



***Ugu District Municipality***

**STATE OF THE DISTRICT ADDRESS**

**CLLR SB CELE  
MAYOR**

**TOGETHER, WORKING TO BUILD A BETTER DISTRICT**

**25 FEBRUARY 2009**

Speaker

Honourable Mayors and leaders of our system of local government

Chairperson of the District House of Traditional Leaders and Amakhosi present

Colleagues from the Executive Committee

Municipal Managers and Heads of Departments

Business captains, leaders from our community structures

Leaders of our religious and faith based organisations

Leaders from Organised Labour

Distinguished guests, ladies and gentlemen

Members of the media

People of Ugu District

## **Introduction**

We gather here to deliver an address on the state of this district, a district that in 2001 was declared a Presidential Poverty node; this after it was found that it had serious service backlogs in respect of water, sanitation and electricity. It was found that many of the more than 700 000 people lived in abject poverty.

At the onset, Mr Speaker, we want to observe that indeed, the state of this district is a much better one than it was back then. It has been improving and ours, as a collective leadership in Council, is to ensure that we maintain this growth and resolve whatever challenges we face.

## **Elections: new mandate**

Mr Speaker, our country goes to the polls in a space of about 07 weeks. This is an important acid test of our fledging democracy, which all of us need to support. With the electioneering gaining momentum day by day, we are pleased with the level of political maturity that we have seen. We urge all our people to continue displaying such good, exemplary behaviour as they go to the polls to elect their new government. We urge political parties to communicate with each other and fulfill their leadership responsibility.

## **Economic meltdown**

Last year, we noted that as part of our efforts of improving the quality of life of our people, we need to think globally and act locally. The recent global financial crisis has had negative repercussions for what we do, as part of our business. As the Minister of Finance indicated in his budget speech, the recession in the US and the ripple effects it causes in China, the UK and Brazil, all have an effect on

the shop floor in a motor assembly plant in Port Elizabeth, which in turn results in a dealership closing shop in Port Shepstone and 15 people, many from Bhobhoyi, Merlewood, Umzumbe and Mtetweni, losing their jobs.

We take relief however, Mr Speaker, from the efforts of our government which are aimed at protecting our country and economy from this global crisis. Led by President Motlanthe and his working group comprising business and labour, the plan is meant to cushion the country from the effects of the financial meltdown. We are confident that it will yield the desired outcomes.

### **Service Delivery**

In the recent past, we have noted with concern, numerous complaints in the local press, about challenges in the provision of basic service delivery. Concerns have been raised about the state of verges, potholes, refuse removal, interruptions to water supply, amongst others. It is a correct assertion to make that indeed, we have seen challenges in the system that runs with some of these services. Reasons for these are not beyond the realm of human comprehension and ours is to continue to find solutions to these.

Working in partnership with the local municipality of the Hibiscus Coast, we will commence with a special pilot programme meant to augment existing plans in the cleansing and maintenance division. This programme will see 09 new teams of trained community members deployed in strategic areas to help improve the state of our verges, ensuring safety of motorists and pedestrians alike, while creating 135 short term jobs which will reduce poverty and put food on the tables for hundreds of families.

This programme will be launched in the space of two weeks and will be rolled out to other areas within the district that have similar challenges, going forward.

The current state of the entire roads infrastructure is not good. Plans are at an advanced stage for a new, innovative pothole repair programme that will target areas within the Hibiscus Coast Municipality. This intervention is part of our roads and infrastructure development programme that has three phases. This intervention is part of the short term strategy, scheduled to commence within weeks from now. The medium term strategy will involve road surfacing, while the long term strategy will deal with road construction. Phase 1, of which R5 million has been made available jointly by us and HCM, will involve the use of local labour, through the co-operative model. We urge some patience and tolerance until these efforts bear fruit.

## **Disaster rehabilitation**

The aftermath of the June floods and subsequent storms elicited a huge outcry from the general public. Many of the beaches, roads and public transport infrastructure were severely undermined. Through our swift and co-ordinated efforts we managed to secure funds from central government which will go towards rehabilitating these. Work on the central beaches of the Hibiscus Coast will begin shortly as will that of Umdoni in areas such as Scottsburgh and Pennington.

Work has commenced on the ground, following the R600 million rescue package announced by the MEC for Transport last month. Over 50 contracts have been awarded and they are performing very well despite experiencing delays with the supply of essential materials such as pipes and wire baskets. The combined value of the road contracts awarded to date in the district totals R 480 million, of which 44% was awarded to Vukuzakhe emerging contractors

Work is also taking place on 240 roads in the district and 60% of the work has been completed. Some 27 bridges and causeways had either been totally destroyed or suffered serious structural damage. These have been investigated and the design of replacement structures is underway. It is planned that awards for these will be made next month.

## **Water for all**

Disruptions to the water supply increased drastically after the floods experienced in June last year. This disaster undermined our infrastructure, resulting in one billion rands worth of damage and serious inconvenience to our people.

The number of people who are without potable water in our district continues to be the focus and point of departure for our planning. Last year, for the year ending June, we had connected 6 824 households to the system, ensuring that we live up to our commitment of providing a better life to our people. Our target was to reduce the backlog by 3% and we shall exceed this KPI as we have already achieved 6% as at Dec 2008.

Rural communities, as per government's mandate, will continue to have our dedicated attention. We will this year commission some of the biggest water schemes, which will bring relief to hundreds of households, helping us to further reduce our backlogs and improve social living conditions for our people. These include, amongst others, KwaLembe and Nyavini Water Schemes.

Augmentation of our water supply to the South Coast is now underway. The tenders for the upgrade of pump stations and water works will be awarded

shortly, while the awards for the pipelines from Bhoboyi to Izotsha and Shelly Beach have been issued. In this regard, we will be investing R40m worth of steel pipes which shall be laid over the next few months.

Upgrade of the Umtamvuna system is also underway with two major contracts awarded for the pipeline, worth R16 million and R29 million worth of pumps. This project will ensure that water supply to Port Edward, KwaNzimakwe, KwaXolo and Eziqoleni is improved.

Two major dams have been commissioned for detailed planning-WEZA dam and Mhlabashane dam. These will ensure sustainable water supply going into the future.

This year, we will continue to improve the manner in which we do our business, particularly in terms of customer care. We have completed a number of studies on the efficiency of our current Call Centre systems and we have identified a number of challenges. Working with the DBSA and technical support specialist from Wessex Municipality in the UK, we will:

- Reposition our Call Centre to be more efficient and user friendly, by investing in modern technology and training of call centre agents
- Establish a dedicated Customer Relations Unit that will mainstream all front line functions and customer management processes

Our efforts aimed at identification and management of illegal connections is bearing fruit. The dedicated Team that we established and trained last year has hit the ground running, securing hundreds of statements of admission of guilt from people who have voluntarily come forward and 16 convictions for people who are illegally consuming our water. This year, this Unit will intensify its work to rid our system of these people.

### **Sanitation for all**

Writing in the Mercury newspaper about a week ago, in response to our comment about whether or not the proposed formation of a "breakaway" from Umdoni Municipality will work, Mr F Stevenson argues that we are not doing anything for Pennington in terms sanitation. Clearly, this is not the case. Sanitation projects for Scottburgh, Mbango and Pennington sewage treatment works were completed last year. Work is in progress at Margate and Umzinto sewage treatment works to ensure that we meet the disposal standards as set out by DWAF.

Our standard Ventilated Improved Pit latrine (VIP) toilets for rural areas have earned us great recognition from various industry entities for their quality, innovation and environmental effectiveness. By December last year, we had

already installed over 4000 toilets. We look set to install 10 000 VIPs toilets by the end of June this year, surpassing our 5000 target. This will reduce our sanitation backlog by 02%, demonstrating, once again, our resolve to fast-track delivery, improve social living conditions and ultimately bring a better life to all our people.

Our programme of prioritising rural schools in dire need of water and sanitation is gaining momentum. A detailed study has been completed and our teams are on the ground working to connect the top 50 schools in the next three months.

### **Development planning**

Changing legislation with regards to development planning in the province has necessitated the establishment of a Development Planning Shared Services, a concept that will see the extension of all development planning functions across the entire area of jurisdiction of local municipalities. Given current challenges with regards to qualified planners, such a move will ensure that there is a closer and stronger co-operation function performed by the district in partnership with local municipalities.

The District Intergovernmental Forum has adopted this concept and work is underway in local municipalities to prepare for the administrative processes required to make this operational by July this year.

### **Local Economic Development**

The challenges of unemployment that face our country and district require proper planning, alignment and implementation of well thought out programmes and interventions.

Our Integrated LED Strategy, with its key focus on stimulating economic activity for strategic sectors, continues to be the guiding principle in all our interventions.

### **Co-operatives Development Programme**

The co-operatives development programme is one of the key economic transformation programmes that the district has undertaken in recent years. It aims to increase the participation of previously disadvantaged communities or entrepreneurs in the mainstream economy.

Progress has been made in building capacity of 42 employees from different government spheres or state organs involved in co-operatives. Thirteen (13) sector based co-operatives associations have been established. We will also be nourishing our relationship with our Canadian partners (i.e. Coady Institute and

Nova Scotia Co-operatives Movement), which partnership involves intellectual exchange and skills development of our people.

In our efforts to ensure that we create a market for all of these co-operatives, we will move with speed to adopt a policy of Targeted Procurement, which will focus on identifying ten products or services within the District that could be ring fenced for supply by co-operatives. We are expecting our private sector partners, local municipalities and government departments to follow suite, by setting aside certain goods and services for supply by co-operatives.

Recent events reflecting the great pressure from our people for employment should be sobering for all of us. This is a time for firm resolve, courage and very hard work by all of us. There is no place for passengers in our greater team of politicians, officials, staff and our community. We all have to put our shoulders to the wheel.

### **Rejuvenation of Industrial Areas Infrastructure**

Last year we announced plans to stimulate the manufacturing sector of our economy, by a dedicated focus on maintaining industrial parks. Work is advancing to revitalize the infrastructure of Park Rynie Industrial Park. Working closely with the park's Committee and the local municipality of Umdoni, we have already received R2,7 million towards the rehabilitation of the storm water drain system in the area. Another R2,7million will be received in our next financial year for road rehabilitation. This is grant funding received from the provincial Corridor Fund. We are also looking to secure around R2 million that will be used in improving security in the industrial area, through the installation of street lighting and fencing.

Mr Speaker, together with HCM, we are also looking towards doing the same for the Marburg Industrial Area. The DBSA has committed R300 000 which will go towards commissioning a study that will be used to mobilize resources that will ensure growth of this area.

### **Partnerships for Growth**

It is a matter of great pride that we announce that NPC-Cimpor has partnered with us for the next three years in developing our emerging contractors programme. An investment of R2,4 million will be made towards improving the capacity of women- and youth owned emerging contractors. We are currently finalising the Memorandum of Agreement with the Sugar Industry, which agreement will focus on improving the capacity of the emerging sugar cane growers and also increasing the sustainability of Illovo Mill. Negotiations are at an advanced stage, with Old Mutual Masisizane Fund to fund

certain women agricultural projects in the district. In the next few weeks, we will be making an announcement on this project.

As a District, we have been chosen as one of the three municipalities in the country that will benefit in the newly established DBSA LED Initiative Fund. There has been provisional approval of grant funding totaling R24 million towards different interventions in our strategic planning, project packaging and economic planning. The success of this programme will encourage the DBSA to mobilise more resources for implementation of all the interventions that will be identified by various studies.

The creation of decent work means we have to think out of the box and look for innovative ways of creating sound and sustainable jobs. There is a possibility of an exciting announcement which we could make in the next few weeks, which relates to a huge, multi-million rand investment deal that involves two companies operating in one of the fastest growing industries in the country and the world, known as Business Process Outsourcing (BPO). This investment will see two companies that are currently running a total of 1 300 seater call centres between the two of them making a joint investment that is worth approximately R100 million, which has a potential to create 1200 permanent call centre jobs. We look forward to developments in this regard.

### **Food Security and Rural Development**

In a response to the challenge of addressing the question of food security, we have been, in the past nine months, working on a plan that will improve food security for the vulnerable rural communities of our district. There has been overwhelming agreement from all stakeholders that indeed we need to do something to address same. Which is why, Mr Speaker, we are grateful to ESKOM for coming forward and committing R5 million to support this Food Security Programme. Details of the plan will become apparent when local municipalities and key sector departments finalise their outstanding inputs in this regard.

### **Tourism**

The work to finalise our new regional tourism body, Ugu South Coast Tourism has taken longer than anticipated. We are pleased to report, however, that we have finally registered this new entity, a new of its kind in the country. This completes the legislative compliance issues, allowing us to work at a much faster pace.

Work is proceeding with regards to marketing the South Coast destination. Various major events are being approached and we are confident that same will

be achieved, further strengthening our position as one of the leading domestic tourist destinations.

### **Building 2010 Legacy**

In less than 471 days, the world will gather in our beautiful country for the biggest sporting event ever. At the district's State of Readiness Indaba last November, we took note of our plans to use 2010 as a launching pad for our infrastructure, economic and social development programmes.

The construction of Phase 1 of the Ugu Sports and Leisure Centre is proceeding well, despite inclement weather. Bulk earthworks and storm water drainage is 70% complete. The fencing tender is in progress and will be awarded soon. Movable seats for multi-purpose use have been purchased and will be used during the training camp session for the team that we will be hosting.

We remain committed to the February 2010 deadline for the completion of this phase.

Related aspects of accommodation, events schedule and entertainment; as well as safety and disaster management issues are all on track.

We are also confident of using the opportunity provided by 2010 to leverage funding opportunities for the upgrade of the Margate Airport. As we deliver this address, various stakeholders are locked in a meeting, working out the details of this work.

Building up to the soccer extravaganza, we will host, as part of the Confederations Cup in June this year, a fully fledged public viewing area in Port Shepstone, and mobile viewing areas for the inland municipalities, maximising the benefit for our rural people. These public viewing areas will provide a key test for our readiness for the biggest football showpiece in June next year.

### **Good Governance**

Co-ordination of all developmental planning and implementation remains core to our mandate as a district municipality. We are committed to make our IGR structures functional, so that we can ensure a united vision by all leaders in the district. We will double our efforts at ensuring an improved public participation programme, ensuring that the quality of engagement at the IDP and Budget roadhows is improved, amongst other things.

Tackling all kinds and forms of corruption within our rank and public organisations, in particular, must remain a focus area. This should cut across all sector departments, municipalities and private sector organisations.

**Special Programmes** that cater for the gender, people with disabilities and **HIV and AIDS**, amongst others will continue to receive our dedicated attention.

The recent launch of the 50/50 campaign for women in political and leadership positions must become a significant project that has our full support. The introduction of gender machinery focal points at municipal and district level will ensure corresponding development of both men and women.

**Youth Development**, especially in terms of skills, will continue to be at the centre of our work. Working with Umsobombvu Youth Fund, we will this year roll out the Youth Advisory Centres in all local municipalities, ensuring that young people in Gumatane, KwaMachi and Mandawe, inter alia, have access to life changing programmes aimed specifically at the youth.

**Sport Development** is another integral programme that addresses social issues within our communities. Work is underway to complete a sport development model for the district, which model will be used by the soon to be launched Ugu Sports Council to roll out its programme. Working in close partnership with the Department of Sports and Recreation as well as sports federations, the model will also contribute to the sustainability of the Sports and Leisure Centre.

## **Heritage**

Next year marks the 150<sup>th</sup> anniversary of the arrival of Indians in this country. Indeed this is a significant event not only for members of the Indian community but for all of us as a nation. We are fully behind the newly established Committee that will co-ordinate the celebrations and we pledge our support in this regard. This is because we believe in the principles of preserving the tapestry of our country's rich heritage.

In the coming weeks, we will be launching a significant Heritage project that will see the documenting of the history of all cultural groups that make up the people of the district.

## **Institutional Transformation**

The need to deliver better services must always be linked to the state of the organisational machinery that is expected to delivery these services. This calls for continuous review of our institutional arrangements with a view of improving output and making positive outcomes.

Scarce skills in the field of artisans continue to pose a serious challenge for our operational efficiency. Electricians, fitters and turners are amongst the most required skills in our system.

In response to this, we will roll out a plan to identify qualified and semi-skilled employees from amongst our general workers and work towards producing our own artisans.

We urge the people of Ugu to work with us in encouraging our youth to take up careers in the artisan field.

### **Financial Viability**

The state of our finances has continued to remain in a healthy state and **is** improving. For the first time this year, all but one local municipality received a good audit opinion from the Auditor-General. This is matter of great achievement for the family of local municipalities and indeed it indicates that we are getting things right in terms of co-ordination and application of legislation and policies. Work is already underway to assist Eziqoleni Municipality with its financial systems, which were unfortunately severely undermined by the previous administration.

Our rigorous finance reform initiatives, as required by both National and Provincial Treasury, together with prudent financial management discipline, continue to remain the core focus in the business of managing public funds transparently and responsibly.

Maintaining a healthy financial base that fully supports district services according to Council priorities requires constant vigilance. This work is reflected in restructuring and reshaping district services, implementing new financial management systems, securing sound recurring revenues, and making responsible spending adjustments in light of revenue growth limitations in order to achieve a balanced budget.

It must be noted, Mr Speaker, that not all municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a municipality. A municipality can be categorized into either:

- Developed – maintenance
- Developing – growing.

Municipalities in our district can be categorized as developing - growing municipalities. Such municipalities require significant additional resources and funding to conduct the growth that is expected of them. In contrast, already

developed – maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

The financial policy of the Ugu District Municipality is to provide a sound financial base and the resources necessary to sustain a satisfactory level of municipal services for the citizens of the district.

It is the goal of the Municipality to continue achieving a strong financial position with the ability, amongst others, to:

- withstand local, regional, national and international economic impacts;
- adjust efficiently to the community's changing service requirements;
- Effectively maintain, improve and expand the Municipality's infrastructure;
- manage the Municipality's budget and cash flow to the maximum benefit of the community;
- prudently plan, co-ordinate and implement responsible and sustainable community development and growth; &
- provide a high level of social services to assure public health and safety.

Going forward Mr Speaker, the following financial policy directives will remain key drivers of the municipality in maintaining its financial viability: -

- keep the municipality in a fiscally sound position in both the short and long term;
- maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- apply credit control and debt collection policies which maximize collection in excess of our current 97%, whilst at the same time providing relief for the indigent consumers;
- provide a framework for the prudent use of debt financing, realizing that as the municipality takes on new debt to finance its infrastructure activities, this will have a significant impact on the solvency and long-term viability of the Council;
- direct the municipality's financial resources toward meeting the goals of the municipality's Integrated Development Plan.

## **Conclusion**

The delivery of basic services to our people is not an easy task. As servants of the public, we remain acutely aware of the need to deliver quality services that help improve the quality of life for all our people. We look forward to the future with confidence.

The challenges that confront us require the total sum of all our efforts. We must continue to work together to find solutions for we owe it to ourselves to create a better district for generations to come.

As the collective leadership of the district, we remain committed to a service delivery culture that puts every elected official and public servant to work for our people and ensure accountability to our people.

Our doors remain wide open for stakeholders who share our vision to engage us so that together we can do more for this district, province and indeed our country.

I thank you

**Cllr SB Cele**  
**Mayor**