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## Mayor's Budget Speech for the Financial Year 2010/2011

*Delivered by M Y Mmakola, Mayor: Ephraim Mogale Local Municipality*

Honourable Speaker, members of the Executive Committee, fellow Councilors, distinguished guests, residents of the Ephraim Mogale Local Municipality, ladies and gentlemen, comrades and friends, allow me to warmly welcome you to this august occasion of the tabling of the budget of our municipality for the financial year 2010-2011.

Our approach has always been to regard the budget as a culmination of a long process of participative consultation that commences with review of the IDP. It is always the issues raised, the priorities expressed and the challenges stated during these consultations that form the primary basis of the what we are here today to present and hope for the Council to adopt.

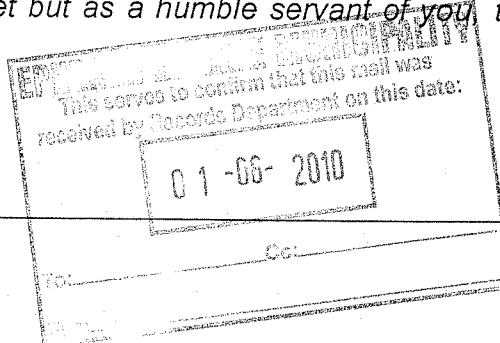
Mr. Speaker it must become our constant and everyday quest to live up to the vision of the municipality, namely "Greater Marble Hall Municipality strives "TO INVOLVE ALL SECTORS OF THE COMMUNITY IN ECONOMIC DEVELOPMENT WHILST IMPROVING SERVICE DELIVERY", as well as the motto on our Logo, which is *Re Hlabolla Setshaba*, which means "we are developing the community".

As we are enjoined by legislation, and having produced a draft budget at the end of March 2010, we traversed the breath and length of our municipality soliciting the views of the people on what we had budgeted in the draft. The challenges facing our people and the priorities they would like us to focus on were loud and clear. Therefore this budget is an attempt to respond to the expressed needs of our people.

As most of you will recall, this year is the twentieth anniversary since the release of President Nelson Rolihlahla Mandela from prison. That year marked a watershed moment that changed the course of history of our country. The release of Madiba was brought about by the resolute struggles of the South African people. As President Zuma remarked during his State of the Nation Address, that "the masses of this country, in their different formations, responded with determination to the call to make the country ungovernable and apartheid unworkable"

Mr. Speaker, it is fitting on this twentieth anniversary therefore to quote the words of Madiba on his release, when he said:

*"I stand before you, not as a prophet but as a humble servant of you the people."*



*Your tireless and heroic sacrifices have made it possible for me to be here today.*

*I therefore place the remaining years of my life in your hands."*

Fellow residents of Ephraim Mogale, on the occasion such as this, it is instructive to recall the statement made by the State President during his State of the Nation Address when he said:

"When this administration came into office last year, we undertook to work harder to build a strong developmental state.

We said it would be a state that responds to the needs and aspirations of the people, and which performs better and faster.

This year, 2010, shall be a year of action.

The defining feature of this administration will be that it knows where people live, understands their needs, and responds faster.

Government must work faster, harder and smarter.

We will expect the executive and the public service to comply with this vision.

We are building a performance-oriented state, by improving planning as well as performance monitoring and evaluation..."

You will agree with me that this was a clarion call to action by the President made to especially all politicians and civil servants at all spheres of government. We must therefore double our efforts in ensuring that the quality of life for our people improves for the better.

President Zuma further asserted that:

"Local government must work. Municipalities must improve the provision of housing, water, sanitation, electricity, waste management and roads. We held a meeting with mayors and municipal managers last year. This provided valuable insight into the challenges in local government. We also visited various communities and municipalities ..."

We as Councilors are key to ensuring that the President's commitment to the nation is realized. We have tried to make this budget as an instrument through which commitments made by the President as stated above are achieved.

As part of building cohesive and sustainable communities, the ruling party prioritized in its 2009 elections manifesto the following five priority areas for the next five years:

- creation of decent work and sustainable livelihoods
- education
- health

- rural development, food security and land reform
- the fight against crime and corruption.

We at this level of government should regard ourselves as the foot soldiers for the realization of these priorities.

Mr. Speaker the genesis of the ruling party's priorities in the manifesto is both the expressed needs of our people and the Freedom Charter. In this regard, it is worth citing the statement made by the Premier of Limpopo, Comrade Cassel Mathale, on the occasion of his State of the Province Address when he said"

"The year marks 55 years after the adoption of the freedom charter, which continues to be the blueprint that guides the policy direction of the country in general and the province in particular. In the same vein, Our Constitution, which is the supreme law of the country and the cornerstone of our democracy, was found under the guidance of the of the freedom charter. As the current generation, we owe it to the 1955 generation that converged at Kliptown to produce a document that is still relevant and alive today.... We should pursue our determination to better the living conditions of the people. We have the responsibility to provide houses of an acceptable standard to people. The peace, security and comfort for all and sundry should remain part of our priority, which must be achieved through all means possible. The provision of decent work and job security is a course that cannot be deferred."

Friends and Comrades, in December 2009, Cabinet approved a municipal turnaround strategy for local government. This followed an assessment that was conducted on the state of municipalities. Municipal Turn Around Strategy is a specific intervention and support aimed at achieving the following:

- Ensure that municipalities meet the basic needs of communities
- Build clean, effective, efficient responsive and accountable local government.
- Improve performance and professionalism in municipalities
- Strengthen partnership between communities, civil society and local government.

All municipalities in the country were expected to develop Turn around Strategies by the 30 May 2010. This is intended to ensure that local government has the correct management, administrative and technical skills to achieve what it is supposed to achieve.

On the 30 March 2010 we, with the assistance of the Department of Local Government and Housing (DLH), successfully held turn around strategy development session out of which a Municipal Turn Around Strategy was developed, which forms part of what is being tabled here today. The Turn Around Strategy, as you can see, sought to identify those key deliverables that if properly and effectively implemented will enhance the service delivery capacity of the Municipality. Based on our current challenges and expressed needs of communities, key issues in each of the five year local government strategic agenda items were identified and an implementation plan timed-framed on the pre and post 2011 periods, was adopted.

Ladies and Gentlemen, you will have noticed that we have not budgeted for water and sanitation, neither as revenue nor expenditure item. This is because the Sekhukhune District Municipality as the Water Services Authority will with effect from the financial year 2010/2011 perform this function on its own. However, as a local municipality we will still play a pivotal role of coordinating the discharge of this function by the district.

Mr. Speaker, we must regard ourselves as a very blessed generation during whose lifetime the biggest sporting event in the world is staged in South Africa. Today, it is only ten days to go before the kick-off. I urge all of you as patriotic fellow South Africans not only to fully support Bafana Bafana but also ensure that we are as hospitable to the visitors as we are known to be so that our tourism industry may grow.

On behalf of Council, and I believe the entire community of the Ephraim Mogale Municipality, I wish Bafana Bafana all the success in the tournament.

As we approach the end of the current financial year it is opportune to make a brief reflection on the performance of the Council during this period.

As it is now public knowledge the name of the municipality has now finally been changed from Greater Marble Hall Local Municipality to Ephraim Mogale Local Municipality, which was a popular choice expressed by our people during the consultations on the issue. As most of you would agree, for cde Eph, as he was affectionately known, his legacy is our freedom. The people felt that they are indebted to his life and must honour him in death. Naming the Municipality after this gallant fighter for freedom is the most befitting. His revolutionary accolades are a whole volume so I will not go into the details here. However, if you refer to the 3<sup>rd</sup> quarter edition of our newsletter you will find some snapshots about his life.

The Matlerekeng Multipurpose Community Center and Elanskraal Taxi Rank have been completed. Phase two of the Manapyane Access road has also been completed. Major roads projects in the form of Rathoke internal streets and Leeufontein internal streets have been commenced with in earnest.

The last and the only village not to have had electricity in Ephraim Mogale previously, i.e. Garagopola, is now being electrified.

Resealing of tarred streets in the large area of Marble Hall town, sewerage network and toilet structures in Zamenkomst, Elandskraal, Leeufontein and Moganyaka have been done. Tsimanyane High Mast lights have been completed. Moeding High Mast lights were also completed but awaiting for Eskom connection. Two new graders were added to our increasingly aging fleet.

In a quest to fulfill the promise of the freedom charter that there shall be houses, security and comfort for all, 700 RDP housing units have been allocated to our Municipality by the Department of Local Government and Housing. Construction on some of these has already begun. As we fulfill that promise we also need to constantly be reminded of what the ruling party said in its 2009 election manifesto, which is that housing is not just about building houses. It is also about transforming our cities and towns and building cohesive, sustainable and caring communities with closer access to work, social amenities, including sports and recreation facilities

Ladies and Gentlemen, I am pleased to announce that we received an unqualified audit opinion from the Auditor General for the financial year 2008/09, one of only eight municipalities to do so in the Province. We pride ourselves with this achievement and pledge to sustain this status and seek to achieve a completely clean audit where there are no *other issues*.

As always, our ward committees have been functional, ward committees members received stipends regularly and hence they have been instrumental in facilitating consultations between Council and the communities.

Some of the critical posts that were vacant have been filled, notably the Chief financial officer, LED Officer, HIV and AIDS Coordinator.

**The Budget 2010/2011 is as follows:**

#### **Details of the Budget**

The municipality had to follow the six distinct steps for the preparation of a budget and IDP, and they are as follows:-

<b>Step</b>	<b>Detailed Process</b>
Planning	Setting of key dates.
Strategizing	Review of IDP and setting of service delivery objectives and targets.
Preparing	Prepare budget, revenue and expenditure projections, draft budget policy guideline.

Tabling	Table draft budget, IDP and budget related policies before Council consult and consider inputs or responses.
Approving	Council approves budget and related policies.
Finalizing	Publish and approve the Service delivery budget implementation plans (SDBIP) and annual performance agreement.

The Council is now at step No 5 of the process which is the approval of the final budget, IDP and budget related policies, 30 days before the start of the new financial year.

The National Treasury has issued circulars 45, 48 and 51 of the MFMA, 56 of 2003 which are aimed at providing information to Municipalities for the preparation of medium term revenue and expenditure framework budgets.

### **Revenue**

The actual income for the 2009/2010 financial year mid year budget report, the adjustment budget for 2009/2010 as well as the approved budget for the 2009/2010 and the tariff review in respect of electricity, water, property rates and solid waste were used as basis to determine the projected income and any possible additions.

Budget assumptions are also based on the NERSA tariff guideline as well as the CPIX as provided by circular 51 of the National Treasury. Subsidies and Grants are based on actual allocations as per the Division of Revenue Act, 2010 (DORA).

Tariffs were increased between 8.5% and 28.1% which are guided by the above mentioned legislative bodies as well as provided for corrections of previous year's mistakes.

Revenue from own source represent 46% of total revenue in 2010/11. This indicates that the municipality expects to generate less income from its own sources of revenue and that indicates dependency on government grants.

Property rates increases to 8% from 2010/11 to 2011/12. This is mainly due to the continued improvement of the implementation of new Property Rates Act from 2009/10.

Electricity contributes the majority of own revenue at 18% of own revenue in the 2010/2011 financial year as a single source of revenue. Revenue from refuse tariffs represents on average 3.5% of total revenue over the MTREF and could also be investigated as part of revenue enhancement for the municipality.

The total revenue for the budget for the 2010/2011 financial year is R127.8 million.

## Expenditure

The actual expenditure for the 2009/2010 financial year mid year report, the adjustment budget for 2009/2010 financial year as well as the approved budget for the 2009/2010 financial year was used as basis to determine the projected expenditure.

Salaries, wages and allowances are estimated at a rate of 10.5% increase, as per the South African Local Government Bargaining Council (SALGBC) agreement. Provision has been made to fill additional vacant posts across all departments to enhance the performance of the municipality in the 2010/2011 financial year.

Operating expenditure relating to the Technical Services (Electricity, Water, Sanitation and Roads) is the biggest component at 47 % in 2010/11 and then reducing slightly to 42% in 2012/13.

Expenditure relating to the Council vote, which includes the Offices of the Mayor, Speaker and Council (General) accounts for R4.9 million in 2010/11 which is 3% of total expenditure;

Employee related costs constitute 31 % of total operating expenditure in 2010/11 increasing to 32, 4% in 2012/13

Repairs and Maintenance decreases from R6.6 million (5%) in 2010/11 (current year) to R6.1 million in 2012/13.

Remuneration of Councilors increases from R8 million (6%) in 2010/11 (current year) to R10.6 million in 2012/13.

General expenses amount to R45.1 million (36%) in 2010/11

Contributions to funds increases from R5.9 million (5%) in 2010/11 (current year) to R7.6 million in 2012/13.

Total capital expenditure 2010/2011 stands at R19.4 million which constitutes of MIG funded projects of R14.8 million and Council funded projects of R4.5 million. The biggest single portion of capital expenditure is allocated to Technical Services which amounts to R16.3 million which is 84% of the total capital budget.

The MIG allocation of R14.8 million covers the following projects:-

- Rathoke/Matlerekeng road
- Building of bridge-Mathukuthela
- Building of bridge-Manotolwaneng

- Leewfontein internal streets
- Moganyaka access road
- Keerom/Uitvlug road
- Malibitsa internal road
- Klopper Community Hall
- Vaalbank Internal road
- Marble Hall Stormwater

Internally funded allocation is for furniture and equipments, purchasing of new vehicles as well as IT related software and hardware.

The total expenditure for the 2010/2011 budget year stands at R127.0 million.

### **Conclusion**

As we have said before, the challenges and backlog facing our communities are many and varied. Indeed some of these needs fall squarely within the scope of our legislative competence and thus every attempt has been made to try to balance these competing needs and provide for those that we believe are the most daunting. And some other of these needs fall within the ambit of other spheres of government. In this regard, engagement with those other spheres will be stepped up.

I urge all ratepayers and the recipients of our trading services to pay for these services because our revenue budget is based on, among other sources, the high level of payment of services by our consumers. Non-payment or short payments of services will adversely affect our ability to achieve what is contained in this budget.

I would like to thank all those who took part in the budget process, performing various but complimentary duties. Primarily we thank those members of our communities who braved chilling weather and rearranged busy schedules to ensure that we hear them. All your concerns have been recorded, and although some of them may not be addressed in the coming financial year they will be definitely be on our agenda going forward. I would also like to thank my Executive Committee for leadership shown and all Councillors for support and participation during this process. Appreciation must also be extended to all the officials who traveled with us and those who were in the backroom working on the budget. Mention must also be made of the excellent assistance by the DBSA on this and other financial management issues.

On behalf of the African National Congress and Council, thanks once more for affording this Council an opportunity to serve you. The African National Congress would love to see you overwhelmingly voting in the upcoming 2011 local government elections.

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