

SUMMARY OF THE STATUS QUO REPORT FOR THE LOCAL AREA PLAN OF THE SOUTH EASTERN DISTRICT OF MSUNDUZI MUNICIPALITY

This document is a summary of the Status Quo Report prepared by Royal Haskoning DHV for the Local Area Plan for the south eastern district (SEDis) in Msunduzi Municipality. The summary is preceded by background information on the Local Area Plan and a description of the study area. A glossary of terms is included at the end of the summary.

1. BACKGROUND INFORMATION TO THE LOCAL AREA PLAN

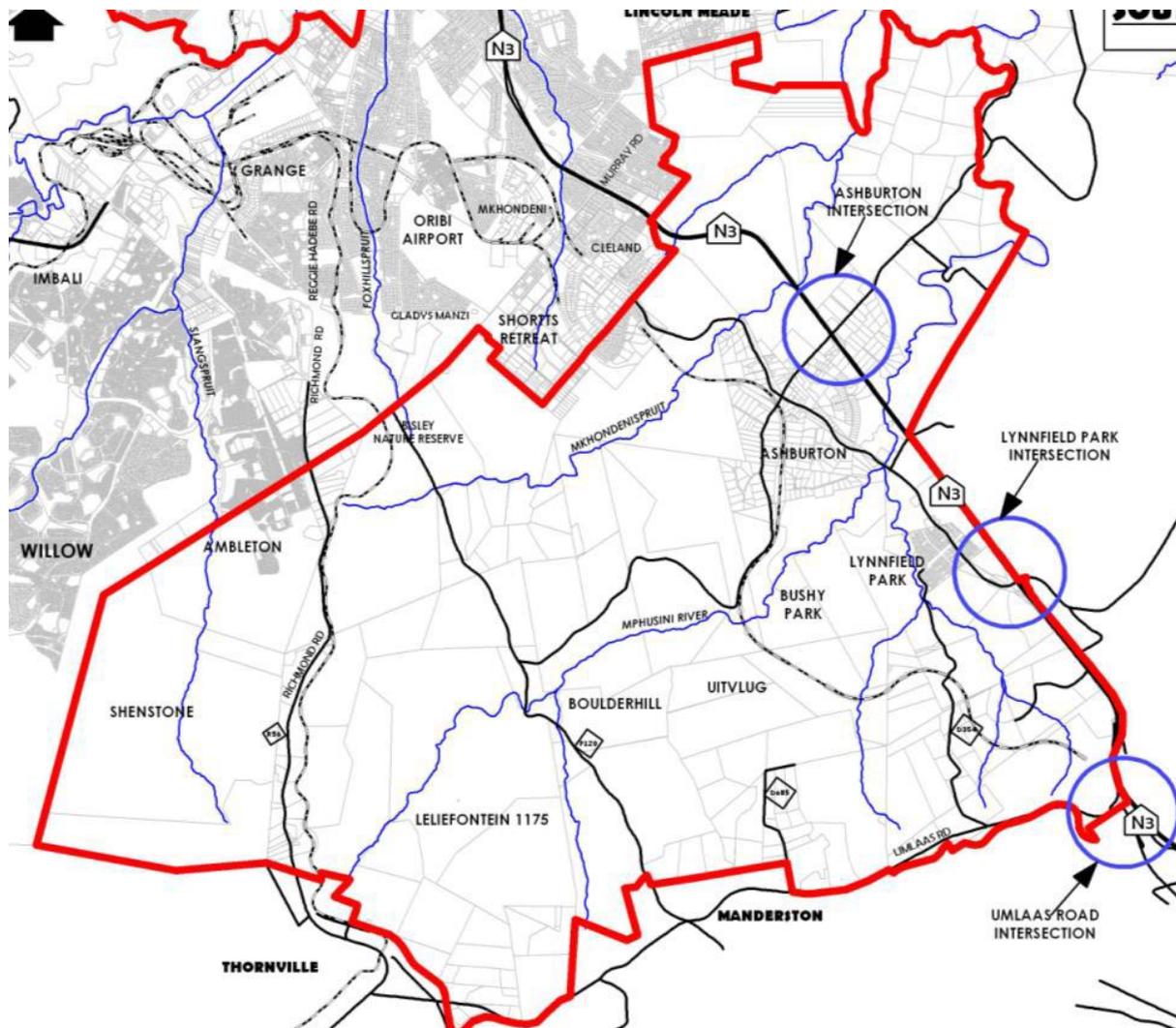
The intent of the Msunduzi Municipality to restructure the city of Pietermaritzburg from a city with a single city centre into one with many areas of economic activity is visualised in the Spatial Development Framework which was adopted in 2009. New nodes for development were identified in SEDis at the Umlaas Road and Lynnfield Park interchanges with the N3 and at Ambleton. New east-west, north-south road linkages to major parts of the city were proposed to create opportunities for further development.

Concurrently, the N3 was identified in the National Development Plan as the major logistics route for the transport of goods from Durban to Gauteng and into southern Africa. The logistics route, known as the N3 corridor is the second Strategic Infrastructure Project (SIP2) which is of national importance and will be a major focus of development in KwaZulu Natal. Provincial and municipal policy plans have been aligned with the National Development Plan so that the economic opportunity for each town along the N3 corridor can be maximised. Since the SEDis lies adjacent to the N3, there is no doubt that the significance accredited to the N3 corridor will influence the development of the area and particularly, the two economic development nodes originally identified by the municipality.

Drawing a circle on a plan to demarcate the position of the economic opportunity node is the easy part. The hard work of determining whether the change in land use from farmlands to residential, commercial or industrial use is appropriate and

whether the financial cost to implement the infrastructure (roads, water, electricity and waste removal) to support the change in land use is viable, takes careful thought and much team work! In order to augment their capacity, the municipality engaged the services of consultants from Royal Haskoning DHV to assist them in designing the Local Area Plan. This plan will incorporate the policies of the Spatial Development Framework and provide the skeleton for the final plan known as the Land Use Management Scheme.

2. THE STUDY AREA



The study area of the South Eastern District (SEDis) of Msunduzi Municipality includes a large portion of the Mpushini, Mkhondeni and Slangspruit catchments and covers approximately 113 square kilometres. The northern boundary of the study area follows the urban edge of Lincoln Meade, the Msunduzi River and Gold Circle Horse Training Centre. It includes Ashburton East and then heads east towards Umlaas Road along the N3. The N3 forms the boundary between the study area on the right and farmlands in Mkhambatini municipality on the left. The settlements of Lynnfield Park and Ashburton and the interchanges with the N3 at Ashburton, Lynnfield Park and Umlaas Road are all included in the study area. The Dardenelles Road (Provincial Road P338) which links Umlaas Road and Thornville and separates Msunduzi Municipality from Mkhambatini Municipality, forms the southern boundary. The south western portion of the study area at Shenstone shares a boundary with Richmond Municipality. The western boundary of the area is formed by the edge of Edendale and Willowfontain and incorporates Shenstone and Ambleton. The study area also includes Itaba Ridge housing estate, part of Bisley Nature Reserve and Ukulinga Farm. The farmlands adjacent to Mkhondeni Industrial area and the suburbs of Cleland and Bellevue also form part of the study area.

3. SUMMARY OF THE STATUS QUO REPORT

"Significant pressure and change such as the N3 Corridor (which passes through the north east of the study area) and recent housing projects in Vulindlela (adjacent to and west of the study area) has made the South Eastern District an opportunity for growth and development as well as an opportunity for spatial restructuring. This needs to be balanced with the need to respond to climate change and a focus on food security and other environmental issues, as well as the need to have a more compact urban form to contribute to urban efficiencies."

The quote from the Technical Note on Finance from the Status Quo Report for the Local Area Plan, summarises the reasons for further planning in the south eastern district of Msunduzi Municipality. Before plans are made, it is necessary to establish the way things are now and record the information accurately. This is the purpose of

the Status Quo Report which is summarised below. There is a wealth of information available on the area which the consultants from Royal Haskoning DHV have examined in a systematic way. They have divided the information into a number of technical notes which form the baseline for the Local Area Plan. The technical notes can be found on the Msunduzi Municipality website www.msunduzi.gov.za

Key issues and critical aspects of the study area that will shape the Local Area Plan have been summarised.

Although there is pressure for development in the area because of its proximity to the N3, there are other factors that must be considered when designing the plans. One of these is the value of the large open tracts of land where grasslands and bush veld abound. There are few areas in Msunduzi Municipality which are pristine and the south eastern area is one of them. Careful thought must be made before a decision is taken to change the land use. Once the bulldozers arrive, there is no chance to change plans. The protection of nature is often perceived as a conflict with urban development. The challenge will be to retain the sense of place and create the economic opportunities for the benefit of all in the municipality. There is much at stake!

The Status Quo Report presents an overview of the extent of open natural spaces, the position of the rivers, the number and extent of farms, the road infrastructure, the extent of the residential areas of Lynnfield Park and Ashburton, the burgeoning population in Ambleton, the growing informal settlement at Shenstone, the economic climate that will influence development and the current financial status of the municipality. Last but not least, the Status Quo Report gives an account of the broad policy plans that the municipality has adopted to date.

The consultants collated information from a desk top study, from interviews with stakeholders and from site inspections to establish the status quo. They divided the information into the following technical notes:

Environment; Planning; Urban design; Transportation; Infrastructure; Housing; Economics and Finance. Their key findings are summarised below.

3.1 THE ENVIRONMENT

“Everyone has a right (a) to the environment that is not harmful to their health and well-being, and (b) to have the environment protected for the benefit of the current and future generation through reasonable legislative and other measures that (i) prevent pollution and ecological degradation; (ii) promote conservation; and (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development” (Section 24 of the Constitution of the Republic of South Africa)

In formulating the plans for the study area the consultant recognised the importance of understanding the current receiving environment. This information will guide the planning of developments so that the environmental impacts are minimised and sensitive areas, such as wetlands and rivers and ecological systems, such as grasslands are protected.

The following aspects of the receiving environment were examined.

Air quality and climate

Geology, soils and topography

Biological Diversity

Water Resources and Management

Cultural and Heritage Resources

The study area falls within a summer rainfall area with the highest rainfall usually in January. The lowest temperatures are experienced in July. Air pollution is a concern in the study area, particularly at Lynnfield Park and Ashburton due to the proximity of these settlements to the N3 and to the industrial area in Mkondeni. The air quality is best in the western side of the study area at Shenstone.

The area in general, has gentle slopes. There are isolated slopes which are greater than 1:3 which are not safe for development. The geology of the area consists of various types of sedimentary rocks which are associated with faulting and are known to fracture easily. This leads to ground water seepage and can result in ground water contamination. For this reason geological risk must be carefully assessed when a change in land use is proposed.

The soil cover over the majority of the study area is shallow. This has an impact on the type of natural vegetation and also the ability to grow crops and graze livestock. The provincial Department of Agriculture has designed a system using depth of soil, rainfall patterns and other factors to identify areas with a high potential for agriculture. Land must be set aside for agricultural use and may not be developed. There are five categories with the first being land with high potential for agriculture and the last being land with a limited capacity to grow crops or provide grazing for livestock. In the study area, most of the land falls in the fourth category which has low agricultural potential. Land in the far west at Shenstone has a high potential for growing crops and grazing livestock and must be set aside for agricultural use.

Land cover is a useful indicator of land uses. The majority of the area has a natural cover of grasslands, bush and grasslands interspersed with bush clumps. A few landowners have planted crops (such as sugarcane) and the countryside is interspersed with a few chicken houses. The only other change in land use is the residential areas of Lynnfield Park, Ashburton and Ambleton. For all intents and purposes, this space is unspoilt. There is a range of vegetation types in the area. These include Eastern Valley Bushveld, KwaZulu Natal Hinterland Bushveld, Ngongoni Veld and limited amounts of Midlands Mistbelt grasslands and Southern Mistbelt forest in the western part. There are large areas of pristine climax grassland and the area is home to a number of rare species of plants (eg. *Aloe pruinosa*) and animals (eg. the giant green earthworm). All in all, the south eastern district of Msunduzi Municipality is a hotspot of biological diversity to preserve and protect. Areas of high biological diversity have been mapped on the Msunduzi Conservation Plan, known as the C-Plan. A large portion of the study area is categorised as "totally irreplaceable". This means that if the area is lost to development (soft development such as agriculture and hard development such as a shopping centre), there are no

other sites of equal value in the municipality. In order to protect the biological diversity that has irreplaceable value, the municipality has drafted a Metro Open Space System (MOSS). Little information on the MOSS is provided in the technical note other than to note that large portions of the study area are categorised as key areas to protect and that policy directives in the MOSS plans impact on these areas. In terms of threatened ecosystems in the terrestrial environment which are protected by NEM: Biodiversity Act (Act NO. 10 of 2004), the majority of the undeveloped area is considered a least threatened ecosystem and the balance in the west of the study area is considered to be a vulnerable ecosystem. Therefore all ecosystems in the study area are in need of protection. The identification of listed threatened terrestrial ecosystems has planning implications. These must be taken into account when the municipality prepares plans and will restrict the type of zones (such as industrial) within a threatened ecosystem.

In recognition of the biological diversity in the area, the municipality and landowners have initiated a number of conservation programmes and ecotourism activities. The municipality owns and manages the Bisley Nature Reserve, part of which is within the boundary of the study area. A number of private properties are stocked with game. Conservation minded landowners have formed the Upper Mpushini and Lower Mpushini conservancies. Both conservancies are involved in the Eastern Areas Biosphere Conservation Corridor which links areas of ecological significance in Mkhambatini Municipality through Msunduzi Municipality (and includes the study site) to conservation initiatives in Mshwati Municipality.

Due to the proximity of the study area to the city of Pietermaritzburg where many exotic plants have been planted, plants which compete with the natural vegetation have invaded the study area. Both conservancies are involved in on-going efforts to manage the spread of these plants.

With regard to the water resources in the area, five sub catchments of the Msunduzi catchment fall into the study area. These are the Mpushini, Mkondeni, Slangspuit, Foxhill and Blackburrow sub catchments. The ecological state of each sub catchment is different and affects the quality of the water in the rivers that run through them. Most of the rivers and wetlands in the Mpushini and Mkondeni sub

catchments achieve a status of “natural” or “good”. The consultants noted that few sub catchments in the Msunduzi catchment comply with the water quality of this status. On the other hand, the rivers in the Slangspruit sub catchment in the west are seriously modified. The consultants conclude that the sub catchments where water quality is good must be well managed and that those which are seriously modified should be rehabilitated. They added that development proposals in the study area should be carefully assessed to ensure that there is no negative impact on the ecological health of the riverine systems, that flood lines associated with riverine systems are determined and that any proposed development is positioned in areas where the risk of flooding is minimised. They note too that there were few wetlands in the study area.

When examining the wealth of information that was available, the consultants also noted that there are many archaeological sites that have been recorded in the Lynnfield Park /Ashburton area and that the position of these sites are protected under the National Heritage Resources Act (No. 25 of 1999).

3.2 PLANNING

The consultants prepared a separate technical note on planning where the current land uses (residential, agriculture etc), the zoning of land (if the land is under a town planning scheme), the current ownership of land and the demographics in the area were examined. The Planning Technical Note also described the policies and laws that will influence the change in land use in the area. Their key findings are summarised below.

The desire of the municipality to capitalise on this unspoilt area because of its close proximity to the N3 could be in direct conflict with the desire to protect it. Its position adjacent to the N3 with three interchanges with the N3, presents an opportunity to create a new urban node close to an important transport route. However inviting this opportunity may be, other factors must be considered in the decision making process. The first factor is the current laws that are binding on the land in the area. The majority of land in the study area is held under the Subdivision of Agricultural Act

No. 70 of 1970 where agriculture is the only permitted land use. The first step in determining whether a change in land use is possible is an assessment of the agricultural potential of the land. Land with soils suitable for growing crops must be set aside and cannot be considered for any other land use.

Once land with soils most suitable for agriculture is set aside, land that has high ecological value must be set aside. The balance of land can then be examined to determine firstly whether it is suitable for development and secondly what type of development would be suitable. One question which must be answered in the planning process relates to the rural nature of the central region – should it remain for the benefit of the landowner as farmer and therefore remain as is or should the limited road infrastructure be intensified thus permitting other land uses?

There are sections of the study area which have already been developed. Residential development is found mainly along the Old Main Road (R103) and alongside the N3 in the Ashburton area and at Ambleton in the west with a burgeoning informal settlement at Shenstone. The main nodes of development occur at Lynnfield Park, Ashburton, Ambleton and Thornville. The first three nodes are mainly residential and cover 8% of the area. An ad hoc industrial site near Thornville is the only industrial development in the area and forms the fourth existing node. Ashburton also has a small commercial centre, a horse training centre, a wedding venue and various Bed and Breakfast facilities. There is an electrical relay station at Thornville.

Besides these nodes of development, the balance of the land cover is grassland and bushveld(70%) and 20% is under crops. Land with high agricultural potential occurs mainly along the D56 and in the Shenstone area. The consultants noted that the setting of these areas aside for farming will conflict with the existing plans of the municipality as residential and commercial development is planned. Most of the land in the study area has poor soils and is only used for grazing livestock. For this reason the Local Area Plan can incorporate a variety of land uses.

Obtaining buy-in from landowners is a critical part of the success of the planning process. Although only limited data is available on land ownership, it is likely that more than 90% of the land is in private ownership.

Another important facet to planning is the amount of the land already under a town planning scheme. Land in Ashburton and Lynnfield Park and the properties between these settlements fall within the Ashburton Town Planning Scheme which has a limited range of land uses. The majority of land in the study area is outside a town planning scheme.

With regard to the zonings in the scheme, Lynnfield Park and the central area of Ashburton are zoned Special Residential. The balance of land in Ashburton central is zoned either commercial, limited business or government. Land adjacent to and in close proximity to this area is zoned either Garden Lot Zone 1 or Garden Lot Zone 2. These properties are approximately 1 to 2 hectares in extent. Properties in Ashburton east on the other side of the N3 also fall into these zones. The housing density in Lynnfield Park is 5 to 10 units per hectare and 10 units or more per hectare in Ambleton. Most of the subdivisions outside of the town planning scheme between the settlements are 20ha or more.

The municipality has considered a number of developments, mainly industrial in nature in close proximity to the economic nodes at Umlaas Road and Lynnfield Park interchanges. Two developments have been proposed near the interchange with Umlaas Road and four near the interchange at Lynnfield Park.

Finally, the consultants examined the demographics in SEDis. Most of the people living in the study area reside at Ambleton (10 000 people) and 96% of the residents are of African descent. Of the 2000 people who reside in the balance of the area, 60% are of African descent and 20% of European descent. It is significant that 70% of the people who live in the study area are below the age of 35 years.

3.3 THE URBAN DESIGN REPORT

The purpose of the Urban Design Technical Note was to examine the qualities of the study area and to work out how the area functions as a place for those who live there. The consultants visited the study area, took photographs and used these as the basis to increase their understanding of the area in terms of its natural and urban space.

The consultants looked at the settlement areas – Lynnfield Park, Ashburton, Ambleton and Shestone to determine their unique qualities, their strengths and their weaknesses. When examining the potential for development and the obstacles in the way of development, the consultants recognised that “the greater part of the study area consists of pristine landscapes, the natural character and quality of which needs to be preserved as a unique asset.” (s3.1.1 Settlement in nature from Urban Design Technical Note).

The settlements of Lynnfield Park and Ashburton were historically formed on the old alignment of the N3 which is now known as the R103 or the Old Main Road. The township settlement of Ambleton is located to the west of the P5-4 and is the only other formal settlement in the study site. The settlement was formed in 2002/2003 in terms of the Less Formal Township Establishment Act of 1991. The Shenstone area south of Ambleton is publicly owned and largely undeveloped. An informal settlement is developing at a rapid rate at Shenstone.

The Richmond Road and Bisley Road traverse the study area in a north-south direction while the R103 lies in an east-west direction. Two railway lines run through the study area in a North-South alignment. The line from Mkondeni runs to Camperdown along the eastern side of the study area and has one station stop at Ashburton to the south of the settlement. The railway follows a scenic route and passes over the Mkondeni Viaduct, which forms a landmark in the area. The second line runs from Camp's Drift and runs south through Foxhill / Ambleton towards Thornville and Richmond. The only station within the study area on this line is at Foxhill. The next station is south of the study area at Thornville.

The central part of the study area consists mainly of farms with a concentration of small-holdings occurring along the main arterials viz. the P5-4 and the P 338 along

the southern border of the study area. The Bisley Valley Nature Reserve and another privately run Game Reserve to the north east of the Bisley Road form important recreational landmarks in the area. Intaba Ridge, a privately developed Game Estate located to the west of the Bisley Road and to the immediate north of the D532 is in close proximity to the two game reserves in the area. Other recreational landmarks in the study area include the Ashburton Racehorse Training Centre as well as the Rivers Edge Equestrian Centre which is also located in Ashburton. The Ukulinga Research Farm which belongs to the University of KwaZulu Natal is located south west of Mkondeni industrial area and is an important landmark in the area.

Lynnfield Park is mainly a residential area with free standing homes and is dominated by a large church building. The public spaces are poorly maintained and the streets are unkempt.

Ashburton was originally set up as agricultural smallholdings and supported a small agricultural community. Over the years there has been a gradual influx of families who have moved to the area merely to reside there. Many have built mansions. As a result the plots are no longer used for agricultural purposes. Nonetheless due to the large size of the plots Ashburton has retained its rural-residential character. The public areas in Ashburton are neglected and the streets are poorly maintained. The area has one school and limited public facilities. In examining the built environment of Ashburton in relationship to its natural surrounds, the consultants noted that "The strategic location of Ashburton in relation to road and rail access presents an opportunity to build on the tourism attraction in the area."(s3.2.1)

In contrast, Ambleton is a densely developed settlement and designed as a less formal township. It is mainly suburban and has a single access onto the R56. A river which runs through the settlement limits pedestrian and vehicular movement. The Foxhill Station is situated at the edge of Ambleton. The consultants recognised that Ambleton needs to be connected with the rest of the study area to facilitate employment opportunities in the industrial area in Mkondeni. The houses are small, monotonous and uniform. There is no formal commercial node. The community meets and purchases goods at the spaza shops which occur frequently along the roadside. The majority of people use public transport or walk. There are no sidewalks

to the streets and no stormwater drainage. There is a school, clinic, police station and a church. The municipal services to the area are limited and the removal of rubbish from the area is problematic.

Shenstone has a linear strip of low density small holdings along the R56. Otherwise the area is undeveloped but an informal settlement is slowly encroaching on the open space. Buildings are rural in nature consisting of traditional huts and some formal housing. The area is environmentally sensitive but the undeveloped areas are also an opportunity to form a new sustainable economic node that could create work opportunities close to where people live.

Against this background of the way things are, are the plans which the municipality has adopted. The consultants will re-examine these plans in the light of additional information they obtain. To date, development in the Ambleton/ Shenstone area has been informed only by a concept framework whereas land in the Ashburton/Lynnfield Park is formally zoned within a town planning scheme and therefore strictly controlled.

The municipal planners have identified a variety of nodes for development within the study area. These are the existing node at Ashburton which will be augmented and two new nodes in Ambleton to create Ambleton City and a multi use node which will have commercial, industrial components together with a residential area at Shenstone. These are in addition to the two economic opportunity nodes proposed at Umlaas Road and Lynnfield Park which are close to the N3 and have the potential for commercial, residential and mixed use development.

The Ashburton interchange with the N3 was identified as a further node for development and the Old Main Road (R103) was identified as a corridor for development when the Spatial Development Framework was re-examined in 2010. The municipality realised that an area suitable for low income housing and rental housing close to the Mkondeni industrial area must be identified in addition to land for the expansion of the industrial area. The municipality also proposed a number of additional nodes each with commercial, residential and social facilities such as a

school and clinic at the western boundary of Ambleton and at new intersections created by the intersection of proposed roads.

The SDF also referred to the Ashburton Integrated Plan which makes further recommendation for landscaping in Ashburton and recommends that links with tourist routes and tourist activities in Mkhambatini Municipality are created. The plan also recommended that the sporting facilities in the area be improved. Other strategies that have been proposed include the development of a trail to provide linkages between various equestrian activities in the area and linkages with Bisley Nature Reserve, Nagle Dam and the Mkhambatini Eco Tourism Corridor. New recreational and social facilities were proposed at the nodes on the R103 at Umlaas Road interchange, Lynnfield Park and Ashburton.

3.4 ROAD INFRASTRUCTURE AND TRANSPORT

The technical note for transport describes the number of transport design projects that have been undertaken over the years. The projects include a bus or rail system for the Greater Edendale area, the Metropolitan Major Road System proposed in 1990 to improve movement outside of the Central Business District and the current Integrated Rapid Public Transport Network.

When reviewing the documents, the consultants noted that figures for traffic volumes on provincial roads in the area were outdated. Fortunately the KwaZulu Natal Department of Transport are currently collecting new data which will be available by the end of 2013. They also noted that accident statistics on the road network were limited to an outdated data base at the KwaZulu-Natal Department of Roads and accident data held at local police stations. When the data was examined, they identified several major deficiencies that render the use of these statistics for analysis purposes. They also noted that a consolidated plan showing the combined traffic impact from developments proposed in the area has not been prepared which is a serious deficiency in the data available for planning purposes.

The consultants considered the following issues of major importance in the future planning of the study area:

The existing road network is adequate and accommodates the present land usages. Traffic congestion occurs infrequently. When it does occur, it is caused either by road accidents or scheduled events such as the Comrades Marathon or the AmaShovaShova cycle race.

The N3 corridor is a major structuring element of the study area and has strategic national, provincial and local significance. Within the SEDis, development opportunities occur at key intersections which include the Umlaas Road/N3 interchange, the Lynnfield Park/N3 interchange and the Ashburton/N3 interchange. The municipality has received a number of development proposals over properties along the N3 corridor, particularly at Lynnfield Park and Umlaas Road interchanges. These developments have not been approved.

The South African National Roads Agency Limited (SANRAL) intend widening the N3. Due to the costs to widen the N3 on Town Hill, alternative routes that will by-pass Pietermaritzburg have been proposed. The uncertainty of the final alignment has a significant impact on the planning of SEDis.

The Richmond Road (R56) which flows out of Pietermaritzburg from Alexandra Road, is a key north-south movement route. To date development along this route has been limited. However this route has been identified as a corridor and has the potential for residential expansion and a series of economic nodes. These include Ambleton City which is associated with the existing settlement of Ambleton, the Thornville node to the south and other economic opportunity areas between these two nodes.

The public transport in the study area is limited, often ill-defined and unscheduled. Currently those residing in Shenstone and Ambleton undertake long circuitous journeys to access the National Road network. A direct link between these housing establishments and the employment opportunities at the industrial area in Mkhondeni does not exist. If the land use in the area changes, a new network of

public transport facilities will be necessary. An Integrated Rapid Public Transport Network has been proposed for the entire Msunduzi Municipality and will include the SEDis. It will be designed with associated depots (including workshops), interchanges, holding areas and feeder services. This proposal is a radical initiative and will affect other spheres of municipal infrastructure and planning in the area.

There is an established rail network in the area under review and this could prove a valuable asset.

Since the SEDis is a predominantly rural area, no formalised pedestrian or cycle facilities are found in the area. Pedestrians, cyclists and horses often share narrow and sometimes poorly maintained pathways. Several of the roads of the existing network are showing signs of various degrees of distress and many require repair or upgrading. Some roads are in such a poor state that they require reconstruction. The condition of the roads is aggravated by numerous heavy vehicles which gain access to the Old Main Road (R103) via the Lynnfield Park and Ashburton interchanges as an alternative route to the industrial area at Mkondeni. This alternative route may also be used to avoid traffic law enforcement on the National Route.

3.5 ENGINEERING INFRASTRUCTURE

The current infrastructure for water, sewerage and electricity in the study area was examined in the technical note for engineering infrastructure. The information was collated from existing reports, a desk top study and interviews with key municipal officials and stakeholders.

The key findings for WATER SUPPLY INFRASTRUCTURE are outlined below:

There are a total of 455 water users in the Lynnfield Park/Ashburton area. The majority have house connections to a water reticulation system while the balance obtains water from boreholes, dams and rivers. No data is available on the number of water users in Ambleton but a water reticulation system is available. At Shenstone, where

there is a growing informal settlement, provision for bulk services has not been planned. The Umgeni Water bulk water pipeline to Richmond will traverse this area but a supply to Shenstone has not been included in the plans.

The primary supply of water to Msunduzi Municipality is the Upper Mgeni system and is managed by Umgeni Water. Raw water is supplied to the municipality from Midmar Dam. Despite recent and ongoing water resource developments, the water that is available in the Upper Mgeni system is limited. The supply is shared between three municipalities. A growth in demand in one municipality can only be met by restricting water supply to the others. The situation is likely to remain the same until the Mkomazi Water Supply Scheme is commissioned. While there is limited scope for water supply growth in the Upper Mgeni area, there is a social imperative to supply water to new low-income housing areas and to upgrade the service of water supply. Fulfilling this imperative reduces the amount of water that is available for development. Any major new water use must be carefully planned.

The main water supply to the majority of the SEDis is via the Umgeni Water 61 Pipeline sub-system. There are other water pipelines in the area but changes to the pattern of water usage will need advance planning and interaction with Umgeni Water. The 61 Pipeline sub-system which supplies Msunduzi Municipality is already committed to developments such as the eThekweni Western Aqueduct, Richmond Bulk Water Supply and developments in Greater Edendale. In order to accommodate development, the bulk water infrastructure in the area may need to be extended. Planning this type of infrastructure does not take place overnight!

The existing water reticulation system within the SEDis area is limited. It is focused in Ambleton, Ashburton and Lynnfield Park. Whilst a limited level of development within these settlements can be achieved using existing infrastructure, new water infrastructure will be required for any major expansions.

The consultants noted that a change in sanitation service level from VIPs to water-borne sanitation in Ambleton will dramatically increase the demand for water. As a result the water supply infrastructure must be upgraded and recommended that adequate water storage facilities for balancing and emergency purposes should

also be installed. Since the informal settlement in the Shenstone area will put pressure on the Msunduzi Municipality for services, the consultants recommend that several scenarios are examined for development at Shenstone.

In the eastern area of SEDis near Lynnfield Park/Ashburton the plans of proposed developments have changed. The details and location of needed water supply and sanitation as a result, are uncertain. Since the investment into the area has not materialised, the partnership between developers and the municipality which is required to support the infrastructure investments will have to change. The water supply for Hilcove Hills, a mixed use development west of Ashburton east, will be via the existing City reticulation system fed from the Murray Road reservoir and will not place a demand on the water supply to Ashburton. Currently there is capacity on this supply route from Balancing Reservoirs (HD Hill) via the Masons Reservoir to Murray Road reservoir. However, once developments, especially within the central business district and surrounding areas are constructed, this supply will no longer be available.

The key findings for SANITATION INFRASTRUCTURE are outlined below:

The Ambleton residents make use of VIPs or other forms of pit latrines. A similar situation is expected in the informal settlement at Shenstone. On-site sanitation in Ashburton is mainly in the form of septic tanks. This is a viable option in the area, despite poor percolation rate in the soils, because of the large size of the properties. The residential properties in Lynnfield Park are the only properties in the SEDis that are linked to a Waste Water Treatment Works (WWTW) and sewage pump station. This facility is presently overloaded and/or not functioning effectively and may require a complete overhaul. There is no capacity in the system to accommodate any further development.

Water supply and sanitation planning ought to be first and foremost in any planned land use change. The Msunduzi Municipality is presently extending the Slangspruit sewer in the direction of Shenstone and Ambleton and intends to sewer these areas. The outflow will fall under the sub-catchment of the neighbouring Slangspruit, which is outside the SEDis area. At Lynnfield Park an entirely new WWTW may be required. With a growing trend to reduce the stand size in Ashburton, on-site septic tanks may

become problematic. In that case, the only solution will be the construction of a WWTW to service Ashburton.

Hilcove Hills is a significant mixed use development in an area that is currently unserved. Part of the development will be linked to the existing sewage reticulation system in Bellevue and sewerage will be directed to the Darvill WWTW. A new WWTW is proposed on Hillcove Hills near the Msunduzi River which will service the majority of the Hilcove Hills development. Since the municipality has not made any additional provision for sanitation in the SEDis area, the capacity of this WWTW may be augmented to accommodate the demand in the balance of the south eastern district.

The key findings for ELECTRICAL INFRASTRUCTURE are outlined below:

The responsibility for electricity infrastructure and service provision in SEDis is split between Msunduzi Municipality (northern portion) and Eskom (southern portion). The boundaries between the supply areas are not well defined. The existing electrical infrastructure consists of the Ariadne Substation with additional substations at Mkhondeni and Umlaas Road. The network in the area is a 132kV network. The network in the east and southeastern parts of the SEDis is already under significant pressure. Currently there is no spare capacity and new connections are a major issue. The network in south SEDis is operating satisfactorily and has some spare capacity but any development in this area will place pressure on the network. Similarly the network in the west/southwest of the study area is under pressure. Although there is some spare capacity, new connections must be carefully managed.

An upgrade of the Umlaas Road substation and three new substations at the Ranch (projected 2015), Lynnfield Park (projected 2015/2016) and Oriole (post 2016) will boost capacity for servicing this area. In the western SEDis, the Edendale network could be extended with some connections from 32kV Thornville line and a possible new connection from Ariadne substation. It must be noted that the existing limited capacity, commitments and future demands outside the study area will limit the supply for servicing new development within the study area. Future planned demand will be factored into Eskom's network projections and any necessary

upgrade projects will be identified or prioritised. The lead-in time to plan for additional electricity may constrain or delay servicing of future development.

Generally, insufficient capital is spent on improving the capacity of a network which creates problems at a later stage. Another problem is that rural tariffs are approximately double the cost of urban tariffs. Since SEDis is primarily rural, developments are levied on a rural tariff and this could create a disincentive for development.

3.6 HOUSING

The municipal officials in the housing unit could not provide the consultants with the demand and supply of housing for SEDis. They were also not forthcoming with updated information on the location of current and planned housing projects or an appraisal of the informal settlements. In the absence of this information, this report was compiled by extracting relevant information from the South African Cities Network State of Cities Finance 2013 Report and supplemented with data from the municipality.

The municipality is currently being considered for accreditation which will enable it to administer national and provincial housing programmes. This process coordinates development and accelerates the process of building houses. Accreditation will result in higher levels of certainty in respect of financial allocations to the municipality and should assist in planning capital investments effectively.

The consultants noted that transport planning and housing developments are driven separately in the municipality with no attempt to integrate them to date. It is essential that these key functions are integrated.

The consultants also noted that the municipality is part of the National Upgrading of Informal Settlements programme. Since 2010, GAP housing, the Finance-Linked Individual Subsidy Programme (FLISP) and rental housing have been policy priorities in the housing sector. No further information is provided in the report on the municipality's performance in implementing these policy priorities.

From the information available, the consultants gleaned that the municipality has prioritised rural housing delivery over urban housing. The target of 2500 urban houses per annum over 5 years with a budget of R60 million per annum was overtaken with the 2011 rural housing project in Vulindlela. The provincial Department of Housing delivers 5000 units per annum over 5 years at a cost of R95 million per annum for the rural housing project. The Municipal Infrastructure Grant (MIG) is used to top up housing subsidies by R25,000 per site. The municipal housing allocations are managed by the provincial Department of Human Settlements. Therefore, the expenditure on housing (approximately R 155 million per annum) does not form part of the municipal budget.

The current trend of building houses at a high density in rural areas has increased urban sprawl. Only a few housing projects which increase the density of houses in urban areas have been implemented in the municipality. GAP housing projects could contribute to spatial restructuring in an urban area if correctly located. Similarly, if informal settlements are upgraded in situ, the current urban form would also be consolidated.

The value of the current housing projects in the municipality which are funded by the provincial Department of Human Settlements is higher than the total capital budget of the municipality. This puts the municipality in a financially unstable position since the development of assets is driven from provincial capital grants. The majority of the houses are not billed for rates and receive free basic services. As a result, they become private assets that do not produce any income for the municipality. Furthermore the capital subsidy that the municipality receives from province does not cover the full costs of building the houses and does not include any funding for community facilities associated with a housing project. Therefore in order to complete housing projects, the municipality has to find the shortfall. It is noteworthy that the costs to upgrade informal housing settlements are greater than the costs to build RDP housing. GAP housing and social housing, on the other hand which fulfil the needs of income earners who qualify for housing benefits, would provide additional revenue streams for the municipality. However the Msunduzi Municipality

has not implemented the former and has not implemented the latter at the required scale.

The municipality finds itself in an invidious position. While its attempts to provide housing for indigent people is commendable, unless resources are available for economic development and job creation, the number of houses that are planned exacerbate the financial burden and financial instability of the municipality which it can ill afford.

3.7 ECONOMICS

The Economic Technical Note describes the status quo of the SEDis with regards to economic development, performance and sectors within the Msunduzi Municipality and the SEDis area. The key findings of the report are summarised below.

The Msunduzi Municipality has been a strong economic performer relative to most other municipalities in KwaZulu Natal. Growth has been subdued across all sectors barring financial services, retail, transport, distribution and logistics. The largest growth sector in the municipality is the government sector.

The demand for land in Msunduzi Municipality has mainly been for commercial, warehousing, distribution and logistics, light manufacturing and associated service industries. The demand has been subdued compared with other major KZN municipalities. There is a shortage of well located, zoned and serviced land in the municipality. The strategic location of SEDis adjacent to the N3 makes it an important area to consider for the supply of serviced land that is zoned for various types of economic development. These would include retail, transport, distribution and logistics and service industries to these sectors. The existing economic demand categories of agriculture, eco-tourism and residential estate development are also likely to be of some significance.

In addition to the potential of land adjacent to the N3, the Richmond Road area may also provide services to passing trade and surrounding communities. Informal

economic activities, particularly along higher intensity use areas and close to denser settlements such as Ambleton are also highly likely to develop. The proposed economic activities are likely to primarily serve the needs of those living in the municipality, the surrounding district as well as the Province of KZN. With regards to employment potential, the type of development offers medium to lower intensity employment potential. The study area is unlikely to offer parcels of land that will be serviced by a level of infrastructure to enable higher order employment demand. Skills categories are likely to be an even split between mid to lower skilled workers. Residential development is likely to support some construction employment demand and lower skill employment demand for domestic and retail type employment. In the short to medium term employment is likely to go primarily to those living outside the SEDis area. The existing road and utility connections are not suited to meeting economic demand in the area. The N3 intersections, internal road networks and water and electricity supplies will all need attention. The scale and pace of development in the area is likely to have a modest poverty reduction impact over a five to ten year period as some employment is generated and as infrastructure, economic opportunities and accessibility improve across the area.

The Msunduzi Municipality needs to diversify its rates income and to substantially grow this revenue source. However, to do this it will need to invest in infrastructure to support a range of economic opportunities. Land and property values will adjust in relation to demand which will in turn be influenced by the quality of infrastructure and associated municipal services.

3.8 FINANCES

This report contains a review of the municipal finances and its impact on planning in the area, and the financial management of current and proposed infrastructure.

The Auditor-General and the National Treasury agree that the municipality is not financially sound and that the management of municipal finances is unsatisfactory. This state of affairs will impact on the design of the Local Area Plan since the

municipality is included in the party. As part of determining the status quo, the consultants decided to use the income generated and the funds spent by the municipality in the study area as a baseline for planning the Local Area Plan. However, the consultants were unable to obtain financial data specifically for the study area and used general data for the municipal area instead. The absence of specific financial data will impact on the ability of the consultants to analyse and plan the study area. They also hoped that their initial desk top assessment and review would be verified by the relevant officials from the Finance Department of the municipality as well as relevant officials from National Treasury. However the assessment or the review was not verified by the time the report was published.

Their key findings are summarised below.

There are 17 municipalities in South Africa that collectively account for approximately 70% of the total local government budget and expenditure. The Msunduzi Municipality is one of these municipalities. It is also one of the 17 non-delegated municipalities that are subject to direct oversight by National Treasury instead of Provincial Treasury. Furthermore, the municipality is one of nine cities that form the South African Cities Network (SACN) with status as a secondary city. Due to its position on the N3 corridor, the municipality also has national significance in the National Development Plan. Against this background, the municipality must decide how it will respond to national and provincial initiatives. The information which follows provides insight into ability of the municipality to respond to these initiatives and development pressure.

The Municipal Finance Management Act (MFMA) and Regulations and related processes managed by National Treasury are the most important and influential policy and legislation that impacts the financial management and performance of Msunduzi Municipality. The other legislation that affects the final LAP is the Division of Revenue Act (DORA) 2013. The MFMA has a key impact on the formulation of the budget of the municipality. Capital planning forms an important part of the budget. Guidelines are provided by National Treasury to improve the efficiency in infrastructure planning and budgeting. The Local Area Plan will include development projects which should be in line with these financial parameters so that

the LAP is an affordable, practical plan. It is critical that the budget for capital planning is known when spatial planning is undertaken to determine whether the municipality can implement the development. The national and provincial DORAs provide the financial detail of grants and allocations available to the municipality for the planning of their budget. The budget which is part of the Integrated Development Plan and Spatial Development Framework, determines whether the municipality has the financial resources to deliver on its planned priorities and targets.

The key planning document relevant to the SEDis LAP, is the Budget 2013/14 – 2014/16. The consultants noted that the capital budget is 87% grant funded and that the balance is internally generated through the collection of rates and service revenue. The consultants noted that billing and collection of rates revenue is a challenge to the municipality. This aspect of financial management is in direct control of the municipality and can be addressed. The fact that the capital budget is 87% grant funded is clearly indicative of the difficulty of the municipality to internally fund service delivery linked to growth and development.

One of the financial documents that the consultants examined was The National Treasury's Assessment of the Msunduzi Municipality's budget preparation for 2013/14. National Treasury concluded that the budget was not credible or sustainable, that it was not funded and that the cash flow in the budget was poor. Such a conclusion does not bode well for growth and development in the municipality. Since the municipality was placed under administration in 2009, there is no conclusive evidence that the financial recovery plan has succeeded. Financial management in the municipality remains unsatisfactory. The financial status of the municipality will impact on the design of the Local Area Plan for SEDis. Financial data for the study area is not available. This is a key gap in knowledge. The consultants intended using the income and expenditure from the study area to design development scenarios and to generate potential income and expenditure scenarios. The absence of financial data has a serious impact on the ability of the consultants to analyse and plan the study area.

The state of the municipal finances has direct bearing on the ability of the municipality to repair and maintain the existing infrastructure in the study area. If service delivery is not given priority in the study area, the municipality will lose its revenue base in this area. To avoid this from becoming a reality, the consultants recommend that the municipality ensure that all services in the Lynnfield Park/ Ashburton area are completely and correctly billed and the revenue collected. This would ensure an adequate allocation for repairs and maintenance on the budget. In Ambleton, management of the free basic services is required to ensure that the usage of the services does not exceed the level permitted as a free basic service. The municipality must also ensure that the social package provided for residents in Ambleton is adequately covered by the Local Government Equitable Share. This is a grant for operating costs provided by National Treasury.

Development proposals arising out of the Local Area Plan will have implications for the capital budget. New infrastructure assets must be included in the budget before any development can be implemented. The ability of the municipality to provide such assets will contribute to the financial viability of the project. It is significant that the current budget does not contain any expenditure for a project directly linked to SEDis. Due to its strategic position on the N3 corridor, the study area is under increasing pressure from developers looking for opportunities to change land use. It is important that the municipality finds ways to respond to the external pressure. One of the options would be to borrow funds. However, any development finance institution, commercial or investment bank will price the risk of lending to the municipality at a premium. This is something that the municipality can ill afford.

The municipality is responsible for the planning and implementation of the Integrated Rapid Public Transport Network and the in-situ development of informal settlements to a serviced environment within its jurisdiction. Grant allocations will be transferred directly from the national Department of Transport and the national Department of Human Settlements to the municipality. The consultants noted that transport and housing plans are made in isolation of each other. They recommend that the planning department should be responsible for the integrated planning of both of these key functions in the restructuring of the city.

One of the concerns is that the capital budget is largely dependent on grant funding which means that the conditions of the grant must be upheld. This invariably means that plans which respond to local needs are overlooked. These conditions may also result in the implementation of projects that do not support the restructuring of the city. A further indictment is that there is continuous under spending on capital expenditure. This usually results in reduced service delivery in response to community needs. This also implies that any new projects are more than likely to also suffer from under spending of capital expenditure.

When the operating budget was assessed, the consultants noted that the budget allocated for Repairs & Maintenance (R&M) was inadequate, or that the amounts are incorrectly allocated. If R&M is neglected or underfunded it poses a serious risk for effective service delivery and a resultant loss of services revenue. If R&M is adequately budgeted and spent, and services are correctly and completely billed for, then revenue collection has to be done optimally to enable the municipality to fund its budget sustainably year-on-year.

The study site is regarded as a greenfields site. Various development scenarios will be examined during the planning process to determine whether it is financially feasible to restructure the city by creating new viable economic nodes in the SEDis. Although the two economic nodes in the study area (at Umlaas Road and Lynnfield Park interchanges with the N3) are strategically placed, the engineering infrastructure in these areas is very limited. The municipality perceive that funding for the infrastructure will come from national government through the Strategic Infrastructure Project (SIP) of which the development of the N3 corridor is known as SIP2. Neither in the MTREF 2013/14 – 2015/16 or in the DORA in the forthcoming years lends support to this perception. "The assumption that national or provincial government will provide capital funds for local priorities is a dangerous one that could result in resources being spent on plans that are ultimately shelved due to a lack of funding." In addition to this, the consultants note that "raising private sector investments for SEDis will be severely hampered if there is a perceived reduction in service delivery standards, or inadequate attention paid to repairs and maintenance to, at minimum, maintain exiting levels of services." In all likelihood, budget priorities and delivery will be aligned to grant conditions rather than

municipal priorities. Under-spending of the capital budget implies reduced service delivery (or under achieving community needs). It also implies that any new projects will suffer from the same under spending.

Due to these circumstances, the consultants conclude that all scenario planning for the Local Area Plan should be subjected to the rigorous assessment process outlined in the National Treasury Guidelines on Capital Projects so that the LAP protects and grows the revenue base of the study area, attracts investment, contributes to the financial recovery of the city and contributes to a more compact city and urban lifestyle.

The consultants raise a number of key questions.

- a. If the implementation of the LAP requires capital investment, will it be within the affordability of the municipality?
- b. Will it be funded by grants or its own funds?
- c. What is the borrowing capacity of the municipality and the risks associated with borrowing?
- d. If the implementation of the plan requires operating funds for repairs and maintenance, will the municipality have sufficient allocations?

Sound responses to these questions are required in order to implement the Local Area Plan.

3.9 CONCLUSION

The south eastern district could play a significant role in economic and spatial transformation in Msunduzi Municipality. Economic development and residential expansion in the area would provide an opportunity to redress the imbalances of the past and restructure the city. The municipality will need to invest in infrastructure to support the range of development proposed in the study area. The key findings of the status quo reveal that the biological diversity in the area is high and that the current financial situation in the municipality is unstable. Both of these factors impose a high level of constraint on development. The uncertainty of the final alignment of

the N3 by-pass around Pietermaritzburg exacerbates the demands placed on the planners to produce a workable, affordable Local Area Plan for the south eastern district of Msunduzi Municipality.

GLOSSARY OF ACRONYMS

| | |
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| DORA | Division Of Revenue Act |
| FLISP | Finance Linked Individual Subsidy Programme |
| LAP | Local Area Plan |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant |
| SACN | South African Cities Network |
| SANRAL | South African National Roads Agency Limited |
| SEDis | South Eastern District |
| SIP2 | Strategic Infrastructure Project No. 2 |
| WWTW | Waste Water Treatment Works |

REFERENCES

SEDis Environmental Technical Note 30-8-2013
 SEDis Planning Technical Note 30-8-2013
 SEDis Urban Design Technical Note 30-8-2013
 SEDis Transport Technical Note 30-8-2013
 SEDis Infrastructure Technical Note 30-8-2013
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