



**Border-Kei Chamber of Business**

**IDP 2016-2021**

**Development Needs  
and Priorities**

Input compiled by the members of the Chamber's technical committees. 20 October 2015

## Contents

1. Purpose .....	4
2. Development needs and priorities .....	4
2.1 KPA 1 – Municipal Transformation and Organisational Development .....	5
2.2 KPA 2 - Basic service delivery and Infrastructure Development.....	7
2.2.1 Spatial Planning and Development .....	7
2.2.2 Housing .....	9
2.2.3 Roads and storm water management .....	10
2.2.4 Water and sanitation .....	10
2.2.5 Electricity.....	11
2.2.6 Transportation .....	13
2.2.7 Solid waste management.....	14
2.2.8 Health services .....	15
2.2.9 Public Safety.....	15
2.2.10 Community Amenities .....	16
2.2.11 Parks, Cemeteries and Crematoria .....	17
2.2.12 Disaster Management.....	17
2.2.13 Environmental Sustainability .....	17
2.2.14 Township regeneration.....	19
2.3 KPA 3 – Local economic development.....	19
2.3.1 Business report on the current economic climate in BCMM.....	19
2.3.2 The urgency to create jobs.....	19
2.3.3 Economic Infrastructure development.....	20
2.3.4 Creating a conducive climate for small and large businesses.....	20
2.3.5 Tourism and sports development.....	25
2.3.6 Agricultural development .....	25
2.4 KPA 4 – Municipal Financial Viability and Management .....	26

2.5 KPA 5 – Good governance and Public Participation.....	26
2.5 In Summary: Our six top development priorities.....	27
2.6 Proposal for collaboration between BKCOB & BCMM .....	28
3. Way forward .....	29

## **1. Purpose**

This document presents the Border-Kei Chamber of Business's combined development needs and priorities for the 2016 – 2021 Integrated Development Plan. This is in response to the Buffalo City Metropolitan Municipality's request for submission of external stakeholder's development needs and priorities issued in the Daily Dispatch on the 07<sup>th</sup> of October 2015 to be submitted by the 20 October 2015.

These inputs have been collected from the relevant Chamber committees such as infrastructure; manufacturing economic affairs agriculture and trade; energy; tourism and sports. These committees meet monthly to discuss areas of business concerns in the metro. There are over 150 members altogether attending the Chamber's consultative committees, representing business and essential state owned companies such as the ELIDZ, ECDC, ESKOM, TELKOM, TRANSNET and IDC.

## **2. Development needs and priorities**

This chapter provides in detail the development needs and priorities by the business community as represented by the Border-Kei Chamber of Business. For ease of reference, we are submitting these in line with the Key Performance Areas as outlined in the Integrated Development Plan 2015/16.

We are providing the city with areas of emphasis from the view point of the private sector and simultaneously our aim is to closer collaborate with the city on areas of common concern. We have included where applicable what support we would like to offer where we can.

### **General comment:**

The Chamber understands the city's requirements to provide adequate social infrastructure for its residents. We are however of the opinion that the long term sustainability of the city's social infrastructure programme depends on the city's capability to grow its local industry base. Increased industrial and business operations will be necessary to grow the city's tax base. This is ultimately required to make infrastructure provision and maintenance more feasible for the city.

The Chamber welcomes and supports the current Metro Growth and Development Strategy (MGDS). We are hopeful that this initiative will further guide the city and private sector in joint economic growth interventions.

The MGDS should put emphasis on growing the city's income generating hubs, such as our industrial precincts and commercial and tourism nodes.

We would also like to highlight the importance of project and financial planning to ensure that grant allocations by national and foreign donors are well spent in time to avoid returning of funds and subsequently lower allocations. This would also reduce the need to increase the local tax base to ensure sufficient budget. We are concerned that we are already taxed at 100% above the inflation rate.

We therefore recommend that all capital projects of BCMM are well planned in accordance with standard project management principles. This requires that each capital project is being implemented according to a project implementation plan. This will allow planning for processes adequately and in time with required budgeting of professional and capital fees. We would like to encourage the municipality to set performance targets on expenditure on capital projects to adequately monitor its success rate.

We are aware that applying good project management principles also requires necessary human resources and skills and as part of this submission offer our support and collaboration to the city to jointly make the city a better place.

## **2.1 KPA 1 – Municipal Transformation and Organisational Development**

The Chamber has observed that key community service delivery challenges can be attributed to vacancies in key positions within the municipality. We are highly concerned that the position of the Head of Department for Community Services has been vacant for more than two years. This in our opinion has definitely contributed to challenges in the delivery of community services, in particular waste management.

We would like to encourage BCMM to keep on ensuring that adequately qualified people are appointed in key positions. We have noted that, in particular, there seems to be a lack of engineering qualifications.

### **Buffalo City Development Agency**

In terms of the proposed Buffalo City Development Agency (BCDA) we would like to highlight that the Chamber is in support of constituting a municipal agency that focuses on key development areas within the city. We would like to encourage Buffalo City to follow the example of the Mandela Bay Development Agency (MBDA), the municipal entity of the Nelson Mandela Bay Metro Municipality. MBDA has since its inception in 2003 significantly changed the look of its central business district, beach front, and inner-city and has progressed towards township regeneration initiatives in several of the metro's townships. We would like to point out that the MBDA's role is not only to provide

new infrastructure but the agency has also taken up an important role in terms of operating and maintaining newly provided facilities and street infrastructure. This also includes the provision of cleansing, security services and regulating of informal trade in the inner city centre. As an example, this month MBDA launched a security unit in collaboration with the South African Police Service providing security officers, reaction units, trained dogs, etc.

MBDA could be considered as an example, in terms of its governance structure but as well as in terms of the role and specific function of a municipal entity. We believe that with local leadership, clear focus areas and adequate budget allocation, the BCDA could constitute an appropriate vehicle for the regeneration of BCMM's central business area and Mdantsane Township.

### **Tourism department**

The Chamber welcomes the creation of a dedicated department for tourism development. The Chamber through its tourism committee is offering its continuous support to the city in jointly developing the tourism potential of the city. We encourage the municipality to adequately resource the new tourism function as we believe that tourism in combination with the city's sports potential provides an important economic development potential for the city. We would in particular highlight the importance of further increasing the city's marketing budget and activities to be able to jointly with Invest Buffalo City market the city as an attractive destination. The City should consider appointing a marketing agent whose responsibility it should also be to track Buffalo City's image in the national media. Our joint role is to work against any negative perceptions, locally and nationally and put Buffalo City on the international tourist map.

### **Sports development**

Sports development and sports tourism provides a significant opportunity for the city. The Chamber has recognised the importance of sports development, promotion and event coordination and has constituted a separate sports committee. Please also refer to chapter 2.2.10. We would like to urge the city to appoint a dedicated sports development coordinator whose responsibility should be to ensure that all facilities are well managed and operational. A link should be provided to existing sporting codes and clubs to ensure that the city in partnership with its community based sport organisations jointly plan and oversee the usage of facilities according to world standards. The Chamber is highly committed to working with the City on this.

### **Special projects office residing in the MM's office**

We are in agreement that some of the city's programmes and projects fulfil a special status role but believe that the municipal structure should better allow for these projects to be effectively and

efficiently managed. Once a project has been given “special or catalytic project” status one central project coordination should be put in place. This project management office should be given full responsibility and authority to manage project implementation to allow for the best integration a delivery of associated city services.

**Chamber’s offering:**

- Through its various technical committees the Chamber offers Buffalo City the support and technical expertise for various developmental areas. We would therefore like to propose a more structured collaboration between the two parties. Firstly, through signing of a Memorandum of Understanding that commits both parties to jointly collaborate on areas of priorities. Secondly, we believe that we could meaningfully input into technical meetings of the municipality and vice versa invite the city to partake in our monthly meetings. We are offering to align our areas of priorities with the city’s to ultimately achieve a better and joined outcome.

Where applicable, we will provide you with a Chamber contact person and contact details for better coordination. These will be volunteers willing to provide pro-bona support.

In particular, to address the currently experienced lack of engineering capacity in the municipality, the Chamber is offering to set up an up-skilling initiative with the Council of Engineers in South Africa and to provide access to retired engineers as coaches and mentors.

## **2.2 KPA 2 - Basic service delivery and Infrastructure Development**

### **2.2.1 Spatial Planning and Development**

This section makes mention of priority development areas within the city. Our general opinion is that the municipal planning documents such as the latest Spatial Development Framework 2014 and relevant local spatial development framework provide information to proceed towards the next stage of project planning and implementation.

The Chamber is in support of the three priority areas as outlined in the BCMM Spatial Development Framework 2014 as described below.

## **1. Priority: Central East London Urban Renewal Area.**

This includes ***East London and Mdantsane and the areas in between them***. This area is regarded as the ***'HEART' of the City-In-A-Region***, which is BCMM. Due to the large number of people resident in this area, it is also subjected to critical infrastructure/service backlogs, which severely hinders progress of development. The urban area also has the potential to accommodate between 40 000 to 50 000 households at increased densities in the future. Creating infrastructure capacity in roads and services networks will give *"biggest bang for the buck"* in shortest time-frame.

Within priority area one, the Chamber would like to emphasise the importance of:

- **Sleeper Site Development** in terms of facilitating the release of land, the allocation of professional fees and capital budget
- **Marina Glenn** is a popular recreational facility and is widely used, not only by BCMM residents but beyond the borders of the city. It draws people from as far as Mthatha and Lusikisiki seeking entertainment in the city. We are therefore of the opinion that the facility should be upgraded in a way that recognises the popularity and high usage volume of the facility. The upgrade should consider sign boards, bins, environmental awareness, toilet facilities, and proper drive way and pavement and storm water. A management structure should be put in place that could charge a minimum entrance fee, operate a kiosque, braaing facilities and is responsible for cleaning and security. Upgrade and provision of facilities at the Marina Glenn is an urgent need, including security such as CCTV cameras which was promised by the MM some years ago.
- **Beach front** – Plans for upgrade of the beach front are in place and should be considered for further implementation.
- **University development WSU / UFH**

## **2. Priority: West Bank area**

This area has the best potential for large-scale urbanisation in the Greater East London area. Investment in the East London Industrial Development Zone (ELIDZ) is constrained from being fully realised by the lack of key infrastructure in Wastewater Treatment on the West Bank. As land prices have inflated and the developable land in close proximity to the city centre is depleted, the next available area after Quenera is the West Bank, with ample well-located land for integrated, higher density and mixed land use development close to the ELIDZ. Critical for the success of the West Bank



area is the need to complete catalytic projects that resolve the issue of Waste Water Treatment for the area as well as Roads and Bridges to link the West Bank to the Central Urban Area and Regional linkages (i.e. the N2 with a new bridge over the Buffalo River).

Here we would also like to raise the importance of:

- **Race track** – feasibility is underway and the race track should be considered as an important tourist node as it has the ability to become a destination with motor tourism.

### **3. Priority: King Williams Town/Bhisho & Mza'momhle and Nompumelelo**

**King William's Town** as an extended Rural Service Centre is an important segment of BCMM and continued support is required. Provincial Government is leading initiatives to consolidate Bhisho as an Administrative Capital of the Eastern Cape Province and BCMM needs to support the initiatives by ensuring that there is sufficient bulk infrastructure. Secondly, **Mza'momhle and Nompumelelo** are problem areas that need to be addressed without necessarily extending solution to mass-based housing in the eastern sector of BCMM as this will distort desired spatial pattern of **CENTRAL-WEST** Focus.

The following areas should be prioritised for the next phase:

#### **Energy cluster in Berlin**

The feasibility of providing Concentrated Solar Power and/or power via Photovoltaic Systems on a commercial scale has been explored by the ELIDZ and requires BCMMs added impetus. Independent Power Producers (IPPs) will provide enhanced reliability of supply which will make both the area and the city more attractive to developments requiring enhanced reliable supplies of electricity.

#### **2.2.2 Housing**

The Chamber is concerned that the city's housing development is restricted by lack of infrastructure development across the city as well as the availability of land. As much as we appreciate the need for RDP housing development, it is equally important for us to provide social housing as well as demarcated areas for high-income housing. The BCMM spatial development framework 2014 in chapter 7.2.2.2 provides proposed housing developments across the different areas and income spectrums and the Chamber would like BCMM to implement these into the municipal operational plan.

### **2.2.3 Roads and storm water management**

The Chamber would like to urge the City to always divert traffic in a manner that creates fewer disturbances to businesses and residents and maintains the functioning of the city during times of rehabilitation, maintenance and construction. This will be particularly important when road construction is due to commence in the western parts of Fleet Street. Road closure here will also impact industrial logistics in and to the Port of East London.

We would also like to encourage the city to put traffic control measures in place during peak hours i.e. the regulation of heavy truck vehicles.

Generally it is of utmost importance for local business to have access to a functional road network.

### **2.2.4 Water and sanitation**

#### **West Bank Treatment works**

We have noted that there is still a budget for the West Bank outfall sewer and all ancillaries (about R 235 million) despite the staunch opposition from various stakeholders including DWAF and DEDEAT to pumping semi-treated sewerage out to sea. Although well treated sewerage could go out to the sea, we strongly encourage the city to consider alternative technologies instead. In doing so, the city could also make use of its twinning arrangement with the City of Oldenburg. The City of Oldenburg has offered its collaboration with BCMM in dealing with waste water management. This could allow access to knowledge of alternative technologies well tested internationally. There is currently a study for the use of bio digesters underway and the findings could be incorporated in the municipal plans going forward.

#### **Water demand and losses management**

All water management authorities, water services providers and water users have a role to play in water conservation and water demand management (WC/WDM). Balanced and optimized interventions should be implemented that will produce WC/WDM measures that result in savings. These measures will contribute to optimizing existing infrastructure whilst also reducing future capital costs. The need for WC/WDM is based on economic efficiency objectives due to the significant cost in the provision of water services. It is estimated that in the next fifteen years, the potential benefit from WC/WDM in South Africa is approximately R50 billion. Effective and sustainable water conservation and water demand management interventions entail the implementation of a mixture of appropriate activities within four WC/WDM Strategic Pillars comprising technical, economical, Institutional/Legislative and Social Awareness. It has been

calculated that the total benefit in reducing water demand in the water services sector in South Africa are approximately 39% of the total existing demand. The development and implementation of a WC/WDM strategy is therefore essential to ensure the sustainability of a municipal water supply system. This can be developed with limited budget and recovered from the savings generated after completion of such an intervention.

We urge the city to implement a programme of water demand and management. This should also address losses and leakages. Prisons and Hospitals seem to be the largest water users which raise alarm bells as to water conservation measures and water saving measures given the huge amount of leakage.

#### **Chamber's offering:**

The Chamber has access to a pool of expertise with regards to the use of alternative water treatment technologies which we are prepared to share.

We would also like to propose to form a wider body committee in collaboration with the municipality including bodies such as WESSA, DWAF, Amathola Water Board to address issues of waste water and waste management.

### **2.2.5 Electricity**

#### **Tariff Increases**

BCMM has been applying to NERSA for increases that exceed the NERSA recommended increases. Additional increases in electricity costs which are already above the inflation rate impact negatively on existing industrial and business development and on attracting new industries and businesses to the city when compared to the same industries and businesses operating in different cities where increases in tariffs are lower and energy costs are lower. The report prepared by BCMM consultants recommends an increase of 20% in OPEX costs which in our view does not take into consideration the business dynamics in Buffalo City and the already higher costs of doing business in BCMM when compared to other metros. When the cost of services such as the provision of electricity affect the future dynamic growth of the city, more and further consideration needs to be given to the effects of excessive increases and over recoveries. Whilst it is desirable to build reserves to take care of unforeseen circumstances and unplanned outages there must be the utmost circumspection in doing so, so as not to impact negatively on retaining the city's business attractiveness and competitive edge.

### **Electricity Network Masterplan**

A masterplan for the city has been undertaken however what is questioned is whether the master plan takes into account the growth on the West Bank. Some of the recommendations for network strengthening appear to primarily originate from a desktop study rather than feet on the ground study combined with a desktop study. BCMM needs reliable SCADA data from all its main injection points and down to the 11KV substations otherwise there may be excessive diversity built into the information used to develop master plans. The finalisation of the implementation of a SCADA system for the entire network is absolutely critical when combined with the network reconfiguration aimed at achieving reduced system losses. The master plan must account for the possibility/probability of small to medium IPPs injecting power into the grid and optimal positioning of injection points.

### **City Electrical Engineer**

There is a need for the position to be filled with a permanent appointment. The appointment should be for at least a 5 year period with an option to extend for another 3 thereafter with defined KPIs.

### **Clarendon 33 kV Underground Gas Filled Cable**

If the cable is still in operation there should be a plan for replacing it given that there are very few, if any, companies left in South Africa than can tackle a repair.

### **Renewable Energy**

The generation of own energy from renewable sources should be factored into a revised masterplan (a good example is Cape Town) irrespective of whether the sources are private or public. BCMM should set a minimum target for renewables reflected as a percentage of the energy use and revise the 5 year master plan accordingly.

### **Energy Efficiency**

There are many locally and internationally sponsored programmes to replace street lighting with LED lighting; BCMM should endeavour to tap into these programmes as they usually involve grant funding or very low interest bearing loans as opposed to commercial rate interest loans.

### **Outlying Areas Currently Supplied by ESKOM**

There does not seem to be a clear policy regarding the incorporation of outlying areas which are currently under ESKOM's supply regime.

### **Smart Metering and Prepaid Metering**

There should be a programme in place for replacing all conventional metres with smart meters and/or prepaid meters depending on the installation and the average monthly consumption. Smart meters allow remote network management which in times of constrained energy supplies are essential to prevent load shedding. Combined with a live/active load flow model BCMM should be able to manage via its Control Centre network configuration for maximum optimisation and minimum losses which will result in a reduced need for above NERSA recommended tariffs

### **Fixed Charge Metered Connections and Supplies to Indigent/Assisted Housing**

BCMM must find a solution to the ever increasing problem of electricity theft without compromising existing paying customers. There are many solutions implemented in countries such as Brazil which make use of smaller transformers and isolated fixed monthly charge supplies to housing with limited financial means. Some research is required and a pilot should be implemented to establish viability. If successful a programme of this nature could result in saving of over R 100 mil per annum in electricity theft and a reduction in illegal connections.

### **Chamber's offering:**

The BKCOB can assist in facilitating input and/or assistance with many of the matter raised above.

## **2.2.6 Transportation**

Many of our employees in the business community depend on reliable and safe public transport. It is therefore for us of utmost importance to have a public transport system that allows people to get from their area of resident safely to the place of work and educational facilities. We believe that the city can better build on its current public bus system by increasing the number of busses. This should also include the use of small sized busses i.e. 20 seaters during times of lower traffic volume. This would reduce the costs of operating public transport lines during times of lower demand, but still ensuring that a continuous service is in place. The existing public transport road infrastructure and public station facilities should be equally made available to private operators to allow for one

integrated public transport flow. This would certainly go hand in hand with the need for traffic regulation and enforcement of the taxi industry.

We generally believe that the local taxi industry provides a good public transport service and instead of introducing the BRT system, the city should consider funding the local taxi industry as such that it provides a reliable, flexible and safe service to local residents. This should also include smaller private transporters as additional back-up and the encouragement to form transport co-ops.

It could be considered to facilitate public transport for employees, in particular industrial / business zones.

### **2.2.7 Solid waste management**

The Chamber believes that the city's Integrated Waste Management Plan provides a good guiding document. It has been in existence for three years but urgently needs to be adopted by council and taken as a guide for implementation.

#### **Value of waste to be recognised**

There is a huge value in waste. Waste sorted at its source and at the destination, can secure a reduction of waste and provide income generating opportunities.

#### **Energy from waste**

A feasibility study for a waste to energy hub at the Second Creek landfill site was completed some years ago and was determined to be feasible. This initiative should be taken forward as a public private partnership. Similarly, landfill biogas project at Round hill landfill site should also be initiated.

#### **Chamber's offering:**

#### **Clean City Initiative**

The Clean City Initiative forms part of the Integrated Waste Management Strategy. It is a proposal by the Chamber to collaborate with the city on keeping certain areas within the city jointly clean. The business community in areas of emphasis i.e. Southernwood has agreed to financially and logistically contribute to work with the city towards a cleaner appearance of streets. The Chamber has made contact with the city, submitted all project documentation and proposals to the relevant directorate. Mercedes-Benz South Africa has also come in as an additional partner, especially for Settlers Way. It is a two year project, proposed to be jointly implemented by the city. This project should feature as

a collaboration project in the IDP. Especially Southernwood and Settlers Way could work as a model to jointly assist in the cleaning of streets. This however requires the commitment from the city to collect refuse according to schedule, provide refuse collection, storage facilities and waste disposal. The Chamber and the City would jointly consult land lords with regards to dumping of waste according to existing by-laws and regulations. This would also require from the City to enforce existing by-laws and issue fines where required and to swiftly put in place legal action where required. The Chamber on the other hand will work with its members on increased environmental awareness to avoid any unlawful dumping of waste.

#### **Joint environmental management forum**

The Chamber offers the city to jointly constitute an environmental management forum. It is in our interest to address the issue of waste from various angles and we are offering our support to the City.

#### **Learning from our international partners**

BCMM through its twinning programme can tap into international expertise in waste management and renewable energy. This was showcased through the climate change summit which was jointly hosted by BCMM and the City of Oldenburg. The Chamber encourages the City to make further use of these partnerships and would like to collaborate with the city on these.

#### **2.2.8 Health services**

We have no comments but would like to see an integrated health service provision between local government and the province.

#### **2.2.9 Public Safety**

The issue of public safety is of everyone's concern, especially with regards to promoting Buffalo City as a tourism destination and convenient place to do business. Especially during times of high influx of visitors we need to ensure that our visitors can safely move in the city. We therefore request the city to up its capacity in traffic control and public policing in hot spot areas. Again, the example of Mandela Bay Development Agency i.e. using of town rangers patrolling key areas could be considered as a guiding initiative.

The Chamber is also concerned that the recently revealed crime statistics by the SAPS show that there is an increase in crime on non-residential premises targeting businesses.

**Chamber's offering:**

The Chamber offers to form part of a collaborative policing forum between business, the city and the SAPS.

**2.2.10 Community Amenities**

The city offers a variety of community amenities (i.e. sports and beach facilities) which play an important role for local recreation, tourism and sports development. We would therefore urge the municipality to accept its responsibility to maintain and provide well kept amenities. In doing so, the city should also consider "affordable PPPs" to lease out facilities where adequate to private operators and sporting clubs. This could substantially reduce the costs of operation and maintenance and ensure market related operation of facilities.

The Chamber urges Buffalo City to ensure that the city's prominent sports facilities such as the Joan Harrison Pool, Rugby and Cricket stadium are used according to world class examples. Buffalo City has a unique advantage in positioning itself as the prime sports destination. This is however not realised to its full potential. An example to be highlighted is that fees charged at the Joan Harrison Swimming Pool complex by far exceed other cities in the country. This now has led to a situation where national swimming galas in 2016 have now all moved to Cape Town. This now results in a loss of income for the city and auxiliary services, let alone losing out on marketing the city beyond its border.

Further to this, some of the city's owned facilities currently operate on a month-to-month lease which makes it very difficult for sporting clubs and lessee to plan long-term and to attract major sporting events.

**Chamber's offering:**

The Chamber coordinates monthly a sporting committee which is open to everyone representing Sporting Codes in the city. The committee's objectives are to ensure that sporting facilities and events are managed and coordinated according to world class standards. It is the committee's aim to put Buffalo City on the national and international map of sporting destinations. We would like to offer the city our local contacts for sporting codes and expertise in hosting events. We would also like to collaborate with the city on public-private partnerships to jointly ensure that our facilities are used to its best. Through our networks, we are also able to assist the city in consulting with the wider sporting community on newly established sporting facilities such as the approved indoor



swimming complex at Mdantsane. It is in our interest that we jointly create facilities that provide excellent service.

### **2.2.11 Parks, Cemeteries and Crematoria**

Generally sufficient budget should be set aside to maintain parks and preserve cemeteries as areas of heritage and remembrance. BCMM should encourage partnerships and enter into MOUs with civil society for management of certain facilities such as Zoo, Nature Reserves, Aquarium, etc.

#### **Chamber's offering:**

The Chamber is in contact with various community based organisation and can assist the BCMM in creating linkages where required.

### **2.2.12 Disaster Management**

No comment

### **2.2.13 Environmental Sustainability**

The Chamber finds that Environmental Sustainability is of key importance for the future of Buffalo City. We would like the city to investigate how environmental sustainability can be elevated in the city either through amendments in the organogram or through a dedicated KPI.

We are building our argument on environmental sustainability:

- Becoming a more important cross cutting competency globally and nationally
  - o Strong emphasis in National Development Plan (transition to low carbon economy)
  - o One of seven key themes in Provincial Vision 2030
  - o Theme in Metro G&DP

However, currently environmental sustainability is not dealt with adequately and opportunities are being missed under the current organogram.

The Chamber sees a variety of opportunities:

- The current **Environmental Impact Assessment regulations** provide room for being implemented more effectively together with other regulatory approval process. This would also address other backlogs in housing and service delivery.
- **Climate change** (resilience and mitigation) / prevention of disaster before management is required
- Eco-tourism (blue flag beaches, coastal reserves, etc.)

**Especially important is the focus on the Green economy (renewable energy, waste to energy)**

The ELIDZ and BCMM are working together to introduce renewable energy into the metro. This process should be fast-tracked and perhaps inserted into the IDP. This further strengthens our argument to prioritise BCMM becoming a “green city” where households and business can generate their own energy as well as feed into the grid. This will increase property rates, increase investment into existing buildings, and improve energy security. The city will also most likely start to see an attraction of new families and businesses that aspire to live and work in an environmentally conscious city which is aiming to do the right thing. BCMM needs to develop a renewable energy portfolio standard which is basically a percentage target of renewable energy mixed in with conventional energy set for a certain date. This will allow all the citizens of BCMM to work towards assisting the city in achieving its desired targets.

**Effective implementation of various existing BCMM policies:**

- Integrated Environmental Management Plan
- Municipal Open Space System
- Coastal Management Plan
- Climate Change Strategy
- Air Quality Management Plan

**Chamber’s offering:**

- Provide pro-bono advice on structuring and capacity needs
- Assist BCMM to keep up to date with relevant global and national developments

- Facilitate identification and engagement with potential partners for projects
- Facilitate access to UNFCCC multi-billion \$ climate change adaptation fund

#### **2.2.14 Township regeneration**

Township areas within Buffalo City, especially Mdantsane need to be acknowledged for their economic contribution through the informal economy. Further informal and formal economic growth needs to be facilitated in township areas and standards of service delivery implemented.

It is of high importance to resolve land ownership issues around the Mdantsane Urban Hub (NU2) to ensure further business growth. Presently it seems that the area adjacent to the Mdantsane Highway is registered in the name of one land lord, this being BCMM. This prohibits any further business growth i.e. property occupied by businesses cannot be used as mortgage for loan applications. Besides this, any future redevelopment of this area will depend on a clarification of land ownership and needs to be resolved as soon as possible. This also includes issues of land administration.

#### **Chamber's offering:**

The Chamber is in support of the proposed Mdantsane precinct plan to revive the central business district of the township and offers to facilitate its member's inputs.

### **2.3 KPA 3 – Local economic development**

The Chamber acknowledges the current drafting of the Metro Growth and Development Strategy and offers its full support to the process.

#### **2.3.1 Business report on the current economic climate in BCMM**

The current economic data on the economic performance of Buffalo City needs to be updated as such that it adequately reflects local business performance. ECSECC and DEDEAT are already doing good work in this regard and it is proposed that the city together with the Chamber forms an economic intelligence task team to have most recent economic performance data at hand. This should also assist in collaborating with DEDEAT and ECSECC on an early warning system on business facing liquidation and closure.

#### **2.3.2 The urgency to create jobs**

The Chamber through its 700 members currently employs 58 300 people with an annual payroll of R18billion. This makes the Chamber members the second biggest employer after government

services. With a current unemployment rate of about 26%, all our focus should be on further job creation. Besides creating a conducive environment for existing and new businesses, as mentioned in other parts of this document, community based projects provide a suitable vehicle for job creation. Some of our member organisations have substantial experience in the implementation of community works projects and are available to assist the city in structuring these in various areas of service delivery as such that they provide a meaningful job creation tool.

### **2.3.3 Economic Infrastructure development**

Besides basic service and infrastructure provision, there are three main areas of economic concern:

- Infrastructure development for industrial precincts
- Port development
- Protection of beaches from untreated sewer

### **2.3.4 Creating a conducive climate for small and large businesses**

Chamber urges the city to put a programme in place that generally considers the reduction of red tape. This is also a programme currently rolled out by the National Department of Cooperative Governance and Buffalo City has been chosen as a priority area. As business we are committed to collaborate with the city. Our area of concern is that building applications and building changes take too long, especially for businesses. We believe the city should institute a system that prioritises the processing of applications that are made for business and facilitate economic developments and job creation. These applications should be made easier and fast tracked.

In line with this, we also highlight the findings of the analysis of municipal service costs released by the South African Property Association report. The report clearly shows that Buffalo City charges much higher town planning fees than other metros and secondary cities in the country. This puts us in a disadvantaged position in terms of business expansion and attraction. Just as an example: the rezoning fees for a retail centre in Buffalo City are 160% higher (Buffalo City= R 12 765 / Nelson Mandela Bay = R 4891) than in the Nelson Mandela Bay Metro and for the rezoning of industrial premises 190% more expensive. We would like Buffalo City to reduce these rates to align with other cities of the same size and nature.

#### **2.3.4.1 Invest Buffalo City (IBC)**

The Border-Kei Chamber in collaboration with the Local Economic Development Department of the Buffalo City Metropolitan Municipality, the East London Industrial Development Zone and the

Eastern Cape Development Corporation have already in 2009 identified the need to jointly market the city as an investment destination. There is a need to have one coordinated initiative to market Buffalo City as an attractive location to do business and to collectively prepare and share possible investment opportunities. This led to the formation of the Invest Buffalo City Initiative. More than just being focused on doing business, Invest Buffalo City builds upon the lifestyle potential of the city, being an attractive place to invest, work, live and play. In 2010 the concept obtained funding from the Thina Sinko LED EU Fund and was managed by the Border-Kei Chamber of Business. The initiative has gained new momentum in 2015 when the Chamber received technical assistance by GIZ to Invest Buffalo City. In a stakeholder engagement meeting on the 18<sup>th</sup> of August 2015 all parties agreed that the initiative is well needed and that the Border-Kei Chamber should be driving the initiative on behalf of all partners, certainly in close collaboration. This requires Invest Buffalo City to be adequately resourced with managerial and research skills as well as funds to undertake appropriate marketing initiatives and to deliver associated campaigns such as turning around the general perception of Buffalo City as being a “slum” town. Subsequently, a two year budget was developed that proposed that the initiative should be co-funded by the four core partners: BCMM, BKCOB, ELIDZ and ECDC. For the 2016/17 financial year BCMM is proposed to contribute R 648 467 and for the 2017/18 financial year R 693 859.

The IBC is a partnership driven initiative that aims to promote Buffalo City as an investment destination for local, national and international businesses. Individual partner engagements have been held with BCMM, ELIDZ, and ECDC as well as with interested parties such as ECSECC and DEDEAT.

Invest Buffalo City is meant to benefit all in promoting the city as an investment destination. This makes joint collaboration essential.

#### **2.3.4.2 Business incentives**

Our members have compiled detailed input on how existing and new businesses could be better incentivised. The biggest concern for anyone investing is continuity and stability (which affects planning) so the usual concerns of our members hinge around:

For personnel:

- Education
- Accommodation
- Commuting times
- What to do in the leisure time

For production units:

- Logistics (transport in and out of BCM – road, rail, sea freight)
- Continuity and quality of infrastructure (power supply, water, sewerage, phone, ADSL, etc.)
- Labour stability (unionised labour with collective bargaining usually preferable to unorganised labour)
- Availability of and quality of technical skills (artisans, technicians, technologists and engineers)
- Support infrastructure (legal, financial, etc.)

Further details are provided below:

### **Developing Buffalo City as a destination**

We as business and local government need to collaborate to attract good quality candidates to Buffalo City. It is becoming increasingly difficult to do so. Some of the reasons are a lack of available positions, non-competitive salaries, cost of accommodation and general poor work ethic of service providers and instability within the municipal environment. We need to further develop Buffalo City as a tourism destination in a concerted effort. The Chamber is appreciative of Buffalo City's newly formulated tourism department, but also urges the city to consider appointing a qualified marketing company to further market the tourism potential of the City. This should go hand-in-hand with the initiatives driven by Invest Buffalo City.

Jointly we can now market that flying to and from East London is much more affordable when SAFAIR is starting its service on the 25<sup>th</sup> October. This is a major break through which should be widely advertised by the city and the Chamber.

### **Transport incentives**

#### **a) Sea freight**

As the East London port is not really “functional” for container imports, sea freight containers come into the country either via Durban or Port Elizabeth. This puts East London businesses at quite a disadvantage given the cost of about R10,000 per container to road freight them from Port Elizabeth. For companies that are reliant on imported materials this can be very costly when for example 50 containers per week are needed.

Whenever this was raised by Chamber members in the past, they have always been referred to the feeder vessel which sails between ELS and PLZ but, as this only sails once per week, business can never afford the additional time this would take. Hopefully BCMM could consider some form of transport incentive to contribute towards these additional costs.

### **Telecommunication**

It could be considered to provide free / subsidised telecom bandwidth or roll-out of free WiFi in the city.

### **Labour**

Given the high level of unemployment in this area, it is really surprising that no labour incentive exists to create and maintain local jobs. Some of our members have benefitted from the ECDC Jobs Fund in the past which offered R10,000 per permanent job created (the employees had to be in our employ for at least 12 continuous months). We have (unsuccessfully) lobbied the MEIBC (Metal Industries Bargaining Council) in the past to attempt to have a regional dispensation created whereby local companies could pay lower wage rates than those negotiated nationally in the Metal Industry. Perhaps BCMM could take up this “fight” for us in an attempt to make local businesses more competitive versus similar companies in the other, richer provinces?

### **Electricity and water**

Agreement on guaranteed / scheduled power and water provision could be considered.

### **Green Power**

One of our member companies was approached a few years ago to put a large PV roof-top installation onto the roof of their factory to generate their own power, and get off the grid. It was a significant cost with a lengthy payback period so the company declined it. Part of the problem here was that BCMM does not currently allow companies / households to “wheel” excess power into the electricity grid – this obviously significantly shortens the payback period of the investment. If BCMM could sort out the bureaucratic “red-tape” and allow this to happen, it would encourage companies to seriously consider these types of projects, thus saving operating costs (at no extra cost to the Metro and helping ESKOM out in the process).

### **Tax deductions**

This suggestion has been contentious in the past and is probably a difficult one to implement as it would necessitate major negotiations with SARS / National Treasury. Given the cost disadvantages

which companies experience of doing business in this area, the suggestion has been to lobby SARS to allow businesses in the metro-area a double tax deduction of labour costs and wages. This is absolutely at no cost to the metro, but means that SARS will have slightly lower tax collections. It is also very easy for SARS to monitor and it could be directly linked to the companies' monthly tax returns for PAYE / SDL / UIF.

#### **Extension of tax rebates and benefits to existing industrial areas**

A further suggestion which has been made many times in the past (primarily to the ELIDZ) is to extend the borders of the IDZ, so that other companies in the BCMM area which cannot relocate into the ELIDZ, are also allowed to pay the 15% Company Tax rate which will be applicable when the IDZ converts to an SEZ.

This could also go hand in hand with upgrading other industrial sites into business parks / zones with a focus on a particular theme as with Berlin (i.e. Green energy hub).

Generally it is felt that greater effort should be undertaken to retain existing manufacturers in the city operating from various industrial sites within the city to safeguard the existing manufacturing base.

#### **Introduction of Neighbourhood Improvement Districts / City Improvement Districts**

The opportunity of introducing "Neighbourhood Improvement Districts" in the city centre could be investigated in collaboration with the Chamber. This could be done in conjunction with the planned CBD upgrade. This could look into the focussed provision of Municipal services such as refuse removal and street front maintenance & beautification. This would also link to the proposed "Clean City Initiative" campaign where business members would partake in keeping parts of the town clean or donating towards community members for doing so. Good examples can be sought from the Mandela Bay Development Agency and Johannesburg Development Agency

#### **2.3.4.3 Reducing the costs of doing business i.e. in response to SAPOA's report, World bank**

The Chamber would like to collaborate with the city in addressing the findings of the recently released reports on the costs and processes of doing business in the city by the South African Property Association and World Bank.



### **2.3.5 Tourism and sports development**

The Chamber coordinates monthly tourism committee meetings which are also attended by BCMM tourism management. Through this committee we will continuously provide our offer to support the city in tourism development and marketing.

#### **Events calendar (52/7)**

The events calendar is one the priority projects implemented by the tourism committee. The aim is to provide one platform that will list all major events in and around the city with the objective of creating 52 major events for the year. Each week should ideally have one major event that attracts tourists to our city. We are working together various tourism stakeholders to ensure that there are as few clashes of the bigger events as possible, in the interests of promoting a steady flow of tourists to the region.

The city has agreed to fund part of this initiative and it should feature in the IDP project list.

### **2.3.6 Agricultural development**

The potential for agricultural development around East London remains largely untapped resource. In 2012, BCMM drafted an Integrated Agricultural and Rural Development Strategy. This should be providing the city with guidance on its agricultural programmes. The strategy makes mention of establishing small to medium community based co-operatives. This should be actively pursued in areas such as Newlands for creating food and income streams in economically depressed areas. In the implementation of its agricultural strategy, BCMM should partner with various role players such as the Eastern Cape Rural Development Agency, the Department of Agriculture, the Agricultural Department of the University of Fort Hare, the eMonti Science Park as well as with the DEDEAT's driven cluster initiative on agro-industrial manufacturing.

The Integrated Agricultural Development Strategy does however not talk about the consideration of bio fuels and biomass production which could be considered in conjunction with an invasive plant eradication (wattle, lantana, port Jackson, blue gum, etc .) programme. This is a programme currently run by the Department of Water Affairs. This could link back with the ELIDZ's ambitions to establish a bio digester for energy creation purposes. Linkages could also be explored to Nestlé's bio mass steam generation system which was supposed to tie into the wattle eradication programme.

### **Chamber's offering**

The Border Kei Chamber of Business has signed a Memorandum of Understanding with the South African Agric Academy to tap into the academy's expertise and successes made in the establishment of agricultural cluster. For the BCMM area the Mdantsane Tomato Packer's initiative has been identified for cluster development support. The establishment of clusters intends to provide network development services to the local tomato farmers to address issues of market access administration support, marketing capacity, access to information and financial skills. Training has already been provided to the development of cluster development agents. The Mdantsane Farmers have been equipped with infrastructure and farming equipment which provides an excellent starting point for collaboration. A draft Memorandum of Cooperation (MoC) is in place for signing between the South African Agric Academy and Buffalo City Metropolitan Municipality. Once the MoC between BCMM and SA Agric Academy is signed, cluster development support can be rolled out to the identified farmers and BCMM can benefit from a wider network of cluster networks within the country. The Chamber is committed to establish the link between the SA Agric Academy and the City to assist in facilitating the collaboration where required.

### **2.4 KPA 4 – Municipal Financial Viability and Management**

The city should consider an electronically based performance management system which monthly generates performance monitor reports showing target income versus actual income and target expenditure versus actual expenditure.

The City is encouraged to explore PPP opportunities for its facilities and some service provision i.e. waste which may result in additional income and reduction of operational costs. We also encourage the city to look at alternative funding opportunities and are offering our collaboration.

### **2.5 KPA 5 – Good governance and Public Participation**

#### **Supply chain management**

The Chamber would like to collaborate with the city on improving the current supply chain management system. We have noted delays in appointments, appointments of inadequate service providers and generally lengthy processes. We would like to advocate for the consultants that drew up the tender specifications to be part of tender evaluation to assist the evaluation process to ensure that the tender is adequately evaluated. Further, we lobby for an increase of tenders to local providers through making use of local preference points during the functionality assessment. The

planning and adjudication of tenders is also closely linked to our concern of adequate planning and project management and implementation.

The Chamber would like the city to make use of the G-Tech office, represented by Dr. Claudia- Beck Reinhardt to obtain advice.

We would also encourage the city to make use of a panel of experts, especially for specialist's skills and skills that are needed urgently. This will allow the city to react more flexibly, once the panel of experts has been instituted. G-Tech could provide technical assistance in this regard.

### **Access to information and ease of processes**

The Chamber welcomes the new website design of the city. We are however concerned about that not all relevant documentation is easily accessible in the city's website. We are proposing that the city makes all relevant documentation such as by laws, application forms, indicators, reports available on its website. Each department should have a link to upload relevant information. This will make it easy for the public to gain access to public information and to engage with the city as well as to do business in and with the city.

This is also an important step towards ensuring the ease of doing business. The City should further assess which application process can be made available online i.e. applications for building plans, payment of the dues and receipt of plans as pdf files.

## **2.5 In Summary: Our six top development priorities**

Not neglecting, the various areas of input, the Chamber's six top development priorities are:

1. **Developing Buffalo City as a destination through the** upgrading of the city's infrastructure, cleaning of the city and investment attraction
2. **Municipal transformation and organisational development**
3. **Procurement**
4. **Proper planning to ensure budget expenditure**
5. **Elevate environmental sustainability**
6. **Institutionalisation of joint collaboration mechanisms**

## 2.6 Proposal for collaboration between BKCOB & BCMM

Having read through the IDP 2015/16 as well as the Spatial Development Framework, the Chamber fully stands behind the city's developmental vision.

### **“Re-Shaping Buffalo City: the Metro in 2023”**

In 2023 Buffalo City is a City-in-a-Region providing a focus for socio-economic development, services and higher order human settlement in the central part of the Eastern Cape Province. The core elements of the City are its roles as a University Town; a hub for Green energy production and innovation; a centre of Industrial development with an innovative and world-class motor industry cluster at its heart; and a city that offers a rich lifestyle experience through the quality of its natural environment, the range of social, cultural and leisure activities offered in the area, and the excellence of its public infrastructure and social institutions.

This in our opinion reflects what the city stands for.

Monthly the Chamber coordinates seven technical committees. These are:

- Infrastructure development
- Manufacturing, Economic Affairs, Agriculture and Trade
- Tourism
- Energy
- Employment relations
- Education

We would like to propose to streamline our chamber committees with the city's technical committees. In our opinion we are following the same developmental objectives.

We propose to have various forms of engagement on different levels:

- a) Memorandum of agreement as an overarching agreement
- b) Political leadership: Bi-monthly mayoral forum
- c) Operational collaboration: City's representation in key chamber technical committees as well as Chamber representation in the city's technical committees

- d) Formation of task teams for key projects: Clean City Initiative, Invest Buffalo City, Events calendar.

Our aim is to work towards an operational partnership on technical and political level.

### **3. Way forward**

The Border-Kei Chamber of Business will be attending all future IDP related meetings and will proceed with drafting a proposed MoU for future collaboration in which details for collaboration can be worked out.