

1. INSTITUTIONAL

Institutional development focuses on the direct role and function of the local authority in service delivery. Local authority finances are assessed to ensure that development is within the fiscal means of the local authority. Income and expenditure are very important aspects which need strong control in order to ensure sound financial operations. It is important that there is sufficient capacity in local government to deal with development needs – this requires skills training and development as well as allocation of human resources to areas of priority. Proper communication between local government and communities, stakeholders and service providers is essential to ensure a good working relationship and effective service delivery.

1.1 CURRENT AREA OF JURISDICTION

The City of uMhlathuze (KZ282) is a local municipality situated within the uThungulu District Council area in KwaZulu-Natal Please refer to the **District Plan** (overleaf). The uThungulu District Council consists of the following local municipalities:

KZ281	Mbonambi
KZ282	City of uMhlathuze
KZ283	Ntambanana
KZ284	Eshowe
KZ285	Melmoth
KZ286	Nkandla

The current City of uMhlathuze area of jurisdiction is indicated on the uThungulu District Plan. The area comprises urban settlements, rural settlements, rural areas, farms and nature reserves. The majority of the rural settlements and rural areas are located within Tribal Authority areas. The jurisdictional area includes a large section of the coastline on the East Coast of South Africa between Durban in the South and Maputo (Mozambique) in the north. It includes a deep-water harbour, the Richards Bay harbour, which is the closest port to the economic heartland of the country, connected via a railway line. Empangeni and Richards Bay are the largest towns forming part of the municipal area and are surrounded by sugar cane fields, timber plantations, wetlands and fresh water lakes. These elements contribute to the scenic tranquillity which makes these towns popular tourist attractions.

The City of uMhlathuze consists of the following areas:

TOWNSHIPS AND RURAL SETTLEMENTS	FARMS
Aquadene	Atherfold
Arboretum	Bolarum
Bhenjane	Canewdon
Birdswood	Dicks Island 15059
Brackenham	Dunolly
Cubhu Dam	Empangeni
Dondolo	Enseleni
Ebingoma	Enseleni Halt
Emabuyeni	Felix
Emkhoma	Age
Empangeni	Grantham
Empembeni	Hibbert
Enseleni	Hill
Enyembe	Hume 16666
Esikhawini	Iniwa 16698

Esikhokwaneni	K36
Ezikhaleni	Kraal Hill No 1
Felixton	Kraal Hill No 2
Gubethuka	Land
Iniwe	Lands End
Khandisa	Lodge
Lugweba	Lot 104 Umlalazi
Mandlankala	Lot 105 Umhlathuzi
Manzimanzana	Lot 108 Umhlathuzi
Matshana	Lot 109 Umhlathuzi
Mayeni	Lot 159 Umhlathuzi
Meerensee	Lot 160 Umhlathuzi
Mkamugu	Lot 161 Umhlathuzi
Mkhobose	Lot 162 Umhlathuzi
Mkhwanazi	Lot 167 Umhlathuzi
Msasandla	Lot 171 Umhlathuzi
Mshimaneni	Lot 231B Empangeni 12094
Mtengu	Lot 5333
Mtunzini Forest Station	Lot K41
Ncombo	Lot K46
Ndabayakhe	Lot Port Dunford
Ndindima	Mafuta
Ngwelezane	Mafuta 2
Nhlangenyuke	Merchiston
Nkonjane	Ngwelezana
Nkosazane	Nsezi Lake
Nqotsheni	Reserve No 10
Nsezi Flatlands	Reserve No 7B
Ntuze	Reserve No 6
Ongoye Mission	Richards Bay
Port Dunford Forest	River
Richards Bay	S.A.R.
Sgisi	Staeland
Umhlathuze Valley	State
Veldenvlei	State land
Vulindlela	Stateland
Wildenweide	Strip
	The Farm Pentlands No. 16453 Township
	UVS
	Umhlathuzi
	Umhlathuzi SAR
	Umzingazi Lake
	View
	Wilton Park
TRADITIONAL AUTHORITIES	NATURE RESERVES
Dube	Enseleni Nature Reserve
KwaKhoza	Richards Bay Sanctuary
Mkhwanazi North and South	
Zungu-Madlebe	

Municipal Demarcation Board Website, September 2001

1.2 AMALGAMATING ENTITIES AND NEW MUNICIPALITY

The City of uMhlathuze was constituted from the former entities (refer to the **Former Entities Plan** for the jurisdictional area of these entities):

- ☞ Empangeni Transitional Local Council;
- ☞ Richards Bay Local Council; and Transitional Local Council;
- ☞ Sections of the uThungulu Regional Council.

These entities were constituted in 1995, after the first democratic national elections in 1994 and local government elections in 1995. Prior to the 2000 local government elections, it was decided to reduce the number of local authorities in South Africa and a new municipal demarcation was undertaken. This resulted in the amalgamation of the former Empangeni and Richards Bay local authorities as well as sections of the former uThungulu Regional Council area which surrounded these towns.

The uMhlathuze Municipality was established at the end of 2000 and consists of 30 wards with 60 councillors. The Executive Committee of the uMhlathuze Municipality resolved on 21 August 2001 to adopt a city status for the area of jurisdiction, by changing the name to the uMhlathuze Municipality.

The uMhlathuze Municipality has its main office in Richards Bay. It was however decided to retain the Empangeni Administrative Unit, to ensure that services are available close to the people. The smaller units in decentralised locations have also been kept, for the same reason. There are offices in the following locations:

EMPANGENI ADMINISTRATIVE UNIT	RICHARDS BAY ADMINISTRATIVE UNIT
Empangeni (Main office)	Richards Bay (Main office)
Ngwelezane	Vulindlela
	Nseleni
	Esikhawini

1.3 INTERNAL ORGANISATIONAL STRUCTURE AND CAPACITY

The organisational structure of the uMhlathuze Municipality is depicted on the organisational chart (see overleaf). The new administration was created through the merging of the former Empangeni Municipality and the Richards Bay Local Council. The organisational chart reflects the main entities and their functions within the administration, rather than specific hierarchies.

The organisation is headed by the Municipal Manager. The organisation is divided into nine (9) Departments, dealing with the specific functions of the local authority. These Departments are headed by Directors, save for the City Secretary, City Engineer, City Electrical Engineer and the City Treasurer, heading these respective units.

1.3.1 LIST OF SERVICES DELIVERED BY THE UMHLATHUZE MUNICIPALITY TO ITS CLIENTS

The clients of the uMhlathuze Municipality include the following:

- ☞ Residents;
- ☞ Resident businesses;
- ☞ Tourists and tourist organisations;
- ☞ Small, medium and micro businesses (SMMEs);

- ☒☒ Prospective business establishments;
- ☒☒ Public sector organisations, including the Government.

The following is a list of the services provided, excluding internal services to the Council as an organisation:

General:

- ☒☒ Issue of Trade Licences/Inspections in respect of premises;
- ☒☒ Information and assistance regarding housing matters in respect of Brackenham and Aquadene;
- ☒☒ Information/assistance in respect of applications for affordable housing subsidies;
- ☒☒ Temporary liquor licences in respect of community halls and other municipal properties;
- ☒☒ Lease of community halls;
- ☒☒ General information to the public at the information desk;
- ☒☒ Providing tourists/schools/sight seers with information and guided tours through the building.

Property Section:

- ☒☒ Comprehensive service regarding property alienation, leasing, acquisition, township establishment, subdivision, consolidation, road/open space closure, rezonings, removal of restrictions, sectional title applications, etc.
- ☒☒ Auctions and approval regarding temporary utilisation of municipal premises.
- ☒☒ Assistance with valuation enquiries.

Committee Section:

- ☒☒ Control of auditorium/committee rooms and lease thereof to the public.
- ☒☒ Information service on Council meetings, agendas, minutes and resolutions.
- ☒☒ Queries regarding council activities, councillors, political parties, wards, etc.

Switchboard:

- ☒☒ Friendly, general information service to the public.

Registry:

- ☒☒ Friendly, general information service to the public.

Diverse:

- ☒☒ Compliance with tender procedures.
- ☒☒ Marches, posters, details regarding advertisements.
- ☒☒ Certification of documents/ commissioner of oaths.
- ☒☒ General queries and complaints regarding the municipality and municipal area.
- ☒☒ Enquiries regarding bylaws, airport operation, contracts regarding upgrading of services, guarantees, etc.
- ☒☒ Legal services and enquires.
- ☒☒ Information to the public during disaster management.

Library Services:

- ☒☒ Community libraries full service.
- ☒☒ Information services.

Insurance Claims:

- ☒☒ Assist public to finalise claims against Council (e.g. windscreen damages by stones uplifted by Council lawnmowers, etc.).

Payments:

- ☒☒ Grants-in-Aid.

☞☞ Deposit refunds (halls).

Salary Office:

☞☞ Loans, insurances, attorneys, sheriffs etc. (dealing with personnel queries).

Rendering of Accounts for Services, Rates and Sundries:

☞☞ Personal and telephonic enquiries.

☞☞ Ad-hoc duplicate statements.

☞☞ Conclusion of service agreements.

☞☞ Customer liaison.

☞☞ Clearance certificates.

☞☞ Meter readings, account closure, disconnections, security deposits and bank guarantees, payment of credit balances to debtors after closure.

Water and Sewerage Service:

☞☞ Provide a water treatment and sewerage purification service.

☞☞ Supply water to industry, commercial and residential areas.

☞☞ Handle sewerage from industry, commercial and residential areas.

☞☞ Provide a laboratory service.

☞☞ Advise industry, commerce and residential users on water and sewerage matters.

Roads and Stormwater Service:

☞☞ Maintenance of stormwater structures.

☞☞ Maintenance service for canal drainage.

☞☞ Maintenance of paved pathways and sidewalks.

☞☞ Manage borrow pit activities.

☞☞ Manage road resealing operations.

☞☞ Manage the provision and maintenance service for pre-cast works and concrete works.

☞☞ Manage maintenance service for gravel roads.

☞☞ Manage maintenance of road structures.

Horticultural Services:

☞☞ Cutting of grass on sidewalks, traffic islands, parks, cemeteries and open spaces.

☞☞ Development of parks and open spaces.

☞☞ Cutting and removal of debris from overgrown municipal properties.

☞☞ Removing and cleaning of illegal dumping on municipal properties and open spaces.

Cemetery Services:

☞☞ Development of cemeteries.

☞☞ Reservation of gravesites, digging and preparation of graves.

☞☞ Exhumation services.

☞☞ Approval to erect tombstones.

Sport Facilitation and Development Services:

☞☞ Needs analysis.

☞☞ Development and provision of sport facilities.

☞☞ Maintenance of sport facilities.

☞☞ Liaison with the general public, clubs, committees, organisations etc.

☞☞ Administrative services – booking of venues or facilities.

☞☞ Development, education, training and presentation of courses.

☞☞ Liaison with National, Provincial Departments and private institutions and volunteers.

☞☞ Assistance with obtaining sponsorship or other financial assistance for development.

Recreation Development Services:

☞☞ Community needs analysis.

- ☞☞ Facility provision.
- ☞☞ Presentation of empowerment and enrichment courses and programmes directed towards certain community markets such as the youth, elderly etc., e.g. water awareness, millennium walk, recreation fitness for the elderly, etc.
- ☞☞ Beach and pools services – water treatment, lifesaving, security services, swim galas, surfing competitions, maintenance, entrance fees, shark nets.

Environmental Services:

- ☞☞ Education and awareness programmes.
- ☞☞ Invader plant control.
- ☞☞ Deforestation.
- ☞☞ Fire breaks.
- ☞☞ Cleaning of overgrown open areas.
- ☞☞ Control of surface water areas related to recreational activities.

Training and Development Services:

- ☞☞ Attend to annual Achievement Bursary to two (2) top achievers.
- ☞☞ Arrange for in-house training for students if same can be accommodated.

Supply Electricity and Customer Services:

- ☞☞ Advise customers in respect of capacity requirements including legal and safety aspects.
- ☞☞ Electricity connections to new developments, costing, upgrading of existing supplies.
- ☞☞ Test meters and meter readings.
- ☞☞ Advice on electricity consumption management, account queries, tariff options.
- ☞☞ Inspect new installations to ensure compliance with SABS code of practice.
- ☞☞ Monitor quality of supply.
- ☞☞ Special services for large customers.
- ☞☞ Supply commercial and residential areas.

Marketing, Tourism and Public Relations:

- ☞☞ Coordinate marketing function, public relations and tourism functions.
- ☞☞ Develop marketing, public relations and tourism strategies.
- ☞☞ Create and maintain a forum with the business community.
- ☞☞ Assist the SDI one stop information centre.
- ☞☞ Create the corporate image and branding of the municipality.
- ☞☞ Marketing and sale of industrial and residential sites.
- ☞☞ Compilation of marketing material, brochures, videos.
- ☞☞ Provide marketing information, answer queries, manage advertising and identify opportunities.
- ☞☞ Manage publication of municipal newsletter.
- ☞☞ Press releases and press conferences.
- ☞☞ Manage Museum, Arts and Craft Centre.

Community Facilitation and Housing Administration:

- ☞☞ Coordinate community facilitation function.
- ☞☞ Coordinate housing facilitation function.
- ☞☞ Implement discount benefit scheme.
- ☞☞ Development and administration of low cost council housing.
- ☞☞ Establish and administrate with Ward Committee System.
- ☞☞ Identify community organisations, create and maintain database.
- ☞☞ Determine community requirements for IDP.

Health Education Services:

- ☞☞ Health Education Services to:

??Informal traders, food handlers, pupils, rural communities, sex workers, general public on environmental awareness.

- ☒☒ Food safety.
- ☒☒ Tobacco control.
- ☒☒ Drinking water.
- ☒☒ Childcare facilities.
- ☒☒ Public health hazards.
- ☒☒ Pest control.
- ☒☒ Communicable diseases.
- ☒☒ Air pollution.
- ☒☒ Noise pollution.
- ☒☒ Environmental Impact Control.
- ☒☒ Occupational Hygiene.
- ☒☒ Building plans, inform public of health aspects relating to building plans.
- ☒☒ Land and water pollution control.
- ☒☒ Squatter control on municipal land.
- ☒☒ Pauper burials.
- ☒☒ Inspection of cemeteries.
- ☒☒ Inspection and control of funeral undertakers and premises.
- ☒☒ Maternal, child and women services.
- ☒☒ Chronic cases clinic (geriatrics).
- ☒☒ Minor complaints for sick adults.
- ☒☒ Referrals – first aid treatment, emergencies, hospital referrals.
- ☒☒ Communicable diseases.
- ☒☒ Sexually transmitted diseases.
- ☒☒ Keeping statistics of services.

Fire and Rescue Services:

- ☒☒ Operation – responding to fire calls, medical calls, motor vehicle accidents, hazardous material incidents, diving/drowning incidents, fire alarms.
- ☒☒ Perform rescuer services, special services to the public.
- ☒☒ Render humanitarian services.
- ☒☒ Fire prevention: building plans, inspections, certificates of registration and installation, investigations of premises, lectures, presentations, awareness, demonstrations on fire prevention.
- ☒☒ Communication and training.
- ☒☒ Disaster management: scrutiny and updating of the emergency plans for industry, schools, hospitals, municipality and commercial institutions, implementation and coordination of these plans, evaluation of plans by means of simulated exercises.

Development Planning:

- ☒☒ Research and data.
- ☒☒ Project planning (layout plans, township plans, land development, site planning, rural development).
- ☒☒ Urban design.
- ☒☒ Corporate Strategic Planning (IDP).

Land Use Planning:

- ☒☒ Statutory Town Planning and Zoning Schemes / development management and control.
- ☒☒ Building control.

Environmental Planning:

- ☒☒ Integrated Environmental Management.
- ☒☒ Environmental Management, Policy and Strategy (uMhlatuze Municipality, 2001).

As can be seen from the above, the municipality renders a comprehensive service associated with metropolitan municipalities. Many municipalities in South Africa are facing institutional collapse and a collapse in service provision, in contrast to which the uMhlathuze Municipality is efficient, effective in service delivery and pro-active.

1.4 FINANCIAL CAPACITY

The three (3) former local authorities (Empangeni, Richards Bay and uThungulu) which now constitute the City of uMhlathuze were all in a financially sound position, prior to the amalgamation of these entities. Both the Empangeni and Richards Bay local authorities had a payment rate in excess of 95% on services as well as rates and taxes, which contributed to the healthy financial status of these entities. These entities received contributions from the uThungulu Regional Council on an equitable share basis, which constituted a considerable portion of their respective capital budgets.

The financial situation of the former entities may be summarised as follows:

2000/2001 BUDGET (SUMMARY)			
AMALGAMATING ENTITIES	CAPITAL BUDGET	OPERATIONAL BUDGET	CAPITAL/ OPERATING RATIO
Empangeni Municipality	R34 625 544.00	R93 984 448.00	1:1,27
Richards Bay Local Council	R77 285 850.00	R332 047 900.00	1:1,43
uThungulu Regional Council	R56 500 691.00	R9 461 210.00	5,9:1

Interim Integrated Development Plan, March 2001

1.4.1 EMPANGENI MUNICIPALITY

The former Empangeni Municipality maintained a sound financial situation through calculated capital investment, strict credit control measures and a healthy balance between capital and operational expenditure. The distribution of the Capital and Operational Budgets is indicated below:

2000/2001 CAPITAL BUDGET					
SOURCE OF CAPITAL BUDGET			CAPITAL BUDGET USED FOR		
DESCRIPTION	AMOUNT	%	DESCRIPTION	AMOUNT	%
Capital Development Fund	R 8,670,500	25%	Town Engineer:	R 58,300	0%
Reserve	R 1,856,333	5%	Water	R 858,000	7%
Ad Hoc Reserves	R 8,263,800	24%	Sanitation	R 418,000	3%
Carried over Capital 99/2000 from CDF	R 2,662,550	8%	Electricity	R 2,709,000	21%
CMIP	R 9,317,739	27%	Waste management	R 160,000	1%
uThungulu Contribution	R 1,983,122	6%	Roads and Stormwater	R 6,537,133	50%
British Consulate	0	0%	Bus Terminus	R 121,100	1%
Department of Transport	0	0%	Cemetery	R 499,150	4%
Department of TALG	R 1,871,500	5%	Clinic	R 30,500	0%
			Council General Expenditure	0	0%
			Commercial Buildings	0	0%
			Library	R 3,900	0%
			Chief Executive Officer	R 8,000	0%

		Municipal Offices	R 22,700	0%	
		Parks and Recreation	R 104,000	1%	
		Protection Services	R 260,800	2%	
		Public Conveniences	R 80,500	1%	
		Public Health	R 26,400	0%	
		Railway Sidings	0	0%	
		Building Maintenance	R 10,000	0%	
		Stores	R 14,000	0%	
		Street Cleaning	R 53,000	0%	
		Swimming Pool	R 70,000	1%	
		Staff Parking	0	0%	
		Town Secretary	R 18,700	0%	
		Town Hall	R 275,000	2%	
		Town Treasurer	R 231,900	2%	
		Transport	R 25,000	0%	
		Aerodrome	0	0%	
		Town Planner	R 377,000	3%	
		Museum	R 75,000	1%	
		Workshops/Stores	0	0%	
		Pioneerhof	R 95,000	1%	
		Community Centre	0	0%	
		Motor Vehicle Licensing	R 2,300	0%	
		Staff Housing	R 45,000	0%	
TOTAL	R 34,625,544	100%	TOTAL	R 13,189,383	100%

Interim Integrated Development Plan, March 2001

As far as its Capital Budget is concerned, Empangeni's main source of income was from the Capital Development Fund, Reserve Funds and Consolidated Municipal Infrastructure Programme (CMIP). Approximately 82% of the budget was spent on Engineering Infrastructure, with Roads and Stormwater being the most costly item.

2000/2001 OPERATIONAL BUDGET					
SOURCE OF OPERATING BUDGET			OPERATING BUDGET USED FOR		
DESCRIPTION	AMOUNT	%	DESCRIPTION	AMOUNT	%
Rates	R 16,600,000	18%	Town Engineer:	R 37,000	0%
Refuse	R 3,350,000	4%	Water	R 18,296,104	19%
Sewer	R 5,800,000	6%	Sanitation	R 6,369,301	7%
Water	R 15,550,000	17%	Electricity	R 36,430,773	39%
Electricity	R 36,700,000	39%	Waste management	R 4,096,714	4%
Interest on Investment	R 2,500,000	3%	Roads and Stormwater	R 5,956,472	6%
Interest on Arrears	R 1,650,000	2%	Bus Terminus	R 605,362	1%
Traffic Fines	R 750,000	1%	Cemetery	R 143,063	0%
Equitable Share (293)	R 4,169,200	4%	Clinic	R 1,671,832	2%
Rental Commercial	R 399,000	0%	Council: General Expenditure	R 2,068,701	2%
Rental Housing	R 566,000	1%	Commercial Buildings	R 35,500	0%
Rental Staff	R 395,000	0%	Library	R 812,127	1%
Sundry Income	R 5,555,248	6%	Chief Executive Officer	R 156,175	0%

		Municipal Offices	R 44,000	0%
		Parks and Recreation	R 3,522,818	4%
		Protection Services	R 4,504,025	5%
		Public Conveniences	R 370,039	0%
		Public Health	R 769,194	1%
		Railway Sidings	R 30,200	0%
		Building Maintenance	R 340,000	0%
		Stores	R 120,038	0%
		Street Cleaning	R 884,493	1%
		Swimming Pool	R 525,563	1%
		Staff Parking	R 16,000	0%
		Town Secretary	R 867,483	1%
		Town Hall	R 1,084,312	1%
		Town Treasurer	R 818,443	1%
		Transport	0	0%
		Aerodrome	R 21,200	0%
		Town Planner	R 1,541,109	2%
		Museum	R 419,500	0%
		Workshops/Stores	0	0%
		Pioneerhof	R 317,871	0%
		Community Centre	R 13,000	0%
		Human Resources	R 540,888	1%
		Motor Vehicle Licensing	R 508,133	1%
TOTAL	R 93,984,448	100% TOTAL	R 93,937,433	100%

Interim Integrated Development Plan, March 2001

From the Operating Budget, it is clear that the sale of electricity and rates were significant sources of income for Empangeni. Approximately 75% of the Operational Budget was spent on Engineering Infrastructure, with the balance of the budget almost equally divided between the remaining cost items. The Capital/Operational ratio amounted to 1:2,7, indicating that Operational Expenditure was more than double the Capital Expenditure.

1.4.2 RICHARDS BAY LOCAL COUNCIL

The tables below indicate the Capital and Operational Budgets for the Richards Bay Local Council prior to amalgamation. The Council maintained a sound financial position, with strict credit control and a zero tolerance attitude towards payment defaulters.

2000/2001 CAPITAL BUDGET					
SOURCE OF CAPITAL BUDGET			CAPITAL BUDGET USED FOR		
DESCRIPTION	AMOUNT	%	DESCRIPTION	AMOUNT	%
Capital Development Fund	R 24,168,450	31%	Administration	R 10,100	0%
Consolidated Loans Fund	R 12,777,000	17%	Cemetery	R 110,000	0%
CMIP	R 136,000	0%	Housing Rental Schemes	R 122,000	0%
Contribution Current Income	R 3,123,500	4%	Library	R 157,750	0%
Contribution Government	R 50,000	0%	Fire Brigade	R 60,500	0%
Contribution NER	R 1,167,000	2%	Traffic	R 0	0%
Contribution Public	R 24,986,000	32%	Civil Defence	R 1,380	0%
Contribution RSC	R 1,915,000	2%	Health Administration	R 0	0%

Provincial Housing Board	R 493,000	1%	Clinics	R 11,610	0%
Provisions	R 205,000	0%	Licences	R 0	0%
Public Improvement Fund	R 8,264,900	11%	Planning and Development	R 0	0%
RDP	R 0	0%	Management Services	R 0	0%
Spatial Dev. Initiative	R 0	0%	Municipal Halls	R 505,000	1%
			Trade Licence	R 0	0%
			Parks, Sport and Recreation	R 0	0%
			Municipal Buildings	R 3,299,900	6%
			Sundries	R 2,064,600	4%
			Roads and Stormwater	R 9,352,900	18%
			Parks and Gardens	R 710,000	1%
			Sport Development	R 0	0%
			Caravan Park	R 0	0%
			Beach Facilities	R 41,900	0%
			Temporary Housing	R 0	0%
			Council: General Expenditure	R 2,700	0%
			Sewerage Vacuum Tank	R 0	0%
			Cleansing: Street Cleaning	R 0	0%
			Refuse Removal	R 811,600	2%
			Sewerage Networks	R 1,782,800	3%
			Sewerage Purification Works	R 307,400	1%
			Town Engineer	R 13,500	0%
			Town Clerk	R 0	0%
			Town Treasurer	R 41,520	0%
			Street Lighting	R 179,000	0%
			Swimming Pools	R 112,800	0%
			Electricity - Distribution	R 12,761,400	24%
			Airport	R 0	0%
			Water - Purification Works	R 1,885,100	4%
			Water - Distribution	R 14,761,400	28%
			Stores	R 15,000	0%
			Railway Sidings	R 0	0%
			Equipment: Distribution Acc.	R 493,600	1%
			Vehicles: Distribution Acc.	R 1,838,100	3%
			Public Works Account	R 42,000	0%
			Water & Sanitation Distr Acc.	R 61,900	0%
			Computer Services	R 1,048,900	2%
TOTAL	R 77,285,850	100%	TOTAL	R 52,606,360	100%

Interim Integrated Development Plan, March 2001

The main sources of income for the Richards Bay Local Council were Public Contributions and the Capital Development Fund. Approximately 77% of the Council's Capital Budget was spent on Engineering Infrastructure, with water and electricity distribution constituting the most costly items.

2000/2001 OPERATIONAL BUDGET					
SOURCE OF OPERATING BUDGET			OPERATING BUDGET USED FOR		
DESCRIPTION	AMOUNT	%	DESCRIPTION	AMOUNT	%
Airport	R 1,313,690	0%	Administration	R 0	0%
Caravan Park	R 424,590	0%	Cemetery	R 164,000	0%
Electricity	R 165,374,500	50%	Housing Rental Schemes	R 5,586,670	2%
Rate General	R 93,454,190	28%	Library	R 124,870	0%
Refuse Removal	R 12,967,310	4%	Fire Brigade	R 161,990	0%
Sewer Vacuum Tank Services	R 1,295,740	0%	Traffic	R 1,731,400	1%
Sewerage	R 19,870,150	6%	Civil Defence	R 0	0%
Water	R 37,347,730	11%	Health Administration	R 55,100	0%
			Clinics	R 265,000	0%
			Licences	R 800,700	0%
			Planning and Development	R 328,880	0%
			Management Services	R 0	0%
			Municipal Halls	R 155,040	0%
			Trade Licence	R 6,500	0%
			Parks, Sport and Recreation	R 0	0%
			Municipal Buildings	R 1,248,370	0%
			Sundries	R 6,336,970	2%
			Personnel	R 0	0%
			Roads and Stormwater	R 200	0%
			Parks and Gardens	R 853,640	0%
			Sport Development	R 0	0%
			Nursery	R 0	0%
			Caravan Park	R 424,590	0%
			Beach Facilities	R 31,220	0%
			Temporary Housing	R 304,000	0%
			Council: General Expenditure	R 0	0%
			Sewerage Vacuum Tank	R 1,295,740	0%
			Cleansing: Street Cleaning	R 0	0%
			Refuse Removal	R 12,967,310	4%
			Sewerage Networks	R 19,870,150	6%
			Sewerage Purification Works	R 0	0%
			Town Engineer	R 30,200	0%
			Town Clerk	R 0	0%
			Town Treasurer	R 74,215,380	22%
			Street Lighting	R 0	0%
			Swimming Pools	R 148,000	0%
			Electricity - Distribution	R 165,374,500	50%
			Airport	R 1,313,690	0%
			Water - Purification Works	R 283,270	0%
			Water - Distribution	R 37,064,460	11%

			Stores	R 29,500	0%
			Railway Sidings	R 393,120	0%
			Equipment: Distribution Acc.	R 98,520	0%
			Vehicles: Distribution Acc.	R 384,920	0%
TOTAL	R 332,047,900	100%	TOTAL	R 332,047,900	100%

Interim Integrated Development Plan, March 2001

The sale of services (water and electricity) and rates were the main sources of income for the Richards Bay Local Council, indicating the importance of maintaining high payment rates towards these items. Approximately 71% of the Operational Budget is spent on Engineering Infrastructure. The Council had a 1:4,3 ratio between Capital and Operational Expenditure, implying that Operational Expenditure completely outweighed Capital Expenditure.

1.4.3 UTHUNGULU REGIONAL COUNCIL

The uThungulu Regional Council was responsible for delivering services to the rural areas surrounding the former local council areas within its area of jurisdiction. The Regional Council was involved in the planning, implementation, management and funding of projects, while contractors and consultants were used for the actual execution thereof (construction phases). This is reflected in the Capital/Operational Budget Ratio of 5,9:1, indicating that the Capital Budget was almost six times that of the Operational Budget. The Capital and Operational Budgets are reflected below:

2000/2001 CAPITAL BUDGET					
SOURCE OF CAPITAL BUDGET			CAPITAL BUDGET USED FOR		
DESCRIPTION	AMOUNT	%	DESCRIPTION	AMOUNT	%
Equitable Share Fund	R 56,500,691	100%	Projects:		
(Project Development Fund)			- Regional Functions	R 1,000,000	2%
			- Local Bodies	R 49,158,482	98%
TOTAL	R 56,500,691	100%	TOTAL	R 50,158,482	100%

Interim Integrated Development Plan, March 2001

The uThungulu Regional Council obtained its Capital Income from regional service council levies and the equitable share fund, which was mainly distributed between the local bodies for various projects.

2000/2001 OPERATIONAL BUDGET					
SOURCE OF OPERATING BUDGET			OPERATING BUDGET USED FOR		
DESCRIPTION	AMOUNT	%	DESCRIPTION	AMOUNT	%
Equitable Share Fund	R 56,500,691	100%	Administration	R 9,461,210	100%
(Project Development Fund)					
TOTAL	R 56,500,691	100%	TOTAL	R 9,461,210	100%

Interim Integrated Development Plan, March 2001

The Equitable Share Fund was the uThungulu Regional Council's main source of income, while its sole operational expenditure was on the administration of the Regional Council.

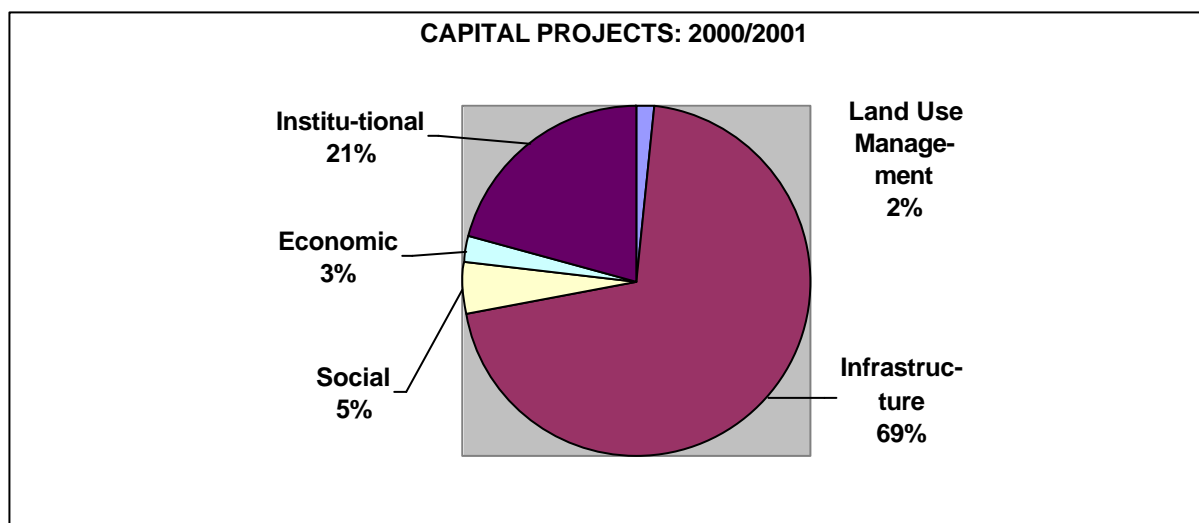
1.4.4 CONSOLIDATED CAPITAL PROJECTS 2000/2001

The table below reflects the consolidated expenditure on capital projects within the City of uMhlathuze area for the 2000/2001 financial year. It is therefore a consolidation of the capital expenditure made by the Empangeni Municipality and Richards Bay Local Council, as well as the funding spent on projects within the new City of uMhlathuze Area by the former uThungulu District Council.

CONSOLIDATED CAPITAL EXPENDITURE 2000/2001	
Land Use Management	R 784,000
Environmental Management	R 860,000
Housing	R 15,500
Infrastructure: General	R 4,812,000
Water	R 28,253,837
Sanitation	R 3,345,000
Roads and Stormwater	R 5,100,000
Electricity	R 14,695,000
Solid Waste	R 11,320,600
Transport	R 102,000
Health	R 0.00
Education	R 130,000
Community Centres	R 50,000
Welfare/Poverty	R 120,000
Local Economic Development	R 1,545,000
Sports, arts, culture, recreation	R 1,074,300
Safety and Security	R 1,500,000
Cemeteries	R 0.00
Economic Development	R 2,435,000
Institutional	R 20,042,072
TOTAL	R 96,184,309

Interim Integrated Development Plan, March 2001

The consolidated capital expenditure distribution may be depicted as follows, per development sector:



Interim Integrated Development Plan, March 2001

Infrastructure projects constituted the largest expenditure in terms of the consolidated budget, followed by expenditure on institutional items (furniture, equipment etc.). Very little funding was spent on the planning and initiation of new projects (Land Use Management), social development or local economic development. The Comprehensive IDP would therefore aim to achieve a more equal allocation between these aspects and particularly to ensure a shift towards Social Development and Economic Development.

1.4.5 STRATEGIC BUDGET FRAMEWORK: CITY OF UMHLATHUZE 2001/2002

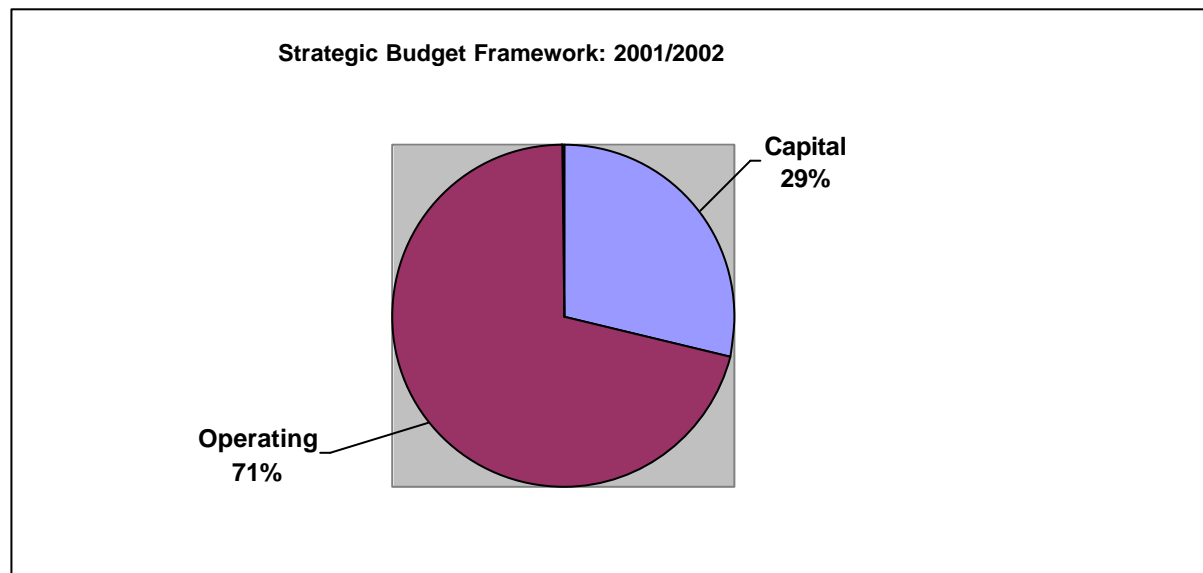
As part of the Interim IDP, a Strategic Budget Framework was compiled for the City of uMhlathuze. The intention of this was to provide guidelines for expenditure in the actual 2001/2002 budget, particularly as far as expenditure towards new priorities are concerned. The Strategic Budget Framework is indicated below:

2001/2002 STRATEGIC BUDGET FRAMEWORK					
CAPITAL BUDGET	Amount	%	OPERATING BUDGET	Amount	%
Capital Development Fund	R 95,291,000	55%	City Engineer	R 67,200	0%
Consolidated Loans Fund	R 39,407,000	23%	- Water	R 55,643,834	13%
CMIP	R 8,166,261	5%	- Sanitation	R 27,535,191	6%
Contribution Current Income	R 4,159,700	2%	- Electricity	R 201,805,273	47%
Contribution Government	R 5,190,000	3%	- Waste Management	R 17,064,024	4%
Contribution NER	R 0	0%	- Roads and Stormwater	R 5,956,672	1%
Contribution Public	R 8,000,000	5%	Bus Terminus	R 605,362	0%
Contribution RSC	R 1,765,000	1%	Cemetery	R 307,063	0%
Provincial Housing Board	R 533,000	0%	Clinic	R 1,936,832	0%
Provisions	R 211,000	0%	Council General Expend.	R 2,068,701	0%
Public Improvement Fund	R 5,106,200	3%	Commercial Buildings	R 35,500	0%
RDP	R 0	0%	Library	R 936,997	0%
Spatial Dev. Initiative	R 0	0%	Chief Executive Officer	R 156,175	0%
Reserve	R 3,155,000	2%	Municipal Offices	R 1,292,370	0%
Ad Hoc Reserve	R 1,500,000	1%	Sport and Recreation	R 4,376,458	1%
Contribution TALG	R 300,000	0%	Protection Services	R 4,504,025	1%
			Public Conveniences	R 370,039	0%
			Public Health	R 824,294	0%
			Railway Sidings	R 423,320	0%
			Building Maintenance	R 340,000	0%
			Street Cleaning	R 884,493	0%
			Swimming Pools	R 673,563	0%
			Staff Parking	R 16,000	0%
			Town Secretary	R 867,483	0%
			Municipal Halls	R 1,239,352	0%
			Town Treasurer	R 75,033,823	18%
			Museum	R 419,500	0%
			Workshops/Stores	R 149,538	0%
			Pioneerhof	R 317,871	0%
			Community Centre	R 13,000	0%

		Human Resources	R 540,888	0%	
		Motor Vehicle Licensing	R 1,308,833	0%	
		Administration	R 47,015	0%	
		Housing Rental Schemes	R 5,586,670	1%	
		Fire Brigade	R 161,990	0%	
		Traffic	R 1,731,400	0%	
		Trade Licences	R 6,500	0%	
		Planning and Development	R 1,869,989	0%	
		Sundries	R 6,336,970	1%	
		Caravan Park	R 424,590	0%	
		Beach Facilities	R 31,220	0%	
		Temporary Housing	R 304,000	0%	
		Airport / Aerodrome	R 1,334,890	0%	
		Equipment: Distribution Acc.	R 98,520	0%	
		Vehicles: Distribution Acc.	R 384,920	0%	
TOTAL	R 172,784,161	100%	TOTAL	R 426,032,348	100%

Interim Integrated Development Plan, 2001

The relation between Capital and Operational Expenditure is reflected below. Currently the budget is biased towards Operational Expenditure, mainly due to the costs involved in the dis-establishment and establishment process associated with the transition phase.



In the longer term, the intention would be to achieve a balance between Capital and Operational Expenditure. The ideal allocation between Capital and Operational Expenditure for the City of uMhlatuze over a five-year period is indicated below:

The intention is to achieve a more equal allocation between Capital and Operational Expenditure over the five-year period. This will ensure a balance between investment to create new infrastructure and allow for growth, with the maintenance of existing infrastructure and ensuring sufficient operational capacity.

The Challenge

The IDP should ensure that the healthy financial state of the City of uMhlathuze is maintained. This requires a balance between capital and operational expenditure and maintaining high levels of service payments. Protection of the rates base is also essential.