



“DRAFT”

**ANNUAL REPORT
2008/09**

KEY AWARDS

KEY AWARDS WON FOR 2008/09 FINANCIAL YEAR

The Municipality and its residents are proud to have been honoured with the following important awards for excellent performance:



The national Vuna Award for first runner-up as Best Metropolitan Municipality in South Africa.

First prize in the Metropolitan Category of the Cleanest Town Competition hosted by the Department of Environmental Affairs.

CTC Awards 2009

The Department of Environmental Affairs

Presents the

Certificate of Recognition

to

NELSON MANDELA BAY

Winner in Metropolitan

Category

Of

Cleanest Town Competition
2008/09

22 August 2009
Date


Minister
Buyiwa Songjca, MP



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PART	INTRODUCTION AND OVERVIEW
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1.1 EXECUTIVE MAYOR'S FOREWORD

I have great pleasure to introduce the 2008/2009 Annual Report of the Nelson Mandela Bay Municipality.

The Report presents the progress made by this Municipality with the provision and expansion of basic services to its communities, as well as how the institution addressed and overcame the challenges encountered along the way.

1.1.1 Achievements

The Municipality's progress in achieving its objectives in all five key performance areas will be outlined in this Annual Report. The key performance areas are as follows:

- Basic service delivery and infrastructure development
- Municipal financial viability and management
- Municipal transformation and development
- Local economic development
- Good governance and public participation

Key achievements over the review period include the following:

- (a) A people-driven ward-based planning process was introduced, which informed the 2009/10 Integrated Development Plan and Budget.
- (b) By December 2008, the Municipality had met the national target for the provision of water within a 200 m radius of households within the urban edge. The remaining challenge is the expansion of water supply to communities on private land in peri-urban areas.

- (c) For the second consecutive year, the Municipality achieved a clean audit opinion.
- (d) The receipt of the National Vuna Award for first runner-up as best Metropolitan Municipality in South Africa.
- (e) The Nelson Mandela Bay Municipality's efforts to keep the city clean were rewarded when it was announced that the winner in the Metropolitan Category of the Cleanest Town Competition 2008/09 by the Department of Environmental Affairs. It is acknowledged that there is still a problem with the illegal dumping of builders' rubble and household refuse throughout Nelson Mandela Bay.
- (f) The capital expenditure rate was improved from 98,67% in the 2007/08 financial year to 99,6% in the 2008/09 financial year, reflecting additional expenditure of R542 million.
- (g) The magnificent Nelson Mandela Bay Stadium, which is a world-class facility, was completed in December 2008. The construction period of 22 months represents a world record for the building of a stadium of this size. The 2010 FIFA World Cup games allocated to Nelson Mandela Bay as one of nine South African host cities for the event, will be played at the Stadium.
- (h) In 2008, for the third year running, the Red Location Museum of Struggle bagged another prestigious award – the Diamond Arrow award from the Professional Management Review (PMR) as an Eastern Cape Leadership Achiever.

1.1.2 The year ahead

Despite the notable progress made during the 2008/09 financial year, the Municipality is acutely aware of the many challenges that await, as listed below.

- (a) Strengthening people involvement in planning and decision-making processes so that together with our people, we can do more. This includes the revitalisation of the Ward Committee System and closer engagement with the people of Nelson Mandela Bay.
- (b) Developing a unified and shared vision for Nelson Mandela Bay and establishing and revitalising partnerships with key roleplayers.
- (c) Accelerating and expanding quality and sustainable service delivery.
- (d) Providing alternative sanitation system for informal settlements to eliminate the bucket system. Currently 22 500 buckets are still in use. In terms of this R120 million project, communities will be provided with ablution facilities, considerably raising their quality of life. This is set for completion by end of 2010.
- (e) Achieving a crime-free city through the implementation of crime prevention and combating programmes.
- (f) Hosting a successful 2010 event and maximising its legacy to the benefit of the people of Nelson Mandela Bay, particularly the poor and vulnerable.
- (g) Focusing on revenue collection and customer care measures within the framework of Batho Pele.
- (h) Prioritising issues concerning special groups (youth, women, children, aged and people with disabilities).
- (i) Mitigating the impact of the global economic meltdown and finalising key economic growth and development strategies and policies.
- (j) Prioritising job creation through the implementation of the Expanded Public Works Programme (EPWP).

- (k) Prioritising housing delivery and the development of sustainable human settlements.
- (l) Sharpening our focus on TB, HIV and AIDS.
- (m) Continuously building a performance-driven institution and retaining its status of an unqualified audit opinion.
- (n) Accelerating inner-city regeneration and renewal.

I would like to express my sincere gratitude to my predecessors, all Councillors, officials, the communities of Nelson Mandela Bay and stakeholders for their contribution to the progress made for the year under review.

COUNCILLOR ZANOXOLO WAYILE
EXECUTIVE MAYOR

1.2 YEARLY PROGRAMME PRIORITIES' STATEMENT BY THE MUNICIPAL MANAGER

As the Accounting Officer of the Municipality, I confirm that this 2008/09 Annual Report has been compiled in line with the Local Government : Municipal Systems Act 32 of 2000, the Local Government : Municipal Finance Management Act 56 of 2003, the National Treasury Circular No. 11, as well as the customised template and guidelines for municipal annual reports provided by the Provincial Department of Local Government and Traditional Affairs.

The key priority areas of the institution during the year under review find their expression in the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan and include the following:

- (a) Ensuring a performance-driven, integrated and co-ordinated institution.
- (b) Enhancing good corporate governance through achieving a clean audit opinion from the Office of the Auditor-General.
- (c) Improving the provision of basic services and meeting the National Government target of access to water within a 200 m radius by December 2008.
- (d) Continued focus on the provision of quality housing.
- (e) Reprioritisation of the Expanded Public Works Programme (EPWP) to alleviate poverty levels.
- (f) Improving financial sustainability and capital expenditure (this saw R2 439 294 731 of R2 449 172 230 being spent, which equates to a 99,6% expenditure rate).

In the 2009/10 financial year, the following areas will receive priority:

- (a) Continuous improvement in good corporate governance; performance and integration; and achieving an unqualified audit opinion.
- (b) Prioritising the provision of sustainable, quality basic services.
- (c) Becoming a customer focused and more responsive institution, in adherence to Batho Pele principles.
- (d) Prioritising human capital development and labour relations.
- (e) Ensuring sound and sustainable financial management *inter alia* through the maximisation of revenue collection.
- (f) Ensuring the successful hosting of the 2010 FIFA World Cup event and the maximisation of its legacy.
- (g) Focusing on major infrastructure investment and maintenance.

I would like to extend my warmest appreciation to the political leadership and staff of the Nelson Mandela Bay Municipality for their contribution to the progress made during the 2008/09 financial year.

E NTOBA
ACTING MUNICIPAL MANAGER

1.3 OVERVIEW OF THE MUNICIPALITY

1.3.1 Geographic and demographic profile

Nelson Mandela Bay is a major seaport and automotive manufacturing centre located on the south eastern coast of Africa in the Eastern Cape Province of South Africa.

(a) Population

Nelson Mandela Bay (NMB) has a population of 1,1 million and covers an area of 1,950 km². The city has a relatively youthful population, with 37% of residents between the ages of 15 and 34 years, indicating that education and job creation require serious attention. Altogether 26,2% of the population is below the age of 15 years, while 5,3% is 65 years and above. The male:female ratio of the population is 48:52.

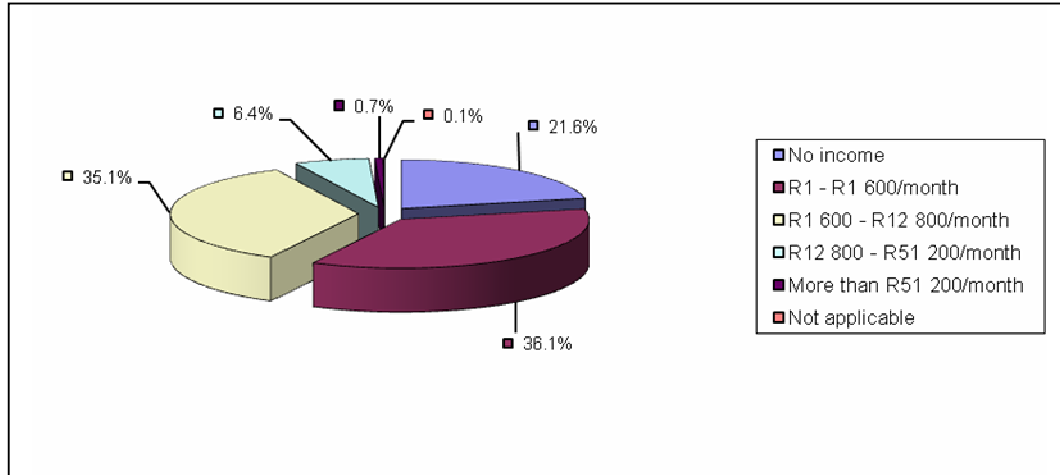
(b) Household data

Number of households	=	289 000 (formal)
	=	35 257 (informal)
	=	49 009 (backyard shacks)

(c) Socio-economic trends

Key socio-economic statistics are as follows:

- Unemployment rate: over 35%.
- Altogether 109 534 of the total number of 289 000 households are classified as indigent.
- 44% of households access at least one social grant.
- HIV and AIDS prevalence rate: 30%, according to antenatal care statistics.
- 20% of residents have no or limited schooling.
- Low household income (see Figure 1).

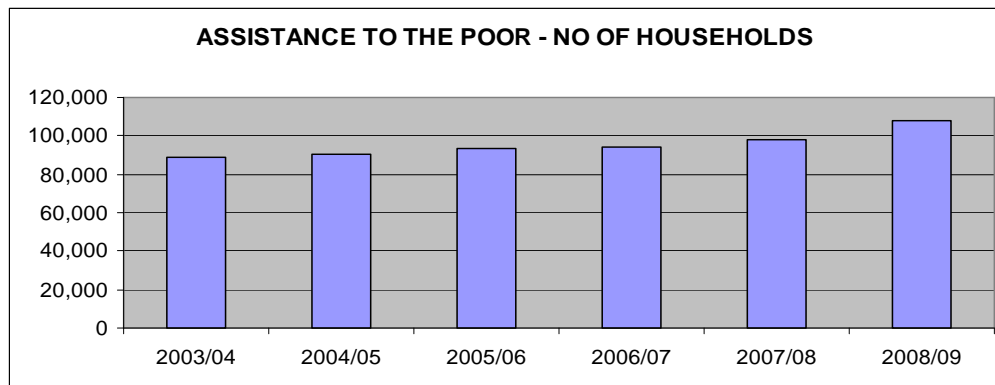
FIGURE 1: Household incomes

Sources: Census 2001; Statistics South Africa

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

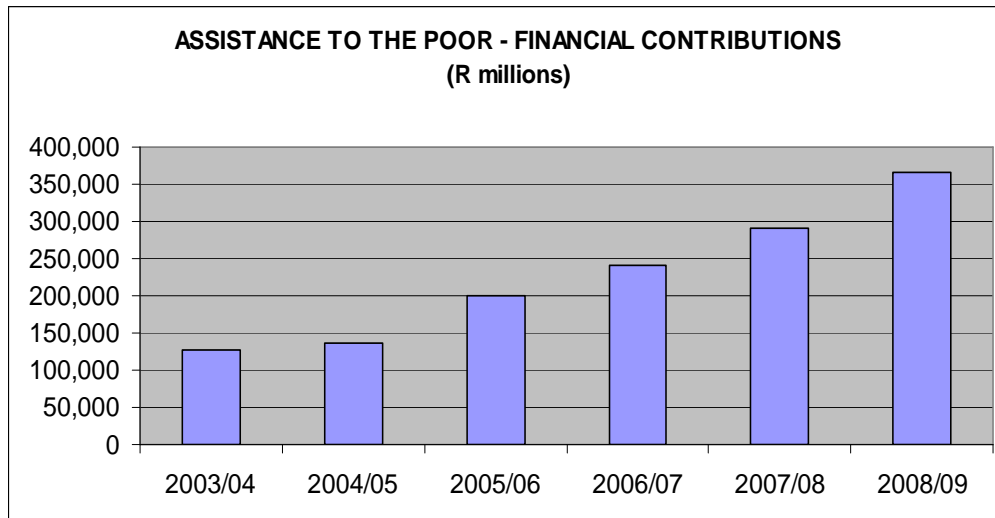
Assistance to the Poor (ATTP)

Nelson Mandela Bay has seen an increase in the number of households receiving indigent subsidies from the Municipality, indicating an increase in poverty and unemployment levels, as reflected in Figure 2 below.

FIGURE 2: ATTP – Number of households receiving financial assistance

The table below illustrates financial contributions made to indigent households, since the 2003/04 financial year. indicating the year-by-year increase.

FIGURE 3: ATTP – Financial contributions made to indigent households



1.4 EXECUTIVE SUMMARY

1.4.1 Municipal Vision

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

This vision provides the foundation for the achievement of the Municipality's priorities.

1.4.2 Core values

The Municipality is committed to deliver services within the framework of *Batho Pele* principles, as outlined below:

- *Courtesy and 'People First'*

Residents should be treated with courtesy and consideration at all times.

- *Consultation*

Residents should be consulted about service levels and quality, when possible.

- *Service excellence*

Residents must be made aware of what to expect in terms of level and quality of service.

- *Access*

Residents should have equal access to the services to which they are entitled.

- *Information*

Residents must receive full and accurate information about their services.

- *Openness and transparency*

Residents should be informed about government departments, operations, budgets and management structures.

- *Redress*

Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.

- *Value for money*

Public services should be provided economically and efficiently.

1.4.3 Performance highlights

An overview of the basic service delivery and financial performance highlights of the institution during the 2008/09 financial year is presented below:

1.4.3.1 Free basic services

The Municipality provides free basic services to approximately 109 534 indigent households in Nelson Mandela Bay.

1.4.3.2 Electricity

Altogether 97,5% of households now have access to electricity. Progress with regard to the provision of electricity is reflected below:

Type of service	2007/08 Actual	2008/09 Target	2008/09 Actual
% of households with access to electricity	98%	98%	97,5%
Total number of new electricity connections (RDP and other connections)	9 675	5222	2571 low-cost houses connected and 4600 erven reticulated

1.4.3.3 Water and sanitation

Progress with regard to the provision of water and sanitation services is reflected below:

Type of service	2007/08 Actual	2008/09 Target	2008/09 Actual
% households within urban edge with access to basic potable water within 200 m radius	93%	100%	100%
Number of new water connections	8 951	5 000	14 797

Type of service	2007/08 Actual	2008/09 Target	2008/09 Actual
Number of new households connected to sanitation services	1 055	5 000	8 990

1.4.3.4 Refuse removal

Progress with regard to refuse removal is reflected below:

Type of service	2007/08 Actual	2008/09 Target	2008/09 Actual
% informal households in urban and peri-urban areas with access to a basic level of waste collection	-	100%	97%
% formal households in urban and peri-urban areas with access to kerbside waste collection service	100%	100%	100%

1.4.3.5 Housing and land delivery

Performance with regard to housing delivery is reflected below:

Type of service	2007/08 Actual	2008/09 Target	2008/09 Actual
Number of housing opportunities provided	1 055	5 000	8 990

1.4.3.6 Financial sustainability

The Municipality's financial position is sound, as reflected by the following credit ratings:

RATING HISTORY	2007/08	2008/09
Long-term	Aa3.za	Aa3.za
Short-term		

The Municipality achieved a revenue collection rate of 100,71% and a capital expenditure rate of 99,6% over the review period.

The Municipality obtained an unqualified audit opinion for the second year running.

Challenges confronting the institution include the following:

- High prevalence of TB, HIV and AIDS.
- Elimination of the bucket system and digester tanks.
- Illegal dumping.
- Universal access to basic services and maintenance of infrastructure.
- Intergovernmental co-ordination across spheres of government.
- Service delivery protests.
- Scarce skills.
- Global economic meltdown and its impact on the Municipality's revenue base; and increased unemployment levels.

*** *More comprehensive performance information is provided in Part 2, under the following key performance areas:***

- *Institutional transformation and organisational development*
- *Basic service delivery and infrastructure development*
- *Local economic development*
- *Municipal financial viability and management*
- *Good governance and public participation*