

# Chapter 3

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:  
BCMM has fully spent its adjusted capital budget allocation for the 2012/13 financial year.

The Bridge and Pavement Management System, which outlines the Conditional Assessment of the BCMM Road Network, includes the stormwater structures assessment. Funding is required to repair and replace aged and collapsing structures.

T3.9.9

## COMPONENT C: PLANNING AND DEVELOPMENT

*This component includes: planning; land use management; land survey and local economic development.*

### INTRODUCTION TO PLANNING AND DEVELOPMENT

The City Planning Division consists of **three operational/functional** areas namely:

**Forward Planning:** Deals with the long term Spatial Planning for Buffalo City Metropolitan Municipality, which includes the Spatial Development Framework and Local Spatial Development Frameworks. Provides information and guidance in regard to Forward Planning and deals with issues/queries related to Forward Planning. Provides information and guidance in regard to future development and what is permissible, or not, on land in Buffalo City.

**Land Use Management:** Deals with applications, procedures, queries and matters related to the following:

Rezoning of land

Subdivision of land

Special Consents (eg. Professional offices, crèches etc)

Permanent Departures (eg Relaxation of building lines)

Temporary Departures (temporary change in land use eg. B&B)

Information and queries in regard to Zoning Scheme Regulations

Information and queries in regard to Development Rights

# Chapter 3

What is permissible on a specific parcel of land or erf (land use)

Illegal land use complaints

Scrutinizing Building Plans in terms of Zoning Scheme

**Settlement Planning:** Planning interventions and issues in regard to layout planning, formalization, Establishment of Residential Townships / New Settlements (Planning for Public funding housing developments / low cost housing projects); Planning interventions and issues in relation to Rural Villages; Feasibility studies regarding future planning and upgrading of settlements.

In addition, the **Land Survey** branch provides the following services to other divisions in BCMM: (1) Issuing of maps and digital data; (2) Ward mapping; (3) Sourcing Aerial and satellite imagery; (4) Relocation and replacement of beacons; (5) Subdivisions, consolidation, servitude and lease surveys; (6) Township surveys; (7) Engineering and topographical surveys; (8) Examining building plans and land admin and city planning circulations; (9) Upgrading of townships in terms of the Land Tenure Rights Act No. 112 of 1991; (10) Encroachment surveys, etc

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3.10 PLANNING

## INTRODUCTION TO PLANNING

During the 2014/2015012/2013, the following Planning projects were undertaken:

**Gonubie Main Road Local Spatial Development Framework was completed and approved.**

The objective of the LSDF is to provide land use guidelines for office and retail businesses which want to invest in Gonubie. The guidelines will provide clarity to investors and facilitate the formation and growth of businesses and, as a result job creation

**Kwelera Local Spatial Development Framework was completed and approved.**

The objective of the Kwelera LSDF was to provide policy guidelines to control the expansion of the development in this largely rural area and at the same time find a solution to the land invasion at the Gonubie Farmers Hall

**Bhisho/KWT and Mdantsane Local Spatial Development Frameworks** have been completed and have been submitted to Council for approval

# Chapter 3

The objective of the Bhisho/KWT and the Mdantsane LSDF's was to provide spatial guidance for the upgrade and regeneration of both urban areas

**BCMM Spatial Development Framework Review is close to completion.** The objective of the SDF Review was to update and review the SDF of 2003 in order to ensure that the overall spatial guidance for the city is relevant and up to date

## **BCMM Informal Settlement Study**

The purpose of the study was to identify and classify (formalisation/ in-situ upgrading / relocation) all informal settlements within BCMM. BCMM now have an implementation programme to deal with the informal settlements. The BCMM Informal Settlement Study was completed and approved by Council. This information was used to access technical support and finance (±R5m) from the National Human Settlements Department for the upgrading and formalisation of 30 informal settlements within the City. The National Upgrade Support Programme (NUSP) is due to commence in BCMM early in the new financial year.

**Mdantsane Infill Areas Phase 2: Land Identification Study for the Relocation of Infill Areas in Mdantsane.** A study was undertaken to identify all developable land in Mdantsane for the relocation of ± 1800 informal structures identified as not being suitable / safe in their current position. The results of the study have shown that there are enough vacant developable land parcels in Mdantsane to accommodate close to 2500 informal structures. The Mdantsane Infill Areas Phase 2: Land Identification Study for the Relocation of Infill Areas in Mdantsane was completed and approved by Council. The process of land acquisition from the State (Department of Public Works) has commenced.

**Feasibility Study for Amalinda Junction and Environs Phase – Concept Plan** was completed and approved by Council

BCMM is the majority land owner in the area known as the Amalinda Junction. The Feasibility study for Amalinda Junction indicated the best alternative land use to be a mixed land use approach which will meet the future developmental needs of the City. The Feasibility Study for Amalinda Junction and Environs – Concept Plan was completed and approved by Council

## **Township Establishment for Potsdam Unit V**

Planning for the area known as Unit V in Potsdam, linking up with Mdantsane, was commenced in previous years. The layout plan makes provision for ±4000 residential erven and other land uses. The township establishment for Potsdam Unit V has been completed, submitted and approved in principle by Council; to be forwarded to the MEC in Bhisho for final approval.

# Chapter 3

## **BCMM Rural Settlement Development Plan.**

The purpose of the study was to identify all rural settlements and review their spatial development needs. The study identified settlements currently under developmental pressure and those which have remained the same for the past ten years. Rural settlement nodes have been proposed in the study for areas of greater public investment. The BCMM Rural Settlement Development Plan has been completed and submitted to Council for approval.

## **Duncan Village Township Establishment Projects**

The formalisation of key areas within Duncan Village was undertaken through a comprehensive planning approach. The methodology was to try and accommodate and retain as many households as possible within Duncan Village. Formal township establishment was undertaken and final layout plans, with their respective motivation reports, have been circulated and advertised for final comments for Duncan Village C-Section, Duncan Village Proper, Duncan Village D-Hostel and Braelyn Extension 10 North. Once all public and internal comments have been dealt with, the township establishment proposals shall be submitted to Council for formal approval.

## **Survey Projects completed during the period under review include:**

General Plans of Majali, Nkqonkqweni, Kwatrain, Esixekweni, Skobeni and Mdange.

## **Projects in the process of being completed are:**

Aerial Photography, LiDAR and Pictometry

Survey of BCMM owned properties

General Plans of Hanover, Fynbos 1, Fynbos 2 and Ndancama

Investigations into Gonubie Main Road and Riegers Gullsway land claims

Sewer servitude for the R300m Reeston underground sewer pipeline project

Relocation plan for taxis and hawkers for the Gillwell Retail Park

## **New projects in the pipeline:**

Survey of more BCMM owned properties

General Plans for Daluxolo, Francis Mei, Gwetshe, Mahlangu

General Plans for Duncan Village D-Hostel, Duncan Village Proper, Duncan Village C-Section and Braelyn Ext 10

# Chapter 3

LiDAR and Pictometry components of aerial survey have been acquired, which will provide 3-D and measurement capabilities to the orthophoto imagery. Previously the DEM/DTM were of a low quality with accuracies of the order of  $\pm 1,5$  metres. Now the LiDAR survey will provide contours with an accuracy of 10cm to one sigma. The Pictometry will give BCMM staff the capability to look around buildings, bridges or any other 3-D object, thus cutting down on the necessity of some field visits. One could also measure objects like the height of a building, width and length of buildings. This will be especially useful for the Valuations, Planning and Engineering Departments.

Currently, about 80% of all survey work is outsourced and 20% is done in-house. More work is increasingly being outsourced to the private sector due to it being more cost-effective.

## CHALLENGES FOR 2012/2014:

Implementation of programs and projects not aligned to BCMM approved Spatial Plans.

Poor Alignment and coordination of programmes within BCMM and other spheres of Government

Filling of critical vacant funded and unfunded posts

Retention of skilled and experienced staff

Internal and external delays in provision of comments affects turnaround times for Planning applications

Poor attendance at Planning Project Steering Committees meetings by other Departments.

An increase in unauthorized land uses and the extremely time consuming process to close down such unauthorized land uses.

The approved Provisional General Plans for Fynbos and Ndancama are being amended due to environmental issues.

The erven for Fynbos and Ndancama cannot be beaconed due to the existence of shacks and bush. TRA's are needed to resolve this problem.

The ICT network has not grown at the same pace as the Municipality, resulting in the system being prone to breakdowns, bottlenecks and a general slowdown in the service over the past few years. The Survey Division is heavily dependent on the ICT system and any improvements in the ICT system will have a beneficial impact on the Survey Division's activities.

# Chapter 3

Supply Chain Management challenges have resulted in delays in the procurement of services.

Funds are required for the following: (a) For conveyancing for the transfer of individual erven situated in the Yellowwoods settlements to the relevant beneficiaries; and (b) for the Mdantsane boundary rectification project.

*T 3.10.1*

<b>Applications for Land Use Development</b>						
<b>Detail</b>	<b>Formalisation of Townships</b>		<b>Rezoning</b>		<b>Built Environment</b>	
	<b>2011/2012</b>	<b>2012/2013</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2011/2012</b>	<b>2012/2013</b>
Planning application received		4		34		
Determination made in year of receipt		0		11		
Determination made in following year		4		0		
Applications withdrawn		0		1		
Applications outstanding at year end		4		22		
<i>T 3.10.2</i>						

# Chapter 3

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets		2011/2012		2012/2013		2013/2014		2015/2016	
	Target	Actual	Actual	Target	*Previous Year (v)	*Current Year (vi)	Actual	*Current Year (viii)	Target *Current Year (ix)	*Following Year (x)
Service Indicators (i)										
(ii)										
Service Objective To guide an integrated spatial development and growth in BCMM.										
Completed layout plans ready for approval	5	5	5	4	5	4	4	4	3	2
Number of completed local spatial development frameworks	4	3	3	4	4	2	1	2	2	3

T 3.10.3

# Chapter 3

Employees: Planning Services					
Job Level	Year -1	Year 2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		11	9	2	18%
4 - 6		13	12	1	8%
7 - 9		16	15	1	6%
10 - 12		42	33	9	21%
13 - 15		11	10	1	9%
16 - 18		3	3	0	0%
19 - 20		2	2	0	0%
Total		98	84	14	14%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	29,839	23,944	25,289	103,362	77%	
Expenditure:						
Employees	52,202	60,209	59,793	53,048	-13%	
Repairs and Maintenance	1,438	2,210	2,210	606	-265%	
Other	108,724	129,367	129,773	124,455	-4%	
<b>Total Operational Expenditure</b>	162,364	191,786	191,776	178,110	-8%	
<b>Net Operational Expenditure</b>	132,525	167,842	166,486	74,747	-125%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.10.5



# Chapter 3

Capital Expenditure Year 0: Planning Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	16,764	27,327	15,890	-5%	
Asset Replacement:Desktop computer	-	8	8	100%	8
Upgrading of KWT Payments Hall	4,000	-	-		1,000
Insurance vehicle replacement - M10/32	-	152	143	100%	152
Land Acquisition	12,764	16,764	9,662	-32%	88,764
Sleeper Site Current Year R12 764 000	-	3,236	295	100%	3,236
Land Acquisition -General	-	347	-	-	347
Land Acquisition -General	-	5,517	5,517	100%	5,517
Upgrading of City Hall	-	825	266	100%	825
KWT Civic Centre Payments Hall Upgrade	-	478	-	-	478
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.10.6</i>

**COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:**  
 BCMM has spent 66% its adjusted capital budget allocation for the 2012/13 financial year, however the unspent funding is committed to contracts that have been awarded already.

*T 3.10.7*

# Chapter 3

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

The focus of the Department has been to support and promote entrepreneurship, facilitate trade and attract investment and market Buffalo City as a tourism destination. In delivering this mandate of Local Economic Development, BCMM has partnered with institutions involved economic development i.e. the East London Industrial Development Zone, Eastern Cape Development Corporation, and Small Enterprise Development Agency.

The Department has placed increased emphasis on the following programmatic activities: Agriculture and Rural Development; Tourism Development and Promotion; SMME Development; and Trade and Investment.

The department has reviewed and finalized various sector plans to inform its strategic planning process. In this regard the Tourism Master Plan, Cooperative Development Strategy and Integrated Agricultural and Rural Development Strategy will be submitted to Council for approval. The SMME Development Strategy and Trade and Investment Strategy are in the development phase. These sector plans are to ensure that the municipality' approach to key sectors is strategic, with clear, well defined interventions.

In terms of both medium- and long-term planning, the municipality is developing a Metro Growth Development Strategy. This process will assist the municipality with its long-term planning and visioning.

Industry stakeholders remain an integral part of driving economic development, thus the municipality has implemented various programmes in partnership with industry. In the year under review various forums have been established and are functioning i.e. SMME Forum, Cooperative Forum, Tourism Association and Agricultural Stakeholders forum. These forums meet from time to time to discuss and input in Council initiatives and they are a strong linkage between the municipality and industry.

The City Manager is coordinating a high level engagement between big and established business and the municipality. This forum is an Economic Advisory Forum and made up of the Chief Executive Officers of East London Industrial Development Zone. The forum focus on major development priorities like Harbour Development and Investment opportunities for the cities

BCMM offers business support and tourism centres in the nodal areas where there is poverty and underdevelopment. The business centres are the Mdantsane One Stop, Duncan Village Business Hives and Dimbaza Wall of Fame. The centres provide start up business

# Chapter 3

information, facilitate business registration, develop business plans and act as project managers.

## ACHIEVEMENTS OF 2012/2013

Key achievements during the 2012/13 financial year include the following:

### **Agriculture and Rural Development**

In the period under review Buffalo City has anchored rural development under Agriculture. In support the Agriculture sectors; Buffalo City has implemented the following programmes.

Buffalo City Urban Agriculture Infrastructure Development Programme,

Rural Development

Buffalo City Agriculture and Rural Development

Agriculture

Hydroponics Packshed

During the 2012/13 financial year Buffalo City Unit has continued its partnership programme through the International Relations department a partnership with the city of Tuscany (Italy) that is formally called NetsAfrica. The programme seeks to enhance economic development initiatives through supporting of Hydroponics. Through the partnership the city benefits in the following areas:

Mobilisation of resources to support agriculture initiatives

Provision of technical expertise and knowledge

Creating possible linkages

Training and Capacity in the agriculture

BCMM and Netsafrica have provided a pack shed for tomato producers around BCMM. This pack shed is being utilised by 6 tomato producers, to wash, grade, pack and market their produce via this pack shed. BCMM and Netsafrica have also developed a website for the pack shed.

Through this partnership a Round Table Forum has been established and is on-going which serves as a platform for networking and discussing issues pertaining to agricultural production. The Round Table seeks to harness the production standards of the tomato growers and link them with relevant marketing outlets.

# Chapter 3

Buffalo City has an on-going partnership with the Provincial Department of Agriculture, and implements a number of programmes in partnership with the DoA. These programmes include:

**Buffalo City Urban Agriculture Infrastructure Development Programme** - The above mentioned programme the municipality has constructed the hydroponics and shade net in the Dimbaza area. The programmes focus on job creation, skills development and promote livelihood.

**Rural Development** - In support of rural economic activity with focus in agriculture, the municipality has constructed two (2) cattle dip tanks in the Ncera village and Majali village. This was to ensure emerging farmers have access to such a facility which is critical in the breeding of animals. Furthermore the fences were erected to demarcate the grazing lands in the Ngxwalane village and Mthinkhulu farm. A storage shed was constructed at Celizapolo farm to assist a small scale farmer who is doing a dairy production.

**Training and Capacity Building** – During the 2012/13 financial year, the department has assisted farmers with training and capacity building for a 6-month period. Buffalo City Metropolitan Municipality provided the following training which benefited 7 co operatives around BCMM

Buffalo city organic producers - NU 18 Mdantsane

Kwalunga agric. Coop - NU 15 Mdantsane

Qonto Agric. Co op - NU 12 Mdantsane

Sakhisizwe agric. Coop - NU 6 Mdantsane

Velanani coop - Qongqotha KWT

Umzamo wethu Agric. Co op - Nxaruni

5 UP Agric. Co op - Dimbaza

Lastly, BCMM was involved as one of the organisers of the Farmers Agricultural Show, in 2012/13.

## **Tourism Development and Promotion**

Buffalo City has continued to strengthen its relations with other key tourism stakeholders during the period under review. This included engaging with Eastern Cape Parks and Tourism Agency with the purpose of identifying areas of alignment and cooperation. This

# Chapter 3

process of engagement culminated into the drafting of the memorandum of understanding between the two entities which outlines the following as areas of cooperation:

Partnership towards the hosting of major events that will yield tourism benefits and economic spin-offs;

Tourism marketing and promotion;

Training and Capacity Building programs; and

Tourism Research and Information Services.

Buffalo City has also made inroads towards establishing a relationship with South African Tourism, and has received numerous invitations to partner with South African Tourism in some of their marketing missions in the foreign countries. In January 2013 Buffalo City participated in the India Travel Trade Workshop organized by South African Tourism, which was held in four different cities in India and was attended by over 800 travel agencies and tour operators.

The municipality has also established a good relationship with the Department of Economic Development Environmental affairs and Tourism as well as the National Department of Tourism and is receiving good support towards some of the projects jointly implemented.

## **Marketing and Promotion**

BCMM continues to market and promote Buffalo City as a destination of choice in various marketing mediums which are as follows:

**Tourism Publications:** During the 2012/2013 financial year, Buffalo City advertised in the following tourism publications:

Sawubona Magazine - a South African Airways in-flight magazine

Indwe Magazine – a South African Express in-flight magazine

Kuluma – a Kulula in-flight magazine

Getaway Magazine – a magazine that promotes various tourism destinations

Explore Magazine

Wedding Album

AA Traveller

Southern Sun Equinox

# Chapter 3

Sunshine Golf Tour Magazine

Buffalo City 360 Magazine

Skyways

Rock, Surf and Deep

Encounter Africa 9

**Tourism Exhibitions:** Buffalo City participated in a number of key tourism expo's and exhibition shows. The purpose is to showcase what Buffalo City has to offer as a destination of choice and disseminate information. In the 2012/2013 financial year, Buffalo City Metropolitan Municipality participated in the following tourism shows:

Getaway Show Johannesburg;

Adventure Outdoor Show in Cape Town;

Getaway Show Cape Town;

The Beeld Travel Show in Johannesburg;

Indaba Tourism Show in Durban;

Adventure outdoor show in Johannesburg ; and

Namibia Tourism Expo.

In the 2012/2013 Buffalo City metropolitan developed three brochures that have extensive information on the tourism product of the area and these are:

Buffalo City Visitor Guide – this is an activity guide. It gives information on things to do and see in Buffalo City.

Buffalo City Accommodation, Conference and Wedding Guide – this is a guide that gives a list of all the accommodation, conference facilities and wedding venues available in Buffalo City

Buffalo City Street Guide – This is a map that assist tourists to be able to easily get around the city.

All three tools have been well received by the industry. The brochures are distributed throughout the country through brochure management services.

# Chapter 3

Buffalo City has developed a dedicated tourism website. This website is very interactive. It gives detailed information on what Buffalo City has to offer as a destination of choice. As part of this the municipality will develop a smart phone application as well as digital tourism brochure in order to make sure that its tourism information is easily accessible.

Buffalo City is slowly becoming an event destination of choice. The hosting of major events assists in increasing the visitor numbers to the city and reduces seasonality. It also helps in creating brand awareness. In the 2012/2013 financial year Buffalo City hosted and supported the following events:

- Revival of the East London Harbour Festival held in June
- Hosting of the National Tourism Career Expo in September
- Hosting of the South African Traditional Music Awards in October
- Hosting of the Buyelekhaya Jazz Festival in December
- Hosting of the Summer Season Programme in December
- Hosting of the Africa Open in January
- Hosting of the Ironman in January
- Hosting of the International Cricket Match in January
- Hosting of the Senior Citizens Golf Tournament

There are many other events that are hosted in the city and are organized by the private sector. As part of the plan moving forward, Buffalo City is planning to develop an events strategy as well as event policy.

Having realised its shortcomings when it comes to tourism information BCMM is looking at establishing tourism information offices at key strategic points. The municipality is currently finalizing discussions with Airport Company South Africa to set up a fully fledged tourism information office. A suitable location has been identified along the beachfront to establish a regional information office as well as in King Williams Town. These offices will be the first point of entry for people who are looking for tourism related information in the city. The opening of these offices is in line with the National Frameworks of Visitor Information Centres.

The role of government is to provide a conducive environment for the private sector to operate. It is also the role of government to ensure that transformation in the tourism industry takes place. To carry out both the above-mentioned mandates, Buffalo City has continued to

# Chapter 3

provide training and capacity building programs in partnership with other stakeholders. In the 2012/2013 financial year, Buffalo City Metropolitan Municipality provided the following training which benefited 200 individuals:

Advanced cooking course – the training targets individuals in the Bed and Breakfast business.

E-marketing training – the training is intended to equip tourism businesses with skills in order to be able to take advantage of the e-marketing tools available to effectively and efficiently market their individual businesses.

## Customer Care Training

As part of its mandate to grow and support tourism SMME's, Buffalo City has supported Tourism SMME's with the following:

Tourism Signage

Grading of the establishment

Printing of marketing material

The Tourism Product Development program involves the development of the tourism infrastructure. In the 2012/2013 financial year, Buffalo City continued with the implementation of two of its tourism projects that are funded by the National Department of Tourism i.e. Kiwane Campsite and Tyolomnqa Wilderness Camp. As part of the tourism product development, Buffalo City has identified the upgrading of the beach front as a priority in the next financial year.

## Business Development

The National Growth Plan and the National Development Plan have identified SMMEs as key in addressing the triple challenge of poverty, unemployment and inequality and as such the Buffalo City Metropolitan Municipality (BCMM) has prioritised the growth and development of the sector. The sector is the backbone of economic development and job creation in the city. Initiatives undertaken by the city in the realisation of the above-mentioned objective are outlined in the sections below. The report also gives an overview of the city's 2013/2014 plans to further enhance the development of SMMEs in the city.

Lack of capacity was identified as an impediment in achieving sustainable growth and development by SMMEs as a result the city, in collaboration with other relevant stakeholders such as SEDA, ECDC, DEDEAT, NYDA, etc. put together a packaged capacity building and training programme that focused on institutional factors. To this end, four training projects were implemented during the 2012/2013 financial year and are outlined below:



# Chapter 3

Business management

Cooperative governance

Customer care

Tender advice

A total of 80 SMMEs and cooperatives benefited from the above-mentioned training intervention. A follow-up handholding and mentoring programme is currently underway.

Twenty CIDB grade 1 emerging contractors from Mdantsane and surrounding areas were put through a CETA accredited emerging contractor development programme, aimed at building their capacity in running their businesses sustainably and to also bid for work advertised by government, the private sector and the civil society sector. The training, pitched at NQF Level 2, had two phases namely the theoretical and the practical phases. To date, one of the above-mentioned emerging contractors was able to secure a R200 000 construction contract at the Cecilia Makiwane Hospital in Mdantsane.

Access to markets by SMMEs is one of the challenges facing SMMEs in the country as a whole. Ten SMMEs and cooperatives were given an opportunity to market their products and services to the Home Expo held in Hemmingways on the 13-17 of June 2013. The event was aimed at profiling established and up-coming businesses and to also provide a networking opportunity for the same. BCMM's support to the participating SMMEs was in the form of purchasing exhibition stands for the SMMEs and to also support them throughout the exhibition.

In responding to the lack of access to finance by SMMEs, BCMM set aside an amount of R1 million during the 2012/2013 financial year to support primary cooperatives by purchasing equipment they require in order to do business. Twelve primary cooperatives benefited from the above-mentioned fund and their equipment was handed over by the Executive Mayor in February 2013.

Two primary cooperatives in Mdantsane were assisted to put together business plans to source funding from the DEDEAT LRED funding. Both cooperative's applications were subsequently approved by the above-mentioned department and they received R1 million and R2 million respectively. The funding is used for growing their cooperatives and enlarging their scope.

The city has identified cooperative development as key to addressing the challenge of unemployment poverty in its communities. The Cooperative Development Strategy is complete and the strategy will be implemented in the next financial year once

# Chapter 3

## Trade and Investment

Trade and Investment is critical factor for sustained economic development and growth. Key objective was to increase and attract foreign and domestic investment. This objective would be met by implementing three research initiatives:

- Economic Intelligence;
- Business Retention and Expansion (BRE); and
- Invest Buffalo City.

Economic recession had a negative in the investment recruitment and attraction. Further more limited internal and external resources compromised the implementation of projects earmarked to achieve this noble objective.

Annual Business Unlimited Expo was successful event held to promote local businesses. Five SMME's were supported by the department to participate in the event. The support included the registration to the pre-event training, exhibition stand to exhibit products and participates in workshop targeted to SMME's.

Partnerships with institutions involved in Investment recruitment was explored with East London Industrial Development Zone (ELIDZ), Eastern Cape Development Corporation and the Border Kei Chamber on the Invest Buffalo City initiative.

### KEY CHALLENGES OF THE DEPARTMENT

- Lack of financial support and technical staff for Agriculture and Rural Development.
- Lack of clear provincial approach on Rural Development other than Agriculture.
- Human Resource Capacity and funding for critical unfunded posts.
- Limited budget to fund economic development initiatives for both capital and operating budget.
- Red Tape and cumbersome municipal processes

T 3.11.1

Economic Activity by Sector			
Sector	R '000		
	2010/2011	2011/2012	2012/2013
Agric, forestry and fishing	2	1.5	1.5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	217	226.5	236.5

T 3.11.2

# Chapter 3

Economic Employment by Sector			
Sector	2013/2014	2011/2012	Jobs
	No.	No.	2012/2013 No.
Agric, forestry and fishing	20 000	25 000	30 000
Mining and quarrying	400 000	435 000	372 000
Manufacturing	320 000	300 000	270 000
Wholesale and retail trade	190 000	200 000	210 000
Finance, property, etc.	275 000	255 000	235 000
Govt, community and social services	300 000	310 000	320 000
Infrastructure services	400 000	430 000	450 000
Total	1905000	1955000	1887000
			<i>T 3.11.3</i>

## COMMENT ON LOCAL JOB OPPORTUNITIES:

The unemployment rate in the Eastern Cape increased from 28.8% in third quarter 2012 to 29.8% in the fourth quarter 2012, 1.0 percentage point higher than that of the previous quarter. In fourth quarter, unemployment rate decrease in six of the nine provinces.

69 000 jobs were lost in the Eastern Cape (highest in the country). Half of these jobs were lost in the informal sector.

Most jobs in the Eastern Cape were lost in the two biggest employers (Community & Social Services sector employs 320 000 workers and lost 28 000 jobs, and Trade sector employs 284 000 workers and lost 29 000 jobs)

While the Manufacturing sector increased jobs by 11 000, followed by Private Households (7,000) and Mining sectors (1,000), all other sectors shed jobs.

Consequently, 82 000 to 125 000 people joined the discouraged work-seekers. These are people who gave up looking for jobs.

*T 3.11.4*

# Chapter 3

<b>Jobs Created during 2012/2013 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Total (all initiatives) 4				
2010/2011				
2011/2012				
2012/2013	216	none	216	POE's (attendance register and business plans)
Construction of the Kiwane Resort	70	None	70	POE's (attendance register and business plans)
Operations of the hydroponics project	96	None	96	POE's (attendance register and business plans)
Operations of the Macademia Nuts	30	None	30	POE's (attendance register and business plans)
Construction of the Dip Tank	20	None	20	POE's (attendance register and business plans)
<i>T 3.11.5</i>				

<b>Year</b>	<b>EPWP Projects No.</b>	<b>Jobs created through EPWP projects No.</b>	<b>Full Time Equivalent No.</b>
2010/11	152	2158	844.6
2011/12	185	1855	726
2012/13	207	1271	497.6

# Chapter 3

Local Economic Development Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2011/2012		2012/2013		2013/2014	2014/15	2015/16		
		Target	Actual	Target	Actual	Target	Target	Target		
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
<b>Service Objective : To develop and grow BCMM economy focusing on the key growth sectors which include amongst others, Tourism, Agriculture, Manufacturing, Automotive, Construction, and services sectors.</b>										
Implement skills and sector development programs to support and grow the economy in line with Provincial Industrial Policy	Number of economic empowerment programmes implemented	13	13	13	15	15	18	18	21	
Develop and implement economic development policies/strategies to promote	Number of economic support programmes implemented				3	3	3	3	6	
Implement tourism growth and marketing programmes to position BCMM as a tourists destination	Number of policies/strategies developed and reviewed	2	1	1	3	1	2	2	5	
Implement infrastructure that will contribute towards the economic growth	Number of marketing initiatives undertaken to market the city	14	14	14	16	16	18	18	24	
	Number of economic projects implemented	4	4	4	4	4	4	4	8	
										T 3.11.7

# Chapter 3

Employees: Local Economic Development Services					
Job Level	Year -1	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		17	16	1	6%
4 - 6		26	23	3	12%
7 - 9		2	1	1	50%
10 - 12		3	2	1	33%
13 - 15		3	2	1	33%
16 - 18		0	0	0	#DIV/0!
19 - 20		0	0	0	#DIV/0!
Total		51	44	7	14%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.11.8

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	15,178	18,199	18,199	16,419	-11%
Expenditure:					
Employees	6,992	7,886	7,847	7,897	0%
Repairs and Maintenance	679	747	747	738	-1%
Other	5,397	5,591	5,609	5,716	2%
<b>Total Operational Expenditure</b>	13,068	14,224	14,203	14,351	1%
<b>Net Operational Expenditure</b>	(2,110)	(3,976)	(3,997)	(2,067)	-92%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.11.9

# Chapter 3

Capital Expenditure Year 0: Economic Development Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	20,255	25,893	7,172	-182%		
BCMM Urban Agriculture Infrastructure Development	8,000	8,000	1,295	-518%	8,000	
Economic Development Infrastructure (Heritage Route Development; Rollout of Informal Traders Stalls)	12,255	–	–	–	50,000	
SMME Co-operative Support	–	1,000	612	100%	1,000	
Market Cold Room system	–	6,000	6	100%	6,000	
Rural Development	–	2,000	1,027	100%	2,000	
Tourism Infrastructure	–	1,255	795	100%	1,255	
Trade and Investment Automotive Centre	–	2,000	2	100%	2,000	
Tourism Infrastructure development	–	1,216	–	–	1,216	
Buffalo city AGRIC & Rural Development Infrastructure	–	803	–	–	803	
Extension of Sales Hall	–	1,999	1,641	100%	1,999	
Roll- out Hydroponics	–	1,118	1,490	100%	1,118	
V812 FWN 143EC - M12/134	–	145	–	–	145	
Upgrade of Market	–	357	304	100%	357	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
					T 3.11.10	

## COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

In the fourth quarter 2012 (4Q2012) report focuses on the latest economic development trends of South Africa (SA) and pays specific attention on the performance of the Eastern Cape (EC) economy. In the fourth quarter the South African economy picked up following setback suffered by labour in the mining sector in third quarter. Growth in real gross domestic product (GDP) for SA economy increased from annualised rate of 1.2% quarter on quarter to 2.1% in 4Q2012. In the Eastern Cape, the economy increased to 2.5% in the fourth quarter of