

**STATE OF THE CITY ADDRESS BY
THE EXECUTIVE MAYOR OF BUFFALO CITY**



Thursday 29 May 2008

Welcome & Introduction

Good morning, Madame Speaker, honoured guests, colleagues, comrades, friends, ladies and gentlemen, and a very warm welcome to you all.

It is again an honour and a privilege for me as the Executive Mayor of Buffalo City to rise to present the annual State of the City and Budget Address to this assembly for the third time during my term of office.

This day is intended to provide an opportunity for us **to reflect** on the year that has almost passed, **to assess** how far we have come as Buffalo City and how far we still have to go, and to make a firm and **public declaration** of the **next steps** that we plan to take in order to fulfill our historic task of building a better life for all of our people.

In doing this, I have chosen to focus this address on a theme that I believe encapsulates the commitment that we are making in Buffalo City over the next two years: we are launching into a phase that will prioritise ***expanding delivery, gearing for growth, and speeding up change.***

Madame Speaker, on the same date last year I reflected that although we had come far, we still had far to go; I shared my **pride** at our collective achievements, but I also shared my **sense of realism** that the transformation and healing of our society was a challenge that would extend far beyond the single term of any political office-bearer.

Of course, it is a source of frustration for any elected politician that the world and the nation and the city that we all want to exist cannot merely be created by a royal decree. The Freedom Charter talked of **houses, security** and **comfort** for all; it talked of **participatory democracy**; it talked of **employment**; it talked of a **new country** in which all people would live as equals and brothers.

These were the **ideals** in which we believed; this was the **dream that we defined** as the people of our country in our founding democratic Constitution. There are some who recently have said that it is a **dream deferred**, and there are yet others who now fear that it may be a **dream destroyed**. I would like to persuade you that that is not the case by reflecting with more optimism on our journey.

I am confident that we have enough good cause to believe that **our future will be better than our past**, and that as we hope, and trust, and work together, we are indeed on the road to becoming the country that we all want.

Madame Speaker, last year I reminded us that we cannot **isolate our individual or communal lives** from the **context of history** in which we live – we are people because of people, not just those with whom we now live but we are also products of those who have gone before us, and the choices that we ourselves make today will have consequences that can either curse or bless our children and grandchildren.

This is perhaps why, almost two decades after the unbanning of the ANC and other people's organizations, we still have young men in South Africa at one of our tertiary learning institutions who can see the world only through the prism of **deeply-ingrained racial prejudice**, and who see fit in a campaign for segregated residences to dehumanize and humiliate people old enough to be their parents, simply because of their skin colour.

Perhaps it is also why we have criminal elements among us who are saying that our fellow Africans, who supported us for decades in our struggle for freedom, do not have the right to their lives, their property and their own freedom, simply because they originate from our neighbouring states – the borders of which, one should remember, were drawn by colonial powers when they cut up the cake of Africa's natural resources to feed the economic growth of their own homelands.

Comrades, this inhuman hatred and hunting for witches to blame is what our fathers and mothers struggled against, and we curse their memory when we allow it to take root among ourselves.

These very challenges, ladies and gentlemen, make it all the more relevant this year for us to be reminded yet again that we must learn from our painful past – we must learn from the mistakes that we have made, we must learn from one another as together we put our shoulders to the wheel in building a more just, equitable, respectful and socially cohesive society.

Tat'uNelson Mandela once said that "to be free is not merely to cast off one's chains, but to live in a way that **respects** and **enhances the freedom of others.**"

Almost twenty years after our unbanning, this is the freedom that perhaps eludes many of us – the sense of freedom that goes beyond the breaking of political chains, that can come only with **economic** and **food security**, with a sense of **personal dignity** and **self-worth**, with a sense of **family safety** and with the ability to **house, clothe and educate one's children** to achieve their full potential.

In these respects, we are painfully aware that far too many of our compatriots are still languishing in the **poverty trap** that we all know has its roots in the **sins of our fathers.**

We know that we do not have slums because our people like to live in slums, we do not have illiteracy and joblessness because people are lazy, we do not have hunger because people do not want to plant food, and people are not living at Second Creek tip-site because they like the stench of rubbish.

These are the realities of daily life for many of our people simply because the **poison of our history** has left a **residue** that will take generations to flush from the social, economic and political body of our nation.

Of course, we are aware also that history will not look kindly on us merely for correctly **diagnosing the disease** – ours is to **prescribe the medicine** based on the best available knowledge, and then work with the patient to **ensure a healthy recovery.**

This is why our President has set the tone this year in saying that all spheres of government must get away from the mindset of "business as usual", must break out of our **talk-shop culture** and **roll up our sleeves** to make a practical and visible difference in the lives of our communities. We know we are at war – a **war against poverty** – and the painful **social fractures** that are evident in our society should remind us of the urgency of **facing the enemy head-on.**

That is all of our duty, whether we are **political office-bearers** or **employees** of Buffalo City, whether we are **managers** or **ordinary workers**, or indeed whether we are **members of ward committees** or the **broader community**.

If we work for a government that says, "All hands on deck", and we continue to sit on our hands and say, "It's business as usual", then we **simply should not be working for government**.

In highlighting our **joint** and **collective** responsibilities, I want to say therefore that all of us should also reflect on our **individual** roles in responding to the theme of this address: what are we personally called to do in ***expanding delivery, gearing for growth, and speeding up change?***

International and National Context

Ladies and gentlemen, just as no man or woman is an island, so also in today's globalised world the state of the city is affected by the state of the nation and the state of the world.

We may wish for a world in which the dominance of the rich hemisphere would no longer constrain or limit the prospects of the poor, but it is presently a **reality with which we must robustly engage** if we are to exploit our own competitive advantages more effectively for the greater good of our people.

In a recent article in Time Magazine, Professor Jeffrey Sachs of Columbia University's Earth Institute identifies a number of trends that are changing our world faster than ever before. One of these, he says, is that while there is progress in reducing poverty, many of the very poorest are still **trapped at the bottom**, with nearly 10 million children dying each year because their families or communities are too poor to sustain them. Sachs warns that the consequences of failing to address this challenge will inevitably lead to increasing instability and different forms of violent fundamentalism.

It is surely no accident that the demon of violent xenophobia rears its head most easily among those who live in informal settlements.

A global solution, Sachs says, will depend on public awareness, engagement and a grassroots movement of social transformation towards sustainable development. This view of course reiterates one of the core principles and values of the ANC-led government, enshrined in the Freedom Charter, in our Constitution and in our laws: it is the people that must be the **architects of their own advancement** and the **drivers of their own development**.

You may well ask, Madame Speaker, of what relevance are China or India to the challenges of South Africa, the Eastern Cape and Buffalo City? If the United States sneezes, is it inevitable that we must catch a cold?

I am of the view that the **macro-economic realities** of the world are indeed **profoundly relevant** to our own developmental challenges, and it would be foolish indeed to imagine differently.

These factors have a real impact on the lives of South Africans, but most particularly the poor and working classes. As the Governor of our Reserve Bank commented, when interest rates rise, the rich eat chicken fillet instead of beef fillet; the bellies of the jobless, on the other hand, go empty every second day.

We cannot help seeing where the most vulnerable are located when we look at the facts that have come out of the recent Statistics South Africa Survey on **average household incomes** in our country: while those households that are headed by people who were historically classified as **White** have an average income of **R280,000**, those headed by people historically classified as **Black** have an average income of about **R38,000**.

When we consider the statistics on consumption expenditure, the average South African household spends almost 60% of their total expenditure on **food, transport, housing** and **municipal services**, which are the very areas in which inflation has hit hardest.

Ladies and gentlemen, it has been suggested by some that the recent **downturn in business confidence** within South Africa is a result of supposedly **wrong policy choices** by the government. They would have us believe that it is the ANC's fault that we have a global financial crisis,

that the international price of oil has increased massively, that Zimbabwe is suffering from the highest rate of inflation in the world, that our own inflation-targeting programme is under stress and that the polar bear has been added to the list of endangered species.

This argument would hold that **if only** we had moved more decisively to invest the money that we did not have in infrastructure, **if only** we had built a Great Wall to keep Asian imports out and protect our jobs, **if only** we had acted like Big Brother in intervening more robustly in our neighbour's affairs, **if only** we had not abolished capital punishment, then all would be well in our land, and we would all by now surely be living happily ever after.

I am reminded of the old African proverb says that "**a stranger has big eyes but sees nothing**".

It is only the **willfully blind** who repeat again and again the myth that this government has not made a visible difference to the lives of its people, that we have not increased massively the scope and scale of service-delivery and support to millions of the poor who have been given **hope where before there was no hope**.

Of course, we are well aware that no man, woman or family prefers **dependency** to **self-sufficiency**. A well-known saying reminds us that it is better to **teach a man to fish** than to **give him a fish**, and we know that the great majority of our people would rather enjoy the dignity of self-supporting work than to rely on hand-outs from the public purse.

If we take the warning of Professor Sachs seriously concerning the poorest of the poor being left behind, we must recognize that we still have a mountain to climb, and that mountain could become a **rumbling volcano of discontent** that can erupt when we least expect it.

This is why it is critically important that we must also ask ourselves very honestly, to what extent are our policies and our developmental strategies realizing practically and visibly a vision where there is **opportunity for all**? This is the question that has informed our decision that now must be the time for us to **expand delivery**, to **gear for growth**, and to **speed up change**.

Comrades, we know that there are among our people those who are growing increasingly impatient with the pace with which government is addressing their expectations of a better life.

Of course, we must honestly accept that there will always be areas in which we can improve. We should be our own strongest critics in dissecting our failures and shortcomings, because our people have entrusted us with the duty to right the wrongs of the past, and to banish into the wilderness of our distant memory the painful legacy of the sins of our fathers.

Recognizing this, **our Movement has set key priorities for all spheres of government** that were reflected in the President's State of the Nation Address to Parliament earlier this year.

These **Apex Priorities** include a number that are relevant to the operations and functions of local government, including identifying households in need which do not benefit from existing support systems, conducting a massive campaign for the **creation of self-employment opportunities** through micro-enterprises and co-operatives, and speeding up the **provision of community infrastructure** to achieve universal access to minimum standards by 2014.

We must also play our part in the national initiative to **strengthen social cohesion**, to **combat crime and corruption** and to **improve community security**, especially the security of women and children.

The Local Reality and Challenges

Turning to our local challenges, ladies and gentlemen, I would like to believe that Buffalo City has gone out of its way over the past few years to ensure that we put into practice the Constitutional principle of a **participatory democracy** that is reiterated in our local government legislation.

But it would certainly not be enough if the process of consultation amounted to **all talk and no action**, and our communities are constantly and rightly challenging us to **translate vision into visible delivery**, and to **translate strategy into practical implementation**.

We have heard and taken seriously the expectations of communities expressed in the **Mayoral Imbizo meetings** last year, in our **IDP and budget** consultations as well as in our **Ward Survey**, where there was a very strong emphasis on the need for improved infrastructure. These priorities have been reflected in an expanded capital and operating budget that shows our determination to **expand delivery**, to **gear for growth** and to **speed up change** to translate our vision of hope and opportunity into reality.

Madame Speaker, the realities of life in Buffalo City have been well captured in the **Quality of Life Survey** commissioned in 2007 and conducted independently by the Fort Hare Institute for Social and Economic Research.

This survey showed that a large proportion of Buffalo City families still exist on **less than R1,500 per month**, and that almost all of these families, the poorest of the poor, are black Africans.

It shows that our **average household size** is decreasing even as the number of households increases, which impacts on our efforts to address service delivery backlogs.

It shows that more than a third of the broader city's labour force is unemployed, which suggests that a large portion of the city's population continues to be **economically marginalized**.

We are told that **one in six** of Buffalo City's residents **lives in informal settlements**, which highlights the urgent need for us to accelerate the delivery of formal housing if we are to meet our own development goals by 2014.

We must frankly admit that our municipal administration itself also faces capacity challenges. In this respect we are in the same boat as all local authorities in the country, and especially in technical areas such as engineering, information and communications technology, hard-project management, development planning and finance. We have lost a number of engineers in the past year to competition from parastatals, the private sector and the overseas market, and the shortage of critical staff in these

areas has affected the municipality's ability to deliver projects on time, and to spend allocated budgets.

This then is the mountain that we still have to climb.

Of course, **many positives** exist in Buffalo City that, viewed collectively, should give our people **a sense of hope and optimism** that Buffalo City is serious about achieving its vision, sooner rather than later.

We have enjoyed a year of unprecedented positive media attention as we continue to establish ourselves as a **sports tourism destination of choice** in the country, with a number of major events being held that earned us high praise for the **quality of our facilities**, our **hospitality** and the extra mile that we were willing to go to ensure that competitors and guests would have a positive experience in the city.

The South African Airways Tennis Open Tournament attracted some international stars and was a resounding success, while the Ironman 70.3 triathlon gave the city international exposure and certainly placed us on the map for serious consideration as a 2010 base camp. A handful of municipal officials and councilors were enthusiastic starters in the latter event, and we look forward to them also finishing next year.

Research by Absa Bank has revealed that the average house in East London increased in value from R227,000 at the time of our previous local election, to R990,000 in 2007 – an increase of **336%**. This is the second highest increase of any South African city, with Durban's average house increasing in value by only **4% more**.

There is a growing body of evidence that the city is **pregnant with opportunity** and potential for expansion, a fact recognized by the retail sector that has seen fit to make sizeable investments in floor-space in a number of major developments, including the Hemingways Regional Shopping Mall and the ground-breaking Mdantsane Mall. Together with the visionary expansion of Beacon Bay, these developments constitute a vote of confidence in the future of Buffalo City that is based on more than blue sky, but on the fact that we have a robust growth trajectory that gives us hope that we are indeed becoming a place of opportunity for all.

We need to both thank and congratulate investors who have approached Buffalo City with a developmental ethos that seeks to build a foundation for major projects that will be to the mutual benefit of both the community and the developer alike.

Achievements of the Past Year

Ladies and gentlemen, allow me to reflect briefly on the achievements of the municipality over the past year, before turning to our plans for the next.

In doing so, I am mindful of our service-delivery commitments made last year, reflected in a total operating and capital budget of just over **2,7 billion rands**.

It is right and proper that as we face our communities on this occasion, we give a statement of account on what this budget has meant practically to the people of Buffalo City. In doing so, while I would like to record every victory and advancement towards a better life, unfortunately time prohibits this, so I will reflect anecdotally on some of the more significant developments.

Under the experienced managerial hand of our City Engineer Mr Shaun Peard, the **Directorate of Engineering Services** has recorded a number of notable achievements.

Municipal Infrastructure Grant funding to the tune of **R97 million** has been spent during the year, which represents more than 90% of Buffalo City's allocation. While this has fallen short of our perfect track record of the previous few years, it nevertheless still represents one of the best spending patterns in the country, and we must record our appreciation to all concerned for the hard work that lies behind this success.

In practically addressing the issue of **water losses** that has been a perennial concern, an additional **17,500 water meters** have been installed in areas previously not metered. A major achievement is that water losses have been reduced from 43% in January 2007 to 37% in November 2007. Capital projects have included an additional water reservoir for Mdantsane Phases 1 & 2 at a cost of R6 million, as well as

addressing the sanitation needs of Tsholomnqa and the Buffer Strip at a combined cost of R6 million.

Our **electrical department** has overseen the construction of the Reeston electrical sub-station at a cost of more than R7 million. Almost R7 million was spent on the reticulation and construction of street-lighting along Settlers Way and the Esplanade, while millions more were spent on upgrading and replacing equipment at Chiselhurst. More than a thousand new houses at Potsdam and Airport Phase 2 were provided with electrical connections at a cost of more than R6 million.

The roll-out of **Imbizo Projects** has been progressing well. New streetlights are being installed in various areas throughout the municipality at a cost of R5 million, and gravel roads have been bladed or regavelled at a cost of R4.6 million. In addition a number of surfaced roads are being resurfaced to ensure extended life. Some gravel roads are also being upgraded to a surfaced standard, to a total cost of R6.6 million.

The success of these projects depends upon good management, and it is a source of regret to the city that we will not enjoy the services of Mr Peard for another five years, since he has chosen not to renew his contract of employment at the expiry of its five-year term. We know that we can ill afford to lose people who are technically knowledgeable, experienced and committed to the agenda of government while we still have a developmental mountain to climb. Mr Peard has given this municipality excellent professional service over a long period of time, and our sincere thanks and best wishes go with him as he advances his career elsewhere. Our great loss is the private sector's gain.

During the financial year under review, a decision was taken to locate our **Housing Department** as well as our **Mdantsane Urban Renewal Unit** under the newly-created **Office of the Chief Operating Officer**. More than **3,500 houses** were completed during the year, all with running water, water-borne sanitation and electricity. These houses are located at **Airport Phase 2, Potsdam, Reeston, Amalinda, kwaTyutyu and Dimbaza**. More than 600 jobs were created during the implementation of these projects.

Our Housing Department has also completed the detailed planning of the Duncan Village High Density Pilot Housing Project, and tenders have been invited with the intention of having this project well under way by the end of 2008.

Challenges of course **remain** with regard to the pace of housing delivery: we do experience frustrating delays in the **unlocking of funding** for projects; sometimes there is **illegal occupation** of sites allocated to approved beneficiaries; even beneficiaries themselves have been known to **sell** their new houses to those who may not qualify, and then to move back into a shack. There are serious **bulk infrastructure** challenges for new projects, especially for water-borne sewerage, while the fact that **limited land** is available close to the city means that projects result in **urban sprawl** and much **higher transport costs** for the beneficiaries.

With regard to our **Urban Renewal Programme** in Mdantsane, my observation is that almost a decade of work on infrastructural and social development in the township has started to bear fruit with increasing levels of investor confidence. With the recent launching of a co-operative partnership between Buffalo City and the Galeshewe and Motherwell urban renewal nodes and with major additional funding streams now becoming available to the city, the momentum of this vital programme is set to speed up in the coming financial year.

Under the **Directorate of Public Safety & Health**, the city's protection services have again had a busy year. Some notable campaigns by our **Traffic Department** included a highly effective campaign aimed at unroadworthy buses and heavy vehicles, which saw a significant reduction in the number of accidents compared to previous years.

It is the unfortunate lot of our traffic officers that public and media criticism is often aimed in their direction. What is often not realized or acknowledged is that the safety of our streets depends to a large degree on establishing an effective and visible deterrent, and enforcing the law without undue flexibility.

Our **Law Enforcement Section** has performed well in enforcing the city's by-laws and also supporting crime prevention programmes of the SAPS. And our **Fire and Rescue Services** continue to respond swiftly and

professionally to calls for emergency assistance, being highly regarded as a facility for training of other services from across the province and beyond.

Our **Disaster Management Unit** also provided material relief to 564 families whose informal dwellings were damaged or destroyed in fires.

Our **Health Department** has done very good work under severe pressure in serving the primary health care needs of our communities. They have played a leading role in national and provincial health campaigns, while all of our clinics now offer a comprehensive HIV/AIDS package. Over the past year, we have begun the construction of the long-awaited **Sinebhongo Clinic**, and have extended and renovated sixteen of our existing clinics, seven of which now have dedicated rooms for voluntary counselling and testing. We also provided the services of one of our mobile clinics to provide PHC services at the Second Creek tip-site once a week.

Our **Community Services Directorate** has managed **seventeen libraries** with an operating budget of more than R18 million, and **thirty-three halls** with almost R15 million. Of these budgets, only a very small fraction is generated by user fees, although it is a welcome development that in the past year the responsible provincial department has increased the so-called subsidy amount to cover just under 20% of the cost of the library service.

They have also managed the multitude of **sports facilities** and other **amenities** in the broader city, including the aquarium and the zoo, which is a very popular attraction for local families and schools as well as visitors to the city. I will be paying another visit in due course, once the gates to the lions' enclosure have been properly fixed by the Director.

The municipality's **environmental services** have continued to face challenges, particularly as far as cemeteries and vegetation control are concerned. The sharp increase in the number of burials over the past few years has created severe pressure on our cemeteries and our crematorium, while our communities continue to express frustration at the congestion that is experienced over week-ends in a number of our coastal and inland cemeteries. I have asked the Municipal Manager to look into practical ways in which we can alleviate this crisis.

It goes without saying that one of the biggest challenges of our city's community services lies in our **waste management** operations. The upgrading of our fleet of compactors has enabled us to manage the removal of domestic and business waste in a much more predictable programme over the past year. A wide range of practical steps has been taken in implementing our Integrated Waste Management Plan, and I am confident that with the increased funding that has now been made available, the decommissioning of Second Creek and the proper closure of our other unlicensed sites, as well as the establishment of a fully operational waste transfer station at Cambridge, are now close to reality.

As far as **Planning and Economic Development** are concerned, our **traffic engineers** have continued their ongoing programme of construction of traffic-calming measures around the city, particularly around schools. It remains a challenge to increase the level of funding to improve the quality and extend the service footprint of the municipal bus service.

Our **settlement planners** have completed the planning for 4000 additional erven at Potsdam Unit 5, and have obtained approval for the establishment of 875 erven at Potsdam Ikhwezi Block 2. We have also obtained approval for the establishment of 1135 erven at Fynbos and Scenery Park Phase 1 & 2. Another notable step has been the in-house planning for 297 erven at the Second Creek Informal Settlement, which can only be finalized subject to the environmental impact assessment that is required to be undertaken.

Our **Architectural Division** must be congratulated for having achieved their target of a three-week turnaround time for the approval of building plans, which sets a positive benchmark aimed at encouraging investor confidence and the momentum of Buffalo City's growth.

Our **Local Economic Development** Department has finalised an Economic Growth and Development Strategy for the city that was produced with the participation and support of a wide variety of stakeholders. They also launched a Red Tape Reduction Initiative aimed at making our municipal processes more streamlined and customer-friendly.

A Section 78(1) assessment for the restructuring of the **municipal market** was completed, and we are pleased to say that increasing numbers of new farmers, including emerging farmers, have started supporting the market.

A Section 78 assessment was also completed for the **tourism function** in Buffalo City, and consideration is still being given to the affordability of different models of delivery. Meanwhile, we have continued to encourage the involvement of disadvantaged communities in tourism development and promotion through supporting organizations such as Inyathi Buffalo Route which has a membership of almost 40 tourism SMMEs active within the city.

Our **Emerging Contractor Development Programme** for local SMMEs has been aimed at providing capacity to local contractors in construction work, tendering and registration with the Construction Industry Development Board. The success stories emerging out of this programme give us hope that Buffalo City can indeed become a place of opportunity when there is **initiative, determination** and a **willingness to work**.

Madame Speaker, last year the officials in our **support Directorates** took me to task because, in reflecting on our collective achievements at the time, I showed a **bias towards visible service delivery**. Let me venture therefore to correct that perceived bias by recognizing that it will of course always remain true that our engineers, our planners and our street-sweepers will not be able to work as productively and effectively as they should if they are not provided with an appropriate level of co-operation and support from our corporate services and financial professionals. And this institution will not be able to make meaningful progress towards our strategic goals if the integrated planning functions of our executive support services are not being performed with the necessary efficiency and clarity of foresight.

While our **credit control** section tends to be as popular as our traffic officers with the general public, it is a fact seldom acknowledged with sufficient credit that our Finance Directorate administers a programme of support for more than **56,000 indigent households** in Buffalo City, with the free basic services provided to these households having a total value of

approximately **R150 million per annum**. In addition, qualifying pensioners are able to apply for a 40% reduction in their property rates.

Let us acknowledge therefore the progress that has been made over the past year by our CFO, our Director of Corporate Services, as well as our Executive Support Services Director, ably assisted by their supporting managers, in ensuring that the city continues to put in place the **institutional foundation and cornerstones** that will enable us to grow our revenue base, streamline our systems and to retain our critical skills so that ultimately we are able to **expand delivery**, to **gear for growth**, and to **speed up change** towards a better life for all our people.

Budget and Plans for 2008/2009

Madame Speaker and ladies and gentlemen, I have noted a local editor's recent opinion that Buffalo City has a **Mayor who has been found wanting**. This observation was apparently made because in the two years since I came into office, there has been no visible change in the poorest corners of the city. Parts of Duncan Village are still places of misery and squalor, and nothing has supposedly been done to change these circumstances for the better.

Indeed, let me acknowledge exactly what it is that I have been wanting.

I want a **Duncan Village** that is redeveloped to become a place where people can live dignified lives, with access to basic services and employment opportunities.

I want a **Second Creek** tip-site that does not have children scavenging for food while they should be at school.

I want a **harbour** that inspires long-term confidence in existing and prospective investors in the city and that shows that government is serious about the economic future of our region.

I want a **Mdantsane** that is transformed into a place where people can socialize, can play and can work in safety.

I want a **Bhisho** that is fully integrated with King William's Town and reflects positively on the Province as its capital.

I want our **urban** and our **rural roads** to be maintained in good condition and our city's green environment to be kept attractive.

I want us to **retain** our skilled professionals and to spend the money that we have when it is available, to advance the city's developmental agenda.

I want our **women** to be treated with respect as they assume their rightful role in our society, I want our **children** to be safe in their homes, and our **young people** to have hope for the future based on a reasonable prospect of living productive lives.

I want a city where the **values** of our Constitution of respect, tolerance and equality **are upheld** by all, and are made progressively more real in the lives of people that have lived on the margins of society for generations.

I want many other things as well, but I am not at all surprised that despite our best collective efforts, I have not got everything I wanted in two short years. Together with my fellow councillors and Mayoral Committee members, I must carry the burden of doing justice to a number of key performance areas that require us to go far beyond the populist approach that may sell daily newspapers.

Considering the above, I am happy to be able to recommend to Council for adoption a total budget that for the first time will take Buffalo City beyond the watershed of **R3 billion expenditure** in a single financial year.

Recognizing the frustrations that still exist among our people at the pace of change – frustrations that all of us share – our commitment to respond is reflected in an operational and capital budget for the coming financial year that **expands the city's expenditure** by a much more significant margin than in previous years. These increases are largely aimed at focused interventions that will yield **visible development gains for poorer communities**, and improve the quality of life for all Buffalo City's people.

In total, the budget for our **capital and operating projects** amounts to over **R1,1 billion**, which represents a **massive increase** over the levels of the present financial year, while the balance of the operating budget has for the first time exceeded the **R2 billion mark**.

I am proud to say that **R445 million** of our projected capex is drawn from our **own sources of funding**, rather than being dependent on grants. The availability of this money is testimony to the prudent approach to the management of the city's finances that has been adopted over the past seven years.

This unprecedented level of expenditure reflects a **strong bias towards making things happen** next year, which is evident in the fact that we have allocated an amount of **R950 million to address basic service delivery and infrastructure challenges** in the city, including urban renewal, housing, electricity, roads, waste-water and refuse removal services.

Of this amount, **R113 million** has been allocated to the Duncan Village Redevelopment Initiative, while a total of **R215 million** is focused on the ongoing reconstruction of the urban fabric of Mdantsane. The **West Bank land restitution project** is getting under way with the allocation of **R32 million** for the first phase of bulk infrastructure for **1,844 erven**.

I am happy also to announce that the restitution claims of the **1,500 families** of the old **East Bank community** have led to an award of almost **R88 million** that has now been confirmed by the Eastern Cape Land Claims Commission. Two proposed land parcels have been identified as suitable for development and Buffalo City will proceed with the challenge to redress this historical wrong as soon as the money has been received.

The King William's Town/Bhisho corridor has been allocated almost **R68 million** to kick-start the process of urban integration.

In addition to the amount of **R95 million** allocated to our waste management services primarily for the establishment of a waste transfer station and the closure of unlicensed disposal sites, we are recommending

a further **R283 million** be approved by Council for infrastructure development across the city.

I am confident, Madame Speaker, that there will be none who can say that Buffalo City is not serious about taking the leap of faith that is necessary to meet the targets set by our own government for universal access to the minimum standards of water, electricity, sanitation and housing by the required dates.

In addition to the above projects, I am also recommending to Council that a variety of projects with a **specific developmental impact** in our rural areas to a total value of **R94 million**, be approved. This amount excludes a **specific commitment** in the forthcoming year to design and begin the construction of a **bridge at Potsdam**, where our communities identified an urgent need to improve the safety of their children in crossing the river.

With a view also to the opportunities that arise out of the 2010 World Cup, an amount of **R67 million** has been set aside to upgrade relevant infrastructure that hopefully will make Buffalo City an attractive proposition as a base camp for one of the competing teams. The facilities targeted include the Absa Stadium, Sisa Dukashe, Gompo, Victoria Grounds, Bisho Stadium and the Mdantsane Multi-purpose Centre.

Last year, an amount of **R30 million** was set aside in a special fund to enable us to be more responsive to needs identified by communities themselves on an ad hoc basis through our annual Imbizo process. While we have faced capacity challenges in disbursing all of these funds, it has given us particular pleasure to be able to disburse more than R4 million of these funds to deserving individuals and projects this year, and I am of the view that the facility has been sufficiently advantageous to recommend that we continue with this commitment.

Next year, it is recommended that the amount of **R30 million** be consolidated with the **R4,5 million** that we have been using annually for ward development, so that the programme of addressing youth and women's empowerment, as well as the range of other ward priorities identified, can be expanded.

I have often said that all of our plans are doomed to disappointment unless we work towards a Buffalo City that is productive, inclusive, well-governed and sustainable. To this end, we cannot afford to neglect our **institutional imperatives**, including working to consolidate the financial viability of the broader city. I believe that these imperatives are well-served through a proposed allocation of **over R120 million**, which includes a significant increase in the provision for infrastructure maintenance systems. The necessary resources for our ongoing **General Valuation project** have also been set aside, as well as a provision of **R4 million** for the establishment and appropriate equipping of **offices for councillors** in all of our wards. **R10 million** is also available for the ongoing renewal of the municipal **service-delivery fleet**.

Allow me, Madame Speaker, to dwell for a moment on what we intend to do about the specific challenges of **Duncan Village's redevelopment**, since this is where the finger of blame has found us wanting.

This initiative involves ultimately the construction of up to **21,000 housing units** together with the related civil and social infrastructure. At today's subsidy values, the total finance required, excluding the cost of bulk services, is in the region of a **billion rands**. Buffalo City has made a substantial commitment from its own sources of funding of **R50 million** in the coming financial year, derived from capital loans that must be repaid by the city, to address more speedily the requirements of Duncan Village's redevelopment. Another **R10 million** of our own funding will go towards addressing the problem of **water losses** in the area.

In addition to this commitment by the city, a new facility available to local government known as the **Neighbourhood Partnership Development Grant** has made available a total of **R76 million** to support a variety of both hard and soft development projects in Duncan Village, including the improvement of public transport and community health facilities, social amenities, local economic development, and environmental improvement projects. A further **R2,5 million** has been approved from MIG funding for our **emergency services infrastructure** in Duncan Village, while **R3 million** will go towards the ongoing development of **business hives**.

I need to caution however that all of us – political leaders, community activists, structures of civil society and of course the residents of Duncan

Village itself – need to work together to ensure that we do not have a repeat of the destruction of infrastructure worth many millions of rands that was installed in the past year in the area, only to be repeatedly **vandalized by faceless criminals** who do not have the interests of the broader community at heart.

Turning to Mdantsane, we have proposed the allocation of **R91 million** for the **upgrading and repair of roads**, with more than R50 million of this amount being loan funding. **R10 million** has been allocated for the improvement of street-lighting along the Qumza Highway and Billie Road, while we have set an ambitious target of building almost **6,000 houses** for the coming year. Another **R12 million** has been set aside for the upgrading of **community facilities**.

I am also very pleased to announce that the Urban Renewal Programme will receive an amount of **R120 million** from the **European Commission** and **R128 million** from the Neighbourhood Development Partnership Grant beginning next year, with the latter amount being specifically set aside for the **upgrading of the Mdantsane CBD**. These substantial injections of cash will have a visible impact on the face of Mdantsane, and will **boost the momentum** of our efforts to **speed up change** in the broader city.

Ladies and gentlemen, lest we be accused of neglecting our inland areas, for some time now the growth of the King area has been hamstrung by the fact that our **waste-water treatment capacity** is operating at its limit. We have therefore taken the decision to recommend the allocation of more than **R120 million over the next three years** to centralize the treatment of waste-water in Zwelitsha, with **R75 million** being available in the coming financial year.

In addition to this major investment, **R18 million** has been set aside to construct a completely new Yellowwoods River Bridge over the next two years to improve access to Breidbach, with a further **R2 million** being secured for the construction of the **Bonke-Zwelitsha pedestrian bridge**. A further **R5,5 million** is available for the upgrading and construction of halls, including a community hall in Phakamisa. I have also requested that an amount of **R10 million** be set aside specifically for the upgrading and repair of **roads** in the inland area.

Madame Speaker, notwithstanding the prospect of the Regional Electricity Distributors finally getting off the ground, Buffalo City has not neglected to address the holistic challenges facing the city's electricity distribution network in the medium-term framework. An amount of **R41 million** has been allocated for a range of interventions next year aimed at providing the broader city with a sustainable electricity supply.

Needless to say, our dependency on the national generator has led to some frustration over the past few months for both business and private consumers. It will remain one of our **critical priorities** to improve our **demand-management** in Buffalo City and to educate ourselves more fully about the economic and environmental value to be gained from more **sustainable consumption habits** and the use of **renewable energy**. One strategy the municipality is considering is the compulsory installation of **solar heating** in major new developments where this is affordable.

With regard to **water and sanitation backlogs**, an amount of some **R35 million** has been budgeted in the coming year, which includes provision for backlogs in Needs Camp and Ncera, the upgrading of Newlands water supply, as well as the sanitation requirements of Tsholomnqa, Ngxwalane and Amahleke. Over **R40 million** will be added to this in the following year for continuation of the programme.

And recognizing the need to ensure that our fixed assets do not disintegrate to the point where they are stripped from our balance sheet, our **Repairs and Maintenance** budget as a whole will increase by **150%** over the next three years, with an **additional R40 million** being available in the coming financial year.

All of these commitments, ladies and gentlemen, have the fundamental aim and purpose of expanding delivery and speeding up change to address the basic needs of our people, as fast as possible within our resources. But we also recognize the need to **gear for growth** in our urban economic centres. With this in mind, I am happy to recommend that an amount of **R30 million** goes towards the **Quinera Road development**, and that a further **R28 million** be made available for increasing the **waste-water treatment capacity** in the area. We make these recommendations

believing that this is a node of economic expansion in the city that ultimately will grow our tax-base.

Besides the **big-ticket items** that I have tabulated, there are also a **multitude of smaller projects** in the pipeline which collectively stand to expand delivery and gear the city for the kind of growth that will herald visible change for all of our people.

In view of the fact that the escalating cost of living has led to more pain for the poor than any other group, I am happy also to announce that we have taken the step of increasing by **more than 15%** the **basic welfare package** for households that qualify in terms of our policy, which means that the indigent of Buffalo City will continue to have a safety net of free basic services, translating in the new year to a basket of services to the value of **R273 per household per month**.

The Future

Madame Speaker, it is a vote of confidence in our future that the national fiscus has seen fit to allocate significantly increased resources to Buffalo City over the medium-term expenditure framework. These include an increase of over **25%** in our **Municipal Infrastructure Grant** for the coming year, as well as a massive **250% jump in Equitable Share transfers** by the 2010/2011 financial year.

If one adds to this the **160% increase** in the allocation for the ongoing **electrification programme** and the windfall of the **Neighbourhood Development Partnership Grant**, Buffalo City has a great deal to look forward to when it comes to the next three years.

I am convinced that we are on the verge of a **wave of growth and development** that will ultimately benefit all communities in the broader city. And I believe, and am committed to the best of my ability to making sure, that the next two to three years will bring visible and tangible improvements to the lives of all of our people.

I say this notwithstanding the risks and the challenges – institutional, social, political and economic – which will always be with us.

Among the most significant of these will be to ensure that the money that we **have**, we **spend well**, which will require that all of us – politicians, administrators and other spheres of government – put our shoulders to the wheel, and **work co-operatively** to ensure that the train of service-delivery and development in Buffalo City increases its forward momentum.

Conclusion

In concluding, Madame Speaker, I again want to thank most sincerely all **Buffalo City councillors and officials** who have worked over the past year to make our municipality a better place. My **Mayoral Committee** members have supported me in collective leadership, which is deeply appreciated; our **ward committee** members continue to play a vital role in ensuring that we are able to give practical meaning to participatory democracy; the **Municipal Manager**, the **Chief Financial Officer** and his staff, as well as the **whole team** of Directors, senior managers and support staff have done sterling work in crafting a budget that does justice to the political mandate that they were given. I must also thank my **core office staff** for their loyalty and uncomplaining commitment to lightening my own burdens.

I appreciate the support of the community of Buffalo City and specifically my own party, the ANC, who continue to place their confidence in me; and last but by no means least, my own family members and those nearest to me, for their continuing love and understanding even when the burdens of office have meant that it is not always possible to maintain a normal home life.

I continue to look forward to serving all of you, and working with you to make Buffalo City a place where all can achieve their full potential.

Ladies and gentlemen, once again, I thank you.

N.C. Peter
Executive Mayor