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*Annual
State of the Town
Address*

27 May 2010



**PROUD HOST TOWN OF
THE FRENCH AND DANISH SOCCER TEAMS**



ANNUAL STATE OF THE TOWN ADDRESS

by

EXECUTIVE MAYOR, CLR ELEANORE BOUW-SPIES

THURSDAY • 27 MAY 2010

“IN THE EYE OF THE STORM”

1. INTRODUCTION

Speaker, Deputy Executive Mayor, members of the Mayoral Committee, Councillors, Political leaders, Municipal Manager, Directors and officials, distinguished guests and members of the media.

This is the fourth address I have delivered as the Executive Mayor of Knysna Municipality and although there has not yet been an official announcement, I suspect that this is not yet my last. As a municipality we have also tried to cut costs where we can, and it was decided this year that we will not have a State of the Town function, but that the Council meeting would be the platform for both the Budget speech and the State of the Town address. I have much to report on, but will try to keep it brief and not go into too much detail on certain items. However, more information can be made available to you at your request, should you wish.

2. WHERE WE HAVE COME FROM

As I've said earlier, our position currently can be described as "in the eye of the storm". When the current budget was passed the rivers were flowing and although we were technically in a drought there was little or no inkling of what was about to happen. When the Sedgefield River stopped flowing there was a lot of criticism about a lack of planning and this was also extended to when the Knysna River came under pressure. I welcome criticism and I welcome debate but it must have a realistic outcome and be meaningful. The municipality had plans in place, but the cost of these in Sedgefield alone was R150 million. The Knysna river costs we are still looking at. The reality is that Knysna cannot afford this. We needed another plan and whilst the solution came out of an emergency we now have a secured water supply in Sedgefield, and are very

close to having a secured supply in Knysna for the next ten to fifteen years. Good planning—NO. Good governance—YES.

By the time the Knysna Reverse Osmosis plant is fully operational we will have received and spent R60 million on the two plants. R10 million of this money we will have borrowed ourselves, the balance is from various national and provincial government departments.

This time last year we knew there was a World Cup happening in South Africa. We did not know, nor could we even dream, that Knysna would have the honour of hosting two of Europe's finest teams. We have therefore reprioritized and spent money this year for two reasons. Firstly, we have the obvious legacy of a top sports venue and our challenge must be to maintain it and enhance it going forward for all our residents.

We have already started to see the benefit of our actions. Both Denmark and France have contributed to upgrading sports fields in our disadvantaged areas and Denmark have gone further and sponsored the costs of a Sports Development Officer for a full year. We must now capitalize on these contributions and look to how we can go further in developing sports as an offshoot of tourism and involve our youth in this process.

We were insistent that the World Cup must also be accessible for our communities, and 12 Community Viewing areas across the Greater Knysna area will be set up to operate for the duration of the tournament. In addition we also have an exciting Community Events programme and details will be published in the Ward Newsletters, Council News in the Action Ads and in a variety of other media.

We must remember that Knysna is a tourist town first and foremost. It drives our whole economy and will continue to be the driver for years to come. In welcoming the teams of Denmark and France, together with their officials, their journalists and their supporters, we are opening Knysna to new international markets as a destination. I want to ask each and every one of our residents to be ambassadors for Knysna and show our international visitors the calibre of our town and our residents. This is essential if we want them to come back, and also to attract foreign investment – essential aspects to boost our economy.

I am firmly of the opinion that we do not do enough to promote this town. I hear what people say when they criticise our tourism contribution, but I believe they are wrong and that we should actually be considering an increase in the contribution. This is a R400 million business we are managing and we are doing it on a marketing budget of only 1%.

Creating tourism opportunities for disadvantaged communities to become economically active is crucial, and a service provider has been appointed to draft a Tourism Master Development Plan to ensure a holistic approach to tourism development. The Draft Tourism Master Development Plan will be submitted to Council in June 2010.

2010 was run from the Directorate of Strategic Services and I want to thank each and every person that worked hard to make this a reality – Tom and Brian and your Directorate, but also those individuals in other Directorates that worked with them to make sure our town is ready to receive the world.

3. DIRECTORATE STRATEGIC SERVICES

This Directorate is also the driving force behind the Knysna Economic Development Agency, which I mentioned in my budget speech. Looking at the municipal budget it is clear that we simply do not have the additional funds, and I have always said that we need the help from Provincial and National Government, as well as private investors. We have actively pursued these alternatives and have had great success. The Pre-Establishment agreement between Knysna Municipality and Industrial Development Corporation was signed and the first transfer of funds from IDC to the value of R600 000 was made into an Attorneys Trust account. The Knysna Economic Development Agency (KEDA) was registered with CIPRO and a Board of Directors was appointed. A Coordinator will also be appointed for a three months period.

The Business & Marketing Plan of this development was submitted to numerous investors to secure their involvement and National Treasury approved R64 million for this project. The Masifunde and Nekkies/Hornlee Projects are in the process of being integrated as single Neighbourhood Development Project, as part of a long term township regeneration strategy, which will be implemented by the KDA.

The construction of a community health centre in the Masifunde Node started in January. The Eastern Gateway Nodal Development (Nekkies/Hornlee) will include projects like the development of transport, access, and stop & drop facilities, construction of pedestrian walkways and platforms, trading facilities for informal traders, development of community parks and open spaces, as well as sport facilities. We hope to start with the Hornlee taxi holding facility - preliminary designs were submitted and tenders will be awarded once all requirements are in place.

Nedbank donated R 500 000 to Knysna Municipality for assistance with our LED programmes. We assisted 14 Entrepreneurs through our SMME Incubator with equipment to run their businesses efficiently and 75 Entrepreneurs with training in Business Management. 50 SMME's were also trained to familiarize them with BBBEE Code and legislation.

With a variety of private partners the Knysna Emerging Contractor Development Programme piloted earlier this year. A total of 120 Emerging contractors were trained over a two week period in aspects of the contracting field. Two of these contractors secured contracts to the value of R4 million in the upgrade of the Knysna Lagoon road project, and a total of 33 of these contractors were used by Knysna Municipality for their infrastructure projects via the quotation system and tenders. One of these contractors was awarded a tender of R10 million for Integrated Human Settlement programmes.

The Sports Development Unit secured funding from the National Lottery Distribution Fund/Board for the upgrading and construction of sports facilities in the municipal area, and we are in the process of constructing netball fields and ablution facilities in Karatara. As you have heard, Denmark will also sponsor a Sport Development Officer for one year.

4. DIRECTORATE COMMUNITY SERVICES

As part of the storms we had to weather the last few months, the Knysna area experienced a very busy fire season further exacerbated by the drought and prevailing pro-fire conditions. My special thanks again to the fire fighters, the support staff who came from as far as Kwazulu-Natal, the aerial assistance and the public for their care and support given to the fire fighters during this time.

Council decided to put the building of a new Fire Station on hold in Sedgefield, but residents will be pleased to learn that from July 2010 the Fire Station will be operating on a 24 hour basis.

With all the curve balls coming our way our Disaster Management Officials have been hard at work in completing the Disaster Management Plan and ensuring that there are sufficient supplies for any eventuality, however we are still lacking a properly equipped Disaster Management Centre.

Council started with the implementation of the wheelie bin system to households as part of its Integrated Waste Management Strategy. So far 1,770 households received bins and the next focus area will be Hornlee.

Even though our recycling programme has run since 1989, we have to increase our participant rate. On average we recycle less than 20% and we can only regard our recycling program as successful once we reach 70% mark or more.

The municipality celebrated Library Week with great success. One of our activities was a Road Show for the crèches, pre-schools and Gr. R children in the area, promoting reading and the culture of learning.

Our library programmes are effective and busy and include activities like basic computer lessons for the unemployed and art sessions with children. To enhance literacy educators were appointed to educate and facilitate parents on reading and helping children with their school work.

Investing in our youth, we have also trained and assisted 20 youths to get their learner's and driver's license.

This year saw the establishment of Youth Forums in all the Municipal Wards and the election of the Youth Council. We are also privileged to have a standing agreement with the National Youth Development Agency in terms of a funding module and, more importantly, to have a Government portal to access programmes and opportunities for the Youth.

5. DIRECTORATE CORPORATE SERVICES

Being the adults of tomorrow Knysna Municipality believes that we should invest in our youth, and a bursary programme was introduced for local students to be registered specifically in identified scarce skill areas. Seven students received bursaries to register in town planning, building construction, civil engineering and electrical engineering. I am pleased to inform you that the first town planning student is completing her studies this year and we are looking forward to welcome her as one of our employees next year. In addition to the bursaries the municipality also send 10 unemployed residents on a learnership and after completing the course, 6 have been retained by the municipality as contract workers. About 40 municipal employees registered for learnerships, some have completed the programme and are now qualified. As part of our Internship and Experiential Policy we are also taking on interns to give them the experience needed to enter the job market.

6. DIRECTORATE TECHNICAL SERVICES

Activities in our Technical Directorate were dominated by the continued unabated drought. February this year was crisis time for the whole of Knysna with the rivers the lowest in memory and the flow of the Knysna River was not meeting the abstraction demands. Although the situation has improved since then, the drought has not broken in any real way and water conservation is still the order of the day.

We need to acknowledge and thank the Provincial Disaster Management Unit for the initiative they have taken and their ongoing involvement with all the Southern Cape towns. Provincial Treasury, National Treasury and the Department of Water and Environment Affairs have all come to our assistance and there are numerous water projects underway throughout the Greater Knysna.

At the moment the Desalination Plant at Myoli Beach in Sedgefield is attracting considerable interest and will soon be joined by the Knysna bulk water facility on George Rex Drive. With the emergency boreholes and the current refurbishment of the Ruigtevlei Water Treatment Works (almost completed), Sedgefield's water supply is secured.

For Knysna the Glebe/Akkerkloof reservoir and transfer pipeline was completed and with the "New Water" projects of boreholes and the facility at George Rex Drive, soon to be completed, Knysna's water resources will be more secure. Eden District Municipality provided funding for additional boreholes and while there has been some success in Brenton on Lake, Rheenendal, Buffalo Bay and Brenton on Sea, the best efforts only resulted in very limited success and it will not be feasible to equip the boreholes in those areas for production.

The staff of the engineering section has been stretched to the limit with the submission of business plans, feasibility studies and the implementation of the resulting projects. I want to thank them, the consultants and contractors for their efforts, but most of all I want to thank the public for their ongoing support and water conservation, which have seen us all through this most severe of natural disasters. Thank you, but please do not let up your vigilance just yet.

The improvement of the Lagoon Road, Provincial Main Road 2, Section 10, was opened in time for the 2010 World Cup. With ample road surface and safe shoulders and a very neat pedestrian facility on the water's edge, it certainly provides Knysna with a fitting entrance from the West. The construction has provided much needed employment for residents of Knysna and was undertaken with very little disruption to normal traffic flow.

The directorate is responsible for a significant part of the 2010 facility improvement. Irrigation water for the preparation of the fields at the Loerie Park was from new boreholes, provided specifically to conserve our potable water supplies.

7. PLANNING, DEVELOPMENT AND INTEGRATED HUMAN SETTLEMENTS

The Vision 2002 and Flenters/Robololo/Concordia projects are progressing well. Our Provincial Housing allocation was R34 million and due to our ability to deliver quality accommodation the Provincial Administration provided us with an additional R15 million. This is a remarkable achievement in the light of the current economic climate and limitations on State spend. This spend of R49 million will provide over 500 new homes to people who were previously inadequately accommodated. Of significance this year was that rather than

utilise a single large contractor, we appointed 10 emerging contractors from within our community. These contractors have proven their worth and delivered to time and cost a product which they can really be proud of. Council is proud of them and trusts these contractors will grow from strength to strength.

The focus will be on increasing the variety and affordability of housing over the next three years. The specialist studies and business modelling for the Heidevallei and Hornlee Affordable Housing Development in conjunction with ABSA bank are complete and Council has given the go ahead to commence with all applications to relevant authorities. We are quietly confident that by next year this time we will be seeing physical progress on site.

I am very pleased to announce that we are ready to take the final resolution to allow for the transfer of all residential sites in Karatara. This will allow all households in this town to finally have secure tenure and a home of their own. Council will move speedily to commence with the transfers.

We are all aware of the shortage of vacant land suitable for development in Knysna. For a number of years we have been struggling to focus our national and provincial colleagues on assisting us to acquire land at Kruisfontein. As of this year Knysna has driven this process and we now have an innovative and collaborative multi-party agreement which paves the way for land acquisition.

The Municipality is part of the Built Environment Support Program. This project, over the next three years, will look at expanding and developing the Integrated Human Settlement Strategy and the Spatial Development Framework into credible and sustainable project-linked strategies.

With regards to land use and building control, many of us are aware that there has been a tightening of the reins in this regard and this has resulted in an improved turn-around time for applications. We are currently developing an automated system which will revolutionise the way in which the Municipality deals with this matter.

The increased demands and stringent requirements of Environmental Management means that detailed planning and EIA approvals will now have to be undertaken by Council well ahead of any proposed development in order that

the required assurances can be given to these Environmental authorities that Council can provide the service. Funding will have to be provided earlier for this planning process not to delay developments. The existing skills and capacity gap in the EM Department is thus of great concern, but for the first time ever we have a permanent, full-time Manager for this incredibly important responsibility.

8. ELECTROTECHNICAL SERVICES

All Capital funding received in the last year was spent on electricity Bulk Infrastructure.

We have done some infrastructure upgrades in the CBD and in Eastford. The electrification of informal areas is still in progress and is 95% complete. We have just finalised the electrifying of the Concordia South Area Z and Kanonkop North infill area. In addition to this, the electricity installation for Hlalani has also been approved and the municipality is doing everything in its power to expedite the installation.

Other general maintenance on the infrastructure is done on an ongoing basis.

9. FINANCE DIRECTORATE

Earlier we approved the budget as put together by our Finance Directorate. Even if, in weathering all the storms, this Directorate has been under immense pressure, they still managed to perform extraordinary. The Finance Department has once again attained a clean audit from the Auditor- General (the third in four years), a payment level which remains over 90% (which puts it in the top 5% in the country), a budget which has received virtually no adverse comments (including a rates rise of less than 7%) and a credit rating, from the top rating agency in the world, maintained at the same level as last year. In addition the department continues to be used as a model by both governmental and private sector bodies in terms of its working practices and procedures.

I want to make use of this opportunity to congratulate Grant and his team for excellent work – to balance our needs with available funds is at the best of times a difficult task. They have kept Knysna Municipality financially on track and if we look what are happening at other municipalities in South Africa, we are fortunate to have their insight, know-how and dedication.

10. MOVING FORWARD

I stated at the outset that we are in the eye of the storm and we must look to planning beyond 2020 and towards 2030. This is a tourist area and it will always be a tourist area. We sit next to one of the world's greatest natural estuaries and we sit amongst the splendour that is the Sedgefield lakes in the middle of the Garden Route. Without putting too fine a point on it we are a green municipality and we should be leading the country if not the continent in this regard. The question we should therefore be asking of Council and our residents is how do we develop this municipality to become Africa's leading green municipality whilst also developing our infrastructure to sustain all our people and our environment?

This is a huge challenge, but if we do not look forward, if we do not have a meaningful vision and goal, this municipality will stagnate and die. Creating Knysna as a green municipality brings synergy to much of our social and environmental issues and challenges and focus to our infrastructural and financial shortcomings.