

BCMM EXECUTIVE MAYOR, HON CLLR. XOLA PAKATI

# STATE CITY

OF THE

A D D R E S S

**BUILDING SOCIO-ECONOMIC  
RESILIENCE. A CITY HARD AT WORK.**

**2 JULY 2020**



**BUFFALO CITY**  
METROPOLITAN MUNICIPALITY



## 1. INTRODUCTION - POLITICAL CONTEXT

*Hon Speaker Cllr A. Mtsi- who is driving our programme today  
Members of the Legislature and other arms of government who are watching  
Councillors and Traditional Leaders from the City  
City Manager and the entire Management  
Organised Labour and Civil Society  
Comrades, friends and colleagues  
Citizens of our Metro watching and listening to this address from various media platforms*

**Receive our Humble Greetings, Good evening, goeie naand, molweni.**

**It is both an honour and a privilege for me to be speaking to you this evening to present the State of the City Address for Buffalo City Metro Municipality.**

It is important to indicate that we are for the first time ever presenting the State of the City under completely changed circumstances where we are fighting Covid-19, a deadly virus that has been declared a global pandemic by the World Health Organisation. The format of our delivery of this address is proof of how this virus has changed the manner in which we live our lives and the way we prosecute the task of building a National Democratic Society.

It is a matter of fact that we are now all affected by COVID-19, we now almost all know of a neighbour, a sibling, a fellow congregant, a colleague who has tested positive for COVID-19. We certainly will know fellow citizens who will succumb to this pandemic by the time it comes to pass.

We must however find comfort in the knowledge that we are born of warrior women and men who have always triumphed over adversity. Together, working in concert sparring no effort and disciplined in the fight against COVID-19, we shall triumph and have victory over the pandemic. We must all of us have the conviction that tomorrow will be better than yesterday and today.

It is in this context that I am reminded of the Inauguration speech by President Thabo Mbeki, when he employed the metaphor of the comrades marathon and said "those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is still too long, the inclines too steep, the loneliness impossible to bear and the prize itself of doubtful value."

Last week on the 26 June 2020, marked the 65th anniversary of the freedom charter and as the occasion demanded we took stock of how far we have brought to reality the aspirations of the people as encapsulated in the freedom charter.

The freedom charter remains a guiding document of the aspirations of the people and as such we have a responsibility to realise the aspirations of the people using the instrument that is the democratic state.

We will in the address give our own account on the strides made to pay homage to the freedom charter.

**Compatriots,**  
We have decided to theme the address this year **Building Socio-economic resilience: A City Hard At Work.**

Whilst aware of the decapitating effects of the virus for the economy, the health system and the loss of life that it has on the people of the city, we are quite confident that our fundamentals are strong. The City is in a solid financial position with reserves, the investment inflows into Mercedes Benz and an IDZ that has a good occupancy rate.

Our work is guided and driven by the ANC's agenda for cities as expressed in Government's Integrated Urban Development Framework, as well as the seven priorities for government that came from 54th National Conference of the ANC, and the mandate given to us by our provincial government led by Premier Oscar Mabuyane.

### THROUGHOUT THIS TERM WE HAVE MADE STEADY PROGRESS IN IMPLEMENTING THESE PRIORITIES WHICH ARE:

- Delivering Basic Services to the People
- Improving access to municipal services and reducing outsourcing in municipalities
- Ensure improved public participation and accountability of councillors
- Enhance the capacity of the local state to deliver on its mandate
- Develop and strengthen local economies, create jobs and promote job placements, especially for the youth
- Intensify the fight against fraud and corruption in local government and social fabric crimes in communities
- Improve health in urban and rural communities
- Build spatially integrated communities AND
- Promoting nation-building and socially cohesive communities.



COVID-19 HAS DISRUPTED OUR PROGRESS, BUT WE ARE WORKING TIRELESSLY TO MITIGATE THE WORST IMPACT OF THE PANDEMIC AND ENSURE WE QUICKLY PLACE THE METRO'S ECONOMY ON A PATH OF RECOVERY.

Our development trajectory as the City is anchored on the Metro Growth and Development Strategy (MGDS) pillars, giving attention to the COVID pandemic and our City Economic Recovery Plan.

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 UN's New Urban Agenda which is focused on making cities and human settlements inclusive, safe, resilient and sustainable.

The core measurement of inclusivity is improved access to quality basic services. The mandate we have been given by the electorate is to improve their lives and ensure access to quality basic services. We are confident that our resident's quality of life has been steadily improving and this in one of the main pull factors attracting people to migrate into the city.

The global standard measurement of quality of life is the Human Development Index, HDI, which measures income (measured by GDP per capita), life expectancy and adult literacy. The HDI for Buffalo City is 0.67, which is higher than the 0.65 score for the country as a whole, or the 0.60 for the province.

Most significantly the HDI has climbed a full 10 percentage points over the past 10 years (from 0.57 in 2009), reflecting the steady commitment of the governing party to continually improve the lives of our citizens.

This commitment is confirmed by access to basic services.



Each year for the past 10 years we have been able to decrease the number of households without access to electrical connections by an average of 8 percent per year. In 2008 we had some 71 300 households without electrical connection. We have reduced this to 30 400 households. The sanitation backlog has also been reduced at almost the same rate.



In 2008 we had 73 700 households without access to hygienic toilets. Today, this has been reduced to 33 800. And more than 98 percent of households in the city have access to piped water, up from 88 percent in 2008.

But we must not rest while there are still citizens without access to basic services and this is why we are determined to pursue our programme even during the COVID-19 pandemic. ~



## 2. BUDGET FRAMEWORK AND STRATEGY

### Ladies and Gentlemen,

The budget and plans which inform this State of the City take the reality of COVID-19 into cognisance. Our plan is to ensure that we make maximum impact with the little resources we have available. We will be decisive in reducing wasteful and unnecessary expenditure.

We will be vigilant on our revenue collection so that we prevent the collapse of the municipality. The Smart Metering Solution that we are implementing assists us with revenue collection whilst avoiding billing issues from the public. We are confident that this solution will also reduce energy and water losses thus protecting our revenue.

Our financial strategy is carefully balanced so that we protect our revenue base, whilst maintaining a steady collection rate that is sufficient for us to pursue development which will help in strengthening the resilience of the city during this period and beyond. Our budget is clearly targeted at creating social and economic infrastructure which is necessary to create a conducive life and leverage further development.

### IT IS IMPORTANT TO NOTE THAT WE HAVE KEPT OUR TARIFF INCREASES AT RATES THAT ARE SINGLE DIGITS.



We did this due to the understanding that our Metro is having many working-class consumers that cannot afford double digit increases. **Rates will increase by 8.5 percent, refuse by 9.2 percent, sewerage by 9.2 percent, electricity by 6.2 percent, water by 9.2 percent, fire and sundry will both increase by 8.7 percent.**

Nersa has advised the municipality to request increases of an additional 2 percent for electricity which will be charged to pre-paid domestic, pre-paid businesses and 2A business customers, taking the possible electricity tariff increase to 8.22 percent for these consumers.

Further to this, we had to ensure that the safety net of our indigent consumers is protected and as such the indigent package has been increased from R659.53 to R717.04 per qualifying consumer.

This is a decision that is informed by our understanding of the plight of the poor.

The overall budget for the current financial year is R9.2 Billion and it is decisively structured in favour of socio-economic infrastructure projects that will benefit the poor, residents of the city and address historical imbalances. The budget is clearly targeted at ensuring development in the townships and the rural areas where the poor of our city live. We have ensured that there is sufficient reprioritisation so that we are able to properly deliver to the people of Buffalo City despite the Corona Virus challenge.

In the current financial year, we will be starting the general valuation process which will be implemented in July 2022. We urge residents to cooperative fully so that we avoid all possible challenges. We are also going to be appointing a contractor which will assist us with the implementation of a cost-reflective tariff structure for the municipality.

The Enterprise Resource Planning system is being implemented and upon completion it will lead to full-scale automation of supply chain management processes and contracts management, improving efficiency and the turnaround time of procurement processes. It will also evolve our asset management activities into a comprehensive, standards-driven management approach across all facets of the Metro. ~



# 3. PRODUCTIVE CITY:

# TOWARDS A COVID-19

# ECONOMIC RECOVERY PLAN



Ladies and Gentlemen,

The creation of resilience for the economy of our Metro is predicated on our purposeful implementation of our economic strategy, the MGDS. The strategy is anchored on two interrelated economic approaches: 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.

In the auto-sector, Mercedes-Benz South Africa (MBSA) has been on a major expansion plan, built around the new C-Class model which will see production run from 2021 to 2027. This W206 production cycle will bring huge investment for the city, more than R10 billion, and a 30 percent increase in production capacity and jobs. There are also much more local supply chain benefits, with 30 local suppliers linked to the new model. We are also trying to ensure that at least 25 percent black-owned companies are among the 2nd and 3rd tier suppliers as targeted in the South African Automotive Masterplan.

As a municipality, we have been supporting 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. We have also worked closely with the auto industry to ensure that load-shedding does not affect just-in-time suppliers.

On economic diversification, we have focused on tourism, agro-industry, ICT and global business services in the main. Before the onset of the COVID pandemic, tourism had been on an upward trajectory, with a 38 percent increase in seats on flights into the city in 2019. Tourism spend in BCMM increased by an annual growth of 6,5 percent between 2008 and 2018 compared to 3,5% for the Eastern Cape as a whole. We have played a key

role in this through promoting and sponsoring sports tourism and organizing the summer season festivities.

At the heart of this is a new approach away from narrow investment promotion to active investment facilitation. Part of this approach is to better understand the constraints faced by business, and to try and address these constraints working alongside the three spheres of government. In implementing this approach, we have been guided by the principle of retaining our industrial base, rather than narrowly focusing on new investment. This has underpinned our approach to try and reverse deindustrialization in the city. Here, for example, we have taken an unprecedented decision to provide rates and electricity subsidies to firms such as Defy to retain (and hopefully expand) their presence in the Wilsonia Industrial Park.

**THE AGRO-INDUSTRY IS DOING WELL IN THE CITY, DESPITE THE DROUGHT, AND OUR TWO LARGE FIRMS - SUNDALE AND NESTLE - WERE BOTH STEADILY INCREASING PRODUCTION LEVELS PRE-COVID.**

We are also getting active in the township economy with hawkers stalls built throughout key areas of the Metro. We have partnered with the Youth NPO called Harambee to ensure youth from townships and rural areas are equipped with skills to find jobs or self-employment.



## SUPPORTING YOUTH EMPLOYMENT AND SELF-EMPLOYMENT IS KEY TO OUR EFFORTS TO REDUCE UNEMPLOYMENT AND INEQUALITY.

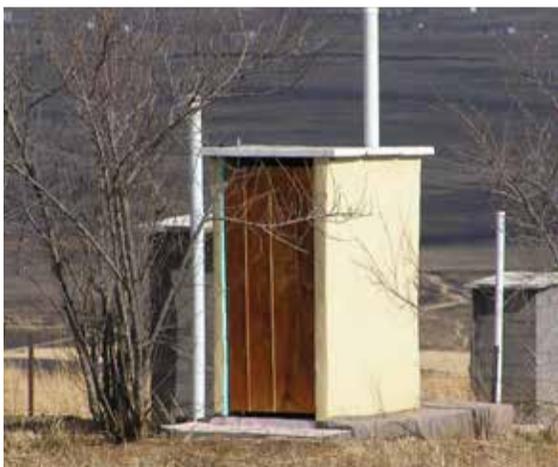
Inequality in our city has come down from 0.65 in 2008 to 0.63 in 2018, but still remains higher than the provincial and national levels. The unemployment rate has recently been announced by Stats-SA and it currently sits at 29,8 percent for our city and this is lower than the provincial and national unemployment rate which are respectively sitting at 40.5 percent and 30.1 percent.

Infrastructure is also a key sector in reducing unemployment and inequality due to its high economic multipliers, and capacity to create jobs for low skilled segments, and SMME opportunities in its supply chain. We have taken a position as a municipality to use infrastructure spending as an economic stimulus. In 2014, we spent R930 million on Capital Expenditure, with R314 million of this coming from our own funds. In 2014, our asset base was R16.07 billion. At the end of the 2019 financial year, our Capital Expenditure was R1,86 billion (exactly double), using R862 million rand of our own funds.

This is where much of our cash reserves went – building infrastructure in townships and creating business opportunities for contractors. Before the advent of the COVID-19 pandemic we were left with R1,44 billion in reserves (down from R2,2 billion in 2014). This R1,44 billion is within Treasury norms relating to cash-flow and liquidity. It made no sense to sit with billions of reserves while the economy was stagnant, and our people needed basic infrastructure.

**WE HAVE SINCE THE START OF THE TERM SPENT R548 MILLION ON ELECTRICITY WHICH HAS SEEN THE ELECTRIFICATION OF AROUND 5200 FORMAL HOUSEHOLDS AND 1288 INFORMAL DWELLINGS.**

The bulk of our capital expenditure has gone towards the maintenance, upgrade and refurbishment of our electricity infrastructure in order to ensure reliability and consistency. In the next financial year, we will spend R121 million of which R18 million is set aside for electrification, thus electrifying an additional 133 households and 700 informal dwellings. The World Bank has credited us for our efforts in electricity with its Doing Business in Africa Report stating that: "Buffalo City remains the fastest place to obtain an electricity connection in South Africa, taking 76 days—faster than the United Kingdom (79 days) and Kenya (97 days)."



**SINCE THE START OF THE TERM WE HAVE INSTALLED 16088 VIP TOILETS IN RURAL AREAS SPENDING AN AMOUNT OF R210 MILLION.**

In the last financial year 4127 new VIP toilets have been installed and in the current financial year we will install 3734 for our rural communities. We have also installed 120 seats of new ablution facilities in our informal settlements with 38 seats done in the last financial year. We have spent R135 million for sewer reticulation and the upgrade of our Wastewater Treatment Works.



We want the people of the Metro to always have reliable and clean water supply and this is why we invested an amount of R213 million for our water projects since the start of term with an additional budget of R102 million allocated for the current financial year.

We are continuing to improve water provision with 98 percent of our population having access to basic water supply and we are working to provide water in those areas that experiencing challenges. We have completed the Amahleke Bulk Water Supply Scheme and we are now building a pipeline which will supply water through the scheme to Dikidikana. An upgrade of the Umzonyana Water Supply Scheme is underway. We also completed the augmentation of the Buffalo River Water Abstraction System and major inlet works in the plant.

We have erected communal water points for informal settlements and rural areas giving water supply access to 1822 households. We are continuing to deliver water through water tankers to about 2 percent of our communities and this service has been augmented since the COVID-19 outbreak. We want the best for all the people of our Metro.

Unfortunately, the dire fiscal position of the country (with projected grants to metros being cut by up to 25 percent by 2023), and limited space to use cash reserves, the infrastructure stimulus will not be able to be sustained at the same scale. This said, we feel our infrastructure-led economic stimulus has been very successful, and together with other investments, has resulted in our City achieving far higher growth rates than the rest of the province and country. In 2018/19 Buffalo City achieved a GDP growth of 2,6 percent, compared to 0,8 percent both for the Eastern Cape and South Africa as a whole. This is a clear indication of a city on a decisive upward economic trajectory, with great benefits for its people.

We however want to be the first to admit that the COVID-19 pandemic has fundamentally changed our economic trajectory. The impact of the virus on our economy is difficult to quantify and forecast. There are still many unknowns about the duration of the pandemic and the pace of recovery. Most projections see the South African economy contracting between 5 percent and 10 percent for 2020, with a bounce back of between 2 percent and 4 percent in 2021. Job losses in the country are projected to be between 600 000 and 1.7million jobs.

Here in Buffalo City, we are projected to lose between 8500 and 23 000 jobs (depending on a quick, slow or long COVID trajectory). This will add to the 118 000 jobless people we already have in the city. Construction, manufacturing, financial services and real estate, tourism and trade are the most impacted. Low skills segments will be most affected. Consequently, hunger and extreme poverty are expected to increase in our City by between 14 percent and 21 percent.

Many small enterprises and family-owned businesses will be forced to close shop. This will mean less ratepayers for the City, and more indigents to support, but with less resources to do so. Municipalities have found themselves in a position where they were required to provide additional services to communities during the lockdown, but with reduced local government revenue collection due to the sharp economic downturn.

It will be quite some time before consumption demand patterns return to pre-COVID levels. South African household consumption is projected to contract between 5 percent (on the quick scenario) and 17 percent (on the long contagion scenario). Investment will contract by between 11 percent and 34 percent. Tax revenue for the country could fall by as much as one third.

Our own revenue contraction projections are slightly better than the national picture projection, given the relative size of the government sector in our economy. Our revenue projections are also closely linked to how quickly the automotive industry is able to resume full production capacity, which in turn depends on patterns of global demand.

Our revenue contraction related to the COVID pandemic will also be spread over 2 financial years (2019/20 and 2020/21) which will reduce the impact for any given financial year. For the 2019/20 financial year, the pandemic has negatively impacted three months. For the 2020/21 year, it is extremely difficult to determine the impact, given the unknowns about the pace of economic recovery.

To date, our approach to the pandemic has been focused on protection and mitigation. We have set up a Buffalo City Command Centre and a Joint Operational Centre where we work closely with our national and provincial counterparts. Our focus has been on enforcing the lock-down, saving lives through scaling up testing and tracing, protecting livelihoods through drawing down the business and employee relief made available by government, educating our citizens on social distancing etiquette, and readying the health system for the inevitable surge in cases.

**WE DISTRIBUTED R30 MILLION TO 40 000 POOR HOUSEHOLDS AS PART OF OUR SOCIAL RELIEF DURING THIS PERIOD AND WE HAVE BEEN ASSISTING MORE HOUSEHOLDS USING OUR FOOD BANK. WE THANK ALL THOSE BUSINESSES AND INDIVIDUALS WHO HAVE BEEN ASSISTING THE SOCIAL RELIEF EFFORTS OF THE CITY.**

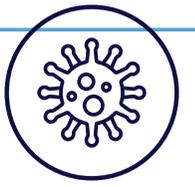


**WE THANK THE CITY OF JINHUA FROM CHINA WHICH DONATED 20 000 MASKS TO THE CITY IN ORDER TO HELP OUR EFFORTS OF FIGHTING THE VIRUS. WE ALSO RECEIVED 2000 MASKS FROM THE CITY OF OLDENBURG IN GERMANY.**

We are very humbled by these acts of goodwill from our partner cities and this continues to show the effectiveness of our international cooperation agreements. We have handed over the masks to the Provincial Department of Health and they will bolster the PPE capacity to health care workers who are in the frontline of fighting the virus in our hospitals.

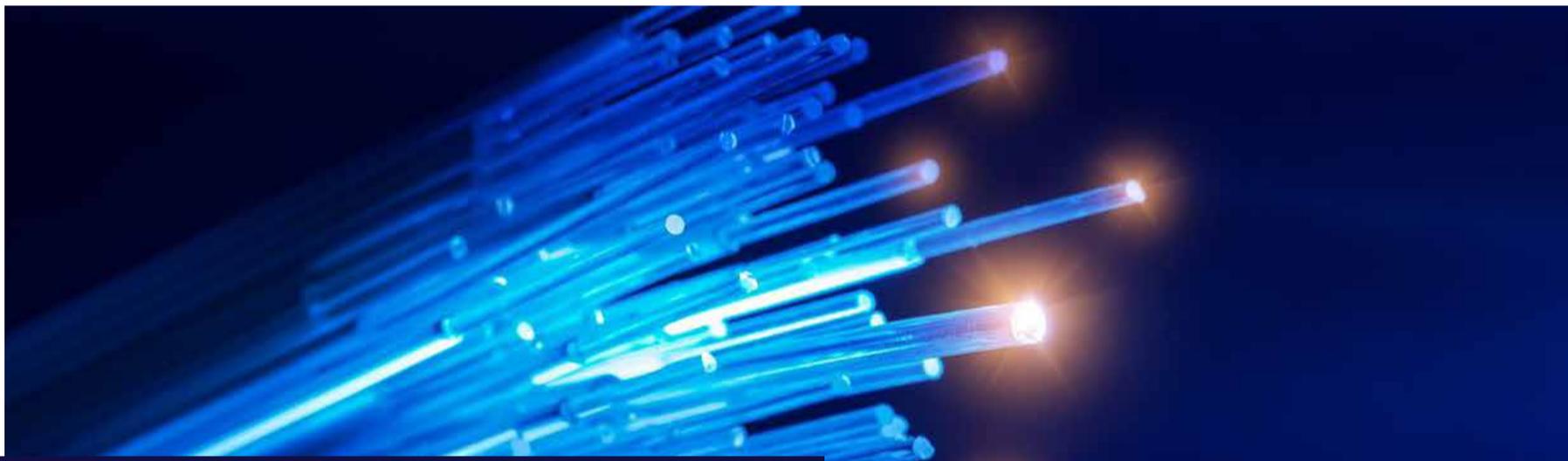
While protection and mitigation against the viral spread remains our core focus given that we are a COVID-19 hotspot and that infection levels are still to peak in the City, we are now also starting to focus on post-COVID-19 economic recovery. The governing party has announced the elements of an Economic Reconstruction, Growth and Transformation Plan for the country. Government is currently translating this strategic intent into practical and sustainable measures that accelerate economic recovery. To this end we have commenced work on a City Economic Recovery Plan which aligns with national government's approach to economic recovery and reconstruction.

We see the COVID-19 pandemic accelerating the country's SMART, green transition, and we are well placed in Buffalo City to leverage this change.



We have a competitive advantage in a number of sectors and industries that have been identified for intervention and reforms. These include renewable energy, automotive manufacturing, pharmaceuticals, agriculture and agro-industry, tourism, the creative industries, and the digital economy. The focus in the short term will be on infrastructure-led recovery, and we have developed a number of shovel-ready road, energy, ICT, industrial infrastructure, sanitation, water and human settlement projects.

We are also busy with strengthening our infrastructure delivery system to ensure City's Infrastructure Delivery and Management System (CIDMS) readiness and greater efficiencies. Part of developing this infrastructure pipeline for the City is being more deliberate on social and economic value to enable prioritization, as well as to position these projects for the investment market. Here we are working closely with the ELIDZ on port logistics, energy, agro-industry and ICT projects, and the BCMDA on renewable energy, tourism and property developments. ~



## 4. A GLOBALLY CONNECTED CITY

### Fellow Councillors,

We are decisively investing in the transport and ICT infrastructure network as a means of supporting the City's medium and long-term inclusive economic growth needs, universal access to social services and to promote an efficient and equitable urban form. We are doing this through coordinating investment by state owned companies in this sector and making our own investment.

We have started 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 MBSA 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. We are continuing to engage Transnet about port capabilities, and together with all local stakeholders, we have made a strong case for port widening and deepening. This decision is currently sitting with the Transnet Board.

Through the BCMDA we have concluded a business case

to Transnet for a Waterfront Development in Latimer's Landing and Signal Hill. The rationale for this proposal is that globally successful ports are those that are integrated to the City's multi-sectoral economy. Ports have become places of cargo handling, retailing, living, playing, and working.

This approach diversifies the port and bring new streams of revenue to the Port Authority but more importantly it vertically and horizontally integrates it into the local and global value chains.

It is important to indicate that just before the disruption to the airline market caused by COVID-19 the market for flights to and from our city had been robust and attractive with Airports Company South Africa (ACSA) reporting that the East London Airport saw an increase of 14 percent in passenger numbers. As this was unfolding, the airport was voted as the sixth best airport in Africa and this was a vote of confidence to its systems and the hospitality of its staff.

We are delighted by the investment of R107 Million made by ACSA at the airport as this will give it a further boost as a viable regional hub for local and global business and holiday travellers. We hope to see the East London airport resume its operations as soon as possible. Our airport is a critical infrastructure supporting our ELIDZ, Mercedes Benz plant, Hospitality industry and other manufacturers across the City. To this end the City will make representations to the Minister of Transport to assist us in getting the airport to resume its operations.

To further build resilience and capability in the 4th

Industrial Revolution, we are actively supporting the ICT sector and have been working with the ELIDZ on the undersea cable project. Provincial Government and the DBSA are currently looking at whether development finance can be used to address the funding gap and complement the committed private investment. In the meantime, the ELIDZ is ready to go out on tender for the landing station.

**WE ARE AGGRESSIVELY EXPANDING FIBRE NETWORK INFRASTRUCTURE IN THE CITY. WE HAVE LAID THE NETWORK FROM EAST LONDON TO KING WILLIAMS TOWN AND DIMBAZA.**

This network will be live by the end of July and it will greatly improve ICT connectivity, speed and reliability throughout the Metro. It will also greatly assist in setting up the technological network required for the revitalisation of Bhisio as a capital town of the Province.

We have also been actively supporting the first business process outsourcing investment, working with Business Process Enabling South Africa (BPESA). The Department of Trade and Industry has identified Buffalo City Metro as one of the country's Global Business Service investment destinations, and we are working with the ELIDZ to solicit funding for a Business Process Outsourcing Park.

We are indeed building a truly world class African city which is globally connected. ~

# 5. ACHIEVING A SPATIALLY TRANSFORMED CITY

Honourable Speaker,

Much of our work as Buffalo City on Spatial Transformation has focused on addressing our inherited apartheid spatial form. Key to this is increased densification and opening up new land for development close to economic nodes where people can find work.

Buffalo City is urbanizing and densifying, with a current urban population of 82 percent compared to 74 percent in 2012. Our population now stands at just over 890 000 persons, having grown from a population of 773 000 in 2008.

We now have a Built Environment Performance Plan (BEPP) that focuses the work of all three spheres on spatial and infrastructure priorities for the city. Our BEPP has improved over the past year from silver to gold, according to National Treasury rating.

We have seen a significant improvement in grant spending, although this past financial year has been heavily impacted by the lockdown. Unlike the narrative in the media, we are a good performing grant spender among the Cities. Over the past 2 financial years, we have secured around R540 million in additional grants redirected from other Cities that were unable to spend their allocated grants.

Just last year, the National Treasury report titled 'The State of Local Government Finances and Financial Management' declared Buffalo City Metro as the best performer on capital spending against all municipalities in the country. This means that we are creating social and economic infrastructure which is necessary to create a conducive life and leverage further development.

We are finalising the review of our Spatial Development Framework and have identified new areas that will be opened up for development. As we move towards the end of term for this council, we are finalising catalytic road and bulk projects that will open-up land for mixed use development. This includes the Beacon Bay- Gonubie Road, the Qumza Highway in Mdantsane, and we have fully designed the North West Expressway which will open up development in Amalinda.

We have completed the Fleet Street and Oxford Street Road projects thus decisively easing traffic in the city-center.

We are now finalizing the R72 road realignment from Eastern Cape Motors and the construction of the City-to-Sea Boulevard. This is poised to be a catalyst for bringing in public and private investment into the Sleeper Site through a process led by the BCMDA.

**WE HAVE CONSTRUCTED ROADS ACROSS THE CITY IN MANY TOWNSHIPS, RURAL AREAS AND SUBURBS AND THIS WORK IS CONTINUING WITH A BUDGET OF R395 MILLION FOR THE CURRENT FINANCIAL YEAR.**

We have purchased our own road construction fleet to the combined tune of R13 Million for construction and maintenance of township and rural roads. As this current term of council, we are committed to see to completion the Mdantsane Road Construction projected valued at R373 Million and we will soon commence with the construction of the Albatross Road Bridge upgrade in Sunrise on Sea with a projected expenditure of R30 Million.

The massive Reeston Tunnel Project valued at R436 million is currently undergoing procurement and construction will then commence. This will enable

densified human settlement in the North West Corridor and will allow for the Duncan Village Redevelopment project to go full steam ahead. We have also recently approved a fully-fledged WSU campus in Amalinda.

We are decisive in building sustainable human settlements in rural areas and the townships guided by the principle of placing people closer to economic opportunities and transport networks. Since the start of the term we have built and handed over 8338 houses and in the current year we will complete and handover 1100 houses to the people of the Metro.

We are now busy implementing the massive Duncan Village project which will see the construction of 5000 housing units. Already we are constructing Temporary Relocation Units (TRU's) at Ziphunzana By-Pass and Mdantsane East. This will see about 3174 households moved from Duncan Village in order to make space in the area for the construction of houses. We are constructing 2550 houses in Reeston Phase 3 and 2 and this will also further assist with the de-densification of Duncan Village Township.

We are making a call to SMMEs to exploit dialogue with the City as opposed to disruption of service delivery in the roll out of Human Settlements.

We want to reiterate our message that we will not tolerate lawlessness and any attempt to invade land will be met with the necessary response. We have been vigilant so that this period of the Corona Virus is not used as an opportunity for land invasion and the creation of more informal settlements. The demolition of illegally built structures remains a sad occurrence, but it will not be discontinued up until people stop falling prey to schemes created by criminal elements and organized land invaders.

**Ladies and Gentlemen,**

The creation of an integrated transport system to foster spatial integration and allow for ease of life has been high-up on our agenda. We have decisively focused on improving the public transport system with massive investments done in the upgrade of taxi ranks and bus ranks across the Metro. We have spent a combined amount of R68 Million in the upgrade of the Taxi City, Market Square Bus and Taxi Rank in King Williams Town.

The upgrade of Ginsberg Taxi Rank is in progress with



projected expenditure of R2 million and designs for the upgrading of Ebuhlanti Taxi Rank are complete. We have also prioritized the Bhisho-KWT-Zwelitsha corridor valued at R423million as a catalytic programme and we are busy with the necessary bulk water and sewerage planning and implementation. This project will be an enabler for the development of the Bhisho Precinct.

We are also busy with the inner city catalytic programmes in the East London CBD and this is also through approval of developments. One decisive move was our purchasing of the South African Reserve Bank building in East London adding this important property in the Central Business District into our property portfolio. This shows our commitment to keep the municipality in the inner city and drive further investment so that we avoid collapsing our CBD.

In addition to this, the BCMDA has started with the development of land parcels on the beachfront and at water-world. This work will continue in the current financial year and should be completed in the next financial year. Steady progress is being made in facilitating investment in mixed property developments at the Sleeper Site, Marina Glen A, Seaview Terrace and Water World II. These projects combined should stimulate the local economy in ways never seen before.

We have instructed the new Board to focus on these projects because they are our critical success factors. Already we have solicited private investment for hotel, leisure, retail, and other mixed use. ~



# 6. BUILDING A CLEAN, SAFE AND HEALTHY CITY



**Honourable Speaker,**

The data shows that the quality of citizens lives continue to improve in Buffalo City Metro and despite the narrative that is perpetuated by some in the media, this remains an un-deniable fact.

This said, there are still service delivery challenges confronting the City. Key here are issues related to the cleanliness of the City and the maintenance of facilities. Both these service delivery areas reside in the Directorate of Municipal Services, for which there has been no head of department since the start of this term of local government. This has led to accountability and performance issues in the directorate, with rotating HODs and rotating GMs.

We are happy to report that we are bringing this reality to an end as we have established two new directorates one specifically focusing on Solid Waste Management and the other focusing on Parks and Amenities. We are now finalising the appointment of the Heads of Directorates for these roles and we will ensure that competent people are appointed.

Despite these challenges, we have made progress on Good Green Deeds and have secured R50 million from the National Treasury for Duncan Village. We have just appointed 500 additional EPWP workers to assist with cleaning the City. We have retooled the directorate with fleet and are busy resuscitating decentralised waste facilities to combat illegal dumping.

**WE HAVE INVESTED DECISIVELY ON WASTE MANAGEMENT INFRASTRUCTURE AND WHERE NECESSARY WE UTILISE HIRED TRUCKS IN ORDER TO ENSURE CONSISTENT REFUSE REMOVAL IN OUR COMMUNITIES. WE KNOW THAT THERE IS STILL MORE TO BE DONE IN THIS FRONT, BUT WE RESOLVED TO CONTINUE PURSUING THE FIGHT. WE HAVE ALSO APPROVED A SOLAR PROJECT AND ARE FOCUSED ON MAKING BCMM A GREEN CITY.**

We are making strides in building community sports and recreational facilities across the Metro. The Mdantsane Swimming Pool project which is part of the NU2 Sports Precinct project is currently under construction and it is projected that Phase 1 will be completed in April 2021 and would be thereafter opened to the public.

We have in the recent past experienced acts of vandalism of the pool during this construction phase and we urge residents to protect the swimming pool against acts of vandalism by some community members. Once fully completed, the Mdantsane N.U 2 Swimming Pool will host National and International Swimming Championships, and

this is why it is designed and constructed to meet National and International Swimming Standards.

In previous years we upgraded the Sisa Dukashe Stadium to Premier Soccer League standards and we also developed the Orlando sports field. These projects are contributing to restoring this urban corridor as a sporting events hub. In addition to this we upgraded the Phakamisa Soccer Sport and Rugby Fields, Sweat Waters Sportfield, N.U 14 Sportsfield, N.U 7 Soccer and Rugby Fields, Bunkers Hill Sport Field and Jan Smuts Stadium.

For indoor community leisure, recreation and significant events we are decisive in building and upgrading community halls. We have completed the Nompumelelo Hall and we have upgraded community halls Gesini, Phakamisa, Ndevana, Tyutyu, Postdam and Greenfields.

**Fellow Citizens,**

The Metro Growth and Development Strategy envisions a city where the people of Buffalo City will feel safe and enjoy a community life free of fear. We believe that doing this requires an effective safety and security management approach which is multi-stakeholder, with multi-faceted methods, which include advocacy orientation, community buy-in as well as the implementation of punitive measures.

The strength of the multi-stakeholder law enforcement approach has been demonstrated by the COVID-19 pandemic where a permanent Joint Operations Centre has been formed to ensure the adherence to the regulations governing the lockdown. We were able to ensure lockdown in the City during risk adjusted level 5 and we consistently patrolled in order to ensure that communities are safe.

The seamless manner that our traffic and law enforcement services continue to work is owed to our investment in the service both in terms of infrastructure and human resources. Since our arrival in office we employed 56 new Traffic and Law Enforcement Officers and purchased 85 vehicles. We have also installed a total of 215 CCTV Cameras across crime hotspots in the City and what we have observed is that crime has substantially reduced in those areas. We are currently migrating to a Digital Tactical Radio Network which will see more effectiveness and security for law enforcement centric communications. We have also made decisive improvements in our fire and rescue services and our municipal health services.

The International Homicide Statistics Composite Crime Index makes use of the official SAPS data, which is reported in 27 crime categories (ranging from murder to crime injuries). For the period 2008 to 2019 overall crime has decrease at an average annual rate of 2.89 percent within the Buffalo City Metropolitan Municipality showing the positive outcome of our methods. ~

# 7. TOWARDS A WELL-GOVERNED CITY

## Fellow Residents of the City,

Our creation of this resilient city since we took office in 2016 has been predicated on the firm programme of building a well-governed municipality.

This principle speaks to the programme of building a developmental local government institution as envisaged in the governing party's Manifesto which effectively became an important part of our mandate as a term of Council.

Just to refresh your memory, at the start of this term of local government, we inherited an administration characterized by:

- Vacancies in a number of HOD and Management Posts
- Internal control deficiencies
- An MGDS that was not embedded in planning and budgeting
- A Performance Management and Development System that was not aligned to organizational priorities.
- A Macro-structure that was not aligned to the MGDS priority areas
- An unaffordable and unrealistic organogram
- Low loan debt to revenue but with growing household debt and growing indigent to ratepayers' number
- Instability and lack of continuity

We want to report that since then all HOD posts have been filled (with exception of Municipal Services whose process we are finalising as indicated). We have developed a delegation framework, established functional risk and audit committees, and integrated Treasury's MSCOA controls and systems. The MGDS is now embedded in the IDP and SDBIP. We are now working on aligning the macro-structure and capabilities to the MGDS.

We have finalised the review and rationalisation of 11 Municipal By-Laws, four of these have been promulgated whilst the promulgation of the remainder has been affected by the COVID-19. We are finalising the establishment of municipal courts and the midland municipal court will be launched in this financial year.

We are determined to improve the performance culture of all the employees of the City and until the COVID-19 disruption, the Job Evaluation Project had progressed appreciably since its inception. Eleven batches of results have already been approved and 960 job descriptions have been graded which amount to 4200 employees.

To avoid undue delays, we are currently seeking alternate methods by which the job evaluation and auditing

processes could proceed, with due regard to staff safety, including the convening of virtual meetings. The total project will be completed in the current financial year.

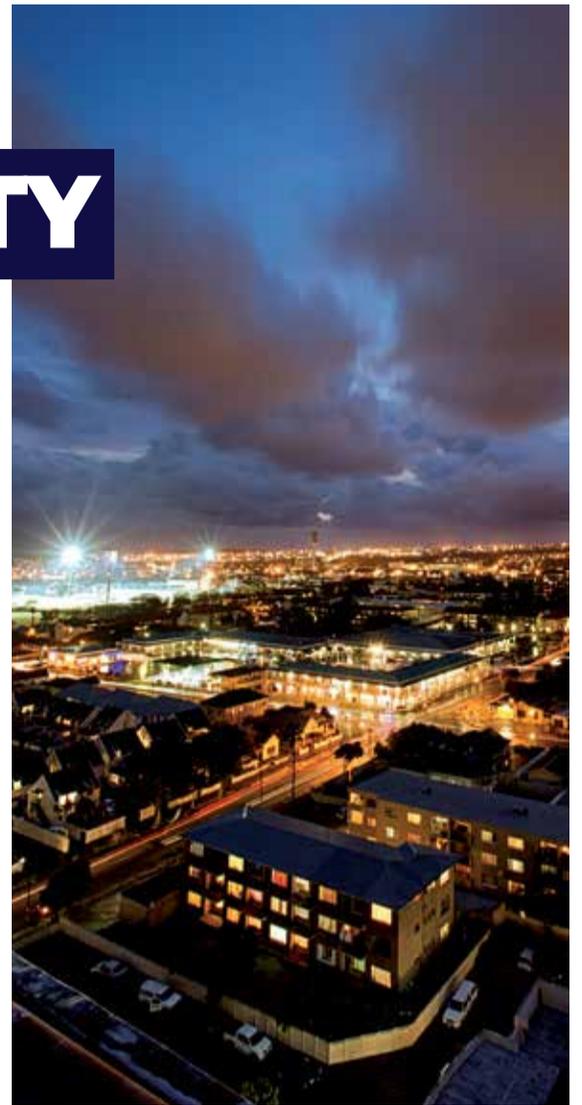
We have been decisive in fighting fraud and corruption in the institution and one of our key creation was the opening of the ethics hotline hosted by an independent external service provider. This hotline serves as a platform through which employees, suppliers, contractors and other third parties can report irregular activities, free from fear of victimization or repercussions.

The financial position of the institution remains robust, with R1,44 billion in cash reserves before the onset of COVID-19. The financial position of assets less liabilities has improved from R14 billion in 2014, to R21 billion currently. Debt-to-revenue ratio has decreased from 11.7 percent in 2014 to 6 percent currently. Cost of Employees as a percentage of operational expenditure remains within the norm of 25 percent to 40 percent.

There are control challenges which we are still dealing with. Irregular expenditure will be reduced through strengthened HR capacity in supply chain management, as well as improved contract management. Championship and monitoring of the audit improvement plan has been intensified through weekly monitoring reports. We will expand the scope of GTAC in this regard to ensure we increase our capacity in achieving clean audit outcomes.

The City remains stable with all structures meeting and being duly constituted. The idea of a City in a governance and financial crisis as perpetuated by some quarters of the media and mischievous elements is devoid of reality. Buffalo City is among the best performing Metros in terms of governance and institutional stability. There is regular public consultations with our communities and even during this period of the Corona Virus we held IDP and Budget community consultations which were virtual, and it became a striking reminder of the fact that whilst things have changed, the mandate and programme of the municipality remains.

We have built these governance and management systems which create a socio-economically resilient City even during this period of the Corona Virus. We are in difficult times, but we have over the years built a City capable of withholding the storms and the strength of the residents of Buffalo City is instrumental in building resilience for now and for the future.



## 8. CONCLUSION

### Fellow Citizens,

As I conclude this address, I am reminded of the words of the great Vietnamese Revolutionary, Ho Chi Minh who remarked that:

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

It is our belief that the continued fight against this pandemic will reveal the strength and resilience of the City and its people.

As the leadership of the institution we are determined to do what we were elected for without fail. We want to commit here that we will not use the Corona Virus as an excuse for us not to pursue development. The effects of the virus are obviously devastating, but we are determined to ensure that they do not frustrate our programme of changing the City for the better.

The strength and determination of the leadership of the Metro will be proven during this period. Our

development project implementation will be more agile, and our decision making will be more considered but much faster than before. The workers of the City will be protected but they are now expected to work with more passion and care. The continued resilience of the city hinges on this.

We will do all of this not leaving you the residents behind. Through the use of multi-media platforms, we will ensure greater engagement with the residents of the Metro. Your guidance is extremely necessary in this period and we will find more creative ways of getting your input into the affairs of the City.

We have recently advised Ward Councillors to have their ear on the ground and be able to get the complete pulse of the communities. In fighting the virus, they have started establishing Ward based Rapid Response COVID-Command Councils which will be detailed on the containment of the virus in each ward and the support of sustainable economic and social life during this period.

### Compatriots

We have built socio-economic resilience into our strategy to withstand any disaster in our City. The task that remains now is for us to be vigilant so that we minimise the spread of the virus and its devastation in our City.

Let us beat this virus together and let's firmly strengthen and utilise this resilient City we have collectively built over time to create a post COVID-19 future which will be characterised by prosperity for all.

Let innovation, creativity and enterprise of our citizens come to the fore. Let us not waste this crisis, we must find comfort in the knowledge that every dark cloud does have a silver lining.~

**I Thank You!**