

## TABLE OF CONTENTS

		<u>PAGE</u>
<b>A.</b>	<b>INTRODUCTION</b>	2
<b>B.</b>	<b>THE TASK</b>	2
	<u>PART 1</u> CHALLENGES	4
	<i>Financial Resources</i>	5
	<i>Development Plans and Projects</i>	6
	<i>Municipal Organization</i>	7
	<u>PART 2</u> SOLUTIONS	7
	<i>New approach to services</i>	7
	<i>Expanding the Resource Base</i>	9
	<i>Improving Effectiveness</i>	12
	<i>Building Partnerships</i>	14
	<u>PART 3</u> VALUES AND PHILOSOPHY	14
<b>C.</b>	<b>THE PLAN</b>	16
	Programmes and Projects for Change	17
PROGRAMME 1	EFFICIENT AND EFFECTIVE MANAGEMENT	20
PROGRAMME 2	CUSTOMER CARE	23
PROGRAMME 3	SERVICE IMPROVEMENT	25
PROGRAMME 4	FINANCIAL MANAGEMENT	28
PROGRAMME 5	IMPROVING HEALTH	30
PROGRAMME 6	A SUSTAINABLE CITY	32
PROGRAMME 7	GROWTH AND INCOMES	34
<b>D.</b>	<b>CONCLUSION</b>	38
APPENDIX	DIFFERENTIATED SERVICE DELIVERY STRATEGIES	

## **A. INTRODUCTION**

The aim of this plan is to provide the catalyst for revitalizing Buffalo City by first revitalizing the Buffalo City Municipality and re-creating it as a developmental agency.

The Constitution of 1996 states that a municipality "must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community."

That constitutional direction is reinforced by recent local government legislation, and by the new boundary demarcations that created Buffalo City Municipality. The new Municipality's responsibility goes well beyond the traditional role of providing a narrow range of urban services. The Municipality welcomes the extension of its traditional role and recognizes that to fill that role it must change its vision, its priorities, its structures and its way of working.

The Executive Mayor and Councillors elected by the people of Buffalo City, acknowledge also their direct mandate from the people to work effectively for their welfare and development. As their representative and agent, the Municipal government will work with national, provincial and district government, with other government agencies and parastatals, and with the private sector to secure the services and support needed for the development of the people of Buffalo City.

## **B. THE TASK**

Many of the necessary changes in Buffalo City have already been undertaken:

- q The structures of the Mayoral Committee and the other committees of Council have been reshaped to undertake clear strategic and policy tasks.
- q The Municipality's first Integrated Development Plan has been completed.
- q The organogram of the new executive under the City Manager has been designed.
- q Directors and General Managers have been appointed on performance contracts.
- q The process of placing and training staff for their roles in the new Municipality is underway.

However, much remains to be done before the Municipality will be able to undertake its new developmental role with full confidence in its ability to overcome the challenges and achieve all the goals set by the people of Buffalo City in the IDP.

There is still an immense gap between the developmental needs of the people and the resources and capacities available to the Municipality. Buffalo City's first Integrated Development Plan 2002 (IDP), drawing on a specially-commissioned Quality of Life Survey, paints the following picture:

- The unemployment rate throughout the municipality is over 30%.
- Only 28% of the population describe themselves as in formal employment.
- Adding on the 10% who support households on their pensions, that creates a very high dependency ratio.
- More than half the households (53.8%) have incomes below R1500 a month.
- Only 35% of households have incomes above R2500.
- Only about 65% have access to adequate basic services.

These are not conditions likely to enable children to grow to healthy, well-educated adulthood. Neither will they have the prospects of earning an adequate living and making their own productive contribution to the growth and development of secure and prosperous communities. They are more likely to reinforce a vicious cycle of poor health, poor education, low self-worth, risk-prone behaviour, crime and a community of distrust.

Meeting these development challenges is beyond the existing resources of the Municipality, and the challenges are increasing. Over the next decade, the population of Buffalo City is expected to grow by another quarter of a million, despite the impact of the AIDS pandemic. This rate of growth will double the pressures on housing, basic services, health, education, incomes and jobs – and, along with that, the pressures on the environment and the sustainability of the city.

The time has come to face these challenges, take stock and develop new approaches.

This Revitalization Plan aims to build on the progress made so far, acknowledge the challenges, assess resources, identify priorities, and revitalize the Municipality's drive to transform itself into an effective development agency aimed at meeting the needs of the people. It aims to do this by developing realistic plans, building up its own resources, using resources more effectively, and drawing on a wider resource base by working with communities, other levels of government and the private sector.

The process of preparing this plan builds on a series of five strategic planning sessions over the last two years. The last two have made rapid progress. One held in East London last September identified five priority areas and some 30 studies and plans undertaken to support them. The last of these, at Fish River in March 2003, reaffirmed the five priority areas, considered the results of the completed studies, and gave further direction on service delivery options and internal efficiencies.

Development of this plan has been undertaken in conjunction with the first review of the IDP, and the preparation of the 2003 – 04 Annual Plan and Budget.

### **Part 1: Challenges**

The challenges facing the new Buffalo City Municipality are enormous. The levels of unemployment, low incomes and dependency recorded by the Quality of Life Survey paint only the picture of those who live within the municipality. They are better off than those who live in its hinterland - the poorer, eastern half of the Eastern Cape Province.

Of all South Africa's provinces, this is the region that suffered the most obvious and concentrated effects of the artificial structures of apartheid, and of the destructive and unsustainable economic and social policies of the Bantustans.

Much of Buffalo City and most of its hinterland were part of the Ciskei and the Transkei, and their legacies are deep-rooted. The areas that remained within the old Republic of South Africa were themselves geographically artificial and isolated from the mainstream economic, transportation and government systems of the country.

The shape of agriculture, the form of industrial development, and the pattern of human settlement, as well as attitudes, values, and expectations of government, will bear the destructive marks of those perverted systems for years to come. Meanwhile, analysis and project development are hampered by weak and confused statistical information.

The future of the eastern half of the Eastern Cape depends crucially on the performance of Buffalo City; on how well the city performs its role as the hub and generator of economic growth, on how well it links its hinterland to the global economy, and on how well it shapes this growth to create opportunities for pro-poor development.

This region will be the test case for the transformation and rebuilding of South Africa.

Buffalo City's view is that success in the eastern half of the Eastern Cape Province is a matter of national concern.

Many of the key challenges fall outside the responsibilities and even the boundaries of Buffalo City; but if the municipality is to fulfil its crucial role it must take a close interest in them and become an effective advocate for the developmental needs of the region. Modern rail and road links to the rest of the economy are an obvious example; high quality tertiary education and health facilities are less obvious but no less important.

The city's concern with development in the province of course has a strong element of self-interest. The worse the prospects for livelihoods in rural areas, the greater will be the incentives for migration to the city, increasing the pressures on already over-burdened urban infrastructures.

But while the municipality recognises that it must broaden the range of its concerns, it must also become more effective in ensuring that the traditional concerns of local government are met. Local roads, drains and waste management must be improved to meet the expectations of a modern city. Electricity, water and sanitation must meet standards of reliability that will encourage in customers a willingness to pay.

Improvements in those basic services are the foundation for health and life expectancy, for quality of life, and for managing a sustainable urban and rural environment for ourselves and for succeeding generations.

### Financial resources

Buffalo City Municipality clearly does not at present command the funds to match the developmental needs of all its communities.

For a number of years, the units that now make up Buffalo City had been spending more than the income that they had collected, placing reserves under increasing pressure, being unable to relieve the burden on ratepayers and finding it harder to persuade lenders to support the municipality's ongoing obligations of capital development.

Savings were made by cutting back on operating funds, leaving staff without the resources to work effectively. Maintenance budgets were squeezed, creating massive backlogs, shortening the effective life of plant and equipment and, by reducing the quality and reliability of services, undermining community's perceptions of reciprocity and therefore the customers' willingness to pay.

Recent improvements in financial management are beginning to alleviate some of these problems. Collection rates on rates and service charges have improved, but may be close to the practical limit in a city where so many live below the poverty line.

Seeking more income by raising rates and charges is not feasible. Increases for higher-valued residential properties and larger businesses are already likely to be needed in order to implement a comprehensive 'fair and equitable' Rates and Tariff Policy. Higher increases will be needed if the exemption proposals of the Property Rates Bill are introduced.

A major challenge for the municipality is therefore to increase the availability of resources by finding ways to improve internal efficiencies and "do more with less".

It must also improve its ability to access funds from other sources including national, provincial and district programmes.

The financial information system in its present form does not make it easy for Councillors or managers to know what is happening with the resources that are available. Improvements are urgently needed to enable managers to act more effectively – and to be held accountable for the resources allocated to their activities.

### Development plans and projects

Buffalo City Municipality has consulted the community on its development plans and included an extensive inventory of capital projects in the IDP.

Basic infrastructure, particularly for water and sewerage treatment, is estimated to need expenditure of around R700 million to overcome maintenance backlogs and improve capacity. The full list of projects in the IDP would require capital funds of at least R6 billion. The Municipality's current financial projections allow for capital investments of less than R1 billion over the next five years. Neither the financial projections nor the IDP allow for the extra needs of a population expected to grow by a quarter of a million over the next decade.

Implementation has been falling behind municipal plans and, crucially, behind the rising expectations of communities.

The IDP review process will be proceeding over the next few months, in step with developing further detail in this Revitalization Plan, leading to the adoption of a revised IDP by mid-June which will be consistent with budgeting and planning for the coming year and the two-year outlook.

## The Municipal Organization

Since the creation of Buffalo City more than two years ago, the Municipality has been endeavouring to weld the seven fragmented administrations it inherited from previous local authorities into a single effective and efficient team. This is not a simple task, and the power to resolve some of the crucial issues lies outside the municipality's control.

Over the last two years, the new administration has brought deficit financing under control by, inter alia, a freeze on staff appointments. This has exacerbated the predictable problems of skill shortages and low morale in an organization undergoing prolonged change.

The municipality now has about 700 staff on temporary employment contracts as well as a similar number of unfilled positions – gaps which severely limit its ability to deliver many existing services, let alone design and implement the new ones needed for the development of the community. Shortages are most severe in the key areas of strategic management of the organization, design and supervision of engineering and social services and local economic development.

A new staff structure and placement policy, designed to provide the capacity to deliver on the city's mandate, has recently been agreed after prolonged negotiation. Matching existing staff resources to organizational needs, providing training to meet new skill demands, and recruiting to fill gaps that cannot be met internally will be a delicate and potentially expensive process.

## **Part 2. Solutions**

There is, then, a huge gap between the needs of Buffalo City's people, and the wider community of the hinterland, and the resources available to the Municipality.

No single, simple solution will close the gap. The Municipality must seek out the best opportunities on a number of fronts: a new and more realistic approach to service delivery, expanding the resource base, using resources better, and building wider partnerships.

### A New approach to services

Taken as a package, the traditional services offered by the municipality have come to be characterised by a linked set of problems. Plans have been over-

ambitious in relation to managerial and financial resources. More emphasis has been put on capital extensions of services, and on collecting payment, and too little on maintenance, quality and reliability, communication and customer care. Delivery is falling behind expectations.

The inclusion of large rural areas - in excess of 2,000 square kilometres with about 150 villages - within the new Buffalo City boundaries has brought a new set of challenges for service design and delivery.

Institutional changes between different spheres and agencies of government, such as the creation of Water Authorities and Regional Electricity Distributors, have absorbed available managerial resources to the detriment of service delivery.

A new, two-pronged approach is needed, focusing on customer care, and on coherent programming and priorities for the maintenance and extension of services.

The aims must be to bring expectations and delivery into alignment and to create standards of service that the community is able to sustain, having regard to the very low ability to pay of half the municipality's population.

A programming and priorities team, working across all the main services (water and sanitation, roads, waste management, housing and electricity) will draw together the plans for each, focus on key maintenance and extension problems, and work with communities and ward committees to develop solutions appropriate to their areas within the constraints of available resources.

The municipality's 2002 IDP has already set out agreed levels of service for water, sanitation, electricity and the management of solid waste for different settlement types in urban and rural areas, based on principles of affordability and sustainability. Discussion at recent strategic planning sessions has reaffirmed the municipality's commitment to those standards. (See **Appendix**).

The second prong, customer care, brings together the results of a number of the studies on:

- q service delivery charters
- q a customer care survey
- q revenue enhancement
- q service delivery reviews
- q credit control and
- q debt collection.

These studies have each defined the steps required for implementation. A cross-divisional team will be needed to co-ordinate this work, to be led by the Directorate of Corporate Services (with their responsibility for ward committee support) and including the Directorates of Engineering Services, Finance and Social Services.

Other aspects of the Plan, such as the Communications Framework and the improved Annual Planning and Budgeting process, will assist the improved communication with communities essential to the success of this new approach.

An alternative approach would be to seek outside partners for some or all of the services. Experience elsewhere suggests that this is not necessarily the most speedy and effective course, particularly for an organization at Buffalo City's stage of development. The onerous procedural obligations set out in the second part of section 78 of the Municipal Systems Act can easily absorb substantial resources of time and money.

The Municipality's priority at present is to pursue the institutional changes already prescribed by National Government, the development of asset registration and valuation and of activity-based costing. These will give the Municipality a much clearer view of the real costs of its operations and of the viable long-term options.

#### Expanding the resource base

An essential part of the solution to the municipality's challenges must be to expand the resources available to enable it to do more, sooner.

The usual solution of simply raising rates and tariffs can only be a short-term stop-gap and is usually counter-productive. Buffalo City recognises that higher charges may ultimately discourage business growth, new investment and job creation.

In Buffalo City's case, our view is that there will be little leeway to gain more income by raising charges. Exact comparisons are difficult, but there are strong perceptions that the city's charges are already high. In addition, the Rates and Tariffs Policy Review indicates that the municipality will need to raise charges for higher-valued residential properties and larger businesses in order to achieve compliance with recent and pending legislation.

The sustainable way to expand the city's resources is to grow the economy of Buffalo City.

Sustainable, employment-rich expansion of the local economy has many advantages. More people in the community will earn income that they can use to meet their own needs and their own priorities. The rateable value of property in the municipality will go up, so that the council can earn more from rates. More people will be able to pay for services and utilities so that the coverage and quality of service can be expanded.

As it becomes easier to earn money legally, the incentives for illegal activity will be reduced (but certainly not eliminated), crime rates should fall, security and insurance costs will begin to come down and crime prevention programmes will become more effective. The vicious cycle of poverty cannot be halted by grants: it has to be reversed into a virtuous cycle by enabling more people to generate their own incomes.

The Economic Overview of Buffalo City and its hinterland shows that the local economy, previously one of the slowest growing areas of the country, has turned the corner and now offers good prospects for continuing growth. Briefly, these include

- q manufacturing, where Buffalo City has a core of large and efficient enterprises and the first operating Industrial Development Zone (ELIDZ);
- q agriculture which the new Provincial Growth and Development Plan is targeting for special attention; and
- q tourism where South Africa's growth rate is now the fastest in the world and the Eastern Cape is beginning to benefit.

The largest sector in the local economy is, however, still the public sector – government, including health and education. Growth in expenditure can also be expected here as national government seeks to focus more on this sector and on areas of greatest need.

It is worth noting the economic significance of under-spending by provincial government. The R2,4 billion not spent in the Eastern Cape in the current financial year represents close to 3% of gross domestic product for the region; more effective delivery could therefore have a significant effect on economic activity and employment.

The rural hinterland is important to Buffalo City because in many cases, a major part of the direct growth will occur outside the formal boundaries of the city. The city will, however, be a substantial beneficiary through contracting, supplying, processing and transport spin-offs.

Buffalo City realises that cities exist because they serve as a focus for the economic activities of their region, and the employment and income prospects of Buffalo City are inseparably linked to its wider region. This also is true of the "human investment" sector. Good schools, universities and hospitals will provide services beyond the boundaries of the city and bring in well-paid professionals whose spending benefits the local economy.

The expanded economic review will also sketch the actions that are being, and should be, taken to achieve this higher growth rate. There are of course many actors other than the Municipality itself, including national and provincial governments and their departments. The ELIDZ arises from a national programme and is part-funded by the provincial government. The Tourism Master Plan, aimed at ensuring that Buffalo City gets the full benefit of the fast growth rate in this industry, is funded by the US AID programme.

The Municipality will be working with national, provincial and district programmes to overcome obstacles to growth in agriculture. Significantly, it will be working with the Nelson Mandela Metropolitan Municipality and the province to ensure that major weaknesses in the transport infrastructure in and to the Eastern Cape receive rapid and effective attention. The proposed new SMME centres will enable more small firms to get established, grow and create jobs.

But the oldest – and still the most important – role of a city government is to ensure that the services and infrastructure people need to live and work there are made available efficiently.

Value for money in rates and service charges are vital for a growing economy where more jobs are created. Adequacy, accessibility, quality and reliability as well as economy are important to those who live here and to those who choose to locate their businesses here.

These services go beyond those the Municipality will directly own, manage and fund. Telecommunications are vital to modern employment. Road, rail, air and port linkages, between the city, its hinterland, the rest of South Africa and the rest of the world, are obviously vital. This is all the more important as the economy builds out from its insulated apartheid base. Many manufacturers and processors are reassessing their concentration at inland sites and considering more economically natural locations along the coast.

The Municipality does not and will not seek to own and operate all of these, but it will play a vital role as advocate and catalyst in ensuring the provision of the full range of effective and efficient services.

### Improving Effectiveness

One of the key ways in which the Municipality will work to fit more development effort into its limited resources will be by finding ways to improve how it works, to work more smoothly and efficiently and therefore to get more effective results from the resources it has.

The recent breakthrough on the new staff structure and placement policy will enable the municipality to improve the operating capacity and efficiency of the administration. Further measures following on from this will include performance management, consistent terms and conditions of service, and improved communication between councillors, management, staff and public. The groundwork can now be done to create a more effective organization. However, that groundwork will take time to produce results. Large organizations do not change quickly. Staff do not suddenly forget the difficulties, insecurities and frustrations that have built up over years.

Buffalo City is mindful of the fact that organizations that have gone through long periods of change and stress usually show signs of two internal problems: false economies, and sclerosis of the support systems.

**False economies** can occur when budget and staff cuts are made to meet severe budget constraints but have the effect of reducing resources below a minimum level of effectiveness. The result may well be to undermine the effectiveness of the resources that are still available; staff may suffer stress-related illnesses; plant and equipment fall below maintenance levels; etc.

**Sclerosis of support systems** may easily occur where an organization under constant pressure loses sight of its overall purpose. Individual units, particularly support services, may then naturally focus principally on survival: how to preserve existing resources in order to maintain established systems. Energy will not be available to redesign systems to adapt to the changing needs of the organization or to match resource levels. Focus on the purpose of the support system may well be lost, with a consequent loss in effectiveness.

Both problems present major challenges in revitalizing such organizations, and Buffalo City has not escaped their negative effects.

It is recognised that a comprehensive review of resource levels and effectiveness in all units of the Municipality will therefore be needed as part of the revitalization process.

An initial review has already been completed providing a desk-top analysis of some existing units such as the municipal zoo, the aquarium and the fresh

produce market. Given the tight constraints on the city's budget over recent years, many of these activities have been starved of funds, provided with only the minimum of staff and given very small allocations of operating income.

The municipality's internal management services, designed for different circumstances, have become a burden, not a support to these activities. Their continued survival has depended heavily on the entrepreneurial skills of their own managers and their ability to find hand-to-mouth contributions (literally in the case of the zoo animals) from private sector or community supporters. As a result their potential contribution to the community and to the economy has been severely constrained.

Minimizing the budget allocations to such units may have been a necessary short-term expedient; but it is clearly a false economy in the longer term.

Provided with an adequate operating base and the ability to market themselves more effectively, the zoo and the aquarium, for example, could provide more employment, make greater contributions to local education and become positive parts of Buffalo City's tourism package.

The fresh produce market, while it has usually been able to generate cash profits, has the potential to expand and diversify its activities. It has a vital role to play in the growth and transformation of the horticultural industry in the region, particularly in facilitating the entry of emerging suppliers of fresh produce into the formal marketplace.

The Revitalization Plan will identify the resources, mechanisms or structures that will enable these and other units like them to build on the partnerships they have developed and realise their latent potential.

A similar review of support systems must take a fresh look at the needs of the organization in its new form as a developmental agency and at the best way of meeting those needs.

The cost of inefficient support systems cannot be reckoned only by the salaries and operating funds provided to them. It must include the cost to other parts of the organization in obtaining services from them – how much scarce management time is spent in dealing with unresponsive systems, how much of our resources goes into duplicating service systems where the corporate system is no longer providing what is needed when it is needed.

Improving the financial information system is an essential first step towards tackling these problems. Clear definitions of tasks and the introduction of effective performance management systems will also help. But a programme of specific service reviews will also be needed.

### Building Partnerships

Given the expanded developmental role of municipalities, the ability to establish broader developmental partnerships with our stakeholders – communities, civil society, major businesses – will become increasingly important.

Where effectiveness depends crucially on community involvement – for example, in crime prevention and waste management – a solution may well be to establish Joint Implementation Boards with community partners.

The Municipality works with many different partners now in order to ensure that Buffalo City residents have access to the services they need for development.

It has not, for example, decided to build and operate its own electricity generation plants. Instead it manages a partnership with Eskom in purchasing, distributing and charging for the electricity generated by Eskom. That has great advantages for a “capital-starved” organization like the Municipality. It can use its limited capital funding capacity for crucial needs that will not be met by other organizations.

The East London Industrial Development Zone (IDZ) is another example of a partnership where the Municipality is instrumental in bringing into the area resources from national government and private sector investors.

Faced with the wider range of demands on its resources presented by its role as a developmental agency, Buffalo City will need to find new partners and engage them in helping to extend the sources of funds and expertise available to the Municipality.

Negotiations are proceeding with the Industrial Development Corporation to establish a Development Agency that will bring together investment funds from different sources to accelerate the pace of development in Buffalo City.

In examining the long list of development needs presented in its IDP, the Municipality can speed up the rate of progress by searching out new partners. These may be able to bring not just investment funds but also expertise in new ways of providing or reticulating services.

### **Part 3: Values and Philosophy**

To repeat the municipality’s guiding star, the Constitution of 1996 requires that a municipality *“must structure and manage its administration and*

*budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.”*

The IDP process in Buffalo City highlighted that the municipality still has a long way to go to establish a developmental ethos characterized by flexibility and lateral thinking, innovation and a sense of interdependence. However, the IDP process did begin to crystallize the municipality's aspirant new identity as a catalyst for wealth creation and distribution, as a promoter and facilitator of socio-economic development and as a modernized, focused and streamlined agency of service-delivery that meets the expectations of its customers.

The Buffalo City IDP aimed to be “*developmentally-oriented*” to ensure that it becomes an effective strategic tool that enables the municipality to achieve the objects listed in section 152 of the Constitution:

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage community participation in local government matters.

The IDP process within Buffalo City led to the articulation of the following vision, which was supported by all stakeholders internally and externally:

*BUFFALO CITY –  
A people-centred  
place of opportunity  
where the basic needs of all are met  
in a safe,  
healthy and  
sustainable environment.*

To elaborate, being **people-centred** implies to us that the best African values of *ubuntu* will be aimed for both within the municipal organization as well as in the way in which the organization services its clients. It implies also the evolution of a communal culture characterized by these values.

A **place of opportunity** means a place where citizens are free to develop to their full potential, a place into which investors are keen to plough their money, a place where those who wish to work do not have to beg or steal.

An orientation towards the **basic needs** of Buffalo City's people implies a culture where the social welfare of all, but necessarily and most urgently the poorer and less mobile, are addressed as decisively as possible over as short a time as possible. This is a value statement that is regarded as more than an optional add-on: the principle of redistributive justice and equity encapsulated in the phrase, "basic needs first", is understood as a constitutional, political and a legal imperative.

**Safety** is regarded by the municipality as the bedfellow of meeting basic needs, recognizing that none of Buffalo City's citizens will be secure if any are hungry or isolated or hopeless. Throughout the IDP process, all communities repeatedly identified crime and insecurity as one of the most critical of all issues to be addressed in our area.

**Health** has been elevated to be one of the central pillars of Buffalo City's vision in view of the massive challenges of the coming decades, which – if not met – are seen to constitute a real and present danger to all of our best efforts to build a better life for all.

Linked with our health, a **sustainable environment** constitutes a vision that holds before us the challenge of meeting the needs of this generation without compromising the rights of those that follow.

In addition to the above, Buffalo City is adopting high standards of corporate governance reflected in a transparent and competitive procurement process, a properly functioning internal audit department and an Audit Committee, as well as a commitment to develop an institutional and managerial Performance Management System over the course of the next 12 – 18 months. The importance of these steps are highlighted to stress the need to balance what the King Report of 2002 called "performance" with "conformance".

### C. THE PLAN

The plan to revitalize the Municipality and Buffalo City builds on the challenges and solutions discussed at successive strategic planning sessions, on the concept and research papers that have flowed from these, and on the values and philosophy set out in the previous section. It constitutes an ongoing plan of action. Much of the work outlined below will be completed within the next eighteen months – but those completed stages will provide the platform for further stages in revitalizing the city.

The plan of work is grouped around **seven main thrusts**, but there are many inter-connections between them. The whole is greater than the sum of the parts. The seven thrusts are:

1. **Efficiency** - achieving more with our resources
2. **Customer care** – focussing on our customers and their needs
3. **Service improvement** – practical and institutional improvements
4. **Financial management** – better management with better information
5. **Improving Health** – helping people to stay healthy
6. **A Sustainable City** – environmentally and culturally
7. **City Development Strategy** – growth and incomes

### Programmes and Projects for Change

A wide range of projects are currently under way in Buffalo City Municipality that aim to enhance the effects of the city's activities on the strategic priorities that have been identified by the municipality. Managing these projects within an integrated framework is key to ensuring that they deliver appropriate and timely results.

Buffalo City Municipality will pursue **seven linked implementation programmes** in pursuit of its priorities. Where relevant, each of these programmes will address the broad thrusts of the municipality's strategy outlined in Section 2 (solutions) above, namely:

- **Adopting new approaches to services**, specifically related to providing appropriate and sustainable service packages and enhancing customer care
- **Expanding the resource base**, through efficient service delivery and support to economic development initiatives
- **Operating more effectively**, through consolidating the stabilisation of municipal structures, enhancing productive efficiencies in the performance of functions, and focussing municipal activities on core functions
- **Working with partners at all levels**, including community structures, SMME's, government agencies, public entities and businesses.

All outputs of this plan, and the projects identified to achieve them, fit within the matrix of the above priorities and the programmes identified in the following pages.

It should be noted that these programmes do not encompass all activities taking place in the city. Rather, they cover the strategic interventions necessary to ensure that the municipality is able to reposition itself to enhance the delivery of services and the performance of the local economy.

The six key programmes, and the matrix for the identification of outputs and associated projects, are shown in the diagram overleaf:

Diagram: Output and project identification matrix

<i>Thrust</i> <i>Programme</i>	New approach to services	Expanding the resource base	Operating more effectively	Working with partners
<b>Effective Organisational Management – Easier, Quicker, Cheaper</b>				
<b>Customer Care – focussing on our customers and their needs</b>				
<b>Service Improvement – practical and institutional improvements</b>				
<b>Financial Management - the right information to the right people at the right time</b>				
<b>Improving Health – helping people to stay healthy</b>				
<b>A Sustainable City</b>				
<b>Growth and incomes</b>				

The emphasis of these programmes is on the **practical implementation of the decisions of the city's strategic framework**. However, the city realises that ongoing iterations in the planning framework will be required to ensure the coherence of the revitalisation programme, and to accommodate unavoidable changes in context.

Programme managers will be appointed to oversee that the implementation of each programme, and will be held accountable for their successful conclusion.

## Programme 1: EFFICIENT AND EFFECTIVE MANAGEMENT

The key aim of this programme is to ensure that the managerial processes in Buffalo City are effective in deploying the resources of the city in areas that maximise their developmental impact.

<i>Thrust</i> <i>Programme</i>	<b>New approach to service delivery</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<b>Efficient and Effective Management</b>	Activity based costing	Review of internal services and functions	Institutional stabilisation – structure and placement	Comprehensive database
	One stop Annual Plan and Budget approval		Performance management	Easier, Quicker, Cheaper
	Procurement reform		Skills development	
	Financial delegations		Team building & change management	

The municipality's overriding focus to date has been to complete the amalgamation and stabilisation of the organisation. This process is now nearing completion, with the organisational structure now finalised and the placement of personnel within the structure well under way.

However, creating a single team requires that issues of organisational culture, staff morale and operational procedures are also addressed. The focus of activities in this programme must now shift to implementing new internal operating strategies in a drive to simplify systems, speed up decision-making and implementation and ensure the cost-effective use of resources.

### *New approaches to service delivery*

The revitalisation of approaches to service delivery in this programme aims to improve the ongoing analysis and management of service costs and benefits and to simplify financial management to enable effective spending.

The key projects in this regard include the implementation of an **activity-based costing system** across all city functions, to provide accurate information on the costs and benefits of all city functions.

Co-ordination this year between the review of the IDP and the preparation of the budget will produce a clearer annual plan and budget. This will enable the Executive Mayor and Council to specify more clearly what activities and costs have been approved for the year. By the next financial year, the municipality will have a **“One approval” Annual Plan and Budget** that will give managers authority to proceed with projects from the first day of the new planning and financial year.

Combined with the associated introduction of the **Performance Management System**, this will support the *already approved* revisions to **financial delegations** that will streamline approvals and delivery. Closely linked to this will be the **review of the procurement process**. The final determinations on delegations and procurement will be influenced by the requirements set out in the Financial Management Bill when it is eventually enacted.

### ***Expanding the resource base***

This programme aims to expand Buffalo City's resource base through containing internal expenditure and reducing inefficiencies.

A **review of internal service efficiencies** will be conducted alongside the introduction of activity-based costing, aimed at finding more efficient ways to support the delivery of municipality programmes. This will establish the effectiveness of current management arrangements for corporate-wide services, specifically stores. The findings of this review may lead to significant restructuring of joint procurement arrangements in the city.

### ***Operating more effectively***

This programme aims to enhance the municipality's operational effectiveness through continuing to stabilise the organisation, rebuilding staff morale, developing staff skills in key delivery areas and customer interface functions and through improving staff performance and productivity.

The recent consensus on the new organizational structure and the placement policy has allowed the organization to move swiftly forward on this front. The **Organizational Restructuring and Placement process** is now well under way. It will be followed up by a new phase of the ongoing **Skills**

**Development Programme, supported by team building and change management.**

With staff in more secure positions with clear job descriptions, an 'Easier, Quicker, Cheaper' campaign will be launched, giving people the opportunity to point out how the efficiency of their work can be improved.

Underpinning the search for greater efficiency in using resources must be a high quality process for setting policy and deciding on priorities and projects. This in turn depends on the availability of sound, relevant information. **A data-base for evidence-based decisions**, assembling social, economic and service information on a ward-by-ward basis will be made available on the municipal Intranet. This will be supported by an upgrade of the **Management Information System** and by completion of the **GIS system**.

### *Working with partners*

This programme aims to building partnerships in Buffalo City through enhanced monitoring of customer perceptions of the municipality and through creating partnerships with the community that restore the municipality's credibility as a leading and effective development and service delivery agent.

The key project in this regard will be a customer suggestions campaign that will be the external arm of the "Easier, Quicker, Cheaper" campaign. This campaign, which will be promoted in the mass media, ward committees and through all city – customer interfaces will encourage communities and customers to:

- Indicate their level of satisfaction with municipal services.
- Provide suggestions to the city on ways to improve services, (with the best suggestion of each quarter receiving a R500 account credit or voucher.)
- Report cases of wastage, misuse of council resources or fraudulent behaviour by city officials.

This arm of the Easier, Quicker, Cheaper campaign will operate in conjunction with customer satisfaction surveys, the first of which was conducted in February 2003.

\*\*\*\*\*

## Programme 2: CUSTOMER CARE

*Focusing on our customers and their needs*

<i>Thrust</i> <i>Programme</i>	<b>New approach to services</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<b>Customer care – focusing on our customers and their needs</b>	Service delivery charter	Rates and tariff policy		Communications strategy
	Customer care strategy			Consultative Annual plan and budget process
				Performance reporting

The Municipality exists to work for its customers – the people of Buffalo City. Recognition of that must become the defining characteristic of the way all parts of the municipality work.

Preparation of the first IDP was based on a very wide-ranging process of community consultation, and the Executive Mayor led that approach with an extensive “listening campaign”. Various directorates have done considerable work in developing mechanisms to interface with customers, although this has tended to remain fragmented. However, these starting points must be used to create an ongoing co-operative partnership with all the communities of the city.

### *New approaches to service delivery*

This programme aims to adopt new approaches to service delivery through committing the municipality to specific standards of service across all its activities and providing an integrated and efficient framework for interfacing with customers.

Essential to developing that partnership will be a **Service Delivery Charter** specifying what level and quality of service the Municipality undertakes to provide to each area of the city. That in turn will be backed up by a comprehensive **Customer Care Strategy** which will include surveys of

customer satisfaction and the training of all front-line staff in the art of putting the customer first.

### *Expanding the resource base*

This programme aims to expand the resource base of the city through supporting revenue enhancement activities. It aims to ensure the transparent management of the revenue function to ensure customer awareness and support.

Excellent progress has been made over the last two years in lifting the collection of municipal rate and tariff bills – from 83 to 91%. The municipality believes that efforts to improve further on that may be subject to diminishing returns. Accordingly, the new approach will combine agreement through the Charter on levels and quality of service, improved communication about the Municipality's activities and plans and, crucially, the development of a new **Rates and Tariffs Policy**.

The aim of this policy will be to ensure that business and residential customers pay a fair share of the cost of municipal services taking reasonable account of ability to pay. Completing this work so that the municipality is seen to have a sound basis for the charges it proposes will be important to the development of a more positive relationship with its customers.

### *Working with partners*

This programme aims to build relationships with partners in order to ensure that the services provided by the municipality meet the expressed needs of customers and ensure that BCM remains accountable to its residents.

The new **Annual Plan and Budget** process must become an annual renewal and updating of the IDP consultation, and the **Performance Management System** will provide the basis for reporting back to the community.

A **Communication Strategy** is being developed to improve the quality of communication within the municipality and externally with individual communities and the general public.

\*\*\*\*\*

## Programme 3: SERVICE IMPROVEMENT

### *Practical improvement and institutional changes*

<i>Thrust</i> <i>Programme</i>	<b>New approach to services</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<b>Service improvement – practical and institutional improvements</b>	Differentiation of service levels	Credible capital investment planning	Establishment of Programming and Priorities Unit	Community based road maintenance partnerships
	Establishment of Water Services Authority	Attracting private sector capital and management expertise		Attracting private sector capital and management expertise
	Preparing for the RED			Procurement Review
	Review of service delivery mechanisms for core services			Sale of Debtors Book

The improvements we seek in customer relations will not be achieved without improvements in the reliability of services and credible plans for improving and extending them. The task of designing and implementing coherent, practicable programmes for maintaining and extending infrastructure services is urgent. It must not be delayed by the pressure for institutional changes.

### *New approaches to service delivery*

This programme aims to adopt new approaches to service delivery through enhancing the operational autonomy of major services alongside the associated devolution of accountability for their performance in terms of predefined mandates.

Progress is being made towards these institutional changes. A contract has been awarded for work on the **establishment of a Water Authority** by 1 July this year, and proposals have been sought for preparatory work on incorporating the city's electricity system into the proposed **Regional Electricity Distributor**.

The exploration of other options for service delivery, as set out in Section 78 of the Municipal Systems Act, can be a very time-consuming and expensive process. The initial stages of the process comprise steps such as “ring-fencing” and the preparation of asset registers and valuations that are already being done for the whole municipality, and it makes no sense to engage consultants to replicate this for the separate services.

Notwithstanding, the municipality will actively pursue the development of municipal services partnerships for core services provided that the benefits for the city and its residents in terms of service cost and access are clearly evident, and outweigh the costs.

In particular it is anticipated that management contracts for water services will be explored, with a decision on the way forward in this regard taken by January 2004. The MIU, which has provided support in the past in this regard, will be requested to continue its work from July 2003.

### *Expanding the resource base*

This programme aims to expand the resource base of the city through focusing the key activities of the organisation on service delivery outputs that support economic performance in the city, through attracting private sector capital and management expertise and through enhancing operational efficiencies in the organisation.

**Credible capital investment planning** will be improved through the introduction of multi-year budget reforms and the establishment of dedicated capacity for capital programme management that dovetails with the requirements of the Municipal Infrastructure Grant. These activities will result in more effective mobilisation and use of capital funding.

In addition, BCM will actively seek ongoing **services partnerships with the private sector**, both in the effective management of resources and the mobilisation of capital from the private sector.

In the latter case, the focus will be on creating and enabling environment for future debt partnerships through enhancing the creditworthiness of the municipality over the medium term. This will lower its cost of borrowing and expand its ability to carry debt.

However, given the current debt profile of the city, no significant new debt will be generated over the course of this revitalisation programme.

### *Operating more effectively*

This programme aims to enhance Buffalo City's operational effectiveness through enhancing management capacity and strategic co-ordination.

A **Programming and Priorities Unit** will be established to prepare infrastructure maintenance and extension plans and to co-ordinate their implementation. This will provide the base for the work on the Charter and Customer Care Strategy. Much of the technical work for this is already under way or completed with the Water Services Development Plan, plans for refurbishing the electricity distribution network, and the Pavement Management strategy.

The unit will also perform functions likely to be assigned to the municipality with the introduction of the Municipal Infrastructure Grant. Buffalo City will approach national government to become a pilot site for the implementation of this grant programme.

### *Working with partners*

This programme aims to build relationships with partners in order to attract skills and capital to service delivery programmes and to enhance the economic growth prospects of the city, specifically in the SMME sector.

The existing pilots of **community-based partnerships for road maintenance** have proved to be very successful and will be significantly expanded from the next financial year, specifically in rural areas of the city.

As noted above, Buffalo City is pursuing significant institutional reforms in the water and electricity sectors, in line with national policy. In conjunction with the implementation of activity-based costing this will lay the foundation for a formal assessment of the costs and benefits of municipal services partnerships for the management of major services, as well as for equity partnerships in the longer term.

Preliminary internal assessments of problems facing non-core services, such as the zoo, aquarium, fresh produce market and municipal caravan sites have been undertaken. The city will finalise this assessment by June 2003 at which time further assessments required by legislation will be undertaken.

Finally, the municipality will finalise its review of procurement systems by July 2003 in order to explore further opportunities for partnerships with SMMEs in the city and to promote economic equity and redistribution.

## Programme 4: FINANCIAL MANAGEMENT

*The right information to the right people at the right time*

<i>Thrust</i>	<b>New approach to services</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<i>Programme</i>				
<b>Financial management – the right information to the right people at the right time</b>	Credit control	Elimination of billing weaknesses	Auditing of meters	Sale of debtors book
	Financial information enhancement	Intergovernmental relationship management	Annual fiscal review	Revenue magazine
	Credit control policy		Asset registration and valuation	
	Pre-payment systems		Improved financial reporting	
			Cash and debt management policy	

A very substantial programme of work has been done to strengthen the financial position of the municipality and to improve the quality of information that will enable managers to continue that improvement. Major improvements in the future will come from other sections of the plan such as the internal efficiency campaign.

### *New approaches to service delivery*

The revitalisation of approaches to service delivery in this programme aims to simplify and streamline all financial interactions, as well as clearly communicate and enforce financial policies of the council, both internally and externally, and continuously monitor the performance of these policy frameworks against pre-specified targets.

Key projects include the introduction of a revised **credit control and debt collection policy**, with associated by-laws, a revised **cash and debt management policy**, a revision to the **financial reporting framework**, and the ongoing introduction of modernised **pre-payment vending systems**.

### *Expanding the resource base*

This programme aims to expand the municipality's resource base through eliminating weaknesses in the billing system and improving intergovernmental relationship management.

Key projects include a **review of the billing database** and an associated **audit of meters**, as well as the creation of the position of **Grant Relationship Manager** in the City Manager's Office. The review of **intergovernmental fiscal relationships** indicates that the municipality has not been receiving its full entitlements and not drawing down all the grants for which it could and should be eligible from other spheres of government.

### *Operating more effectively*

This programme aims to enhance the municipality's operational effectiveness through enhancing its monitoring, analysis and reporting of key operating risks in the medium term, and better asset management.

Key projects include the introduction of a wide-ranging **fiscal review** over the next three years, in collaboration with Idasa. This will soon contribute to the development of medium-term revenue and expenditure forecasting. A contract to compile a **municipal asset register and its valuation** has been awarded, and is well under way.

### *Working with partners*

This programme will work with partners to address financial risks associated with non-payment for services.

Specific projects include an investigation of the potential for the sale of portions of the consumer debtors' book to private collection partners and the outsourcing of the production of a magazine to accompany municipal accounts, providing information and incentives for payment.

## Programme 5: IMPROVING HEALTH

*Helping our people to stay healthy*

<i>Thrust</i> <i>Programme</i>	<b>New approach to services</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<b>Improving Health – helping people to stay healthy</b>	Accessible primary health care			
	Service level agreement with Province			
		HIV/AIDS peer educator pilots	HIV/AIDS prevalence study	HIV/AIDS resource mapping
		HIV/AIDS lay counsellor rollout		HIV/AIDS forums

Buffalo City will continue to play a vital role in the health of people in its communities through ensuring the availability of safe water supplies, proper sanitation and good waste management. Access to good primary health care, particularly for mothers and young children, is also a vital investment in the future social and economic welfare of the community.

Like other cities, Buffalo City must also enable its people to prepare for and deal with the impact of the AIDS pandemic.

Plans for **accessible primary health care** were prepared for incorporation in the IDP but have not yet been implemented due to capital and revenue constraints and continuing uncertainties over the responsibilities of different spheres or institutions of government. As part of the plan, the municipality will now take the initiative and **ensure that roles are clarified and an effective service delivered.**

Service level agreements with the provincial government and Amatole District Municipality will be renegotiated, with the intention of implementing these by July 2003.

A comprehensive **HIV/AIDS strategy** has been developed and an array of implementing projects instituted.

A **resource mapping, impact and prevalence study**, including road shows to inform staff, will provide information for implementing the strategy. Other projects include **peer educator pilot projects** in a number of different areas of the city; the establishment of inter-sectoral and inter-departmental **HIV/AIDS forums**; reviewing and extending to all municipal health facilities a voluntary **lay counselling system**.

A full assessment of this programme is included in the plan.

\*\*\*\*\*

## Programme 6: A SUSTAINABLE CITY

<i>Thrust</i>	<b>New approach to services</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<i>Programme</i>				
<b>Sustainable City</b>	Integrated Solid Waste Management Plan		Solid waste disposal site	Costal Zone Management Plan
		Environmental Management Plan		State of Environment Report

Through its IDP process, Buffalo City has made a firm commitment to the principles of "Local Agenda 21" which grew out of the Rio Conference of 1992. This commitment is based on the recognition that to address poverty in more than a cosmetic way, economic growth and the creation of sustainable employment opportunities must be complemented by processes of ecological and social development and community participation, to ensure that the quality of life of succeeding generations is protected and enhanced.

Buffalo City presently boasts a natural environment that includes large tracts of land that are relatively pristine, including coastal forests and numerous estuaries. This is considered to be of great tourism value, and is seen as a potentially central pillar of economic growth in the region. However, the undulating topography of the region has meant that many areas are difficult and costly to develop, manage and maintain.

A degree of environmental degradation has occurred as a result of the expansion of informal settlements (e.g. Duncan Village), including serious pollution of water-courses and problems of waste management that constitute significant threats to community health. Outdated by-laws and ineffective enforcement constitute an ongoing threat to sustainable management of the environment, and threaten to undermine the latent economic potential of these resources.

The city is in the process of developing a fully-fledged **Integrated Environmental Management Plan**, the completion of which is scheduled for July/August 2003. One component of this is to be a comprehensive **Coastal Zone Management Plan** that will have particular relevance in informing our **Tourism Master Plan**. Also included will be components

dealing inter alia with natural resources and biodiversity, pollution, sanitation and waste management.

To implement the Integrated Environmental Management Plan, the municipality will develop partnerships with its communities. The success of the Coastal Zone Management Plan in particular will depend upon enlisting support and commitment from the tourism industry.

The city's **state of the environment report** is being prepared with the help of community partners and will be completed by September.

With regard to waste management, the estimated volume of solid waste generated within the wider city on an annual basis is 255,000 tons per year, of which 30,000 tons is industrial waste. The future growth of the solid waste stream is estimated at 2 - 4% per annum. A number of present disposal sites are not legally compliant and constitute serious risks to environmental and community health.

To improve the efficiency and effectiveness of waste management, Buffalo City is in the process of developing a legally compliant **solid waste disposal site** to serve the entire region, with a view to increasing the quality of service provided to both industrial and domestic customers. This will include a facility for the disposal of hazardous waste. The capital cost of this facility over its 25-year life-span is estimated to be in excess of R150 million.

The city is in the latter stages of developing an **Integrated Solid Waste Management Plan** that will be completed by September 2003, and that will include a commitment to the provision of sustainable and affordable levels of domestic service based on settlement type. The Plan will also give present and prospective industrial investors a greater degree of certainty on the costs and standards of solid waste disposal and the city's capacity to service their growing requirements.

Effective waste management depends on community involvement. Implementation of the Plan will be a joint effort between the Municipality and its business and community partners.

The city has also developed a new draft **waste management by-law** which will replace the plethora of local by-laws and regulations presently still in operation throughout Buffalo City. This by-law will be referred to the MEC for gazetting by July 2003 following the required processes of consultation.

## Programme 7: GROWTH AND INCOMES

<i>Thrust</i> <i>Programme</i>	<b>New approach to services</b>	<b>Expanding the resource base</b>	<b>Operating more effectively</b>	<b>Working with partners</b>
<b>Growth and incomes</b>	Establishment of Buffalo City Development Agency	Tourism Master Plan	Establishment of LED unit	Economic overview of BC
	Establishment of Community Tourism Associations	Procurement review	SA Host tourism training programme	East London IDZ
	Mdantsane tourism development centre	SMME support centres	Establishment of ward level database	SMME support centres
			Zoning and by-law review	Business Forum
			Finalisation of integrated transport strategy	
	Establishment of Joint Implementation Boards	Establishment of Joint Implementation Boards	Establishment of Joint Implementation Boards	Establishment of Joint Implementation Boards
	uMqokozo agricultural network	uMqokozo agricultural network	uMqokozo agricultural network	uMqokozo agricultural network
	BizBus mobile SMME support	BizBus mobile SMME support	BizBus mobile SMME support	BizBus mobile SMME support

The key to the viability and sustainability of the city, and of the municipality itself, is its ability to generate resources to enable people to live here – in other words to create jobs. All the information drawn together for this plan underscores that priority. The community consultations for the IDP and the Quality of Life Survey both emphasised that what people wanted most was improved opportunities to earn their own incomes.

The lesson is driven home by the Rates and Tariffs Policy review: as long as 48.7% of city households earn less than R1,500 a month, the municipality's capacity to recover the cost of providing quality services will be severely limited.

The core of the Revitalization Plan is therefore a **city development strategy aimed at generating growth and incomes**. Moreover, the focus must be on **pro-poor development**: the statistics on household incomes do not allow the city the time to wait for top-end developments to filter gradually down to those with low or no incomes. The human, social and political costs of ten more years of half the city living below the poverty line are too high.

The economic development strategy begins with the gathering of the information needed for sound policy, sets up key programmes for pro-poor growth, and works with business and community groups to create a broadly-based partnership for the development of city.

The municipality established a local economic development unit in July last year and appointed temporary staff early this year to create the Department of Economic Development and Tourism. Permanent appointments, support staff, offices and equipment will be provided as part of the plan.

Information is the basis of a sound economic development plan. The fragmented history of Buffalo City and its hinterland means that no sound statistics for sector output, income and employment are available. A first step towards the elaboration of the plan has been to commission concept papers and seek proposals for studies that will fill the information gap. The data-base referred to in the Efficiency section will contribute, as will studies of the overall economy, the tourism sector and rural and urban agriculture.

The expanded **economic overview of Buffalo City** within its regional context will, in addition to exploring the prospects of different sectors and the linkages between the city and its hinterland, examine a range of policy options for the municipality. The plan recognises that the first contribution a municipality can make to growth in the city's economy is to provide value for money in its services – a key objective of the efficiency section of the plan.

The **Tourism Master Plan**, already under way with funding from USAID, will include developed proposals for action by the Municipality and by Tourism Buffalo City. This sector is an obvious priority since South Africa is one of the fastest-growing destinations in global tourism, the Eastern Cape is one of the fastest-growing regions in the country, and **tourism offers opportunities for employment-rich growth**. Funding for implementation of the tourism recommendations will therefore be part of the Revitalization Plan.

The division of responsibilities between the Department and Tourism in Buffalo City recognises that the Department will concentrate on **product development** rather than promotion. Projects to fulfil that mandate include the establishment of **Community Tourism Associations**, setting up a **Tourism Development Centre in Mdantsane**, and bringing **SA Host Training** to the city.

Significant potential for **urban and rural agriculture** is identified in the scoping report prepared by Fort Hare University. Effective programmes to encourage agriculture in urban areas and in the 150 rural villages within Buffalo City can help reduce poverty, improve nutrition and raise household incomes.

A more detailed follow-up study will be undertaken to help shape programmes. Meanwhile, a start has been made by enlisting support from departments, research and teaching institutions and NGOs for the municipality's **uMqokozo Agriculture Network**.

A well-attended municipal workshop for small businesses held in Mdantsane last year led to the establishment of the **BizBus Mobile SMME Support** service which will be continued this year under the plan with the support of DaimlerChrysler. The municipality is negotiating to bring to Buffalo City two experienced agencies to set up **SMME support centres** in a number of locations around the city. The **procurement policy review** will put particular emphasis on ensuring that the municipality makes the best use of its own purchasing power to assist the development of viable local businesses.

The Municipality is also working closely with South Africa's first operational Industrial Development Zone, the **ELIDZ**, to support its work in attracting new business to the city and also to ensure sub-contracting and supply linkages to local small and medium businesses.

In partnership with the IDC, a **Buffalo City Development Agency** will be established under the plan with the initial brief of managing a development programme for one of the city's prime tourist and recreational assets – the Quigney beachfront. The agency will be able to take on other city attractions for which this form of partnership is suitable.

To ensure that the city is playing a consistently positive role in development, a **review of zoning and by-laws** will be undertaken.

**Transport** has been identified as an important element in determining people's access to employment, and is also a major component of household expenditure. A study of public transport has been completed, a review of the

bus network is underway and an Integrated Transport Strategy will be completed next year.

The Executive Mayor established a **Business Forum** last year to provide an opportunity for regular dialogue with the private sector. Proposals will be considered soon for extending this Forum as a platform for developing the broad-based City Development Strategy.

This will provide the framework for partnerships and **Joint Implementation Boards (JIBs)** with a range of civic groups for key issues where combined efforts and broad participation are essential. These will include:

- **Major Infrastructure needs:** growth in the economy of the city and its hinterland is still being held back by weaknesses, particularly in road and rail transport, that are a legacy of the isolation and artificial divisions of the apartheid regime.

A united front is needed to ensure that other levels of government and parastatals recognise the urgent need to overcome these if the eastern end of the province is to escape the poverty traps of its history.

- **Crime prevention:** national and provincial crime prevention strategies recognise that their success depends crucially on effective local partnerships and strategies. Reducing the crime rate, as well as perceptions of the threat of crime, have significant economic benefits.
- **Clean Buffalo City:** effective waste management has economic as well as health and environmental benefits, and is rarely achieved without broad-based acceptance and participation. A cleaner city will find it easier to attract the people and the businesses that will create the jobs of the future.
- **Skilling Buffalo City:** there is no doubt that the jobs of the future require a different level and pattern of skills than the jobs of the last century. Getting young people, their parents, teaching institutions and even employers to adjust to the practical realities of this shift will require a broad-based campaign.

The aim should be not only to ensure that employers in Buffalo City use their entitlement to training support, but that they use it in future-oriented ways. The municipality will want to expand its partnerships with major training and research institutions – particularly to assist Fort Hare University to establish a full city campus in East London.

- q **Marketing Buffalo City:** the Eastern Cape does not have a good image in South Africa, and Buffalo City is a new entity with a need to develop a positive brand image. An effective marketing campaign is needed not just for tourism, but even more to attract the businesses and the people – professionals in business, health and social services – that the city needs for its growth.
- q **City assets:** the desk-top review of municipal entities identified a number of activities including the zoo, the aquarium and the fresh produce market, where structural and financial limitations were severely restricting effectiveness.

Recognizing that they could make much more effective contributions to education, tourism and urban agriculture, the plan includes the development of appropriate partnerships for their future management.

The work put in motion already sets the scene for elaborating a full **City Development Strategy**. This will create a conceptual and operational framework for all the elements of this Revitalization Plan, and for carrying them forward into the second phase.

#### **D. CONCLUSION**

The municipality has made great strides in the last two years. It has completed much of the basic work that will enable it to become a developmental agent for the communities of Buffalo City.

The Revitalization Plan outlined in this document will enable it to take the next steps along that path.

The municipality will soon have completed its internal staff restructuring and begun the positive work of team-building and change management. Major steps will also soon have been completed to improve financial information and financial management. The Integrated Development Plan will have been reviewed in the light of available resources. The data and analysis needed for a broad economic strategy for the city will be available.

The work outlined in this plan will have begun to create new partnerships for the municipality. Together with its partners, Buffalo City will be ready to act as the strategist, catalyst and manager for transforming the city and turning it into

*A people-centred  
place of opportunity*

*where the basic needs of all are met  
in a safe,  
healthy and  
sustainable environment.*

**Mxolisi B. Tsika**  
**CITY MANAGER**

10 April 2003

**APPENDIX : DIFFERENTIATED SERVICE DELIVERY STRATEGIES**