically or internationally.

The total real GDP value of the greater Nelson Mandela Bay's manufacturing in 2015 was R17.4 billion; R830.3 million greater than in 2010, equating to a real increase of 5.0% over the five-year period. This increase was however, lower than the increase in real manufacturing GDP value at both a national and provincial level which, over the same period was 5.8% and 5.3%, respectively. These numbers mean that the Nelson Mandela Bay's manufacturing sector grew by an average annual rate of 1.0% year-on-year between 2010 and 2015 – in line with the provincial average, and only 0.1% lower than the national figure.

The performance of both the metro and national manufacturing sector has been hindered by weak demand in local and external markets, as well as by increased competition from imported products. The sector has also experienced rising operational costs and its production activity has been negatively affected by infrastructure constraints (particularly electricity supply, transportation and logistics) and industrial actions. This has resulted in the manufacturing sector at a metro, provincial and national level, registering negative year-on-year growth of 0.4%, 0.3% and 0.1%, respectively, over the 2013 to 2015 period.

Mining

The definition of mining includes the extraction of valuable minerals or other geological materials from the earth including metals, coal, oil shale, gemstones, limestone, gravel and clay.

There is little to no mining activity occurring in the Nelson Mandela Bay, as evidenced by the sectors 0.1% contribution to the total metro economy in 2010 and the fact that mining only generated R77.2 million in real GDP value in 2015. This figure is slightly higher than the R64.8 million in GDP value that the Nelson Mandela Bay's mining sector contributed

to the overall metro economy in 2010. This rise is equivalent to a 19.2% increase in the sector's real GDP value over the period. This increase meant that the NMBM's mining sector had an average annual GDP value growth rate of 3.6% between 2010 and 2015. This growth rate was higher than both the national (0.4%) and provincial (3.0%) averages. It is however, important to note that this growth is occurring off a very low base, with most mining in the metro being confined to open pit quarries. These materials are used in the construction industry for road aggregates or in the manufacturing of bricks.

Statistics indicate that just over 140 people are employed by the mining sector in the Nelson Mandela Bay – less than 0.1% of total metro employment. Furthermore, employment within this sector has steadily declined since 2010, when 176 people were employed by the local mining sector. Employment growth in the Nelson Mandela bay mining sector was thus -4.3% year-on-year between 2010 and 2015.

Petrochemicals

The petrochemical industry consists of three main sub-sectors: liquid fuels, commodity organic chemicals and fine chemicals.

The Nelson Mandela Bay's petrochemical industry has shown muted growth relative to both the South African and Eastern Cape industries, growing at an average rate of 0.7% per annum between 2010 and 2015. This resulted in GDP value increasing from just R3.4 billion in 2010 to R3.6 billion by 2015 – a 3.5% increase, in absolute terms. Barring a slight slowdown in growth between 2013 and 2014 when the petrochemical industry's GDP value contracted by R 73.0 million, there has been strong, constant increases in the GDP value generated by the industry.

Even though the GDP value of the Nelson Mandela Bay's petrochemical industry increased slowly between 2010 and 2015, it plays an important role in the Nelson Mandela Bay's economy, accounting for 4.4% of the total GDP value of the metro in 2015. This represented only a marginal deterioration from 2010, when the sector contributed 4.6% to total metro GDP value. Although the industry's contribution to the total metro's GDP value has largely remained unchanged, the petrochemical industry's

share of total manufacturing GDP value has fallen slightly from 21.0% in 2010, to 20.6% in 2015. This was the lowest share since the 2011 peak when the industry contributed 21.3% to total manufacturing GDP value.

Approximately 6 088 people were employed in the Nelson Mandela Bay's petrochemical industry in 2015 – just 1.7% of the total metro employment. This was however, almost 200 people less than was employed by the industry in 2010, meaning that year-on-year employment within the industry was -0.6% between 2010 and 2015. This was in line with employment growth at a national (-0.5%) level but lower than at a provincial (-1.0%) level.

Positively, although chemical imports have increased at an average annual rate of 17.9% since 2010, chemical exports have outpaced this growth by a factor of 2.1, growing at a rate of 38.7% year-on-year between 2010 and 2015. This is likely to improve further as new petrochemical investments targeting the export market begin coming on line in the Coega IDZ.

Renewable Energy

Renewable energy is generally defined as energy generated from resources that are continually replenished such as sunlight, wind, waves, biomass and geothermal heat. The renewable energy industry therefore, comprises those enterprises that seek to commercialise these natural processes to generate electricity for consumers.

The electricity sub-sector is a very marginal sub-sector in the Nelson Mandela Bay, generating only R469.1 million in real GDP value in 2015, equivalent to 0.6% of the total GDP value of the metro. This contribution to total GDP value has also remained fairly static between 2010 and 2015, remaining at +/- 0.7% since 2010.

The marginal nature of the electricity sub-sector in Nelson Mandela Bay is further highlighted by the fact that the industry only employed 644 people or 0.2% of the total labour force in 2015. Despite this, employment in the renewable energy's sector has increased steadily since 2010 adding over 50 people and growing at an average annualised rate of 1.7% between 2010 and 2015.

Textiles

The textile and apparel industry is concerned with the manufacturing and distribution of clothing as well as the production of yarn and cloth. The textile and apparel industry has backward linkages to the agricultural sector (for natural products) and to other parts of the manufacturing sector, such as the chemicals sub-sector, for synthetic products.

The Nelson Mandela Bay's textile and apparel industry generated approximately R497.6 million in real GDP value in 2015, accounting for just under 3% of the total metro's manufacturing GDP value. More importantly, the GDP-R from the metro's textile and apparel industry shrunk by R63.1 million between 2010 and 2015, equivalent to a 11.3% decrease over 6 years. This was significantly higher than the 7.8% reduction at a national level, and the 10.2% reduction at a provincial level.

Between 2014 and 2015 the Nelson Mandela Bay's textile and apparel industry declined by 15.2% compared to only 8.9% at a national level and a 12.1% at a provincial level. The Nelson Mandela Bay's textile and apparel industry however, remains a minor component of the metro's broader manufacturing sector, with its share of total manufacturing GDP value decreasing from 3.4% in 2010 to 2.8% in 2015.

Similarly, to both the national and provincial textile industries, employment in the Nelson Mandela Bay's textile and apparel industry contracted by 2.7% year-on-year between 2010 and 2015. As a result, the metro's textile and apparel industry lost 678 jobs over the review period. More positively, in 2013 and 2015, the industry added 70 and 158 jobs respectively. These positive gains were however offset by the 772 jobs lost between 2010 and 2012 and the additional 160 jobs lost in 2014. Job prospects in the textile and apparel industry have begun to improve, with a 3.5% increase between 2014 and 2015.

Tourism

The tourism industry relates to all the goods and services linked to a person staying and travelling outside of their area of residence.

The tourism industry is a primary industry of Nelson Mandela Bay, and has the most potential for future development. The majority of tourist attractions within the metro are linked to the natural environment and culture (e.g. heritage sites, museums, etc.). This, coupled with the metro's proximity to the Addo Elephant National Park as well as several other popular public and private nature reserves, is likely to have a positive impact on tourist numbers over the medium to long term.

NMBT (Nelson Mandela Bay Tourism) estimates that the tourism industry contributed R4.7 billion to the Metro's total GDP value in 2013, up 7.1 % from the R4.4 billion in 2010. Of this R4.7 billion, the majority was generated by domestic tourism market (R4.4 billion, 88.3%) as opposed to foreign tourist arrivals (R556.4 million, 11.7%).

6.4.2 Emerging and declining economic nodes

The Urban Network Strategy discussed elsewhere in this report has identified a number of growth areas. These represent the emerging economic nodes of Nelson Mandela Bay. In general, although growth is slow, there are no declining economic nodes in Nelson Mandela Bay.

Areas of particular growth in Nelson Mandela Bay are the N2 Nodal Growth Area centred around the Baywest Shopping Mall and the Coega Industrial Development Zone for industrial growth.

Active steps have been taken by the City to prevent the decline of both the erstwhile Port Elizabeth and Uitenhage Central Business Districts. The Mandela Bay Development Agency was specifically established to revitalise the Port Elizabeth CBD and will also take over the Uitenhage Development Initiative from the UDDI.

7. INSTITUTIONAL ARRANGEMENTS AND OPERATING BUDGET

7.1 CROSS-CUTTING INSTITUTIONAL ARRANGEMENTS

The following institutional arrangements are in place for integrated planning:

7.1.1 ESTABLISHMENT OF A SINGLE ORGANISATIONAL PLANNING PROCESS

In terms of the adopted Strategic Development Review described in section 1 of this report the city must significantly strengthen strategic planning systems, to ensure they are consistent, mutually reinforcing and provide an effective guide to development. A lack of integration between major planning instruments, particularly with respect to human settlements, public transport and land use management makes a significantly negative contribution to the built environment outcomes experienced in the metro area.

The new organisational structure, presently under review will address this issue.

7.1.2 ESTABLISHMENT OF A BEPP TEAM

A multidisciplinary group has been formalised for producing and implementing the BEPP. This group meets regularly and is convened by the Strategic Planning and Co-ordination Unit of the Chief Operating Officer's Office.

The terms of reference of the BEPP team include the following:

- Finalisation of BEPP submissions to National Treasury
- Align the BEPP with the Budget and IDP.
- Refine the catalytic projects of the BEPP.
- Monitor and report on catalytic projects progress.
- Detailed design of the Urban Network Strategy/Precinct and Project Plans.
- Refine the Integration Zones
- Monitor and report on the Integration Zone planning and development

- Plan monitor and report on USDG.
- Plan monitor and report on ICDG.
- Finalise the BEPP indicators and reporting.
- Ensure the effective implementation and monitoring of the BEPP across all sectors in the institution.
- Prepare reports and presentations to fora of National and Provincial Government.
- Distribute BEPP, ICDG and USDG information back into respective directorates.

The BEPP is recognised as being not just a compliance document, and that it needs to be properly planned and implemented and its plans and commitments need to be fully integrated into the municipality's activities.

7.1.3 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 SOE's, 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 33: Integrated Development Matrix

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

7.1.4 INTER DEPARTMENTAL TECHNICAL TASK TEAM

An Interdepartmental Technical Task Team comprising senior management representatives from all the directorates of the Metro was established in 2007 as a platform for inter-departmental and inter-disciplinary interaction on technical matters of strategic importance to the Metro.

The Team met on a monthly basis to discuss and consider matters of cross-sectoral relevance and added enormous value to the notion of integrated planning and implementation in the Metro. The Team had no decision-making authority, but served as a platform to consider and prepare technical recommendations to Council.

The Team ceased to operate in 2014. The need for this or a similar multi-sectoral platform to be re-introduced is not only echoed from within the organisation but also by key external stakeholders.

At a meeting in February 2017, the City Manager agreed that an item be submitted to the Executive Management Committee to re-establish this team to form part of the BEPP team under the Office of the Chief Operating Officer as both teams perform similar functions with the same role-players.

7.1.5 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. The NMBM is also benefitting from its Civil Engineering bursary scheme which is resulting in the creation of internal capacity to start taking over some of the engineering projects.

7.1.6 PROJECT TEAM APPROACH

The creation of project teams, which include Infrastructure and Engineering, Human Settlements, Public Health and professional service providers, ensures a well-coordinated and managed project. Consideration needs to be given to forming strong project teams for catalytic project management.

7.1.7 MANAGEMENT INFORMATION SYSTEMS

The NMBM Corporate GIS undertook extensive work to implement 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 was intended to manage 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.

An absence of funding and legal uncertainty has prevented this system from being institutionalised and has delayed the implementation of the ILIS system. As considerable investment was made into the development of these systems, the impasse needs to be addressed in the 2017/18 financial year.

7.2 CONSOLIDATED OPERATING BUDGET

The Consolidated Operating Budget is based on the 2016/17 financial year and is mSCOA compliant.

TABLE 18: Consolidated Draft Operating Budget (2017/18)*

Revenue by Vote (Directorate)	Draft 2017/18 Operating Budget
Vote 1 - Budget and Treasury	2,809,538,660
Vote 2 - Public Health	343,397,490
Vote 3 - Human Settlements	836,851,480
Vote 4 - Economic Development, Tourism and Agriculture	152,430,316
Vote 5 - Corporate Services	16,607,740
Vote 6 - Rate and General Engineers	425,537,120
Vote 7 - Water Services	1,062,251,160
Vote 8 - Sanitation Services	1,142,701,120
Vote 9 - Electricity and Energy	4,234,850,580
Vote 10 - Executive and Council	20,411,600
Vote 11 - Safety and Security	285,285,270
Vote 12 - Nelson Mandela Bay Stadium	54,494,600
Vote 13 - Strategic Programmes Directorate	21,445,340
Vote 14 - Recreational and Cultural Services	46,779,640
TOTAL REVENUE BY VOTE	11,452,582,116

Expenditure by Vote (Directorate)	Draft 2017/18 Operating Budget
Vote 1 - Budget and Treasury	692,767,920
Vote 2 - Public Health	635,274,880
Vote 3 - Human Settlements	759,614,710
Vote 4 - Economic Development, Tourism and Agriculture	145,602,918
Vote 5 - Corporate Services	395,721,820
Vote 6 - Rate and General Engineers	636,323,020
Vote 7 - Water Services	778,481,230
Vote 8 - Sanitation Services	550,900,910
Vote 9 - Electricity and Energy	3,973,692,590
Vote 10 - Executive and Council	281,516,460
Vote 11 - Safety and Security	720,387,850
Vote 12 - Nelson Mandela Bay Stadium	117,304,890
Vote 13 - Strategic Programmes Directorate	14,595,460
Vote 14 - Recreational and Cultural Services	358,888,770
TOTAL EXPENDITURE BY VOTE	10,061,073,428
BUDGETED SURPLUS FOR THE YEAR	1,391,508,688

* At the time of submission, budget figures were not available.

8. REPORTING AND EVALUATION

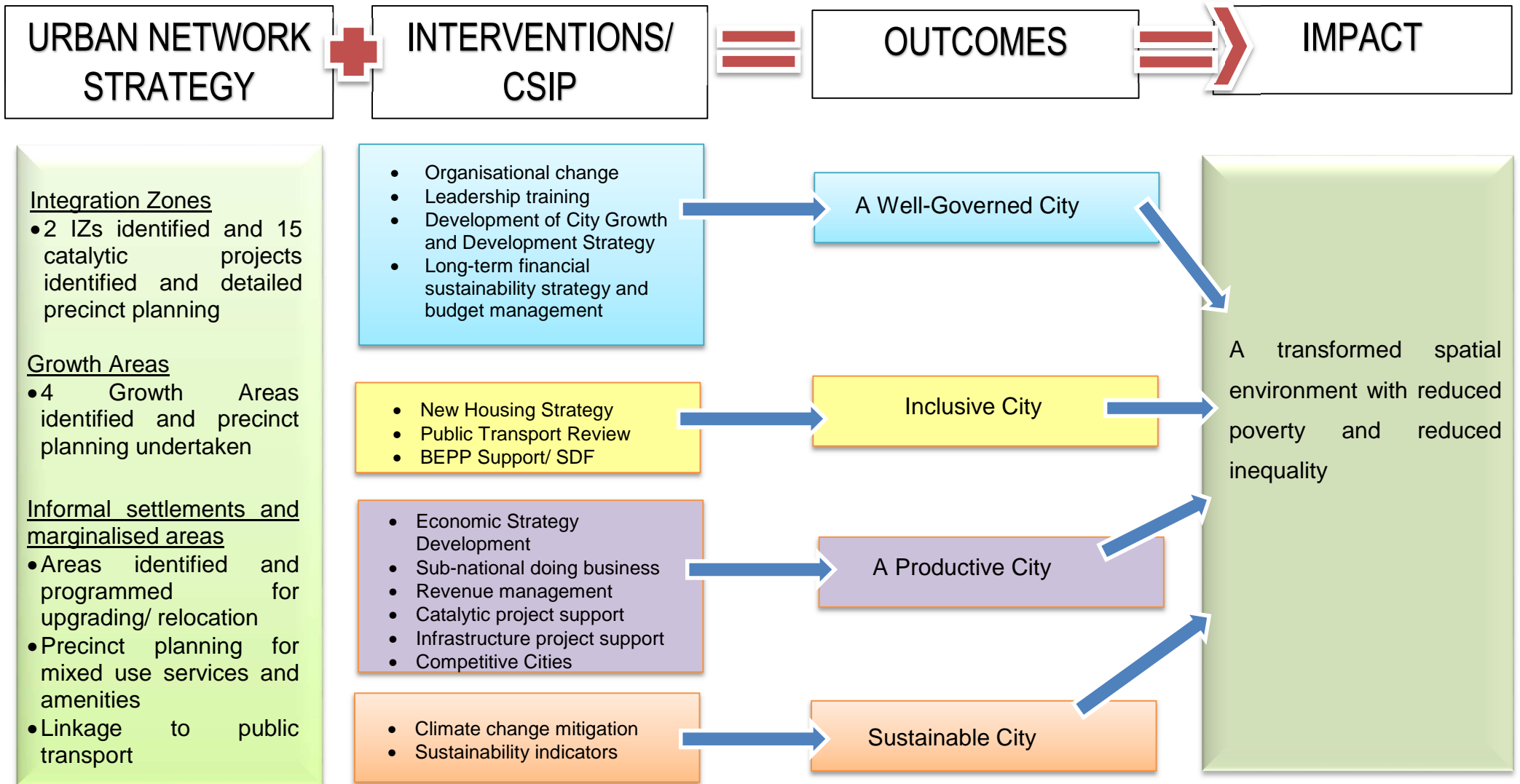
8.1 BUILT ENVIRONMENT OUTCOME INDICATORS AND TARGETS

The attached Annexure “G”, Built Environment Outcome Indicators and Targets reflects baseline information of the 8 city indicators. Teams have been put in place in order to manage the future gathering of information and performance in terms thereof.

8.2 THEORY OF CHANGE

The Theory of Change requires a comprehensive illustration of why desired change should happen. In order to do this, we have to work back from the long-term goals to identify the conditions that need to be in place to achieve the outcomes desired. The following figure is a basic mapping of the theory of change of this BEPP.

FIGURE 34: BASIC MAPPING OF THEORY OF CHANGE OF THIS BEPP



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