

BCMM EXECUTIVE MAYOR, HON CLLR. XOLA PAKATI



BUFFALO CITY
METROPOLITAN MUNICIPALITY

STATE OF THE METRO ADDRESS

**UNITY IN ACTION.
A CITY HARD AT WORK**

21 JUNE 2018

TIME 09H00

EAST LONDON ICC

22 ESPLANADE STREET. QUIGNEY

FOR MORE INFORMATION ON SOMA 2018 CONTACT
E APHIWENA@BUFFALOCITY.GOV.ZA T 043 705 2655



BUFFALO CITY METROPOLITAN MUNICIPALITY
EAST LONDON | BHISHO | KING WILLIAM'S TOWN | MDANTSANE
WWW.BUFFALOCITYMETRO.GOV.ZA





STATE OF THE CITY ADDRESS (SOCA) PRESENTED BY THE EXECUTIVE MAYOR OF BCMM, CLLR XOLA PAKATI

21 JUNE 2018

1. INTRODUCTION – POLITICAL CONTEXT

Hon Speaker Cllr Skuta Alfred Mtsi-who is our Programme Director today
Members of the Provincial Executive
Hon Deputy Executive Mayor Cllr Z. P. Matana
Hon Chief Whip of Council Cllr M. Vaaiboom
Members of the Mayoral Committee
Fellow Councillors
Traditional Leadership
Leaders of Political Parties
City Manager Mr Andile Sihlahla
Heads of Directorates and Management
Distinguished Leaders of the Religious Fraternity
Captains of Businesses and Industries
Organised Labour and Civil Society
Members of the Media
Progressive Formations and Fellow Residents
Distinguished Guests and Dignitaries
Comrades and Compatriots

Ladies and Gentlemen, Good morning!

In his 1852 work, The 18th Brumaire of Louis Bonaparte, Karl Marx makes a profound observation that we find relevant in beginning this address, when he argues that:

“Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past.”

This truism is true for the entirety of humanity who are preoccupied by the development of society in a rapidly changing world.

The era we live in is characterised by rapid technological advances and changes across the globe. All countries are grappling with the impact of the 4th Industrial Revolution in redefining the forces of production and processes.

The era of Artificial Intelligence, mechanisation and digitisation has had a huge impact on a variety of industries that used to be labour intensive, with the attendant challenges of growing unemployment, poverty and inequality globally.

The reality of climate change has imposed greater unity of purpose amongst the nations of the world as its impact has been felt across all the continents of the world. There has been severity of droughts, floods, cold and heat which has had devastating effects for all of humanity and we were not spared as a City by the consequences of this changing climate.

We are preoccupied with adequate responses to the common global challenges that affect our country and citizens here in Buffalo City.

We deliver this State of the City wherein we can safely say that we have sufficiently responded to the Millennium Development Goals (MDGs) as agreed upon in 2000, following the adoption of the United Nations Millennium Declaration.

To demonstrate our commitment to the most vulnerable and marginalised we have resolved that poverty, unemployment and inequality are the strategic threats to our countries destiny.

We have forged partnerships with the rest of humanity to resolve this triple challenge and are truly committed to resolving this challenge. We have as a consequence redefined our approach as a City to our international relations, in that we have added investment attraction as a priority to our partnerships.

To this end we have visited China to foster closer economic cooperation that should see Chinese businesses seriously considering our City as an investment destination of choice. This should lead to economic growth in terms of the City's GDP and subsequently assist in employment creation and poverty reduction.

It was during our visit to China that we initiated the discussion for us to host the BRICS friendship Cities forum this year, we will be receiving delegates from the BRICS countries in our shores next week.

They will during their stay also visit our ELIDZ and Port so as to expose themselves to our logistical capabilities. I have also been engaging the Ambassadors of the BRICS countries to seriously consider our City as an investment destination.

We will not neglect the European Union as a huge investor in the South African Economy, we are after all home to Mercedes Benz which has over the years made strategic investments in the plant here and is set to do even much more in our City.

Honourable Speaker,

There is also a growing consensus on human rights and ending of violent conflicts across the globe. We have witnessed the outright condemnation of Israel by all of humanity on its violent aggression against unarmed women and children of Palestine and the continued occupation of Palestinian territory.

We have acted on the right side of history as a country and people by openly condemning Israel and its atrocities.

We take this opportunity to commend the Kenyans on resolving their post electoral violence. We witnessed the current President Uhuru Kenyatta being joined by Mwai Kibaki of the opposition committing to peace and the end to violent conflicts that have afflicted Kenyans. Peace is a precondition for prosperity and development for all.

Ladies and Gentlemen,

We must ask the question here today, what kind of activist burns down a clinic to demand one public service or amenity, prevents children from going to school because there is an issue of temporal employment in a community project?

Criminality is now masquerading as revolutionary activism, agent provocateurs dress in t-shirts of popular organisations to achieve ends that are worlds apart from those communities and the organisations whose objectives they purport to advance.

We call upon citizens, religious leaders, civic structures and youth formations to reclaim our communities from these elements that are destroying our communities in the name of service delivery protests.

We can never legitimise regime change agenda outside of the legislated electoral process which takes place every 5 years and is open to all political parties and individuals who want to contest elections and serve in Council.

It has become normal for these elements to burndown public infrastructure and call for the removal of a Councillor without a mandate of the electorate and a petition reflecting the aspirations of the entirety of the people in the community.

We call upon all the leaders of all political parties represented in our Council to assist us in defeating these elements which make a mockery of our democratic credentials as a people and country. We must end the culture of a minority holding a majority hostage and criminal conduct that destroys public and private infrastructure.

Karl Marx was indeed correct to make the point that we do not make history under self-selected circumstance.

This gives us a clear picture of the reality that we find in our City, a reality that we are determined to correct as this current term of council. The reality is that there exist deep divisions in our society created in the main by the deliberate design of apartheid where black people were forced to live in poverty whilst white people enjoyed all the spoils and privileges. This is the sad reality that we seek to transform.

It is a fact that 24 years into our democracy, the vestiges of our apartheid past are still in existence, given and are being transmitted into our present reality. Our task is to ensure that there are sensible and pragmatic solutions that will ensure nation building is deepened not only in our City but in our country as a whole. We draw inspiration in this task from the life of Mamu Albertina Sisulu, whose centenary we are celebrating this year. The late UDF leader and ANC member of parliament, Ebrahim Cas Saloojee makes a very striking point about her when he states that:

“Mama didn’t have the habit of intellectualising and philosophising. She always had the sense of what to do immediately and concretely.”

This is a spirit that should inspire us in this path of renewing hope and bringing back pride to our City by all its residents.

Earlier this year, our Country witnessed a seamless transfer of power at the highest office in the land without any blood being shed. This new era ushers in a promising economic environment as there has been increased business confidence and investor confidence due to the political stability and policy certainty which was brought about by this transition. Our currency overall has been on a positive trajectory ever since the conference of the governing party in December and it has thus out performed most other emerging market currencies.

On the occasion of the State of the Nation’s address this year, the President of the Republic, Cyril Ramaphosa makes a profound statement about what this moment means when he says:

“There is a greater sense of optimism among our people. Our people are hopeful about the future. Business confidence among South African companies has improved and foreign investors are looking anew at opportunities in our country.

Some financial institutions have identified South Africa as one of the hot emerging markets for 2018. Our task, as South Africans, is to seize this moment of hope and renewal, and to work together to ensure that it makes a meaningful difference in the lives of our people.”

This moment should indeed be continuously seized, and this is why an analysis of the prevailing global balance of forces is important for a better navigation of this reality.

We are having this event during **The Year of Nelson Mandela**, an Icon of our struggle, the first Commander of Mkhonto WeSizwe and the first president of a liberated South Africa. If he was still alive, Madiba would be turning 100 years in the next three weeks.

Apart from his reconciliatory approach, Madiba brought overall hope to the nation and instilled confidence to all South Africans. Just after voting for the first time in his lifetime on the 27th of April 1994, he comments:

“We sincerely hope that by the mere casting of a vote the results will give hope to all South Africans and make all South Africans realise this is our country. We are one nation.”

This comment by Madiba called for the redefinition of South Africa and the future path that it had to take. It never meant that there ought to be a maintenance of a fractured reality in the country where a system of wealth and opportunity exist side by side with a system of poverty and squalor.

We therefore want to use this centenary of Madiba and Mamu Sisulu to revive the sense of hope and collective destiny that characterised our nation at the dawn of our democracy. We believe that this is a type of attitude that should characterise our City, with all our citizens being committed to the idea of changing our metro for the better.

We can all agree that we have seen high levels of optimism from many citizens of our metro ever since the start of our term. This message we are making today is therefore intended to build on this hope and create a sustained mood of optimism across our metro.

2. SOCIO-ECONOMIC OVERVIEW AND BUDGET FRAMEWORK

Ladies and Gentlemen, therefore

We are in the era of hope, which is characterised by correction and progress. Economic recovery at a global level continues to firm up with the cyclical upswing underway since the middle of the year in 2016. Global output grew by 3.7 percent in 2017 and is projected to be around 3.9 percent for both 2018 and 2019. This growth is associated with US recovery and increased global commodities demand which will kick-start much-needed life into the South African economy.

What is even promising is the fact that two of the Brics group of countries continue to be major contributors in the global economic, with their growth levels currently sitting beyond the global average. The Chinese economy, for instance, grew by 6, 9 percent in 2017 and its GDP annual growth rate has been 9, 6 percent from 1989 to 2017. The Indian economy

grew by 7, 1 percent in 2017. This is why we are looking forward to our hosting of the Brics Local Government and Urbanisation Forum at the end of this month.

The South African economy grew by 1.3 percent in 2017 and is projected to grow by 1.9 percent in 2018 and 2.2 percent in 2019. Besides the commodities upcycle, also contributing to these improved growth prospects for the country is enhanced investor and business confidence associated with change of leadership at the highest level in the land. It is however our view that the country should be properly industrialised so that its economic performance is not based on the price of commodities which are set elsewhere in the world.

There is no denying that unemployment, poverty and inequality remain a major concern not only for our City but for the country as a whole. This is why we have developed a Metro Growth and Development Strategy (MDGS), which is a deliberate growth strategy that simultaneously seeks to achieve economic diversification and growth outcomes, while increasing the share of the historically disadvantaged in newly created wealth. Our strategy is very much aligned to the National Development Plan, Vision 2030 and the Provincial Development Plan.

Our City is capitalising on the improved economic outlook so that our positioning as a credible investment destination is affirmed. The reality is that cities are key engines for the growth of the national economy and this is why the National Development Plan identifies Buffalo City as one of the growth nodes for the National Economy. We need to further ensure that we work very hard in retaining the businesses that are still in our city as a form of protecting our economic base. The fact that our economy is still heavily dependent on the automotive sector, anchored around Mercedes Benz continues to pose a risk. This is why we have ensured that we develop a clear vision for the transformation of our economy.

Our Metro Growth and Development Strategy (MGDS) which is predicated on the progressive agenda of our country and the Local Government Manifesto of the governing party seeks to build a Buffalo City Metro that is well-governed, connected, green and innovative, and which is overall a place to live, work, invest and play. Our city should be characterised by rapid and inclusive economic growth with falling unemployment, poverty and the elimination of inequalities. Such economic fortunes should be guided by the principles of sustainable development, thus creating a planet that benefits the current inhabitants and future generations.

With the advent of digital technology and the fourth industrial revolution, we committed ourselves into creating a city that is technologically smart, with sophisticated transport and telecommunications systems. This smart city we seek to build will be spatially-transformed and integrated, conforming to the principles of good urban governance.

The MGDS is reflected in our Built Environment Performance Plan for the city. The BEPP is a strategic spatial planning tool that provides an integrated investment plan for the implementation of priority catalytic programmes and projects for the city. The ultimate aim

of the BEPP is to transform the Metro's built environment into a more compact, liveable, inclusive, productive and sustainable place.

Our annually reviewable five-year Integrated Development Plan (IDP) which is a product of intensive public consultations sets our clear priorities for the metro up until the year 2021. The Service Delivery Budget Implementation Plan (SDBIP) complements this by setting clear targets and indicators in line with the SMART principles. We worked to ensure that there is synergy in all our strategic documents so that they are all structured towards the attainment of the MGDS outcomes.

Our City is not immune to the economic hardships that are faced by the country. This means that we will continue to implement cost-containment measures which are aimed at protecting the future viability of the institution whilst not compromising service delivery, what is usually referred to as a balancing act.

I want to confirm that we have stable finances as we are able to service our long-term and short-term debt. According to the National Treasury benchmark analysis, we have the best performing liquidity figures when compared to all the other metros in South Africa. But of concern is that the liquidity ratios are showing a decline year on year. Of concern is growing household debt and declining revenue.

The National Treasury benchmark also shows that our total borrowing against total funding is the lowest amongst the metros as it is currently standing at 8.8%. Our debt ratios show that we are not highly leveraged and as such there is room to take on more debt without compromising our liquidity or solvency. Importantly though, the servicing of any debt we take on must be serviced from returns on investment from those projects for which debt is required.

The total budget for the Medium-Term Revenue and Expenditure Framework (MTREF) is consistently growing and until 2021 each financial year more than R1.5 billion will be spent on infrastructure development. The budget for the next financial year is R8.3 billion and it has been prioritised in favour of Water and Sanitation, Roads and Storm Water, Human Settlements, Transport Infrastructure, Economic Development, Refuse removal and disposal, Electricity and overall critical infrastructure maintenance.

Whilst it is important for the municipality to charge realistic rates and charges for services from consumers in order to improve the quality of service provision, we thought that it is important that this objective does not translate into exorbitant fees charged to our residents. This is why we have taken a decision that tariff increases will be within single digit percentages in the current financial year. In addition to this, property rates will remain unchanged in the next financial year as we are in the process of implementing the new general valuation roll and this means that an increase will only take place from the 2019/20 financial year.

The tariff increases for services will therefore see electricity increasing by only 6.84 percent, sewerage increasing by only 8.8 percent, refuse removal by 9.2 percent and the water service will increase by 9 percent. This is against a reality where some metropolitan municipalities in the country have increased the water service tariff by up to 26 percent due to the drought whose prospects have not totally escaped us as Buffalo City Metro. We want to continue to justify any tariff that we make to residents by delivering quality, efficient and accessible services and today we are gathered here to outline exactly how we are doing that.

To ease the burden on the indigent consumers, the basic welfare package for households that qualify in terms of our indigent policy has increased by 11.4 percent. This means that the indigent of Buffalo City will continue to have a safety net of free basic services translating in the new financial year's basket of services from an average value of R551.52 to R614.71 per household per month. The total monetary value of the support is more than R586 million per annum, which reflect a major commitment by the City towards assisting the poor and vulnerable in our City. We remain unapologetically a pro-poor city.

As at 31 May 2018, the City had a total number of 73 966 indigent consumers made up of 54 485 consumers from the urban areas of our City and 19 481 consumers from the rural areas registered. Our indigent unit will continue with its drive to register more qualifying consumers in the 2018/19 financial year. We are indeed a City hard at work to ensure that all our residents enjoy quality and fulfilling lives.

3. BUILDING A PRODUCTIVE AND INNOVATIVE CITY

Distinguished Guests,

The MGDS implores us to build a productive and innovative city, that both achieves higher levels of growth and revenue for the city, as well as higher levels of inclusivity to reduce inequality.

To do this, we are creating the enabling conditions for new productive investments. This includes improving the quality of basic services, ensuring that as a city we have quality health and educational facilities, reducing the costs of logistics, and ensuring that we are able to attract and retain skills. We need to build a strong identity as a place that is supportive of investment. This means that we need to develop a track record of problem-solving to unlock business opportunities through, for instance, measures to reduce the cost of doing business and address infrastructure bottlenecks. We intend to work with private sector players to find ways of systematically addressing obstacles to productive investments across all sectors.

As part of our efforts to enable investment, we have formed a partnership with the National Treasury and the World Bank with the aim of designing and introducing interventions that will reduce the cost of doing business in the City

Our efforts are paying off and we are seeing significant increases in private sector productive investment in the city. We are continuing to attract investment to the City through the Invest Buffalo City Initiative we have with the Border Kei Chamber of Business and the international cooperation agreements we are forming.

The City is a shareholder at the award winning East London Industrial Development Zone (ELIDZ) which is a credible place for the location of major investments. Since its establishment, the ELIDZ has attracted 42 investors with an investment value of R8 billion and their business operations span over a number of strategic sectors including Automotive, Agro-processing, aquaculture, general manufacturing, pharmaceutical, renewable energy and ICT manufacturing. Around 50 percent of these investors have been operating in the zone for more than 5 years signalling sustainability in the manufacturing base of the city.

The ELIDZ has also been awarded funding by DTI to build three new factories this year and the construction activity will see a number of local enterprises benefit and many of our people will be employed. Recently a R1 Billion 100 percent black owned IT Manufacturing factory, which is a key success story of the dti's Black Industrialist programme was opened this month at the IDZ.

The East London IDZ's Science and Technology Park has been an important vehicle in the creation of a conducive environment for innovation and growth. The park has assisted young black innovators refine, patent, prototype, market and commercialize their innovations. Through the Science and Technology Park, the ELIDZ is fast becoming the breeding ground for innovations in the country.

We are excited by the expansion of Mercedes Benz in East London the details of which will be publicly announced next week in an event to be addressed President Cyril Ramaphosa. As a municipality we will ensure that we efficiently process all land development applications required for the expansion. To this end, I have tasked the City Manager to make this a standing item at all Top Management meetings until all land development applications have been processed.

With regards to trade facilitation, the Export Help Desk that we have established with the ECDC is beginning to make substantial strides.

We can mention the following tangible benefits from the Buffalo City Export Help Desk during the current financial year:

- We have been hosting export awareness seminars across the City and assisted Six companies from the ICT Sector to participate in the United Kingdom outward selling mission.
- We assisted three Companies from Buffalo City to attend the United States Inward Buying Mission focussing on footwear and leather and subsequently assisted 2 SMMEs with registration as members of the South Africa Footwear & Leather Export Council.

- Two missions were conducted in partnership with Western Cape Trade and Investment Agency(WESGRO), one to Nigeria and another to Kenya. Two companies from our City were assisted to attend the Nigeria Outward Trade Mission whilst five companies were assisted to attend the Kenya Outward Trade Mission

We piloted a Supplier Development Programme and as a result 41 companies in the catering services sector are being assessed for targeted interventions. We have further provided tendering training to 22 companies. Our intention is to expand this project in the next financial year so that more companies benefit.

We want to highlight the fact that there is a lot of work that we are doing in the economic development space with other public and private partners. We are collaborating with the Transnet National Ports Authority and we are currently at an advanced stage in the development of a business case for the expansion of the Port of East London and the development of a waterfront.

There is a technical task team which has been established to pursue strategies for the development of the port. The task team is constituted by the municipality, the port, BCMDA, the EL IDZ and the provincial government. We have agreed to have quarterly meetings with the Chief Executive of TNPA with the sole intention of having this technical team report to us and thus developing a better way forward. Already Transnet will spend R80 million in the next financial year for the rehabilitation of Latimer's Landing Wooden Jetty and are looking for private investors for the supply of petroleum and the upgrading of the dry dock.

At the same time as we build and diversify the manufacturing base of the city, we must simultaneously build the township and rural economies of the city. This is at the centre of our efforts to reduce inequality.

We are also collaborating with the ECDC and the Department of Economic Development, Tourism and Environmental Affairs (DEDEAT) towards the revitalization of Industrial areas in the metro, starting with Dimbaza and extending to Fort Jackson, Berlin, Wilsonia and West Bank. For the revitalisation of the Dimbaza Industrial Park we have contributed R3 Million, DEDEAT has contributed R12m and the DTI has invested R50 million. This is a decisive intervention in the arena of township economic development. In addition to this, our partnership with the ECDC has also seen four Cooperative projects funded by the entity in the current financial year.

We have formed a partnership with the National Treasury and the World Bank with the aim of designing and introducing interventions that will reduce the cost of doing business in the City.

We have designed a number of interventions which will lead to the alleviation of poverty through job creation. We are currently running a Community Works Programme with the Department of Cooperative Governance and this programme will see 2000 people

being put on temporary employment and will leave the project with skills. We are also collaborating with the Services SETA on a three-year project amounting to R31,6million towards learnerships, apprenticeships, bursaries and internships. This partnership will also see the revitalisation of the Sekunjalo Skills Centre in Nxwashu Village and the contractor has already been introduced to the City.

Last year we hosted the 4th Annual Franchise Expo which managed to attract more than 4000 visitors. Our Expo has led to 2 new franchise businesses opening in the City, one of them being the recently opened News Cafe at the Hemmingways Mall and a Zebros takeaway shop.

Honourable Speaker,

It is an inescapable reality that a huge part of our metro is rural and as a result some of our economic development interventions ought to take this into cognisance. We have therefore implemented several interventions which are aimed at unleashing the economic potential of our people in rural areas and we have the following highlights:

- We supported three villages with wool sorting equipment and goats and these are Ndileka, Qaga and Mantlaneni villages.
- Our partnership with the Department of Rural Development and Agrarian Reform saw us assist a number of villages with maize production inputs and these are Pirrie Mission, Zikhova, Gxethu, Newlands, Bubele Farm, Sixenxe Co-op, Majali, Masele, Jubisa, and Atile.
- In the next financial year, we will provide an irrigation system at Pirrie, Mlakalaka, Newlands, Mantsi Vegetable project and Mzintshane. Dipping tanks are also lined up for Gwaba, Kwelera, Tolofiyeni and Dongwe Villages. We want to also expand the existing greenhouses and diversify into other products such as cucumbers, peppers and other high-value crops.

As part of the Agricultural Value Chain, our City has a Fresh Produce Market which serves as a platform of excellence to provide and supply quality fresh produce to the fresh produce value chain. The Market has retained fourth ranking out of eighteen National fresh produce markets. The inaugural Market Open Day held in May 2018 unlocked marketing opportunities for local agricultural producers to channel their produce through our facility. In the next financial year, we have allocated an amount of R10 million for capital expenditure at the market and this is intended for the acquisition of new plant and equipment for the operations, upgrading of the market hall, upgrading of cold rooms and installation of boom gates.

Ladies and Gentlemen,

We are continuing to position the metro as a sports, events and tourist destination of choice. Whilst the natural beauty, pristine beaches, rich heritage and culture offer a compelling case to tourists, we have taken additional steps to lure investors to explore the City and offer a wider variety of activities and rich unique experiences.

Buffalo City Metro therefore identified events as one of the strategies it can use to attract more people into the City, reduce seasonality and improve geographic spread. The events we hosted led to substantial economic opportunities for our SMME's, the formal sector and the informal traders.

Several major sporting events have continued to be a feature of the City, including top flight football in the form of ABSA Premier Soccer League in Mdantsane Sisa Dukashe, Cricket, Netball, Tri-athlone and Cycling. We have for instance inaugural Premier's Cup where Chippa United hosted Kazier Chiefs at Sisa Dukashe stadium and we also hosted a One Day International match where South Africa played against Bangladesh. We are continuing to be a Mecca of boxing in South Africa by producing continually its biggest and brightest stars (we are hereby joined by Zolani Tete and Azinga Fuzile who have set the boxing stage alight). Citizens of our metro must look forward to the City hosting more the prime sporting events.

With regards to the Tourism Infrastructure Programme, we had a total budget of R15 Million. We are currently spending R10 million of this amount towards the completion of 7 single storey, 5 double storey chalets accommodating 48 people and 2 backpacker accommodation accommodating 16 people at Kiwane Campsite Resort. An Amount of R5 million has been committed towards the renovations of Orient Theatre Building to house the Tourism Information Office and Arts and Craft Curio Shop. Both of these projects will be launched during the tourism month in September and we can confirm that so far, they have created employment for 33 people.

The Buffalo City Metropolitan Development Agency is continuing in its mandate of expanding the capabilities of the City. In the current financial year, the agency has made several strides in the Beachfront and Waterworld upgrade programmes.

Already a consortium of consultants was appointed last year for design and implementation services of the Beachfront project. Draft designs have been developed and endorsed through an additional public engagement process held at the close of last year. Concept designs for the Water World upgrade have been well received by the public after a consultation process. The agency will also focus on the development of tourism infrastructure on the East London Beachfront and Water World to attract investment using a Tourism Master Plan which is being developed.

In the next financial year, focus will be on property management and commercialisation of the Sleeper Site, Seaview Terrace and Court Crescent. Already the agency has managed to facilitate a commitment of R100 million by the Public Investment Corporation (PIC) for the purposes of developing the Sleeper Site into a mixed-use government precinct. This work is important as it will see a massive revamp of the East London inner-city and finally bring the Sleeper Site project into life. We have also decided to commit a further R4 million for the refurbishment of the Sleeper Site City to Sea Boulevard in preparation for the work that is to begin.

Fellow Councillors,

For our City to be productive, it needs to have the required infrastructure to carry a modernising industrial economy. We are a City hard at work in the provisioning of adequate infrastructure and as such we have turned the City into a construction site.

We are continuing to ensure that 4 percent of the revenue generated is reinvested back into the electrical network so that it remains reliable and meets safety standards. In the current financial year R148 million was allocated for overall electricity expenditure with the bulk of it going to our capital works. The main capital works that were undertaken were electrical infrastructure upgrades in King Williams Town, Breidbach, Woodbrook, West Bank, Wilsonia, Gompo, East London City Centre, Zwelitsha, Buffalo Flats, Wilsonia and many other suburbs within the Metro.

We are proud to say that due to our consistent investment of funds into the capital replacement program we have one of the best performing electrical networks in South Africa. I would like to draw you to a comment made by Dr Sipiwe Cele at the opening of his ICT Manufacturing business at the EL IDZ about two weeks back who justified his company's choice of our metro by saying:

“Interruption of power in East London is not that much. There is labour stability and lastly electricity is not expensive here”

In the next financial year, we will focus on upgrading and refurbishing the main 132 Kilovolt substations and overhead lines and related networks. There is a very critical project as this is the main electricity in- feed to the City.

In the current financial year, we committed R40 million for the rollout of electricity to many formal households. We connected the following areas:

- 700 connections in the Mdantsane Buffer Strip
- 500 connections at Potsdam Unit P (Extension 2)
- 550 connections at the Buffer Strip Mdantsane
- 197 connections at Fynbos and Scenery Park
- 250 connections at Phakamisa
- 600 Connections in Ndacama
- 168 connections at Mount Ruth in Mdantsane
- 311 connections in Mzamomhle Phase 1
- 400 connections at Reeston Phase 3

In the current financial year, funding of R10 million for informal settlements electrification has seen an additional 45 informal dwellings being electrified in Mdantsane and Duncan Village. In the next financial year, we have committed a further R10 million for the electrification of various informal settlements in the metro.

Ladies and Gentlemen,

With regards to water and sanitation we can report that the percentage of households with access to basic level of water supply is 97 percent. The overall access to basic level of sanitation is 90 percent. The percentage access to basic services was impacted on by the incorporation of additional new areas into the City's boundaries. We continue to provide a stable water and sanitation service supply to all the industries that are present in our City.

In the current financial year, we implemented four major water projects at the value of R146 million. The projects concerned, which I will outline, are ongoing infrastructure upgrades and maintenance and will thus continue to be implemented in the next financial year. They are the:

- Augmentation of Water Treatment at Mzonyana Dam at a value of R30 million. This project is ongoing and R78, 9 million has been budgeted for the next financial year.
- Construction of Bulk Water Supply reservoirs and village reticulation to eradicate backlogs and augment water supply to the coastal areas. This project is ongoing and R13, 4 million has been committed in the next financial year.
- Replacement of existing bulk water infrastructure to bursts and installation of water meters. In the current financial year R42 million was allocated to this project and R37, 5 million has been budgeted for the next financial year.
- The continuing upgrade of the Amahleke Water Supply scheme. This will augment water supply so that village extensions are accommodated.

To address the issues of compliance, aging infrastructure, housing delivery and economic development we have budgeted an amount of R194.4 Million on water projects in the next financial year.

Honoured Guests,

It is true that sanitation is dignity to our people and it is for this reason that we are continuing to implement major projects in upgrading and building new sanitation infrastructure. In the current financial year, we implemented several projects in this front and these were:

- Work has been undertaken on Phase 3 of the Reeston Bulk Services Sewer project at a value of R35 million. This project will provide capacity for housing developments and industrial expansion.
- R100 million was spent for the Waste Water Infrastructure Capacity at the King Williams Town Regional Sewerage Scheme. This project is to provide capacity for housing developments and industrial expansion and has been allocated R86.2 Million for the next financial year.
- R40 million was spent for the provision of VIP's to eliminate rural sanitation backlogs. In the next financial year R55 million will be spent on this project.

We have budgeted an amount of R287 Million for sanitation and related infrastructure in the next financial year. This is to provide enough capacity for our programme of development whilst giving dignity to our people. Adequate infrastructure is the backbone of an industrialising economy.

4. ACHIEVING A SPATIALLY TRANSFORMED CITY

Honourable Speaker,

When we talk of a spatially integrated City, we refer to the ending of the spatial divisions and fragmentation of the past, thus having uniform norms and standards of building integrated human settlements linked to all social amenities and economic centres. Inclusivity in the form of economic activities and integration, rendering of accessible, affordable and sustainable social services.

The reality is that our City is characterised by deep spatial and social divisions which were deliberately created by apartheid planners. Our service provision task is made complex by the fact that we are operating within a fractured urbanity. Compounding this reality is the fact that our metro is unique as it is urban on the one hand and rural on the other hand. The future imagining and thus re-design of our City is therefore very political and can never be left only to Town Planners.

It is therefore our view that human settlements should not be built far from where our people work. The municipality is actively identifying strategic land parcels and determining land uses for them to ensure that any development that happens in our City contributes to spatial integration. It is our view that this will also assist in avoiding the land invasions and thus the proliferation of informal settlements closer to the city centre and certain suburbs in our metro. We will continue to protect our land against unlawful invasion through having a multi-faceted approach with our law enforcement playing an active role.

The key lever for achieving spatial transformation and integration is our Built Environment Performance Plan. We have prioritized four Catalytic Urban Development Programme Areas in the Metro. These include the revitalization of East London CBD and surrounds, the transformation of the MELD (Mdantsane East London Development) Corridor, the revitalization of the Mdantsane Urban Hub and the revitalization of the Bhisho – King Williams Town Corridor.

The East London CBD Revitalization initiative represents visible investment in the CBD, and surroundings including inner city areas. High impact projects would focus on improving the quality of the area which would in turn strengthen investor confidence and growth, with the aim to spur additional investment in the Central City.

The innovation knowledge management cluster, the development of educational and economic resources and precincts will be prioritized. An improved quality of life through the creation of vibrant city spaces, cleaning and greening will seek to enhance city image. Public transport and connectivity will be improved, through improvement of key pedestrian spaces and streets. Key projects in the CBD revitalization are the Sleeper Site development and related CBD upgrades, the upgrade of the East London Railway Station, and the development of quality, affordable high-density infill housing and promotion of mixed land uses. The upgrade of the beach front area - specifically Court Crescent, and reconceptualising of the Moore Street - City to Sea Boulevard are also key projects identified.

The East London CBD Revitalization Programme has been allocated a total of R 55.3 million for next financial year. An allocation of R85 million is from State Owned Enterprises and R98,8 million made available by grant funding.

The transformation of the MELD Corridor area consists of the focus of energies and investment in the area straddling the main transportation routes, (both road and rail) which link East London CBD and the Mdantsane Urban Hub. This corridor also straddles other previously disadvantaged and well-located areas close to the CBD such as Duncan Village and Amalinda Junction. This focus area also complements the planned work by PRASA to upgrade and develop all the Rail Stations on this corridor.

For the period 2018-19, the MELD Corridor Programme has been allocated a total of R77 million from Municipal funds. An allocation of R16,6 million is from State Owned Enterprises and R 166,4 million made available through grant funding. Additional Loan funding of R69

million has been made available for this programme for the construction of the Central to Reeston WWTW Tunnel and civil works.

The revitalization of the Mdantsane Urban Hub focuses on the creation of a self-sustaining, attractive and vibrant Economic Hub that showcases the creative arts, sports, cultural history and identity of Mdantsane. Improved circulation and connectivity in and around the taxi rank, improved social facilities and the development of mixed use and social housing are key projects envisaged for the area. The National Department of Public Works is also currently in the process of engaging with the city to develop a new Government Precinct in the Hub.

The Mdantsane Urban Hub Revitalization Programme has been allocated a total of R182, 600 million in Municipal funds for the year 2018-19. An allocation of R13 2 million is from National grant funding and R150 million made available through Provincial grant funding.

The King Williams Town - Bhisho Corridor project will provide upgraded public transport facilities in King William's Town as well as promote the public transport corridor between KWT and Bhisho. Vacant BCMM and State land along the corridor will be developed for high density housing and mixed land uses. A large part of the corridor is made up of the Bhisho Revitalisation Project which will enhance Bhisho as the capital of the Provincial Administration. The development of land along the corridor is unlocked by the Zwelitsha Regional Bulk Sewage Scheme which is currently underway.

For the period 2018-19, the King Williams Town - Bisho Corridor Programme has been allocated a total of R66 million from Municipal funds. An allocation of R92, 2 million is made available through grant funding. Additional funding of R200 million from Provincial Treasury has been made available for this programme for the Zwelitsha Regional Bulk Sewer Scheme.

We can report that municipality is compliant with the Spatial Planning and Land Use Management Act of 2013. This will assist us to speed the process approvals of plans in the municipality and will further aid in the development of an effective and comprehensive system of planning that promotes social and economic inclusion in the City.

Achieving spatial transformation and integration also means improving the state and conditions of municipal facilities where our people reside. We have completed most of the major refurbishments to our municipal buildings as committed last year and contractors are already on site for most of the other maintenance work.

We are rolling out our programme of making our services more accessible even to people with disabilities. Contractors have already been appointed to build access, pathways and wheelchair ramps in zones 2, 4, 5,6 7, 11, 14 and 16 rent offices.

Among the property management projects for the next financial year are following:

- Refurbishment of the Beaconsfield Health Department at a value of R4 million
- The refurbishment of the Greenfields Flats at a R1.2 million
- Refurbishment of the Greenpoint Bowling Club at a value of R4 million
- The surfacing of the Mdantsane NU 6 complex at a value of R3.4 million.
- The fencing of the Bisho Civic Centre at a value of R1.5 million
- Refurbishment of the Orient Theatre at R2 million

Achieving spatial integration and transformation also means having an overlay between human settlements, the Central Business Districts and Transport infrastructure. This automatically places a responsibility on us to develop our public transport facilities, expand our road network and coordinate the necessary investment from transport players such as Sanral, Prasa and Transnet.

We have completed the King Williams Town Taxi Rank and the contractor is already in site at the Market Square Bus Terminal with a completion date envisaged for November this year. The Market Square Taxi Rank will be constructed from July and R24 Million has been allocated to the project.

With regards to the Qumza Highway project, we had appointed a contractor, but we had to terminate the contract due to non-compliance with a number of legal requirements. We are currently in the process of appointing a new contractor and they will beginning work by the end of August this year.

Procurement of a contractor to supply and install precast bridge in the Cambridge Township has been finalised and the contractor is scheduled to be on site by the end of August 2018. We can report that we have created 670 residential sites as a result of cadastral projects that were completed for the creation of the general plan for Dacawa Township and Cambridge West. This will result in the creation of freehold title for 670 beneficiaries thereby opening the township register of the both areas.

In the next financial year, we will carry out cadastral surveys for the creation of a General Plan for the township establishment and thus formalisation of informal settlements for the Mzamomhle, Ginsberg, KwaTshatshu, Xhwithinja, Iitha Sportsfield and Berlin Phase 1 and 2 areas. We believe that this will overall create 2064 land parcels and will enable the opening for the township register at the Deeds Office.

Our council identified the need to provide socio-economic infrastructure in newly developed settlements and to this effect all settlement plans will make provision for socio-economic infrastructure. This is so that the human settlements that are being created are truly habitable spaces with the relevant amenities.

The National Government has confirmed that our metro is the second municipality after Nelson Mandela Metro that has a high housing need in the whole country. What comforts us is the fact that the National Cabinet has created a new convention for housing delivery with expenditure on human settlements now going to move from being done based on project readiness to focus on addressing housing needs.

This new approach by the national government has led to the provision of houses for residents of Duncan Village being given the necessary attention. Already the council of our metro has approved the signing of the Memorandum of Agreement (MOA) and the Implementation Protocol (IP) for fast-tracking the upgrading of informal settlements within the Duncan Village Settlement and surrounding areas. We are now in the final stages of concluding the service delivery agreements with the Provincial Government, National Government and the Housing Development Agency regarding this project. The targeted number of housing units and services to be developed within Duncan Village alone is around 5000 and this will happen within the next four years.

In the current financial year, we concluded a subsidy agreement for the provision of internal services to address service delivery challenges at Breidbach township through the utilization of our Urban Settlement Development Grant (USDG) and the Provincial Department's Human Settlements Development Grant Funding Allocation.

We are currently implementing about 29 human settlements projects at a value of R259 million. These housing projects are mainly in Potsdam Ikhwezi Block 1 with 656 units being built, Mdantsane Zone 18cc with 1500 units being built, Tyutyu Phase 3 with 150 units being built and we are finalising the contract for the housing project at Potsdam Village.

We are happy to report that due to our good spending of the Urban Settlement Development Grant we have been given an additional R160 million and this will be used for Human Settlements upgrading and construction in our metro.

Over the next three years the provincial government will give us R241 million for the construction of housing units with the major projects being Potsdam Ikhwezi Block 1, Potsdam Village, Potsdam North Kanana, Peelton Cluster 1 -3, Skoben and Hanover, Mdantsane zone 18 cc, Mdantsane cluster 2, Amalinda Co-op, Mdantsane Cluster 322 and West bank Restitution.

A budget of R434 million will also be made available in the next three years through the Urban Settlement Development Grant for installation of water and sanitation to each site and the construction of roads and storm water for all these settlements. In the next financial year alone, the municipality will provide 866 individual households with serviced sites and will build 583 top structures to the communities residing in our informal settlements.

In order to ease our implementation of these projects, we are currently developing an Integrated Sustainable Human Settlements Plan which will be a tool that we use for human settlements upgrading, rehabilitation and dealing with the backlog. This plan will be finalised in the next financial year for full implementation from the 2019/20 financial year.

We are therefore making significant strides in the provisioning of human settlements and our intention is to transform our City into a place where all its citizens can work, live and play. It is our view that calling a place, a home should not be because it is where you happen live but because it is reflective of your cultural sense of self and your being.

5. TOWARDS A WELL-CONNECTED CITY

Fellow Councillors,

The advent of digital technology and the fourth industrial revolution has brought various disruptions to many institutions and our City is not immune to this reality. This is why the need for a well-connected city is a fundamental feature of our Metro Growth and Development Strategy (MDGS).

We have committed ourselves into creating a City that is technologically smart, with sophisticated transport and telecommunications systems. Our perspective is centred on the need to have an overlay between technology, telecommunications and transport infrastructure. The productive and spatially transformed City we are speaking about should be well-connected at a global scale.

We have rolled out 60 Wi-Fi hotspots in strategic areas in the East London City centre, Mdantsane, King Williams Town and Bisho. We also want to report that the City has been granted an ICASA licence which gives us the approval to operate Telecommunications Network Equipment. This will help us to build a robust network environment that will assist to unlock the possibility of:

- Delivering Long-Term Evolution (LTE) Network for our Citizens
- Having a Satellite Connectivity to establish TV Channel and Radio Channel for our Metro
- Microwave-link to build a resilient network that will complement our fibre network

We have further developed a citizen engagement application for fault logging, and as a platform to communicate with our citizens. This application is also linked to our newly revamped website which is now safe from online security threats and has a better readable interface.

Our ideal of creating a well-connected City means that we need Smart Citizens. We have created an ICT Centre of Excellence located at our disaster recovery office in Duncan Village. The work of this Centre has already produced results with 25 young people having

recently graduated from an ICT training which is accredited at NQF Level 5. We are proud to say that all these graduates are now employed by the Metro in the ICT Department as Interns.

We are continuing with our programme of connecting health facilities to our fibre network and this will assist in integrating patient information in Cecilia Makhiwane, Grey Hospital, Free Hospital, Bisho Hospitals and the various clinics in our City. We are also working towards integrating our schools into our existing fibre network. We have budgeted an amount of R23 Million for the continued rollout of our fibre network programme.

Honourable MECs,

The overlay between transport and telecommunications systems is a critical feature of our vision of achieving a well-connected City. The rail, road, airline and shipping networks are central instruments in the achievement of this vision. These all constitute a complex of a transport system whose development and modernisation will help better connect our communities in the City and achieve the necessary links in the country and the world.

With regards to roads we are continuing to make the necessary improvements in their construction, refurbishment and rehabilitation. In the current financial year, focus was on several projects and these include the following:

- The implementation of Phase 2 of the Beacon Bay Quenera Link Road Project. Work on this project commenced in 2017 and we are on course to finish this phase in preparation for the final phases.
- Upgrading of Mdantsane roads Phase 3, Cluster 1,2 and 3. This project experienced challenges after we observed poor workmanship from the appointed contractor and we have recently appointed a new competent contractor. The overall value of this project is R373 million.
- We are continuing to implement the Fleet Street project which is valued at R128 million and the envisaged completion date is the end of August 2018.

Over the past year we have done our best to ensure that roads are maintained to a suitable standard through in-house construction teams in all the regions and we will continue road rehabilitation and upgrade programmes in the next financial year. We will also be re-gravelling our rural roads through hiring of plant and maintaining storm-water infrastructure. We are also implementing a Ward Based Project, where 10 volunteers per Ward are assisting with pothole patching and storm-water clearing.

In the next financial year, we will continue with the implementation and rehabilitation of bridges, roads and storm-water in various areas of our metro. An amount of R286.9 million has been specifically committed for this purpose. In addition to this, the South African

National Roads Agency(SANRAL) will spend R186 million for the resurfacing of roads that are belonging to the national government and the provincial government in our metro.

We are also happy to announce that in the next financial year, the Passenger Rail Agency of South Africa (PRASA) has committed R21.6 million for the upgrade of the railway stations across our metro. These are improvements in the Main East London station, Arnoldton westwards and Berlin station and this will see improved rail transport services for our residents.

6. BUILDING A CLEAN, SAFE AND HEALTHY CITY

Members of the Public,

In his *Lectures on the Philosophy of History*, originally published in 1837 Friedrich Hegel makes a point that:

“What experience and history teaches us is that people and governments have never learned anything from history or acted on principles deduced from it.”

We have taken a deliberate decision to recognise our history as a City and take key lessons from it to fashion a new, qualitatively different reality.

The MGDS makes the point that Buffalo City Metro is blessed with several very valuable natural assets:

- A great year-round climate
- 68 km of beautiful coast and beaches
- Abundant water: ten river systems flowing down from the Amathole mountains
- Indigenous flora and fauna (including forests)
- Fertile soils

The MGDS implores us to take advantage of this natural endowment through building on Buffalo City’s comparative advantage as a green city. Key to this will be to protect our river systems, practice waste minimization and prioritize waste diversion and re-use, preventing water loss, and diversifying our energy mix to include green energy.

We have already formed a key partnership with business through the Call to Action campaign and the programme is bearing fruits as main areas of our City such as the Settlers Way and the Beachfront are consistently being cleaned.

As committed last year, we have just held a Waste Indaba which was very critical in solidifying our partnership with business and other stakeholders with the intention of having a cleaner City. This was our acknowledgement of the problem and our commitment to solve

it. Amongst the resolution of the Indaba is the need to ensure waste separation at source and together with the Swedish Environmental Protection Agency we are undertaking an analysis of the type of waste that is prevalent in all regions of our City. We believe that this will assist us in effecting our strategies, more particularly the need to ensure waste separation at source.

The need to transform the waste industry is very critical in creating sustainable livelihoods for many of our people and it will assist in dealing with the challenge of unemployment and poverty. We can confirm that in the current financial year the municipality worked with the ELIDZ to identify waste economy opportunities. Thirty-Eight well established companies participated in an Industrial symbiosis workshop facilitated by Green-Cape and numerous opportunities were identified.

We subsequently hosted a workshop which was attended by 27 SMMEs with the intention of facilitating linkages between these and the waste industry players like Polyolefin Recycling Company, Institute of Waste Management of South Africa (IWMSA) and CSIR. This led to many local SMMEs receiving free assessment of their plants for energy efficiency through CSIR interventions. These companies stand to receive grant funding from the DTI to improve their competitiveness if they pass the energy resource efficiency test.

Whilst developing these partnerships, the municipality is already proceeding in its programme of achieving a clean City. We have developed a Rapid Service Delivery Improvement Plan – Clean City Programme. In the current financial year, we allocated an additional R54 million for the procurement of 20 Refuse Removal Trucks as a way of building internal capacity and addressing poor service complaints. We have also procured 8 Tipper Trucks and 3 TLB's for the clearing and cleaning of illegal dumps to provide a clean and healthy City. We unveiled this fleet on the 13th of June and we also decided to showcase it here today.

In the next financial year, we will be addressing the compliance challenges of the King Williams Town Landfill Site and a new cell will be constructed. We will also start the process of rehabilitating our historical waste disposal sites which were given closure permits starting with the N.U.2 and Second Creek Landfill Sites. We have allocated R2 Million for procurement of Waste Skips, R2 Million for additional Street Litter Bins and R8 Million for the procurement of Mobile Transfer Stations.

As indicated in the State of the City Address last year, the rehabilitation of Roundhill Landfill site cell 1 and 2 has been completed at a cost of R93 Million. We are now focusing on the development of two new cells and so far, we have spent R43 million for this project. This will assist us to increase the capacity of our main waste disposal site.

The Waste Indaba however acknowledged the fact that landfilling is not a sustainable form of waste disposal in the long run. This is why our long-term waste management strategy will prioritise waste reduction and minimisation, divert waste from landfill and promote recycling and re-use.

It is important to note that our agency, the BCMDA is an implementing agent to the Greenest Municipal Competition which is funded by the Department of Environmental Affairs as a mass employment project. This project is assisting to expand our capacity in implementing the National Waste Management Strategy as well as the BCMM Integrated Waste Management Plan. The project employed 80 people in totality, 40 in Orange Grove and another 40 in Nompumelelo. All 80 participants were trained on Occupational Health and Safety and 8 supervisors were also trained on First Aid Level 1. This project was extended from its original closing date of August 2017 to January 2018.

Honourable Speaker,

Our path towards having a full fledged Metro Police Service as a City is on course with the Department of Safety and Liaison having evaluated our application and found that it is compliant with the South African Police Service Amendment Act. We are now waiting for the MEC of Safety and Liaison to append her approval signature to our application so that we begin with the process of amalgamating our Traffic Services and Law Enforcement Services and create a Metro Police Service. We are now waiting for this as we have made a number of strides in the arena of law enforcement and traffic services.

The rollout of CCTV cameras across our City has assisted in reducing the number criminal incidences in all the areas that were previously hotspots. Already additional 39 cameras have been installed at Litchis and Fullers Bay, King Williams Town CBD, Bisho, Duncan Village, Black Road, Southern Wood and Mdantsane. We have also installed cameras at Beacon Bay, Gompo and at the East London city centre. We are currently in the process of installing 80 more cameras in strategic areas across the city and this will lead to our fully fledged CCTV network having 119 live Cameras within the next two years.

Our traffic services continue to work in ensuring that motorists behave properly on the roads and we regularly run intensive road safety campaigns and roadblocks to reduce road carnage. We have observed the need for increased traffic services in the rural areas of our City and as a result we can reporting that the state of the art Traffic Centre in King Williams Town is nearing completion. When opened this new Centre will provide the full range of traffic services in one building which will benefit residents of our metro in the inland region. The municipality has committed R21.4 million for this project.

The metro has an effective AIDS Council which coordinates various stakeholders in the fight against HIV/AIDS and various other health related matters. Our partnership with Beyond Zero has seen 48 nurses in our local clinics being trained on delivering a youth friendly Service. We are also hosting the Bumb' Ingomso project which is funded by the Federal

Republic of Germany and is valued at R195 million over the next three years. This project seeks to assist the department of health to increase access to HIV, STI and TB services for young women and their partners.

7. TOWARDS A WELL-GOVERNED CITY

Ladies and Gentlemen,

All the work we have done and what we set to do will never be possible without a credible democratic institution as the main driver of development in our metro. After our inauguration as the current council we made a statement that things will work well when workers work, managers manage and leaders lead.

Through a variety of interventions that we deployed, we can report that the odd culture where workers were too involved in managerial decisions, managers too involved in political affairs and councillors too involved in the administration, is beginning to disappear. The MGDS commits us to improve the governance of our City by ensuring that we create a stable political and administrative environment through a sound political and administrative interface. We have a very cordial relations with the unions in our City and we must appreciate the fact that they prioritise service delivery.

It is our view that all the grand plans we have can only be implemented by an institution that has a visionary political leadership and competent administration driven by high levels of ethical conduct, efficiency and professionalism. Both the political leadership and the administration ought to serve a higher purpose in tandem with the Batho Pele principles. This means that serving our people is not a favour but a basic requirement for all councillors, managers and workers.

In our State of the Metro Address in June last year we said when we talk of a well governed-city:

“...we talk of achievement of an unqualified audit opinion, the application of best practices in the Supply Chain Management space, prevention and reporting of corruption. We talk of expenditure patterns in line with approved budget, quality and sustainable provisioning of basic services and enhancement of citizens participation.”

The Auditor General’s report for the 2016/17 financial year confirms that we are on course in this process of creating a well-governed City. The City received an unqualified audit opinion which reflects an improvement on the previous years and shows continued focus by the institution on good governance. This overall audit outcome proves that our work in stabilising the institution is beginning to bear fruits.

We are currently implementing an audit improvement plan based on the detailed findings of both our internal and external auditors. Stringent measures have been taken to strengthen political oversight, especially over irregular expenditure. We appointed a new audit committee and we are institutionalising risk management across the organisation.

Whilst the Auditor General made a positive observation that our Supply Chain Management environment has improved we are still working hard to ensure that minor transgressions are eliminated. We believe that this will also go a long way in improving the perception of our procurement processes. The implementation of the electronic procurement system is in progress and this system will enable the municipality to integrate with the National Treasury's Central Suppliers Database (CSD) and eliminate the burden of manual registration of suppliers.

We experienced minor glitches in our attempt to fully rollout the e-procurement system and as a result we have engaged the State Information Technology Agency (SITA) to assist with the improvement and implementation of the full cycle procurement system. We have expanded this project to include the integration of the procurement system to the core financial system in line with the Municipal Standard Chart of Accounts (mSCOA) requirements. We have therefore set aside R40 million for the acquisition of an Enterprise Resource Planning, Asset Management System and Procurement System. We are happy to announce that the National Treasury has recently evaluated financial system and have told us that we are far ahead than all other municipalities in the implementation of mSCOA.

We are continuing to drive transformation using our expenditure and as a result, in the current financial year, we made 9 860 new payments to suppliers. The geographical spread of our expenditure indicates that 66 percent of the rand value has been spent on service providers that are within the BCMC jurisdiction, 0.3 percent has been spent on service providers that are within the Eastern Cape Province but outside the metro and 33 percent has been awarded to service providers that are outside the Eastern Cape Province.

We have developed an aggressive Revenue Enhancement Strategy whose key feature is the management of our debtor's book. The current collection rate of 86 percent is projected to improve to 92.5 percent over the next three years. A strategy intended to reduce water and electricity losses is also being implemented. Our objective is to ensure that all water meters are loaded on the billing system. We have completed a pilot project for the implementation of electricity meters as part of our Smart Metering Solution. We have committed R64 million for the full-scale rollout of the project starting this financial year. It is our view that this will ameliorate the billing concerns of residents whilst assisting the municipality in its collection.

We want to confirm that we are on track in the establishment of Municipal Courts and these courts will assist in giving priority to cases that may impede on good governance in our municipality. They will also assist in resolving matters which are related to the implementation of our municipal by-laws and will therefore assist in reducing the work load of the magistrate court.

The process of reviewing and rationalising by-laws of the Municipality in line with the new mandate of being a metro is well under way. The 24 by-laws of the municipality are being reviewed and rationalised and they will eventually be promulgated and will be administered by our Municipal Courts.

Overseeing all this work is a council and administration that is focused on serving the needs of the people of Buffalo City Metro. We are a very stable council and I want to argue that the most stable amongst all the metros in our land. Ever since the beginning of our term we have not experienced any disruption, more particularly coming from the councillors themselves. Our meetings and the conduct of our work is characterised by robust engagements all in the service of a higher purpose. On the occasion of the introduction of the 2016/17 Annual Report I made a remark to our council which better illustrates this point:

“Whilst we might differ seriously sometimes, we have as this council came to understand that difference does not necessarily amount to enmity. What I like about us is that we know that service delivery ought to come first and that our people are a priority. There is therefore nothing wrong in differing on the path to take in resolving the challenges of our people – that is positive difference.”

Our council has properly delegated functions, with the executive having 10 Portfolio Committees with their heads, constituting a Mayoral Committee that meets monthly to consider the work of the various directorates. With regards to the administration, we have almost completed the top management structure of the municipality with one vacancy that is under consideration.

Honoured Guests,

I am illustrating all of this to give you a picture that we have established a service delivery institution with systems and structures, but more can still be done. Our objective is to undertake a macro-structure review process which will clearly align the organisation to the Metro Growth and Development Strategy (MDGS). We believe that this will also necessitate the strengthening of the oversight role of council and to this end we have initiated a process of separation of powers and functions. This is based on the observed need to transform our municipality into a well-functioning and better institution.

This process entails the creation and clear definition of the roles and powers of the legislative arm and the executive arm, all serving an overall developmental purpose. The proposed governance model and its funding model is under consideration by the council of our City.

Our partnership with the Government Technical Advisory Centre (GTAC) is proving very helpful as the team has begun its work of institutionalising the MGDS by producing a diagnostic analysis of Buffalo City Metro Municipality. The diagnostic provides a detailed outline of our strengths, challenges and opportunities. We believe it is important as it will help us to design solutions that are tailor made to our reality instead of importing solutions that will be foreign to our circumstances as a City.

As earlier indicated our governance will not be sufficient if we do not get the views of the citizens of Buffalo City on how they want their resources to be spent. In the past two months, we have been running intensive Integrated Development Planning consultations where we gave feedback to the communities on their ward priorities. Our council also hosts the Mayoral Imbizo programme across all four regions of our City.

It is important to note that the participation of our communities in the City's activities is not only limited to the IDP and budgeting process. The Council of our metro has an operating Ward Committee Public Participation Framework whose sole intention is to foster direct involvement of residents and local organisations in the decision-making of the municipality. The Honourable Speaker of our City is the driver of this programme and continues to provide the necessary guidance and training to ward committees.

We always impress upon councillors to have regular meetings with the communities not only to avoid sporadic protests but to regularly update communities about the progress we are making in addressing their concerns. We also have a very effective Rapid Response Task Team which quickly attends to community protests when they arise.

8. CONCLUSION

Ladies and Gentlemen,

I have tried to give a succinct account of what we have been doing as the municipality in bettering the lives of our people. I am confident that all would agree with me when I use the notion of the era of hope in our City as almost similar to the jovial mood that characterised the dawn of our democracy in 1994. The striking reality though is that hope is an intangible quality that should be followed by tangible service provision for it to have meaning. Hope, like all intangible qualities creates bitterness when it evaporates.

We are therefore working very hard to ensure that the hope that our people have on their current leadership and the faith that they have in the service delivery institution that we have made their municipality to become, is not in vain. We are moving properly in our work of building our City and we will work to ensure that the social compact that has been formed with business, labour, NGOs and other social partners in our City is maintained and that we continue to work for the betterment of our metro and its people.

The work we have packaged here indeed proves that there is work in progress in the building and reconstruction of our City. Former President Nelson Mandela makes a profound remark that, 'It always seems impossible until it is done.' We urge you to continue to work with us in the advancement of the vision we have outlined and let us allow these inspiring words from Madiba to give us strength in the pursuit of our work.

This work is not going to be easy and there will be instances where we will feel that we have reached a hurdle. The African American intellectual Frederick Douglas makes a point that, “without struggle there can be no progress.”

Let us therefore all work together to correct the circumstances that are not of our own choosing, given and dictated by the past. The positive sentiment in the country creates enough condition for us to change the prevailing objective material circumstances in favour of the people’s camp. This is evidenced by the account we have given, which shows certain areas where we are making decisive strides in bringing about progress and development in our City.

In firming up the spirit of working for the collective future of our City, I want to end by borrowing from the reworked version of Enoch Mankayi Sontonga’s Nkosi Sikelel’ iAfrika, which was expanded by the great Xhosa poet, S.E.K Mqhayi, where he says:

**Nkosi, sikelel’ iAfrika
Malupakam’ upondo lwayo;
Yiva imitandazo yetu
Usisikelele.**

**...Sikelel’ ulimo nemfuyo,
Gxota zonk’ indlala nezifo;
Zalisa ilizwe ngempilo
Ulisikelele**

**Sikelel’ amalinge etu
Awomanyano nokuzakha,
Awemfundo nemvisiswano
Uwasikelele.**

**Nkosi sikelel’ iAfrika
Cima bonk’ ubugwenxa bayo
Nezigqitho, nezono zayo
Uyisikelele.**

Ladies and Gentlemen, I thank you!

Notes

Handwriting practice area consisting of 20 horizontal dotted lines.

Notes

Handwriting practice area consisting of 25 horizontal dotted lines.

Notes

Handwriting practice area consisting of 25 horizontal dotted lines.



BUFFALO CITY METROPOLITAN MUNICIPALITY
PROVINCE OF THE EASTERN CAPE

TRUST CENTRE, OXFORD STREET, EAST LONDON, EASTERN CAPE
P.O. BOX 134, EAST LONDON 5200
BCMM CALL CENTRE 086 111 3017