

**STATE OF THE DISTRICT ADDRESS DELIVERED BY THE
EXECUTIVE MAYOR, HIS WORSHIP, COUNCILLOR Z.I. DUMZELA
on 16 APRIL 2019**

Mr Speaker

Mayors and speakers from the local Municipalities

Honourable Executive Mayors and Mayors from the Chris Hani and Amathole District municipalities

Chief Whips from the District and Local municipalities

Political leadership from all organisations

Members of the Mayoral Committee

Traditional Leaders

Councillors

Municipal Managers, Directors and municipal officials

CEOs of government entities and businesses

HODs and managers from government departments

Members of the civil society

Distinguished Guests

Members of the community

Ladies and Gentlemen

It is a great honour to stand before you today to deliver the State of the District Address on behalf of the Council at this very important occasion in the political calendar of the District.

On the 27th of April 1994 the nation for the first time queued in their multitudes to vote for a democratic South Africa. In less than a month, on the 8th of May, people will cast their votes again in celebration of the 25th year of existence of an independent sovereign state.

Standing in front of you today, I can say that local government has improved the lives of our people since the dawn of democracy. Our people's hope is not baseless; it is grounded on the progress that is being made, hence this occasion aims to give an account of the performance of the council and sector departments within the District over the past financial year. Council has also met to strategize to ensure that plans and funding are streamlined for the continuation of excellent service delivery for the 2019/20 financial year going forward.

This month marks the death of Chris Hani who was assassinated at his home in Boksburg in 1993.

It also marks the 40th anniversary of the death of Solomon Mahlangu "*the Spear of the Nation soldier*" who laid down his life for his country.

A year ago, on the 2nd of April 2018 we lost a passionate freedom fighter - Mama Winnie Madikizela Mandela. She will always remain an enigmatic figure in South African society and history.

Last month, on the 21st of March we celebrated Human Rights day which commemorates the events at Sharpeville. It became an iconic date in our country's history which we celebrate now as Human Rights Day : a reminder of our rights and the cost paid for our treasured human rights.

Honourable Speaker, the 2019 State of the District is presented during a period when the country, and indeed the world economy, is characterized by low levels of investment, declining commodity prices, low productivity levels and other factors which have a direct bearing on our District.

The 2018 recession spanned the first two quarters of the year, with the economy shrinking by 2,7% in the first quarter and contracting further by 0,5% in the second quarter.

Despite the recession, positive growth in the third quarter by 2,6% and the fourth quarter by 1,4% was just enough to push overall growth for the year into positive territory, with the real annual growth rate coming in at 0,8%. This, however is far from the targeted 6% annual growth which is necessary for positive job creation, poverty alleviation , investor confidence and to remain competitive .

President Ramaphosa in his State of the Nation Address indicated that we need to accelerate inclusive economic growth and create jobs through measures which ignite economic activity, restore investor confidence, support employment and address the urgent challenges that affect the lives of vulnerable members of our society.

Mr Speaker, while race remains a central determinant of inequality, **income inequality** is now increasingly being determined by jobs status: employed versus unemployed, skilled versus unskilled.

According to the World Bank's Update on South African Economy , income inequality may be reduced through improving the quality , basic education delivered to students from poor backgrounds and reinforcing the spatial integration between economic hubs, where jobs are located, and under-serviced informal settlements.

As part of government machinery, the local sphere of government cannot escape this environment and as such our planning and operations have to be attuned to these realities.

Our District Municipality is not immune from the effects painted by this gloomy economic picture. Our budget constraints should be acknowledged and planned for accordingly and all unnecessary expenditures should be cut. The District will also explore external funding sources to leverage the available resources

CLEAN AUDIT OUTCOME

The Joe Gqabi District Municipality received a clean audit outcome for the 2017/18 financial year. This is the third Clean Audit outcome received by the District Municipality since the 2014/15 cycle.

The Joe Gqabi District Municipality through its internal controls and supervision ensured proper financial and performance management.

This is tied to respect for the law in the running of the municipality, leadership prioritizing accountability and monitoring of all assurance providers.

The Constitution recognises the importance and guarantees the independence of the Auditor-General of South Africa, stating that the AGSA must be impartial and must exercise its powers and perform its functions without fear, favour or prejudice.

The Clean Audit outcome should serve as a litmus test to assure the community of Joe Gqabi and South Africans in general, that their taxes are being jealously safeguarded and used for their intended purposes by the leadership and management of Joe Gqabi District Municipality.

WATER IS LIFE

Mr Speaker,

One of the core functions of the District Municipality is ensuring clean , potable water and sanitation services to all its residents.

The District has been plagued by below-normal rainfall over the past three years. This has a serious effect on the farming community and job losses in the industry.

Our area has received good rains during March and early April, however, the Burgersdorp dams do not have sufficient water due to the small catchment areas feeding the dam.

The district-wide de-silting programme funded by the Water Services Infrastructure Grant is in progress. De-silting of the Mt Fletcher and Maclear dams has been completed to an amount of R5.5 m. The project will continue at the Lady Grey dam this month amounting to R3 m.

Mr Speaker, due to the expansion of human settlements in the District, our Water Treatment Works need refurbishment to ensure that water is available at all times. The District has completed the refurbishment of the Water Treatment Works at Ugie and Steynsburg, and is in the process of upgrading the Aliwal North, Jamestown and Barkly East works.

In Aliwal North, the Island Spa pipeline has also been refurbished to provide water from the Island Spa Lake to the Water Treatment Works should the need arise.

Mr Speaker,

The District has ageing infrastructure in dire need of repairs and replacement.

The Development Bank of Southern Africa funded a **Water Service Master plan** which will assess the current state of the District's water and sanitation infrastructure and come up with recommended specifications and projects to deal effectively with the challenges deriving from ageing infrastructure which includes frequent pipe bursts and sanitation blockages amongst others. The consultant has already been appointed and is on site.

The cost for the replacement of stolen or **vandalised infrastructure** has escalated over time . This is a negative habit which has spread across the District. The District is attending to this serious matter by procuring the services of armed security at its most strategic infrastructure sites in Aliwal North and is replacing its assets with vandal-proof technology.

There have been several reports of illegal water connections throughout the District. The District is committed to process applications from illegal connected properties in order to legalise them and replace it with our own connections.

The District Municipality implemented a **telemetry system** which remotely manages performance of infrastructure. This reduces the turn-around time of breakdowns as it acts as an early warning system. The system also remotely monitors reports on water quality levels, thus reducing the occurrence of catastrophic situations.

WATER CONSERVATION AND MITIGATION

The climate change has made its presence felt and as a result of that , council resolved to declare a state of drought disaster for the District.

Climate change is part of our lives and it is not going to change overnight. Instead, the situation is worsening. Therefore we must come up with practical ways of preserving water. There should be an on-going community awareness and education given at every opportunity on this long term crisis.

The District has come up with a two-way strategy to mitigate and conserve water which includes water restrictions and the installation of pre-paid water meters.

Currently water restrictions are in place in Lady Grey and Burgersdorp. The levels of restrictions are linked to a tariff increment as was approved by council during the 2018/19 financial year. These tariff increments linked to restrictions will be continued in the 2019/20 financial year.

The District Municipality installed **788** pre-paid water meters during the 2018/19 financial year.

The Council's resolution to install prepaid metres throughout the District will not, in any way, negatively affect those receiving indigent support of 6 kl of water per month.

The JGDM social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

A summary of the free basic services package include:

- All registered indigents, including consumers in the rural areas, will receive 6 kl of water per month fully subsidised.
- All registered indigents, including consumers in the rural areas, will only be charged a flat rate for Water and Sanitation consumption and not a step tariff.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

SANITATION

I am happy to report that the serious sewage challenges experienced last year in Burgersdorp and Aliwal North have been resolved through the completion of the Burgersdorp and Aliwal North Waste Water Treatment Works . Since 2016, five projects were implemented in Aliwal North to address the issues of sewerage spillages.

The Joe Gqabi Economic Development Agency has entered into a service delivery agreement with the Joe Gqabi District Municipality to manage the implementation of rural household water and sanitation programmes for the next 5 years from 2018/19 to 2022/23 financial year.

The programme entails three projects namely the Elundini MIG Rural Household Sanitation, Senqu MIG Rural Household Sanitation and Senqu MIG rural water supply. The planning process included the establishment of the Project Management Unit for JoGEDA and procurement of service providers ranging from professional service providers, contractors and suppliers.

During the 2018/19 financial year, 2741 VIP structures have been constructed in Elundini Municipality and 2972 VIP structures in Senqu Municipality.

A total of 17 600 VIP toilets have been constructed under the Elundini Rural Sanitation Programme and 17 145 VIP toilets have been constructed under the Senqu Rural Sanitation Programme since the programmes' inception date in 2014.

Mr Speaker, an amount of **R30 m** has been budgeted for the District wide refurbishment of Waste Water Treatment Works.

PROJECT MANAGEMENT

The limited cashflow and the constantly declining infrastructure grants, especially the Municipal Infrastructure Grant (MIG), which is the main funding sources for our key projects, continues to pose a serious challenge for the District. Although some accomplishments are evident

in certain areas, we recognise that multitudes of challenges still face our municipality and consequently the communities serviced by this municipality.

Mr Speaker, the District recently saw several service delivery protests. Petitions have been submitted to various sector-departments for their attention to expedite service delivery in our district.

On the 13th of December 2018, after receiving a positive viability process outcome from DBSA, council resolved to proceed with the implementation of 2 projects as part of the **MIG frontloading as follows :**

- Macear Water Upgrade to an amount of R96m of which R48m has been budgeted for the 2019/20 financial year and
- Maclear Sanitation Upgrade to an amount of R49m of which R24.5m has been budgeted for the 2019/20 financial year

This will have a significant role in the implementation of projects over a shorter period. This option is pledged to fast tract the implementation of service delivery with emphasis on the challenges as highlighted by the 2017/18 Annual Report.

Mr Speaker, the **Senqu** Rural Water supply project funded through the Municipal Infrastructure Grant started in 2014 and to date has supplied 22 villages with potable water. The project is ongoing and an amount of R25 m has been budgeted for the 2019/20 financial year.

The Upgrading of Lady Grey Water Treatment Works has been completed in 2018 to a total amount of R12.8 m. The water quality has since improved and the plant is now meeting the demand of the town.

Mr Speaker, to further increase water storage, the Lady Grey Boreholes and Additional storage project was completed in 2017 to an amount of over R19 m.

Mr Speaker, in the **Walter Sisulu Municipality**, the Jamestown Bucket Eradication and Sanitation phase 2 has been completed which included the construction of 2 pump stations. A continuation of this project to the amount of R10 m in the next financial year will include the completion of the pipeline contract . This will improve the sanitation system for the residents of Jamestown and Masakhane Township.

Drought is always a challenge to our district, to address this, in the areas of Steynsburg and Burgersdorp, the **Gariep Drought Relief Water Programme** - consisting of 8 projects - has been implemented since 2016. These projects included the replacement of water mains, drilling of boreholes, and construction of new reservoirs to ensure enough water storage.

The District has implemented 6 projects in Elundini over the past 5 years to address water shortages :

- The areas of Tsolobeng and Mparane in Mt Fletcher to the tune of R234 m ;
- The Upper and Lower Tokwana areas in Mt Fletcher amounting to R13.6 m ;
- Addressing water shortages in the Tsekong area in Mt Fletcher amounting to R5.3 m ;
- Provision of bulk water for Dengwane and Zingonyameni and provision for future supply amounting to R8.6 m.

Mr Speaker, the **Elundini Rural Water Programme** (ORIO) has been budgeted an amount of R10 m for the 2019/20 financial year ;

- The upgrade of Water Treatment works and Bulk lines will receive R12 m ;
- The Aliwal North Water Treatment Plant off-channel dam project will address the drought issue by providing raw water storage. The budgeted amount for the next financial year amounts to R10 m;
- The upgrading of Sanitation Services for Ugie will address the issue of old septic tanks and sanitation as a whole and has been budgeted R5 m ;
- Venterstad Water Services has been budgeted an amount of R3 m

The successful application for Disaster Relief ensured a once-off **Municipal Disaster Relief Grant** to the amount of more than R60 m for the repair of damaged roads and bridges occurred through disasters.

YOUTH

The District Municipality in partnership with the Department of Rural Development have recruited 20 unemployed and unskilled young people in the District as part of the National Rural Youth Service Corps programme.

The programme aims to develop skills of participants in different fields including construction, agriculture first aid , health and safety and welding amongst others.

This programme is vital for the upkeep of water and sanitation, tourism and hospitality, farming and agriculture programs, as they are core functions of the District Municipality and the nature of our district.

Unemployed Youth Job Preparedness and Digital Skills workshops were conducted throughout the District to prepare unemployed young people to enter in the job market.

The District in collaboration with the Office of the Premier will continue to forge partnerships with stakeholders to monitor and develop these programmes and we also encourage young people to become actively involved in all these programmes.

JOB CREATION AND POVERTY ALLEVIATION

The Working for Water and Working for Wetlands projects have contributed towards the reduction of poverty and unemployment as these programmes are highly labour intensive in the District.

A sum of R3 m is set aside for the Pott River Working for Water project for the duration between April 2019 to March 2022. The project will create 45 temporary jobs .

104 jobs are created through the Working for Wetlands project with a budget of R9 m.

58 jobs are created through the Mt Fletcher Dam Working for Ecosystems project in Elundini with a budget of R5 m.

The Upper Tsitsana Working for Water project is budgeted for R2m over a duration of 3 years , creating 72 temporary jobs

The Rhodes Working for Water project is budgeted for R2m over a duration of 3 years with 72 temporary jobs to be created.

88 jobs are created through the Ntabelanga Working for Ecosystems project and 50 jobs are created through the Inxu Working for Water Project.

SMME DEVELOPMENT AND SUPPORT

Speaker, in recognition of the crucial role of SMMEs in growing the economy, the District through its Economic Agency, JoGEDA, have provided non-financial support to cooperatives and SMME's.

The Joe Gqabi Development Agency has entered into a 3 year agreement with the University of Stellenbosch to build and enhance the business skills of the emerging SMMEs in the District. Through this project, 59 small enterprise owners graduated with NQF level 5 certificates.

The 2018/19 financial year intake of 27 entrepreneurs will graduate in June 2019.

JoGEDA is engaging with ***Shanduka Black Umbrella*** for a partnership to have these entrepreneurs into an incubation programme for 3 years.

Mr. Speaker,

The progressive supply chain policy of 30 day payment period has also been welcomed by the business community. Consistent monitoring to ensure that is effective and achieves its intended objectives is an ongoing process.

The District will continue to provide the necessary support and development to the SMMEs operating within its geographical space

PROMOTING AGRICULTURE

Agriculture is one of the economic sectors with high potential for job creation and drawing investment to our area.

An amount of R4.2 m was allocated for the Rural Agro-Industries Finance Initiative. The project will focus on increasing food security, reducing input costs, increasing product output and capacity building for the agricultural activities in our District.

113 hectares maize and 88 hectares of soya beans have been planted respectively at Hlankomo and Mcambalala in Mt Fletcher

The **maize-meat hub** in Elundini Local Municipality is one of the flagship projects of JoGEDA. The project is allocated an amount of R4.9 m to increase income and employment for beneficiaries by developing the red meat value chain in the region.

The drive towards wool processing in the District is in line with the provisions of the Agri-Parks programme and will drive job creation. There are already plans to develop the Eastern Cape Wool Corridor involving Joe Gqabi, Chris Hani and Alfred Nzo Districts in which Joe Gqabi District is earmarked as the **centre** of the hub.

The **Department of Rural Development and Agrarian Reform** has allocated an amount of **16 446 517** million towards agricultural equipment, training, eradication of alien plants and multipurpose sheds, fencing and custom feedlots in the Joe Gqabi District.

An amount of R1.1m has been allocated to Masana in Elundini for the construction of a new multipurpose shearing shed with holding kraals and shearing equipment in the communal area.

An amount of R1.1m has been allocated to Majuba in Senqu LM for the construction of a multipurpose shearing shed in communal area for wool producing farmers.

An amount of R1m has been allocated to Klipheuwel in the Walter Sisulu Municipality for the erection of boundary and internal fencing on commonage land for farmers producing red meat.

The Department of Rural Development and Land Reform is in the process of acquiring land for beneficiaries in Elundini and Senqu Local Municipalities. About 4000 hectares is planned to be acquired in Senqu, Walter Sisulu and Elundini Local Municipal areas during the 2019/20 financial year. An amount of R35 m has been budgeted for land development support in Senqu and Walter Sisulu Local Municipalities.

PROMOTING ARTS AND CULTURE

The Sondela Youth Arts Festival showcases a variety of talents, ranging from fashion designers, filmmakers, artists and performers and provides a platform where these young talents may develop , grow and market themselves.

In partnership with the Department of Sport, Arts and Culture the total budget for the Sondela Youth Arts Festival amounts to R2.5 m .

This year, the Office of the Premier facilitated its support to the Festival for its successful continuation.

PROMOTING HEALTH

Challenges highlighted by the Department of Health is lack of staff accommodation ,upgrading of hospitals , clinics and as well as fencing.

A total amount of R25 m has been budgeted for improving health infrastructure in the District.

FACILITATING ECONOMIC DEVELOPMENT

Mr Speaker, His Excellency, President Cyril Ramaphosa, during his State of Nation Address, emphasized that economic development, and job creation are key components to fight poverty .

JoGEDA remains a very strategic and important special purpose vehicle to facilitate and drive economic development in the District. To ensure that it delivers on this mandate, an amount of R7.5 million has been allocated to the Agency in the 2019/20 financial year.

Senqu Local Municipality developed a Small Town Revitalization strategy and Sterkspruit was identified as having potential for commercial development. The Joe Gqabi Development Agency has applied to be given a parcel of land to implement the recommendations of the study. The agency developed terms of reference in order to invite developers to submit proposals for the development of this land and a request for proposal has been advertised for prospective developers to show interest in the development of this site.

The Joe Gqabi Economic Development Agency (JoGEDA) has established various strategic partnerships for investment promotion in key priority areas. This constitutes an important step to stimulate trade and industrial development whilst providing opportunities for job creation within the district.

On the 08th of March 2019 President Cyril Ramaphosa launched the Good Green Deeds programme in Mdantsane, East London.

In our own District, the Minister of Communications Stella Ndabeni-Abrahams and the leadership of Joe Gqabi District Municipality and Senqu Local Municipality visited the local taxi rank in Sterkspruit to encourage local residents to clean up their environment.

The Good Green Deeds programme is a ground-breaking environmental awareness programme that seeks to mobilise all sectors in South Africa to become more environmentally conscious.

Littering, illegal dumping, pollution and other harmful activities have ill effects on the natural environment as well as the quality of life and health of communities.

I want to urge the residents of Joe Gqabi District to commit themselves this year to sustainable waste management practices such as recycling. There are also many job opportunities, SMME development and skills development linked to this programme.

FREE WIFI ROLL OUT

Mr Speaker,

Technology forms an integral part of the 4th Industrial Revolution and we should not lack behind. Our district should ensure that our people have the means of empowerment to be part of the modern technology systems.

We want to ensure that our youth have access to the internet as technology forms an integral part of the education system. Education is

key to developing our youth to overcome poverty, unemployment and inequality.

In his State of the Nation Address President Ramaphosa mentioned that several new technology subjects will be introduced in the school curriculum including technical mathematics, technical sciences, maritime sciences, aviation studies , mining sciences and aquaponics.

He further indicated that over the next 6 years, every school child in South Africa will be provided with digital workbooks and textbooks on a tablet device.

I am proud to report today that the council remained true to its commitment to roll out free wi-fi in the District. On the 8th of March this year the Minister of Communications, Stella Ndabeni-Abrahams launched the pilot project of the District Municipality at Sterkspruit library.

PROVISION OF DECENT SHELTER

In the 2018/19 financial year, the **Department of Human Settlements** set an annual target of 560 houses with 559 partially services with water tanks and VIP toilets. A total of 758 houses were completed with partial services throughout the District at the end of December 2018 at an amount of R141 m

PROMOTING EDUCATION AND SKILLS DEVELOPMENT

Two schools in the Joe Gqabi District made the top 50 performing schools in the Province : Bethania Senior Secondary School and Sterkspruit Christian School.

The Top 5 performing schools in our district are :

- Bethania Senior Secondary School with a 100% passrate,
- Sterkspruit Senior Secondary School with a 100% passrate,
- Barkly East High School with a passrate of 97.3%
- Maclear High School with a passrate of 95.8%
- Ugie High School with a passrate of 93.5% and
- Aliwal High School with a passrate of 93.5%

The Joe Gqabi pass rate increased with 0.4% to 67.4%

The Minister of Basic Education, Angie Motshekga said : “The second most important document a young person can own after a birth certificate, is a qualification that opens a world of career opportunities. Having a skilled population helps eliminate unemployment, and consequently poverty which is a national problem, and by eliminating poverty, the issues such as equity and regress are addressed in terms of the socio-economic status of the country.”

The Second Chance Matric Support Programme was launched in Aliwal North in February this year by the Minister to assist young people who have not completed their National Senior Certificate to enrol for the Second Chance Matric Support Programme.

Young people may register at their nearest High Schools or Department of Education District Offices.

SOCIAL DEVELOPMENT SERVICES

Department of Social Development has a mandate to provide services that promote protection, care and development to vulnerable and poor communities of the District,

An amount of R9 m has been budgeted by the Department of Social Development for the District for support to older persons, persons with disabilities as well as people living with HIV and AIDS.

R23 m has been budgeted for care and support services to families and child care support of which early childhood development constitutes R16 m.

ROAD INFRASTRUCTURE

The Department of Roads aims to create a road network that supports all economic activities. In partnership with SANRAL, the rehabilitation of the R58 between Aliwal North, Lady Grey, Barkly East and Elliot was completed in this financial year. The maintenance of the surfaced road between Steynsburg and Venterstad is planned to start in October 2019.

The Service Level Agreement between the District and the Department of Roads ensures the maintenance of District roads in Mt Fletcher, Senqu Southern side and Walter Sisulu for increased access to schools, health institutions, tourism entities and agricultural facilities.

For the 2018/19 financial year an amount of R31 m was allocated to Joe Gqabi by the Department of Roads and Public Works.

Finalisation for the next 3 year Service Level Agreement with the Department of Roads is in process.

2019/20 DRAFT BUDGET HIGHLIGHTS

Mr speaker,

The total Revenue increased from R745 million in the 2018/19 Adjustment Budget to R787 million in the 2019/20 Draft Budget. The 5.53% increase is largely as a result of an increase in both Conditional and unconditional Grants and subsidies .

EXPENDITURE SUMMARY

The total expenditure for the 2019/20 financial year amounts to R492 million.

PROPOSED TARRIF INCREASES

Tariff-setting is a pivotal and strategic part of the compilation of any budget. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.

The tariff increases proposed for the 2019/20 financial year are 6.4% for conventional meters . The tariff increase for sanitation is proposed at 8%.

CONCLUSION

In closing, I want to thank the community of Joe Gqabi and its stakeholders for their support to the leadership of the municipality and it is our wish that we will continue on this path until we realise our vision of improving the lives of all residents.

We have a will to deliver and we dare not fail you, the community of Joe Gqabi.

I want to conclude with the words of Barack Obama, former president of the United States of America : ***“Change will not come if we wait for***

some other person or some other time. WE are the one's we've been waiting for. WE are the change that we seek."

I THANK YOU