

## Overview by the City Manager

The 2010/11 financial year marked a total eclipse of Buffalo City as a municipality in the history of the Eastern Cape province and South Africa. The city successfully progressed from being a *category B* municipality to a *category A* municipality (metropolitan municipality). Therefore, Buffalo City is now ranked among the top eight (8) biggest municipalities in the South Africa, and has exclusive powers and functions over all matters conferred to local government in terms of schedules 4b and 5b of the Constitution of the Republic of South Africa (1996).

The financial year under review was therefore marked by critical transitional yet symbiotic activities which all culminated into the birth of a new municipal establishment. These activities included:

- *The conclusion and legislation of 50 newly demarcated ward boundaries in August 2010;*
- *The adoption of an accelerated metro readiness process plan by Council in January 2011;*
- *The preparation and successful hosting of the 2011 Local Government Elections on 18 May 2011;*
- *The swearing in of one hundred (100) councilors and successful hosting of the Buffalo City Metropolitan Municipality Inaugural Council Meeting in May 2011; and*
- *The adoption of 2011 -16 Integrated Development Plan and MTREF Budget in June 2011.*

From a governance and administrative perspective, the City had a mammoth task to turn-around its financial administration, which was mired by an opinion of a disclaimer from the Auditor General for the 2009/10 financial year, critical vacancies and instability at senior management, and very serious reputational risks of maladministration. In an effort to change the City's situation, turn-around plans and corrective measures were put in place to improve the control environment for financial administration, as well as to create a more stable administrative work environment.

From a service delivery perspective, the City made some steady progress towards the provision of key municipal services such as water, sanitation, electricity, community amenities, roads and stormwater. However, the City also endured significant service delivery woes in the areas of refuse collection, cleansing and grass cutting. The City's efforts in turning around its service delivery mandate was nonetheless given a overwhelming boost, when its application for the Urban Settlement Development Grant was approved, paving the way for the Metro to access over R1.6 billion from national government to improve its build environment in next three (3) years.

From a local economic development perspective, despite the effects of the economic down turn of the prior financial year, the City resiliently continued to show potential to retain and grow its Gross Domestic Product (GDP). During the financial year under review, a number of significant potential investments were facilitated through the East London Industrial Development Zone

(ELIDZ) in the automotive and alternative energy sectors. In addition the investment climate was further pushed to higher limits when the Buffalo City based Mercedes Benz South Africa Plant was awarded the W205 project to produce the next generation of export luxury C-class vehicles, which would result in plant expansion plans of about R2 billion. The projected job creation potential from the W205 project is estimated at 1,250 jobs in the next three (3) years. Apart from new investments, the City continued to provide dedicated support and training to small businesses (SMMEs) in the various economic fields.

Lastly, the administration intends to strengthen its capacity to deliver services to the communities by ensuring that it is appropriately structured and populated by competent officials to efficiently and effectively respond to the new mandate of a metropolitan municipality.

The true character of the City has been tested over the years, and it has always emerged as a resilient City with capacity to anticipate, respond and adapt successfully to challenging environmental conditions.

Therefore, as the Accounting Officer, I am satisfied that this report complies with the Annual Report Format prescribed by the Eastern Cape Department of Cooperative Governance and Traditional Affairs, and fairly represents the activities of the municipality for the financial year 2010/11.



**Mr. A. Fani**  
**Acting City Manager**