

SOCCA22

BCMM EXECUTIVE MAYOR, HON CLLR. XOLA PAKATI

STATE OF THE CITY ADDRESS 2022

AN ACTIVE AGENT FOR DEVELOPMENT:
A CITY HARD AT WORK

SOCCA2022



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**AN ACTIVE AGENT
FOR DEVELOPMENT:
A CITY HARD AT WORK**



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STATE OF THE CITY ADDRESS 2022 (SOCA)

01

**PRESENTED BY THE EXECUTIVE MAYOR OF BCMM,
CLLR XOLA PAKATI**

04 AUGUST 2022

1. INTRODUCTION - POLITICAL CONTEXT

- Hon Speaker Cllr Humphrey Maxegwana -- who is driving our programme today
- Members of the Legislature and other arms of government,
- Our District Development Model Champions, Honourable Deputy Ministers Cassel Matale, Honourable Deputy Minister Boitumelo Moloi and Honourable MEC Weziwe Tikana-Gxothiwe,
- The President of SALGA, Councillor Bheki Stofile,
- Deputy Executive Mayor, Councillor Princess Faku,
- Chief Whip of Council, Councillor Sixolisiwe Ntsasela,
- Members of the Mayoral Committee
- Councillors and Traditional Leaders from the City,
- The Kingdom of Amarharhabe led by uKumkani uSandile...Ah Vululwandle,
- City Manager and the entire Management,
- Business, Organised Labour and Civil Society present here today,
- Comrades, friends, and colleagues,
- Residents of our Metro in the Public Viewing Areas and those that are watching and listening to this address from various media platforms.

Receive our Humble Greetings,

I come before you as a servant that is accounting for the work that has been done in the last financial year and the work that our municipality will do not only in the current financial year but in the five years of this term of Council. I come here bearing no promises or wishful thinking but concrete developmental projects that are meant to change the face of the city for the better.

A few days from now, we will celebrate the heroic sacrifices that were made by the women of our country in the fight against oppression in South Africa. We should take this moment to issue our Women's Month salutations to all the women of our city who continue to be the bedrock of not only our families but our communities. We are standing here committing ourselves to fight for gender emancipation and we will relentlessly wage the war against the pandemic of gender-based violence.

I must say that it is with great pleasure that I am able to deliver this year's State of the City Address physically and this is perhaps one of the signifiers of the fact that our lives are indeed getting back to normal.

I am standing before you during a time when there is beginning to be hope in our country that things will get better from the devastating impact of COVID-19 which negatively impacted our lives and livelihoods for all of 2020 and 2021. I am sure most of you, like me, were relieved when the COVID-19 numbers started to drop and an end to the state of disaster was officially declared by the President of the Republic.

It is however saddening that as we are recovering from the effects of COVID-19, our city experienced two disasters: one natural and another man-made.

On the 08th of January this year, we experienced flash floods which caused massive devastation to many communities. The storm caused death and devastation mainly in Mdantsane and Duncan Village killing nine people and displacing hundreds of families. The infrastructure of our city was hard hit, more particularly roads, electrical infrastructure, buildings and water infrastructure.

We also experienced the greatest human-made disaster to ever befall our city since the dawn of democracy. I am speaking about the death of 21 children in a Tavern in Scenery Park. What happened at Enyobeni Tavern in Scenery Park on the morning of the 26th of June 2022 is not only a misfortune but an injustice that is a key reflection of the deepness of the erosion that has been caused by popular culture, substances, and poor moral grounding in our communities.

Whilst the burial of the children has happened, it is our reality that the sense of loss felt by the parents and the communities of East London will remain with us forever. As Council, we have committed ourselves to a multi-pronged programme that will be focused on fighting substance abuse, liquor license enforcement and the introduction of recreational activities in our communities. This will ensure that such a situation never occurs in our city again.

In moments of difficulty, I always remember the echoing words of the great Vietnamese Revolutionary, Ho Chi Minh who remarked:

“Remember, the storm is a good opportunity for the pine and the cypress to show their strength and their stability.”

It is my view that these two disasters that have befallen us in this first half of the year will strengthen and make us an even more strong, formidable city that has a lively culture suitable for raising children and an industrial base that will create employment for our residents, thereby pushing back the frontiers of poverty.

Ladies and Gentlemen,

Our theme for this year’s State of the City Address is **An Active Agent for Development: A City Hard at Work**. This is a declaration of intent because we seek to be such a city. We have decided to theme it in this manner because we believe that the prosperity that we seek will be realised when we have adequately built our city into a true instrument of development for the benefit of all residents, businesses, and stakeholders.

It is our view that we have over the years built our city into a working institution of development by setting up adequate systems and structures with internal checks and balances. The level of care, professionalism, service and commitment that places people at the centre of any developmental programme is what makes an institution to be an active agent of development.

In our view, the people come first, and the municipality is a reflection of the will of the people, and it should thus always do right by the people. The residents of Buffalo City are our commanders, and we are their humble servants.

It is our view that an active agent of development is an institution characterised by high levels of integrity and an institution that the people trust. We can never fix the economic fundamentals and grow our economy sufficiently if there is no confidence in our integrity as an institution of development. We have themed this year’s State of the City in this manner, therefore, to first indicate the path that we want to take and also show the road we have travelled to build our city to its current levels. This should be understood as a consolidation of the achievements we registered in the previous term.

2. SOCIO-ECONOMIC OVERVIEW AND BUDGET FRAMEWORK

Ladies and Gentlemen,

As we are pushing ahead in creating our municipality to be an active agent of development, we are doing so mindful of the fact that we are operating in the wake of the aftermath of the COVID-19 pandemic, with all countries not having recovered from the effect of the virus.

Our context is also characterised by heightened geo-political tensions, with the world clearly on the verge of a third world war. This situation has created a reality of high inflation and weak economic growth across the globe. It is a fact that the War between Russia and Ukraine will continue to impair the production and trade of many commodities, more particularly energy and food. The supply of energy to the Eurozone has been greatly diminished and it is likely to be hard felt when their winter approaches and this is a reality that will lead to reduced economic production and growth this year and next year.

The United States is also not spared as the rising inflation and the reduction of policy stimulus will likely see slower economic growth in the country. The hard lockdown stance taken by China in containing the COVID-19 virus has had an impact that creates uncertainty regarding its ability to continue its upward economic trajectory or reboot it into pre-COVID-19 levels.

With these factors considered, the South African Reserve Bank in our country is estimating that global growth in 2022 will be a modest 3.3 percent, reducing to 2.4 percent in 2023.

Whilst the South African economy grew by around 4.9 percent last year, the estimate is that it will grow by only 2 percent this year. This is considering the amount of damage that has been caused by the flash floods that happened in Buffalo City, the greater Eastern Cape and KwaZulu Natal and the extensive load-shedding that has characterised the country for more than a month.

Ladies and Gentlemen,

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 collectively developed a Metro Growth and Development Strategy (MGDS), 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. The MGDS remains our 2030 strategy to build a well-governed, connected, green and innovative city. The MGDS integrates and aligns the priorities of Sustainable Development Goals and the United Nations New Urban Agenda which is focused on making cities and human settlements inclusive, safe, resilient, and sustainable. Our work is guided and driven by the Government's Integrated Urban Development Framework, as well as the 7 priorities for government.

As part of our investment and economic recovery plan we are deliberate in our positioning of our city as a credible investment destination and this is not a marketing gimmick, we have big companies that are located in our city with most of them having made our city their home, amongst them is Mercedes Benz.

We will thus continue to position our city for investment as we believe that our potential has not been fully unleashed. 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.

Whilst we work to attract new investments, we continue to work very hard in retaining the businesses that are still in our city as a form of protecting our economic base. This is why we have ensured that we develop a clear vision for the transformation of our economy.

We have therefore designed our COVID-19 Economic Recovery and Investment Plan to be transformative in nature and to also have a deep look into the future. The plan will see us:

- Use infrastructure, tourism and other investments to stimulate economic recovery to see output growth of between 3 to 5 percent over the Medium-Term Revenue and Expenditure Framework period.
- Address integrity issues in the billing system as part of the efforts of improving the collection rate of the city.
- Undertake expenditure reviews to find wastage and areas where there is less value for money, which can then enable reprioritization.

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It is essential that I report that certain actions in this regard have already taken place as we have already packaged several catalytic programmes. These are outlined in our Built Environment Performance Plan, which is now having a platinum rating by the National Treasury. We have catalytic programmes for the West Bank (around an export logistics hub), around the inner city and beachfront (around tourism, hospitality, and commercial property development), a transport corridor between the East London CBD and the Mdantsane Urban Hub, a new corridor development between Beacon Bay and Gonubie, and a corridor development between Zwelithsa, Qonce and Bhisho. We are steadily making progress on each of these catalytic programmes, putting critical road infrastructure in place and investing in bulk infrastructure.

Through our development agency, the BCMDA, we have prepared projects for private investment and have a few billions of committed private investment in these programmes.

The announced investment of R4,3 billion into the development of the Port of East London by the Transnet National Ports Authority (TNPA) is highly welcomed. We have over the years collectively built a business case for the development of the port as it is crucial for our logistics and our economy as the city, and this is why the announcement gives us great delight. I am sure that many businesses in our city share our sentiments in this and when we met with the new CEO of Mercedes Benz, Mr Andreas Brand, he too was quite excited about the news.

We have over the years campaigned for the deepening and the widening of the port for it to dock bigger vessels thereby reducing the costs of logistics for businesses in the city.

The investment seems to be taking us into this future and it will be path-breaking for not only our city but the economy of the Eastern Cape. The reality is that the Port of East London is instrumental in servicing the broader automotive, industrial, and agricultural sectors in the region. The development of the port and its operation to its full potential will greatly complement the East London Industrial Development Zone, thus unlocking more investment into our city.

As the saying goes, the taste of the pudding is in the eating. We will thus continue to be close to the Transnet National Ports Authority in order to advise on what are the priorities regarding the development of the Port. We must voice our delight with the board.

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Ladies and Gentlemen,

While the COVID-19 storm is over, its effects are still with us. The number of people who are unemployed in our country and our city has grown and this has meant that our indigent population has grown. This means that people who are able to pay for municipal services have drastically reduced in the last two years and this happens is while the demand for services has increased.

We are thus having to perform a very serious balancing act where we implement cost-containment measures which are aimed at protecting the future viability of the institution whilst not compromising service delivery.

We are therefore running a tight ship, but we are managing due to rigorous financial prudence that has been built into the entire organisational structure. We are of course not at the level where we can declare that all areas of waste have been closed but we are working to contain them, and we have all the systems in place. We have stable finances as we can service our long-term and short-term debt, and therefore we have consistently maintained an A credit rating from rating agencies.

The total budget for the Medium-Term Revenue and Expenditure Framework (MTREF) is consistently growing and a huge portion of it will be spent on infrastructure development in line with our theme of seeking to be an active agent for development.

The budget for the Medium-Term Revenue and Expenditure Framework Period is R33.2 billion and R10.9 billion of this has been allocated for the current financial year. It has been prioritised in favour of water, sanitation, roads, stormwater, 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 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 also due to the realisation that COVID-19, the fuel increase, and the increase in the price of food have negatively impacted the ability of even those who work to easily make a living.

Therefore, we have decided that tariff increases will be within single-digit percentages in the current financial year and with most of the increases far below the previous financial year. At the time of the public consultation process on the budget, it was expected that the electricity tariffs would increase by 9.61 percent; the Metro revised its proposed increase down to 7.47 percent. The proposed Water tariff increase during the public consultation process was 9.64 percent and this tariff has been reduced to 6.78 percent. In addition to this, property rates are increasing by only 4.8 percent.

Sewerage and Refuse removal will also be increasing by only 4.8 percent. 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 indigent consumers, the basic welfare package for households that qualify in terms of our indigent policy has increased by 5.4 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 R782.26 to R824.30 per household per month. This reflects a major commitment by the municipality towards assisting the poor and vulnerable in our city. We remain unapologetically a pro-poor city, with a pro-poor budget.

For us to implement our programme of development, we require residents and stakeholders to pay their accounts on time. We are going to be upscaling our revenue enhancement methods to ensure that the municipality is paid for the services that it renders, and I know that some of the methods can seem harsh. Things do not need to get to this point, and we are here today appealing to the conscience of all our consumers to pay for services. We are appealing to your inner patriotic spirit – please settle your accounts and if you cannot settle them at once, we are willing to enter a payment arrangement with you. The financial health of our municipality depends on all of us – let us all do our part.

We are continuing to implement the Smart Metering Project to guarantee the integrity of our billing system and the project is progressing very well. With the implementation of smart water meters, the consumption of water is billed consistently every month based on consumer usage. Therefore, whatever the consumer has consumed will be submitted from the metering device through to the monthly billing of the account. This also assists the consumer to receive up-to-date readings from the meter.

After noting the status of our dam levels, we decided to downgrade water restriction from stage 3 to stage 2. We must however indicate that the drought situation is still rife as the major dams in the Amatola Water System are still low. We, therefore, want to urge residents to curb their monthly consumption to avoid the depletion of our water resources, a situation that will be bad for everyone.

We are now implementing an automated procurement system that has brought reliability to our procurement processes and has helped minimise the human element. We are going to be doing roadshows to assist small businesses to register into our electronic procurement system so that they all benefit from the opportunities that we have while giving value to the municipality.

We want to confirm that despite the challenging economic climate, the city has maintained the 30 days payment period to creditors. We are proud to list ourselves as one of the best payers in the Eastern Cape, thereby contributing to the stability of our small business sector.

We have upgraded our records management processes with most documents of the municipality now stored online. We are elevating this process to now include tender documents and this will help curtail the historic challenge of bid documents that sometimes go missing. At the tender opening stage, all documents, with their relevant attachments, will be scanned and stored on an online platform. We are confident that this process, together with the automation of our procurement processes will help prevent corruption.

3. BUILDING A PRODUCTIVE AND INNOVATIVE CITY

Distinguished Guests,

As an active agent of development, we have been purposeful in the implementation of our economic strategy, the MGDS, and we have now augmented this with the implementation of our economic recovery and investment plan. This has seen us approaching our economy from two angles: first consolidating our status as an automotive city including deepening the local supply chain impact, and secondly diversifying our economy into new growth sectors and industries.

Our economy as a city started in the last year in line with the rest of the country. There was a rise in imports: which was boosted by a rise in demand for motor vehicles, parts, and accessories. The economy also recorded a rise in exports, mainly driven by increased trade in motor vehicles, parts and accessories; mineral products; and machinery and equipment.

The automotive sector plays an important role in both export and import markets in our city with a well-established value chain. Mercedes-Benz South Africa (MBSA) for instance has been on a major expansion plan, built around the new C-Class model which is being produced from here in Buffalo City to the World. We have supported this expansion through land availability and speedy processing of land and building applications. We are also working closely with MBSA and the East London IDZ on logistics needs and have designed the necessary road infrastructure.

I must indicate that as a city, we are very happy to be home to Mercedes Benz South Africa. The company remains one of the largest employers in our City, its existence and continued success are crucial for our economic fortunes, more particularly in fighting poverty and unemployment.

Having the company in our city has many positive benefits as many companies across the world see this as an affirmation of our credibility as an investment destination. We will therefore continue to work to ease the cost of doing business for not only Mercedes Benz but for all companies operating in our city. We are currently opening the Settlers Way Road towards the airport to ease traffic for companies operating in the West Bank and for our residents as they commute to the airport. We have also worked closely with the auto industry to ensure that load-shedding does not affect just-in-time suppliers and this goes up to Stage 4.

Whilst we are a proud automotive city, we have been on a deliberate path of diversification to minimise the risk to our economy and this has focused on business services, property development, tourism, the agro-industry, and ICT services. This is why we are excited to see finance, real estate, business services and trade making a sizable positive contribution to GDP growth. Trade activity increased exponentially in the first quarter of 2022, with positive results from the wholesale, retail, motor trade, catering and accommodation.

Despite the challenging economic climate in the last year, the ELIDZ has attracted 6 new investors with an investment value of R958 million. Even more impressive is the fact that the ELIDZ, in the last year opened 12 new factories and these are now operational and creating much-needed economic activity in our province. Of these 12 new factories, 11 are in the automotive sector and will be supplying components for the new Mercedes Benz C-Class. The new investors that were operationalised in 2021/22 have invested private sector investment of R3,27 billion into plant and machinery.

These new investors have pledged to create 2078 new jobs in the next two years and have already started making a dent in the employment figures in the zone and have already created 751 new jobs in the zone since the beginning of the financial year. In the last year, the number of manufacturing and services jobs active in the zone grew by 33% year on year from 3945 to 5270. This is the highest year-on-year growth the ELIDZ has seen since inception and is an indication that the ELIDZ is recovering from the initial impact of Covid 19 on productivity in the zone.

A new sliced cheese processing facility was opened at the zone, and this is a partnership by Sundale and Schreiber. Sundale Dairy is one of the local companies that have over the years benefitted from ELIDZ's investor support value proposition which is anchored on attracting and retaining companies that are globally competitive and remain resilient despite the challenges in our economy.

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Currently, 70 percent of slice-on-slice cheese slices in South Africa are imported and the partnership between Sundale and Schreiber is set to change this reality. The facility's customers include Burger King, Mc Donalds South Africa and KFC. This new facility also brings with it excellent backward linkages and will see increased demand from local milk producers in the province.

Key to the role of the ELIDZ in our City is the contribution to export-oriented growth and to local economic growth. At the end of the last financial year, there was a 53 percent growth in industrial turnover of zone enterprises owing to the operationalisation of 12 new factories in the zone. Moreover, export-oriented production by ELIDZ enterprises grew by 127 percent year-on-year compared to the prior year owing to the growth in the automotive sector.

As we look forward to the current year, there are expectations that the ELIDZ will continue attracting strategic investment that will improve the industrial capabilities of this city in new sectors such as ICT and Renewable Energy. The ELIDZ is already at the advanced stages of attracting and settling a new investor that will manufacture energy storage systems from the zone and is aggressively marketing its Data Centre. The ELIDZ continues to look at mechanisms to cement and support the development of the automotive sector as one of the anchor sectors in the city. Currently, the zone is also looking at how, in the long-term, we can deepen the local content and localise some of the 2nd and 3rd tier components that are not currently in South Africa.

A key project in this regard is an automotive incubator for 2nd and 3rd-tier suppliers. This initiative which will see the incubation of local companies in this sector will be a partnership funded by the provincial government and the DTIC. Through its Science and Technology Park, the ELIDZ is also looking at mainstreaming skills development as part of its mandate.

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Before the onset of the COVID pandemic, tourism had been on an upward trajectory. Things however took a negative turn with the advent of COVID-19, and this saw two full years of devastation for the tourism industry with some businesses having to close.

I should indicate that things are starting to get back to normal in our tourism sector. In the first quarter of this year, we have experienced substantial growth in tourism numbers. The occupancy rate rose from 10 percent to 40 percent, and it is projected to grow as we approach the festive season.

We have also seen a slow return of several events such as the Buffalo Regatta, Umtiza Arts Festival, water polo tournament, the Buffalo Marathon, and many others. All of these contribute immensely to the growth of the tourism sector. Buffalo Regatta alone attracted over 800 participants from all over the country who were accompanied by over 2000 supporters and stayed for three days.

This financial year will also see the finalisation of both the Court Crescent and Water World Projects by the BCMDA and this will give a great boost to our tourism in the city.

Fellow Councillors,

It is an inescapable reality that a huge part of our metro is rural, and this is why some of our economic development interventions take this into account. We have in this regard partnered with stakeholders such as the Provincial Department of Rural Development and Agrarian Reform to implement a number of interventions with the aim of unleashing the economic potential of our people in rural areas.

It is our view that agriculture is a key area that can help address challenges such as unemployment and improve many people's lives. This is why we want to revitalise agriculture in our rural areas. The reality is that growth in agriculture is two to three times more effective at reducing poverty than an equivalent amount of growth generated outside agriculture.

We continue to support some of our villages with wool sorting equipment and goats. We have assisted some villages with maize production inputs and are assisting these communities with access to markets.

We are also continuing to assist many communities with irrigation systems, dipping tanks and agricultural inputs. We want to also expand the existing greenhouses and diversify into other products such as cucumbers, peppers, and other high-value crops. Our aim is to have these programmes happening in almost all villages of the city and we know that this can be best done through the partnerships that we have established with various role players.

We have continued to roll out our plan of developing hydroponics infrastructure in our communities, supporting many cooperatives. Our focus in the last financial year has been the development of hydroponics infrastructure in Bhisho, Mngqesha, Ndevana and Kwelerha. Both Mngqesha and Bhisho are now complete, and they are already supplying the Buffalo City Fresh Produce Market with tomatoes.

Honourable Speaker,

A municipality that is an active agent of development needs to be predicated on adequate infrastructure. On the infrastructure development front, we have upped the tempo at the beginning of this first year of this current term of Council with major construction projects happening across the city and visible as you enter from all angles. **From the Beachfront, towards the Airport to Breidbach and many other areas, the city is an active 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, R145 million has been allocated for overall electricity expenditure with the bulk of it going to our capital works. We will continue to upgrade and refurbish the main 132 Kilovolt substations and overhead lines and related networks. This is a very critical project as this is the main electricity in-feed to the city.

Over the years we have undertaken electrical capital infrastructure upgrades in Qonce, Breidbach, Woodbrook, West Bank, Wilsonia, Gompo, East London City Centre, Zwelitsha, Buffalo Flats, Wilsonia and many other suburbs within the Metro. At this time of uncertainty regarding energy due to the challenges of Eskom, we do not want to be a contributor to businesses and households not having electricity. We are proud to declare that our electricity network is one of the most reliable networks in the country.

In the last financial year, we have electrified a number of new formal households such as the Chicken Farm settlement in Reeston. Our informal electrification programme is also continuing with R10 Million spent on the electrification of informal households in Dacawa and Kwa Cliff in the last financial year. This project will continue into this financial year and a further R10 Million has been allocated for this programme.

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We are continuing with our Energy Efficiency Demand Side Management Programme where we are installing LED Street Lights throughout the Metro. Each year we allocate an amount of R9 Million to this project and we will continue to roll it out until we have covered all areas of our Metro.

Ladies and Gentlemen,

With regards to water and sanitation, we can report that the percentage of households with access to the basic level of water supply is 98 percent. We continue to provide stable water service to all industries that are located in our city.

I must once more issue my apologies for the legitimate water quality and reliability concerns that were raised by the residents of our city at the beginning of this year which made us issue a boil water alert. To give context to what happened; the devastating flash floods negatively impacted our water infrastructure, and this is what led to the concerning water situation that made the people doubt the quality of our water. We were, fortunately, able to rescue the situation by implementing adequate water purification techniques and in the following week, we tested the water and confirmed that it was safe to drink. We have set up systems to prevent such a situation from ever happening again.

To address the issues of compliance, ageing infrastructure, housing delivery and economic development we have budgeted an amount of R161 Million on water projects for the current financial year. In the allocation of this budget, we have also covered the distribution of water to 2 percent of households of our Metro that do not have access to water.

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Ladies and Gentlemen,

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.

We have recently completed the upgrading of the Reeston Wastewater Treatment Works, and this will allow the diversion of sewage from Central Wastewater Treatment Works in Amalinda to Reeston Wastewater Treatment Works, through a 3.4 km long sewage tunnel. The contractor for the construction of the tunnel has been appointed and the implementation period of the project is 30 months. It will give the city much-needed capacity for the lifting of the development moratorium in the Amalinda and Wilsonia areas and assist in the full commencement of the Duncan Village Redevelopment Initiative.

The Upgrading of the Zwelitsha Wastewater Treatment Works is planned for commissioning in the new financial year. This project has been implemented over the last 5 years with a budget of around R450 Million. This completion provides the capacity to receive sewage for all the development proposals in the Spatial Development Framework. This will pave way for the rollout of the next phases of the upgrades, which will allow diversion of sewage from Bhisho, Breidbach, and Shornville areas, and unlock development in Qonce and surrounding areas.

We have appointed engineers for designs for the upgrading of the Nahoon Sewer Outfall as it has reached its design capacity. This project is intended to protect the Nahoon Estuary from contamination and allow continued development in the Nahoon catchment area.

We have spent R280 Million over the past 5 years to reduce our rural sanitation backlog from 25 000 to 7000. In this financial year, we will spend R34 million on the construction of new toilets and emptying of existing toilets in rural areas.

We will continue to provide waterborne ablution facilities in informal settlements. Over 1200 toilet seats have been provided to date. We have budgeted R10 Million in the current financial year for the extension of this project to new informal settlements with no ablutions, or insufficient ablution facilities. We want dignity for all our people no matter where they reside.

4. ACHIEVING A SPATIALLY TRANSFORMED CITY

Fellow Councillors,

Our Metro Growth and Development Strategy tasks us to address apartheid spatial patterns by providing adequate housing and affordable services in better living environments. When we talk of a spatially transformed City, we refer to the ending of the spatial divisions and fragmentation of the past and its replacement with integrated human settlements linked to all social amenities and economic centres.

We are beginning this term better with a completed land audit of our municipality which will help us better guide human settlement development and land uses management in a manner that truly integrates the city and undermines the divisive intentions of Apartheid's Group Areas Act.

The land audit gives a clear picture of the municipality's land and properties, thus making it easy for us to develop projects that will create a better life for the people of Buffalo City. It also assists us in better leveraging our land for other developments by the private sector.

Our implementation of spatial transformation is being undermined by lawlessness that is coordinated by a land grabbing and selling syndicate that operates with impunity. It is so unfortunate that ordinary people who are yearning for land and housing have fallen prey to the actions of this syndicate which is hell-bent on exploiting this need for financial gain whilst causing ruin to the property sector and the overall economy of our metro.

We once more want to urge people not to buy land that is being sold illegally. A person who does so participates in a crime and we will not stop demolishing structures that are built on illegally obtained land which was meant for development. We have prohibitory notices on most of our land and we will not hesitate but evict people who erect structures on such pieces of land.

The key lever for achieving spatial transformation and integration is our Built Environment Performance Plan. We have prioritized five Catalytic Urban Development Programme Areas in the Metro. These include the revitalization of East London CBD and surrounds, the transformation of the Mdantsane East London Development Corridor, the revitalization of the Mdantsane Urban Hub, the development revitalization of the Bhisho - Qonce Corridor and the upgrade of the West Bank Logistics Hub and Economic Corridor. Most of the developments that we are undertaking are aimed at impacting these corridors to create a truly transformed city.

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We can report that the municipality is compliant with the Spatial Planning and Land Use Management Act of 2013. This greatly speeds the process of approvals of plans as we now have a Municipal Planning Tribunal that meets regularly. This also makes the development of an effective and comprehensive system of planning that promotes social and economic inclusion in the City quite smooth.

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.

In the last term, we concluded the King Williams Town Taxi Rank, Market Square Bus Terminal, and the Market Square Taxi Rank in Qonce. We have now recently appointed a contractor for upgrading the Ebuhlanti Taxi Rank.

We are continuing to provide decent housing for our communities within the philosophy of creating functional and liveable human settlements. We are going to accelerate the pace of building houses in this term, and we will ensure that all new settlements have the requisite socio-economic infrastructure.

In the previous financial year, we together with the Provincial Department of Human Settlements built and handed over 836 houses to the relevant beneficiaries. In the current financial year, we will build over 1 700 houses and install internal services on 1 100 sites.

We are scaling up our human settlements delivery and we have partnered with the Housing Development Agent for the delivery of 4249 houses over the next three years. These houses will be constructed in:

- Elitha
- Tyutyu
- Peelton
- Mdantsane Zone 18 cc
- Reeston
- Mzamohle
- Amalinda Military Veterans
- Nelson Mandela PHP
- Majarantiyeni
- West Bank
- East Bank
- And Ginsberg

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Contractors have already commenced with work at Peelson for 589 units and for 600 units in Reeston. During the implementation of these developments, employment opportunities will be created, small, micro and medium enterprises (SMMEs) will also have a stake, and over 300 jobs will be created in the communities where the projects will take place.

It is also essential that I give a brief account of the status of our Presidential Project, the Duncan Village De-Densification project which is envisaged to benefit 20 000 households in the area. Two temporary relocation areas have been created at the Ziphunzana Bypass and at Mtsotso.

The model is to move the beneficiaries from Duncan Village and locate them in these TRA while construction is taking place in the areas where they have been moved. Some of the residents will benefit from housing projects that are not in Duncan Village and as a result, some who are in the Temporary Relocation Areas will be into the houses that are undergoing construction in Reeston. We will therefore not place people in the TRAs and forget them - they will be eventually moved into housing developments.

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 residents can enjoy a quality life.

5. TOWARDS A WELL-CONNECTED CITY

Fellow Councillors,

If there was any doubt about the advent of digital technology, the COVID-19 pandemic has completely silenced it as technology has now taken a much more central place in our lives, how we do business and how we govern. The fourth industrial revolution is here with us and 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 to creating a technologically smart City, 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 on a global scale.

We have been able to roll out Microsoft Teams to all members of the Council and officials of the municipality. This has ensured business continuity during the COVID-19 hard lockdown periods and it has saved the municipality a lot of money and this is why we have decided that we will continue utilizing this platform for those meetings that do not need to be physical.

A total of 125 Wi-Fi hot spots have been installed in various municipal offices to enable municipal staff to connect and do their work. Network connectivity to the Qonce and Bhishe areas has been further capacitated with fibre as well as microwave link to ensure optimal availability of services to attend to the public. Our aim is to ensure that the inland region never experiences network challenges ever again.

We have connected health facilities to our fibre network, and this has assisted in the integration of patient information in Cecilia Makiwane, Grey Hospital, Free Hospital, Bhisho Hospitals and the various clinics in our City. We have also integrated some of our public schools into our existing fibre network.

Honourable Speaker,

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 between our city, the country and the rest of the world.

We are currently implementing the Settlers Way Road Expansion Project with a projected expenditure of R400 Million. In addition to expanding and beautifying the entire route from the airport, this project will enable more than 400 trucks and inter-links per day to carry parts between the East London IDZ and the Mercedes Benz South Africa plant.

We are busy planning and designing the Harbour Arterial Road, which will provide a direct link between the Port of East London and the IDZ. This is the minimum infrastructure that any City requires to compete in export manufacturing.

The announced investment into the Port of East London by Transnet comes at a critical moment as we are readying the infrastructure in the West Bank Economic Hub and Logistics Corridor for increased economic activity. We have been building our road infrastructure to have the capacity to carry more trucks without compromising just-on-time manufacturers and commuters. We are indeed an active agent for development.

We are also continuing to implement our mega road projects and we have appointed a contractor for Phase 2 of the Sleeper Site Road, which will start from Moore Street connecting to the revamped Fleet Street. We have also appointed a contractor for the construction of the next phase of the Qumza Highway Project in Mdantsane which will start from the Mazindlekhaya Intersection to the Sasol Garage Intersection in NU 13.

We are continuing to make the necessary improvements in the construction, refurbishment, and rehabilitation of roads within communities. We have completed the Mdantsane Roads Upgrades Programme, Phase 4A for Cluster, 1, 2 and 3 and we have recently awarded a tender for the construction of Mdantsane Roads Phase 4B, Cluster 2 and 3. This basically will see the continuation of road upgrades in all the units in Mdantsane. We are also continuing in the widening of the Mdantsane Access Road near Reeston. We are constructing the Ward 31 Access Road between New Hope and Ncera Villages and work is continuing on the road upgrades in Toyana and Sandile-Thusi.

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 accelerate the pothole patching programme, and this will be done as we also upgrade the roads. We will also be re-gravelling our rural roads through the hiring of plant and maintaining storm-water infrastructure.

In the current financial year, we have budgeted R83 Million for the rehabilitation of surfaced roads and have budgeted R43 Million for the re-gravelling of rural roads.

In addition to this, the South African National Roads Agency (SANRAL) is busy resurfacing the Road from Qonce to Bhisho and Breidbach. They will also upgrade the R63 section from Bhisho to the N6 Interchange. SANRAL is going through major works on the N2 with a major bridge being constructed at the Beidbach and Belstone Intersection and they will also do the N2 Qonce Bypass Ring Road. These mega road constructions will change our city for the better!

The Passenger Rail Agency of South Africa (PRASA) has committed R110 Million for the upgrade of the railway stations across our metro. This is a solid commitment that is indicative of our government's commitment to rescue the commuter railway system in our country, thereby reducing transport costs for many of our residents.

6. BUILDING A CLEAN, SAFE AND HEALTHY CITY

Ladies and Gentlemen,

Achieving a clean city has been our preoccupation for a while now and it is a fight that we are not going to lose. In the previous term, we invested a lot of resources in the waste management fleet and infrastructure, and we also created a dedicated Waste Management Directorate with a permanent Head of Directorate.

As this term of office begins, we have accelerated our focus on waste management, more particularly the removal of illegal dumps and regular street cleaning. We are working hard to get the basics right and it is getting there. We can confirm now that refuse is being collected regularly and that illegal dumps are being removed.

We are continuing with campaigns such as the Service Delivery Fridays which are joint clean-up campaigns carried out by the city officials and the community members to clean open spaces in their neighbourhoods. We have also established an Integrated Rapid Response Team (IRRT) which is a joint exercise by different departments to clean and maintain strategic areas of the city.

We now currently have over 300 people employed through the Public Employment programme funded by the National Treasury, and they are responsible for cleaning, grass cutting and gutter cleaning. This group is augmenting our already existing municipal staff and its dedicated focus will be on the Bhisho CBD, the Qonce CBD and the East London CBD. They will also focus on townships such as Quigney, Southernwood, Nompumelelo, Mzamomhle, Beacon Bay, Bhisho, Berlin, and NU1 in Mdantsane. Already, there has been a marked improvement in the State of the Cleanliness in the mentioned areas as the teams are working six days a week.

We are very appreciative of our partnership with the Border Kei Chamber of Business on the waste management front through the Call-to-Action program. Working with the Chamber, we have also established four Buy Back Centres in the coastal region, where community members take back recyclable waste and obtain incentives like food vouchers or cash. The incentives encourage community members to realise the value in waste and discourage littering and illegal dumping. This also assists in the diversion of waste from landfill disposal towards beneficial use such as recycling.

We are realising the important role played by the informal recyclers or Waste Pickers in the waste management and recycling value chain and as such we are working on a project on Waste Pickers' registration and integration in the waste management system of the City.

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Within the framework of the Good Green Deeds Programme, we are now focusing on fighting littering and illegal dumping. This is where we require the most assistance from the communities.

The situation gets concerning in certain areas because there is a growing culture of throwing refuse on the streets, more particularly in areas where there are flats, salons and spaza shops - Southernhood and some parts of the Qonce CBD are a case in point. We do not want to seem as if we are anti-small business, but we have no choice but to act when some of the businesses are causing a nuisance, thereby negatively impacting the health of our residents and the general image that people have about the city.

What I have just spoken about relates directly to the issue of the state of by-law enforcement and this in my view is one critical area we are determined to get right if we are to resolve the question of the state of cleanliness of our towns and communities.

Fellow Councillors,

Ensuring the safety of the residents and stakeholders of our city is one of the key measures that any municipality should prioritise if it is to improve the quality of life for the residents whilst building investor confidence in the economy.

Stepping up our law enforcement efforts, more particularly the enforcement of our by-laws is one of the priorities that will characterise this term of Office. This is law enforcement on and off the roads.

We have over the years built the capacity for us to do this as we have 92 Law Enforcement Officers with 26 vehicles. The steady growth of our law enforcement officials is linked to our efforts of keeping the city safe and enforcing our by-laws.

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 over the years built the requisite capacity for us to be able to do this as we have now 120 traffic officers with 64 vehicles and the Automated Number-Plate Recognition Bus which can read and print traffic fines on the spot.

We have made solid partnerships on the traffic management front, with the South African Breweries supporting the establishment of an Alcohol Evidence Centre and two Evidentiary Breath Alcohol Testers in our city. We are appreciative of this, and we believe that it will go a long way in fighting drinking and driving which is one of the biggest killers on our roads.

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The Road Traffic Management Corporation also donated two mobile Vehicle Testing Stations to our city and these each come with a truck tractor and a trailer. We are indeed an active agent of development.

I continue to urge our traffic officers to work with care and enforce the law strictly but without arrogance. I always insist that they should never be open to any form of negotiation. The culture of the 'cool-drink' must be discouraged and officers found engaged in such activities should be brought to book.

We have decided to strengthen our role in the enforcement of liquor laws and working with the Eastern Cape Liquor Board we have begun a programme of monitoring illegal liquor establishments.

It is our view that while we do not want to paint all liquor establishments with the same brush, we believe that the process of obtaining a liquor license should be reviewed and tightened so that we never ever get to experience the unfortunate incident of Enyobeni in our city.

While fighting illegal establishments, we must also fight the scourge of underage drinking which is ravaging our city. We will accelerate our sports and recreation programmes to create a positive and lively culture in our townships as part of our efforts of fighting underage drinking.

We are hosting the Bumb' Ingomso project which is aimed at assisting young people with job readiness programmes and other developmental initiatives. We continue to fund deserving young people of our Metro through the Mayoral Bursary fund.

7. TOWARDS A WELL-GOVERNED CITY

Ladies and Gentlemen,

There is no denying that we have made significant progress in achieving our objective of being a well-governed city. 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. This is a fundamental objective as increasing the speed of service delivery and development vests on there being a capable and credible local state with all the required systems.

The MGDS commits us to improving 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 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 being an active agent of development means securing critical skills now and in the future. To create a skills base for the future sustainability of our municipality we are actively developing young unemployed graduates in the built environment field. The graduates are taken through a three-year development program that prepares them for professional examinations with an appropriate statutory professional body culminating with professional registration in an appropriate category.

Already the programme has produced some professionals such as Electrical Engineering Technicians, Civil Engineering Technicians and Technologists, Geographic Information Systems Technologists, Town Planning Professionals and Property Valuers. This programme continues and we will develop more built environment professions to create a skills pipeline for our municipality and other spheres of government.

We have institutionalised risk management in the municipality, and we have a dedicated fraud helpline where people report suspicious activities. We are committed to running a very clean and corruption-free municipality even in this term of office. Where incidences of corruption have been found, we will investigate these and bring those who are responsible to justice.

Ladies and Gentlemen,

All this work we have been doing is credit to the collective leadership that we have as an institution and the people of Buffalo City Metropolitan Municipality could not have chosen a better Council to govern their affairs. A Council of a municipality is the ultimate body responsible for the governance of the municipality and it has fiduciary responsibility over all affairs of the municipality.

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I am proud to report that our council is fully functional with all its meetings sitting as scheduled. The meetings of our council have been taking place through virtual platforms due to COVID-19 and for the first time last week, we held a physical meeting of the Council.

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.

Assisting Council in the execution of its duties is a competent administration that meets the National Treasury's competency assessment criteria. The five-year term of the City Manager, Mr Andile Sihlala, ended in May this year, and we wish him well in his future endeavours. We have appointed our Director of Infrastructure and Engineering Services, Mr Nceba Ncunyana, to act as we are undertaking the recruitment process for a new City Manager.

Processes towards the filling of the vacancy are at an advanced stage and we are looking set to have a fully employed City Manager for our municipality within the next three months.

Honoured Guests,

I am illustrating all of this to give you a picture that we have over the years established a service delivery institution with systems and structures, but I must be the first to admit that more can and should be done. Therefore we are moving ahead with our review of our governance model and our macro-structure.

Our municipality is functioning, and the preoccupation is to make it better. The new governance model will strengthen the oversight role of the council and it will lead to a better separation of powers and functions. This will surely transform our municipality into a well-functioning and better institution.

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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 new governance model is being introduced as we are considering a new Macro-Structure for our Municipality. The review of our Macro-Structure was initiated due to the need for us to enhance governance and create necessary efficiencies in the administration. This work was a result of the proposals from the Diagnostic Assessment that was done by the National Treasury's Government Technical Advisory Centre (GTAC) on our Municipality.

The intention of this review is to institutionalise the Metro Growth and Development Strategy, enhance end-to-end accountability and appropriately group services in the manner prescribed by the Constitution and the Municipal Structures Act for Category A municipalities. It is our view that when finalised, the new macro-structure will strengthen efficiency, integration, and accountability. It will therefore work in tandem with the new governance model to create an active agent of development.

Ladies and Gentlemen,

As earlier indicated, our governance will not be sufficient if we do not get the views of the residents of Buffalo City on how they want their resources to be spent. Earlier this year, we had intensive Integrated Development Planning consultations where we gave feedback to the communities on their ward priorities and solicited their views on the IDP and the Budget for this financial year.

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This process also entailed engaging organised stakeholders. All the engagements were successful, and the issues that the communities raised have been consolidated into this State of the City Address. We all the time work to ensure that the concerns that residents raised are listened to and that the priorities that they had identified for their wards are attended to with the necessary urgency.

8. CONCLUSION

Ladies and Gentlemen,

In the short space of time that I have given to address you, I have tried to give a clear and unencumbered picture of the State of our Buffalo City, the place we love and call home. As you can see, we are not in a static position, but we are gradually developing into a better city characterised by prosperity and progress.

Despite the gloom that characterised the COVID-19 period and the disasters that happened this year, we are all here proud of the fact that we have built a resilient city that is still standing strong and looking into a future characterised by esteem and hope.

We are now working together to create this city into an active agent of development for all the people and stakeholders of Buffalo City Metro. 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.

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The work we have packaged here indeed proves that there is work in progress in the building and reconstruction of our city. We are able to do this because we have a council with a multi-party, multi-racial and representative council constituted by women and men of good repute and esteemed moral standing coming from all concerns of our Metro.

At the inauguration of the new Council late last year, I had made a remark to all of us as councillors that:

“It is crucial that it be remembered that we are all in council to pursue development for the people of the Metro and a councillor should have a bigger picture, but they should never abandon the needs of their communities - as they are the primary reasons why they got elected into council. The people of Buffalo City have not elected us because they love us for who we are. They have elected us because they believe that through us their city and their lives can be improved for the better.”

It is with great delight that we are presenting a State of the City Address in an environment that is jovial because we have all continued to stay true to our oath of office and our commitment to serving the people of Buffalo City. The pro-poor, community-orientated and stakeholder-driven budget which informs this State of the City Address was adopted without the delays and drama that have come to characterise the budget adoption in some municipalities.

In closing this address, I want to borrow from some of the statements in the famous 12 Recommendations of the Vietnamese Revolutionary, Ho Chi Minh when he states that we must ‘Never Break our Word’ and that we must ‘Not do or speak what is likely to make people believe that we hold them in contempt.’

I am borrowing these words to highlight the fact that everything that we do as a council should be in the service of the aspirations of our residents, more particularly their deep yearning for development. The interests of our residents supersede our own and we should always be mindful of this reality.

We are therefore here to inform the people of Buffalo City that we are dedicated to developing their city and servicing them in line with their wishes. We have laid the foundation in the last term and in this term, we are going to be consolidating a legacy - we will be an active agent of development.

Ladies and Gentlemen, I thank you!