

**EMBARGOED UNTIL 11H30 ON 30 MAY 2008**

**STATE OF THE DISTRICT ADDRESS BY THE EXECUTIVE MAYOR OF ADM,  
ALDERMAN SAKHUMZI SOMYO TO THE COUNCIL MEETING AT CHRISTIAN  
CENTRE ON 30 MAY 2008**

All Protocols observed.

We are meeting today during highly challenging times. The Global political and economic environment is causing exorbitant increases in food prices. Linked to this, is the escalating price of oil resulting in further increases in fuel prices.

The energy crisis inflicting our country is also cause for concern, particularly because its management requires phased-in increases in energy prices so as to raise revenue for this purpose.

The attacks on our brothers and sisters from the other parts of the African continent which recently started in Gauteng and are now spreading across the country are most unfortunate. Like President Mbeki said in a recent televised message, this action is diametrically opposed to everything which we have stood for and achieved since 1994. We support the view that there needs to be a thorough investigation of this challenge so that we can get to the root cause of the problem.

The scourge of HIV/AIDS continues to be a challenge facing society with devastating effects not only on humanity but also to the meager resources at our disposal, faced as we are with wide-ranging issues constituting the national priorities.

Most, if not all, of these challenges exacerbate rather than mitigate our fight against poverty and unemployment, which we seek to address.

Desperate times calls for effective and decisive leadership who have vision to see beyond the obvious, the courage and fortitude to be innovative and to ring the changes and set the boundaries.

Madam Speaker, today I would like to challenge my fellow councilors and the management of the Amathole District Municipality to do an introspection and to decide what kind of leadership we want to see within our district. In the words of our beloved Dr Nelson Rolihlahla Mandela, “A leadership commits a crime against its own people if it hesitates to sharpen its political weapons which have become less effective.”

Our District Municipality faces some enormous challenges, one of which is the recent exodus of its senior management, *albeit*, for various reasons. If one considers the strategic importance of institutional memory, expertise and on-the-job experience, this is indeed a challenge in itself.

On a happier note, we have just recently appointed Mr Yimile Zote as the Chief Financial Officer. We are now in the process of appointing the new Municipal Manager, the Strategic Manager and the Director of Administration.

Today we report back to Council, and indeed to our communities at large, on the progress we have achieved thus far against the targets we set ourselves, such as the:-

- Eradication of the bucket system by 2007.
- Water for all by 2008.
- Sanitation for all by 2010.
- Electrification for all by 2012.
- Halving poverty by 2014.

Our people expect our good leadership to find expression in meeting these targets so that, like fuel in a car, we also help them to become empowered to find such solutions, for we speak of “People-centred” and “People-driven” development processes.

In 2007, the ADM presented the Amathole Regional Economic Development Strategy or AREDS as it is otherwise known. This multi-stakeholder strategic vision informed the 2007 Growth and Development Summit held at the Fish River Sun. The adoption of the AREDS in Council culminated in the restructuring of the Amathole Economic Development Agency, thus ushering a new strategic focus towards the implementation of the AREDS. As a result of this process, the agency recently re-branded itself and is now called ASPIRE – *Amathole beyond limits*.

Vision 2014 is ASPIRE's contribution to ADM's commitment to meet the Millennium Development Goals to halve poverty by 2014. For the realization of its vision, ASPIRE has recently won R300 million from the National Treasury's Neighbourhood Development Partnership Grant (NDPG) and various other agencies.

This funding will be utilized for projects that will be implemented in the development corridors of our district, in line with Vision 2014 that seeks to develop the small towns along the four corridors of the N2, the N6, the R63, and the R72 road networks.

This grant will be used to develop the following areas:-

- Infrastructure costing in Dwesa-Cwebe
- Trial production of Essential Oils in the R63 corridor
- The establishment of the Hamburg Artist's Residency in Hamburg ;and
- Stimulation of economic development in the five towns of Alice, Butterworth, Dutywa, Hamburg and Stutterheim. This will translate into making the towns of Butterworth and Dutywa less congested, provide better shopping facilities and generally improve the lives of our communities in these urban centres.

In a nutshell, ADM has reaped a R300 million return from the initial investment of R10m made two years ago.

As we sing praises to the success of mobilizing resources to implement the vision encapsulated in the AREDS, we are aware that the ultimate goal is :

- to master the art of mobilizing communities to participate and be represented in the implementation of economic development;
- Translating this participation and representation into the communities owning their own economic destiny;
- Empowering communities, through skills development and training, in responding to opportunities presented by economic development in the Amathole region;
- Responding meaningfully to the overarching objective of AREDS, that is, to transform Amathole into a globally competitive economy; and lastly
- To translate practically and realistically AREDS' goal which is to increase the number of households earning above the minimum living level.

ASPIRE has recently been involved in the following milestones:-

- Active participation in an initiative driven by the Department of Provincial and Local Government (DPLG) and the Industrial Development Corporation (IDC) in drawing up national guidelines for the establishment of Development Agencies in South Africa.
- Hosting of the second national Small Towns Regeneration Conference in September 2007 which was attended by about 150 delegates from municipalities, government departments and development agencies across the country.
- Consultative meetings and workshops with local municipalities, community groups and industry.
- Development of a Communications Plan for Aspire.

- The incorporation of ADM's Butterworth Urban Renewal Programme into the Butterworth Regeneration project; and
- Managing AREDS in conjunction with the ADM's LED unit and mobilizing resources for AREDS.

The partnerships that have been built by the ADM, through its economic development agency, have been phenomenal with far reaching consequences. For example, the Economic and Infrastructure Cluster of the Eastern Cape Government recently recommended to the Provincial Cabinet that the Amathole District Municipality be a pilot site for the National Treasury and European Union Commission Economic Development Fund.

And the good news doesn't stop there. ASPIRE has submitted a further funding application of R300 million to further capitalize the implementation of AREDS.

Furthermore, Madam Speaker, I would like to take this opportunity to singularly congratulate our own Buffalo City Municipality (BCM) on receiving a funding allocation of R200 million from National Treasury. This, in essence, means that the Amathole region attracted a total of R473 million for capitalizing economic development.

The need for the upgrading of the East London port is a key outcome arising from our Growth and Development Strategy and I am happy to report that together with Mayor Zintle Peter of Buffalo City Municipality, we have held discussions with the Minister of Public Enterprise and the prognosis is very promising. We will continue to work together to advocate for the development of our port and also to realize our dream of seeing the development of East London's waterfront.

Our own Local Economic Development Unit within the ADM has also been busy this year. The ADM supported about 20 co-operatives during the current financial year, with a total number of 500 beneficiaries, the majority of whom are women. The support rendered was mainly capacity building on financial management, mentoring on financial management and other technical support which relate to product development. The main objective of our support programme is to make

these co-operatives viable and sustainable businesses. We will continue this programme and have budgeted R3 million for this in the next financial year.

The challenge for ADM in this regard is the formulation of a Co-operative Strategy to outline both the vision and the role the institution should play in supporting co-operatives.

In October 2007 we co-sponsored the Business Unlimited Expo in East London which proved to be extremely successful and provided a platform for SMMEs and emerging entrepreneurs to network, get vital business information and to showcase their wares.

The ADM Tourism Master Plan recommends that events and festivals should be initiated and supported. In that spirit the following events have been supported in the previous years:-

- Christmas in July 2007 which was held in Hogsback and attracted visitors throughout the country. The event was a resounding success as accommodation in the area was fully booked weeks in advance.
- The Bedford Garden Festival was held in October 2007. The event attracted bus loads of foreign visitors and accommodation was also fully booked in the area.
- The Craft Mania was held at Amahlathi area over three days and attracted visitors from the municipal area as well as throughout the district. The event mainly promotes arts and crafts from the district.

A whole range of festivals were supported with a view to attracting a diverse market of tourists within the district:-

- The Mquma Jazz Festival was held in December 2007.
- The Wild Coast Jikeleza Festival was held in Great Kei in July 2007.
- A Marketing Indaba was held in September last year.

- The Mayor's challenge, which is an annual event aimed at promoting eco-tourism, involved a hike along the Wild Coast and took place during tourism month in September 2007.
- The Summer Festival was held in Buffalo City during December 2007.
- In February 2008 we co-sponsored the Inaugural African Open Golf Challenge at the Fish River Sun, which attracted golfers from all over the world and was televised live in South Africa and abroad.

Our district also saw the South African Tennis Open in East London this year. These sporting events provide a platform to bring in people from all over the world and give the district international exposure. We will endeavour to co-sponsor and support these events for the next three years.

Tourism continues to have potential for huge economic spin-offs for both the district at large and our local communities by creating jobs and a market where our visitors can buy our locally produced products.

In terms of our agricultural development programme, irrigation schemes are seen in two ways – firstly as a means of ensuring food security and eradicating poverty, and secondly as a means of both creating employment and agri-business by selling surplus produce. The ADM has set aside R400,000 for fencing and an additional R2,5 million for the installation of irrigation equipment on 50 hectares of good irrigable land at Ludiza in the next financial year.

Zibhityolo is a highly underdeveloped and poverty stricken area. What makes this area even more challenging to live in is that there are no access roads. The ADM is of the view that resuscitation of the irrigation scheme in this village will go a long way in triggering development, particularly the repair of roads and other facilities. To resuscitate the programme with appropriate institutional infrastructure, and irrigation equipment to kick start the production process, the ADM has allocated another R2,5 million for this scheme in the next financial year.

The ADM has distributed 84 tractors to various communities in the last four years in order to empower communities to produce food for food security purposes. This programme is impacting positively with our communities as there have been reports of surplus maize production at both Mbhashe and Mnquma Municipalities.

The ADM has also built two sale pens in Keiskammahoek and Tamarha to the value of R150 000. This is intended to facilitate the sale of livestock especially from the emerging and subsistence farmers. These sale pens will serve about 200 farmers.

However, there are challenges facing our agricultural initiatives, such as:-

- The communities who cannot afford to maintain the tractors. This cost is now increasingly being absorbed by the ADM.
- Some communities are fighting over these tractors.
- There is a need for a policy shift in terms of support to LED and agricultural initiatives because the majority of community or group initiatives have not succeeded as much as it was originally anticipated due to lack of commitment and infighting. As a result, the ADM has resolved to not only assist communities and group projects but also individual initiatives that are likely to contribute to job creation.

R15 million has been budgeted for our Local Economic Development programmes in the next financial year.

Spatial development planning cannot be implemented without effective policies in environmental conservation and protection. I'm glad to say that some exciting developments are taking shape in terms of our environment programme. The first phase of the feasibility study and detailed conceptualization of the Amathole Biosphere Reserve has been concluded. The next phase will include detailed planning, consultation with all relevant role-players, determination of statement of significance, and submitting applications for the declaration of the area as a

biosphere reserve and national heritage site. An amount of R500,000 has been allocated to undertake this work.

Our Keep Amathole District Clean campaign has also been very successful and will continue next year with funding from both the ADM and the Department of Economic Development, Environment and Tourism.

Our alien vegetation programme serves to support our local communities in generating an income from the alien vegetation which has infested our area and which has depleted our limited water resources. This programme has now been running for the third year in succession and we will continue with it next year with funding in the amount of R1m.

In March 2007 we held a very successful Growth and Development Summit in our district. However, we need to review and monitor our progress in terms of our vision and so next year we will again host a Growth and Development Summit. An amount of R200,000 has been set aside to host this event.

Our recent IDP/Budget Road-show once more highlighted how central our function of being a Water Services Authority (WSA) is to our service delivery programme. Last year we indicated that we are suffering a huge financial backlog of R1.1 billion in carrying out this responsibility.

This situation hampers our ability to deliver on the following targets:-

- Water for all by December 2008.
- Sanitation for all by 2010.

In intensifying the service delivery as a Water Services Authority, the ADM has entered into an agreement with Amatola Water whereby:-

- Amatola Water will provide all bulk services in urban areas [as a starting point which will later be reviewed] and this will include Water and Waste Water Treatment works in urban areas such as Komga, Fort Beaufort/Alice/Gaga Tyume and Butterworth.

- ADM will focus its attention on the distribution side only of these mentioned areas and will continue to render all bulk and reticulation services outside these areas.
- ADM will therefore buy water in bulk from Amatola Water and will now focus on reticulation services and customer care.

ADM supports the national vision to bring water to all by December 2008 and Sanitation to all by 2010. However, these targets are extremely challenging to meet because of the following conditions:-

- Funding constraints;
- Scarcity of water sources;
- Quality of available water; and
- Limited bulk services.

As at March 2008, just over 80% of ADM consumers now enjoy RDP standard water supply or above. 2% of our population now have a safe water supply, which is less than the RDP standard of having a standpipe within 200m of each household. And 29% of our citizens have RDP sanitation or above. I am pleased to report that the bucket eradication programme in the district stands at 99%. The project was extended for 6 months until the end of June 2008 by which time all buckets will be eradicated.

ADM realized as far back as 2005 (through the completion of feasibility studies) that the 3 year MTEF funding was insufficient to provide the basic level of services to all in terms of RDP standards and a new strategy was formulated that would be aligned to the reality of available funding streams. Thus we came up with the strategy of providing safe, clean drinking water meeting the minimum health standards to be provided to those areas which are difficult to reach or to connect to a water reticulation system. This would be in the form of a borehole, a windmill or a handpump system and would at least provide good clean water to

the affected village community. We aim to cover all affected areas by December 2008.

Engineering and Municipal Health Services are also joining hands to meet the daunting task of providing water protection at springs or small stand-alone water treatment units at dams and rivers within the district.

The time when everyone will have RDP level of water will entirely depend on the availability of funding. ADM will not “relax” after December 2008 but will continue to meet the target as soon as possible, probably not later than 2012, keeping in mind that the closer we get to meeting the 100% target, the further communities are away from natural bulk services, the higher the unit costs become to “bring water to the last communities”. In this regard ADM has managed to lever special funds from the National fiscus called “Regional Bulk Fund” and has received some R65 million over three years thus far, with more funds to follow once detailed project studies have been completed.

For the second year in a row ADM will be setting aside a dedicated fund [which is ring-fenced income from water revenue] in the amount of R17 million to refurbish and upgrade crucial bulk water installations. Focus will be placed on the bulk services in the areas to be taken over by Amatola Water and also in areas where operating and maintenance practices are seriously challenged, for example where water demand has outgrown the water supplies [like in Gaga-Tyume and Fort Beaufort through the newly added flush toilets under the bucket eradication programme].

With the assistance of some key roleplayers, the ADM has developed a new ground-breaking sanitation model which we call the “Accelerated Sanitation Programme” or ASAP for short. This project, which will be officially launched in July 2008, has all the potential to help us meet the target of sanitation to all by December 2010 as it consists of the following features:-

- Maximum community involvement and participation – as communities dig their own pits and

- No monies are wasted on consultancy fees, as this will all be done in-house by our Engineering Department.
- It is very cost – effective.
- The top structure can easily be assembled by locals in literally a few minutes.
- The system is very sustainable as the top structure can be moved from one pit to another with its wheels and this needs only 3-4 people when the pit is full.
- There will be employment creation opportunities through the factories that are to be created in Butterworth and possibly in Dimbaza where panels will be cast under strict conditions to ensure quality in meeting South African National Standards (SANS) specifications.
- There will be employment opportunities for community labour – small teams will be erecting the top –structure under supervision and training of the suppliers.
- There will also be self employment or SMME opportunities in moving of the top-structures after a few years when pits are full.
- This programme will result in meaningful eradication of sanitation backlogs.

In line with DWAF's sanitation protocol, tenders have already been called for the provision of lining for the pits where there is a danger of polluting the underground water that would serve as bulk sources for human consumption now or in the future.

In November 2007, Cemforce kindly donated 75 lightweight cement panel VIP toilets to the community of Maxama Village near Dutywa in Mbhashe Municipality at a special function. These toilets went to 75 beneficiaries of the local community, two of whom were disabled ladies who testified about the restoration of their dignity by the erection of these toilets. No longer would they

have to be escorted into the field to relieve themselves. In a matter of minutes these pits were dug and all 75 VIP toilets were installed and ready for use. Our ASAP model is based on this concept.

ADM has also called for tenders for Institutional and Social Development (ISD) - work whereby communities will gain skills and awareness of proper health and hygiene and sanitation habits.

This programme indeed has immense potential but the challenge is insufficient funding as it requires R750 million in the next three years for 100% delivery.

Turning now to HIV and Aids programme, once again the ADM's partnership with an NGO is proving to be invaluable. The Humana People to People through the national Department of Health and the South African National Aids Council have accessed Global Funds for HIV and Aids for our district, namely in Mbhashe, Mnquma, and Great Kei in the amount of R10,5 million for the next three years. The ADM has added R1,75 million for this next financial year towards this project. All in all, R5,25 million will be spent on HIV and Aids Total control of the Pandemic or TCE Programme for these three areas. The ADM has lodge an application for further funding to cover the rest of our district in the 2009/2010 financial year. In terms of this programme, 150 field workers will be employed by July 2008. These workers will come from the communities in the three local municipal areas. The project seeks to interact with communities on a door-to-door basis, bringing the message of HIV and Aids closer to the people that are affected the most. This project will also address the TB pandemic. The programme also forms part of the Healthy Living Clubs that are aligned to our Post Test Club Programme that we initiated with Kampala Central Division in Uganda. Where possible the members of the Post Test Clubs will be employed as fieldworkers. In this way we hope to reach a target population of about 300,000.

In July this year we will be taking five members from our Post Test clubs to Uganda for training at their Post Test Clubs. The Ugandans, of course, have had phenomenal success in fighting the scourge of HIV and Aids and this project is but one positive outcome of our international relations programme.

TB is still a matter of serious concern for our district. In April this year there were 101 Multiple Drug Resistant cases and 35 Extreme Drug Resistant cases at the Fort Grey Hospital. The ADM has undertaken an extensive training programme for councilors and members of ward committees in order to combat this pandemic.

In November 2007 the ADM signed a Memorandum of Understanding with the City of Glasgow. Applications for further international programmes have been lodged with donor agencies with a view to strengthening our economic development and trade relations. It is envisaged that these programmes will have significant impact on our communities as we broaden our relations with the City of Glasgow, in skills development and cultural exchanges.

In response to land reform issues in the district, ADM has drafted its Land Reform and Settlement Plan with the following aims:-

- To enable ADM to assist local municipalities in land reform
- For land and settlement development and related land use management within Amathole District, and
- To achieve integrated and sustainable socio-spatial development.

Flowing from that process, key needs of communities with regards to land needs and land reform were identified as priorities. In this approach the Land Reform and Settlement Plan was developed aimed at localizing the delivery of land.

The ADM has committed itself to meeting the needs of beneficiaries by:

- Facilitating the development of sustainable human settlements within the district by 2014; and
- To ensure a coherent strategic spatial development framework for the district.

In terms of meeting our priorities in this regard, the following key projects have been identified:-

- The prioritisation of Municipal Support and Zone Planning to Mngquma Local Municipality;
- Finalisation of settlement planning within the Amahlathi Area;
- Finalisation of zone planning in the Great Kei Municipality Area;
- Co-ordinating cross-boundary development between Buffalo City and Amahlathi Municipalities
- Assisting all local municipalities to have a Land Reform and Settlement Plan (SRSP) in place
- Development of Land Admin Capacity Building Plans for all local municipalities
- Establishment of Land Admin Committees at all local municipality areas.

In responding to Spatial Planning issues as a way of addressing economic development matters, the ADM has set itself a clear strategic objective to ensure a coherent spatial development framework for the district.

In this regard the ADM's existing Spatial Development Framework has the following aims:-

- To identify key Spatial Development issues, main nodes and zones of potential development;
- To identify natural systems and environmental areas where development has to be managed;
- Serving as a guide in identifying spatial areas of great need, as well as areas requiring investment in development and associated interventions;
- Providing management principles and criteria for spatial planning decision making processes;

- Guiding the development of the Municipality and its direction of growth; and
- Setting out basic guidelines for land use management and other areas of use and management

Therefore in linking this process to the planned projects for Settlement Planning, the following 11 Rural Settlement areas are projects in the pipeline for orderly planning and survey:-

1. Tenure Reform
2. Land Release, where the ADM is seriously considering acquiring land for commonage purposes for the next financial year in Mgwali, Komga and Haga-Haga.
3. Housing – in facilitating the development of sustainable human settlements within the district by 2014.
4. Our Housing Strategy which includes the
  - Review and piloting of the Peoples’ Housing Projects policy, and piloting of the community housing initiative;
  - Social housing pilot projects in Nkonkobe, Amahlathi, Mbhashe and Mmquma;
  - Capacity building of all housing practitioners in the district;
  - Accreditation processes linked to the “Breaking New Ground” approach at district level
5. Housing development – which includes various planned housing development projects in the district that have already been submitted and are awaiting provincial approval in the current financial year.

6. Land restitution programmes where the projects in Keiskammahoek, Dwesa-Cwebe, Catha and Macleantown are all progressing well, with the ADM working in partnership with the Regional Land Claims Commission.

As highlighted in last year's budgeting cycle, the problem of how Council accommodated staff who were appointed and funded through the previous year's project allocations in order to run certain projects still persists. The staff costs have now however been included in the operating budgets of the departments to which the staff are affiliated.

ADM has recognized the need to hunt for external funds to fund its non-core operations. A service provider has been appointed and has already begun the process of identifying gaps in funding and has commenced with the process of applying for funds externally for specific projects which could not be accommodated in the 2008/9 budget.

The 2008/9 Financial Year Budget has the following salient features:-

- R13,2 million has been budgeted for Primary Health Care, however, Council will bear no financial implication for this service as it has a fully funded mandate on behalf of the province. Council has not yet brought in the 10% administration fee for rendering these services as a source of revenue, nor reflected it as an expense for the services, in anticipation of the service being returned to the Province.
- Communities who qualify for free basic water receive 6kl free water, do not payment for VIP clearance or bucket clearance and there is no connection fee for indigents. The sliding scale tariffs are applied in the following ranges:-
  - >0 – 6kl
  - >7 – 10kl
  - >11 – 20kl
  - >21 – 50kl

>51 – 499kl;

> 500kl or more which caters for bulk services

It should also be noted that businesses pay more for deposits and connections of both water and sanitation, than do private households.

- In terms of Emergency Water and Sewerage tariffs, Council will continue to provide tanker services for emergency water supply and sewerage removal. These services are heavily subsidized by the equitable share, with a 4,5% increase in tariffs being levied at R17 per tanker and R8.48 per kilometer for water and R9.40 per tanker and R8.48 per kilometer for conservancy tank clearance. Consumers will continue to pay their basic monthly fee.
- The water and sanitation tariffs will increase by an average of 4,5% for 2008/09 financial year and can be summarized as follows:-
- In terms of water consumptive charges, there is no charge for the first 6kl for RDP or communal standpipe level of service.
- For intermediate and high level services, the rates range from R2.70 in Nxuba for the first 6 kilolitres to R4.20 in Ngqushwa. Sliding scale tariffs are then applied up to 50 kilolitres of consumption, ranging from R3.85 in Nxuba to R6.35 in Mbashe. A bulk tariff for consumption in excess of 500 kilolitres has been introduced, ranging from R4.06 in Nxuba to R6.60 in Ngqushwa, to offer some relief to consumers and the Termination of Service fee has also been abolished effective from 1 July 2008.
- In terms of Capital Recoupment Charges, for those who enjoy an intermediate and high level service, a basic charge per vacant erf/meter ranging from R32 in Nkonkobe to R77 in Amahlathi will be imposed.
- There is no charge for VIP clearance and bucket clearance for those who have RDP sanitation. For those who enjoy intermediate and high level service, the rates range from R1.05 in Mnquma, Great Kei, Amahlathi, Nkonkobe and Nxuba to R1.90 in Mbashe and Ngqushwa for the first 6000

kilolitres. Sliding scale tariffs are then applied up to 50 kilolitres of consumption ranging from R1.90 in Mnquma, Nkonkobe and Nxuba to R4.70 in Mbashe.

- Also for sanitation services, for the first time this year a bulk tariff for consumption in excess of 500 kilolitres has been introduced, ranging from R1.75 in Mnquma to R4.38 in Mbashe.
- R16 million has been set aside for Scheme Based Budgeting for Water and Sanitation. It is anticipated that such schemes will generate R85.5 million and 40% Bad Debt Provision has been catered for.
- Building Plan fees will be increased based on 0,5% of project value, with the last increase being in 2005/06, representing an 11% increase. The minimum charge will be increased from R375 to R415, except for the R100 fee applicable to low cost housing, which remains unchanged. [To illustrate this, if you submit plans for a dwelling of 100m<sup>2</sup>, you will pay: (100m<sup>2</sup> x R1500) x 0.5% = R750.00].
- The internal rates for the Calgary Museum and Conference Centre will require a minimum payment of R225 for the first 15 people then R25 a head. The external rate will be R275 for the first 15 people then R35 a head with a R350 refundable deposit. The Museum entrance fee will be R6 an adult and R3 a child.
- The solid waste site is not operational as yet, but it is anticipated to be operational in the 2008/09 financial year and has therefore been included in Council's budget. The proposed tariffs are R345 per ton and a minimum service charge of R194 697 for Mnquma and R13 636 for Mbashe respectively based on the number of sites in each LM.
- In terms of Fire Services Tariffs there are varying rates for different classes of vehicles ranging from R600 per hour for a major pumper to R160 per hour for a service vehicle. Water delivery charges will be in line with the rate

charged for Emergency Water delivered by tanker. For incidents outside ADM's municipal jurisdiction an additional rate per km will be levied.

- In terms of external funding, the Division of Revenue Bill B4 of 2008 (DORB) includes the following funding for 2008/09:-

Equitable Share	R	176, 843,000
Replacement of Levy Income Grant	R	164,603,000
DWAF Operating & Transfer Subsidy	R	16,057,000
Municipal Infrastructure Grant (MIG)	R	195,654,000
Municipal Systems Improvement Grant (MSIG)	R	735,000
Financial Management Grant (FMG)	R	750,000

- The devolution of Municipal Health Services was not finalized in 2007/08 financial year. ADM entered into an agreement with Buffalo City Municipality for the latter to render services on behalf of ADM for the 2007/08 financial year. The service will be rendered by ADM in the 2008/09 financial year, and has been budgeted for accordingly.
- Municipal Health Services has been separately budgeted for in Nxuba, Nkonkobe and Amahlathi.
- The transfer process for the provincial municipal health staff has not yet happened and will come with the funding for 2008/09, with the Eastern Cape Department of Health (ECDOH) proposing to provide 66% of the funding required for the service in the first year, reducing to 33% in the second year and zero thereafter, with full costs then being borne by the District Municipality.
- The R100m of the previous years' surpluses will be utilized in the following way:-

- R66m for the new building. The tender has been advertised in the 2007/08 financial year and it is anticipated that this amount will be spent during 2008/09 in the construction phase.
- R17m will be put in reserves to supplement the Capital Replacement/ Refurbishment reserve for infrastructure assets, much in the same vein of thinking as specified in Trevor Manuel's 2008 Budget Speech where he specifies that, "The budget framework includes an unallocated contingency reserve of R6 billion in 2008/09 rising to R20 billion in 2010/2011 to provide for unanticipated pressures next year and new priorities in the years ahead."
- R2m has been provided under the Shares Resource Budget under Water to accommodate the placing of staff and the equalization of remuneration of water staff transferred to ADM.
- Council still has a liability to its pensioners, in the form of ex-gratia grants, pensions and medical aid contributions. The costs of these have all been consolidated under Council's General budget with an amount of just over R2m.
- The budget has the following parameters
  - It makes a provision of 7,53% for salary increases for Councillors and Section 57 employees and all other employees.
  - It is based on a minimum wage of R3 211 which will also be subjected to the 7,53% increase.
  - Performance Bonuses for Heads of Department will be capped at 14% of the overall package, in line with the guidelines issued by the Department of Local Government and Traditional Affairs.
  - 15% increase for Medical Costs has been budgeted across the board, within the maximum limit of R2 384 that will be applied to Council's basic principle of 60% co-funding.

- 10% increase is budgeted for all group schemes, except for Fedsure, which is linked to the 7,53% salary increase.
- Growth parameters were set at 6% for 2008/09, 6,3% for 2009/10 and 6,5% for 2010/11.
- 7,08% was assumed on investment, based on a 10 month average of 7,075% from January to October 2007.
- R1m has been budgeted for the Job Evaluation process.
- Depreciation and the associated offset depreciation for assets financed from grants have been budgeted for.
- Redemption of leave equivalent to the 8 days of accumulated leave which can be encashed was provided for under the salary costs of each cost centre.
- An average increase in tariffs of 4,5% was imposed for the 2008/09 financial year.
- Employee related costs amount to 24,80% of the budget.
- Council has R771,701,015 to perform its functions during the 2008/09 financial year. This, together with the R300 million income for ASPIRE's projects now means that the ADM has a total budget of R1,071 billion, which is a new record for Amathole.

Our ability to strengthen the cohesion and partnerships that we have already built is fundamental to the sustainability of the achievements made thus far in our district. On behalf of the Amathole District Municipality, I take this opportunity to express gratitude to all stakeholders and partners that have made this achievement a reality. We acknowledge the support of all communities in Amathole, all local municipalities in the district, the Border Kei Chamber of Business that has added much value to our deliberations, the Industrial Development Corporation, the Eastern Cape Government, the National Treasury,

the Development Bank of South Africa, all national departments of the South African government and all international donor communities.

**Khul'Amathole** – let's grow Amathole to new economic heights. Let's put all hands on deck to speed up change to make a better life for all who live in our district.

Madam Speaker and Council members here today, I feel honoured and delighted to present the ADM's 2008/09 Integrated Development Plan and the Budget for Council approval.

And now in closing, on the 18<sup>th</sup> of July this year we will be celebrating the 90<sup>th</sup> birthday of our first democratically elected President, Dr Nelson Mandela. Dr Nelson Mandela is a world icon, an exemplary leader, a humanitarian, and a shining example of our struggle for national liberation in South Africa, the African continent, and the world over. He will continue to be so into posterity. Of all the beautiful presents he deserves for his birthday, he deserves the very best gift that we can give, in turning around the lives of our communities for the better. Let us as leaders of our district take a leaf out of his book and look at ourselves – prune that which needs pruning, nurture and grow that which needs nurturing and growing, and above all, lead as he has led us in this country. Let us rise to the challenges that face us! And so, on behalf of this Council, may we take this opportunity to be the first to wish this giant of Africa, Dr Rolihlahla Mandela, a joyful 90<sup>th</sup> Birthday.

Nangamso!!! Ndiyabulela!!!

I thank you.