

## **The Mayoral Budget Speech 2010/11**

The Mayor of Thabazimbi Municipality officially presented the IDP/Budget for the 2010/11 financial year to the Thabazimbi Council on 31 May 2010.

It is an honour for me to present the IDP, Budget and related policies to this meeting today, it is however noteworthy that this is a presentation before the elections of local government in 2011. We are however delighted as a Municipality that a significant improvement have been realized since our coming to office.

This budget approval takes place when the country had just celebrated the 20 years of the release from apartheid imprisonment of one of our struggle icons the great Nelson Rolihlahla Mandela. His endurance of solitary confinement with many other struggle heroes has brought hope to Africans and blacks in particular that the day has dawned on which the African sons and daughters can also become who God the Creator called them to be in the world. We are also as a people joining the voices of celebration to say halala Madiba halala.

We are of course inspired by your courage and the undying revolutionary spirit. In his budget speech the Minister of Finance Mr Pravin Gordhan said “we showed ourselves and the world that we can compete politically and yet find a shared understanding on matters of concern to all of us – building a better SA for our children and grand children”.

We are also ten days away from one of the most spectacular event in the calendar of world events the FIFA 2010 World cup. We promise the world the best ever held in its history of existence. We are only ten days from the kick-off, and I believe all of us can “feel it because it is here. We also want to tell the future generations that we were there.

Hon speaker we have also fought hard for our community to have a public viewing area, so far SIOC community development trust has agreed to buy the equipment that will be used at their expenses for public to watch together the event and enjoy. We are thankful for this great gesture to our community, Thaba- Park will be the area to be at during the world cup.

### **Administration**

We have been able to fill all top management posts in the institution and presently aligning the institutional structure with the business plan which is the IDP. We have however not yet achieved this goal of alignment hence the difference in expenditure and performance.

This year we are going to implement a fully fledged Performance Management system to periodically asses our performance and ensure responsive and capable workforce.

Personnel Management should form an integral part of the PMS as it is still highly evident that we still have employees who come to work at any time they want to, leave offices at any time, do private work any time and stay away from work as they wish.

It is however very important that as we apply the PMS we should also avail the necessary resources to maximize performance, it is also important to ensure that people employed have the necessary skills to perform the work they are employed to do. We would like to urge our management to begin to firmly begin to ensure that the work force performs as expected.

### **Public participation**

Hon Speaker whilst management has improved slightly in the attendance of IDP and budget meeting we have experienced a serious decline of councilor participation. It is however disappointing to find that the political leadership does not take serious the main work they are here for. According to the party that deployed me in office you cannot compromise democratic principles on governance and no one should ever undermine the opinion of our masses in any decision making process. In fact it is criminal for councilors not to attend these important community engagements.

In his budget speech the Minister of Finance said “Our people need hope. Our people want government to lead. We will lead. Our people want government, business, labour and social organizations to work together to create a better economic future”. How can we give this hope when we disregard the participation of the masses in programs that will improve their life.

We are indeed facing a very serious time in the life of this institution, it is indeed a trying to see the character of leadership we have and will have in future. It is now a growing trend that this institution is becoming a useful tool in malicious hands against the masses of our people. There is a great outcry of corruption in the Municipality which we as the leadership cannot turn and go away as if we do not hear what the people are saying.

I want to call upon management to refrain from political partisan as this will make this institution more exposed to unnecessary problems. The employment process must be truly transparent and no jobs for pals.

We will work together with our people to ensure that this does not become a culture in this institution, it has become normal for people to boast in the community that they are going to be employed even before advertising. We would like to see that brought to an abrupt end.

I want to promise our people that they are welcome to bring forth any information they have and it will be thoroughly investigated and fit back will be provided. We are in the process of finalising the discussion of the COSATU memorandum which highlighted a number of issues of which some of them will be implemented as a matter of urgency. I would like to urge all councilors to avail themselves to the next meeting as the Municipal Manager will coordinate.

### **Service Delivery**

It is not all doom and gloom; however we have performed relatively well as a Municipality in terms of capital projects implementation. We have been able to implement all planned projects of course with questionable quality in some instances. This area needs to be addressed as a matter of extreme urgency to ensure that we are delivering a product that our people can be proud of. We need to agree that on quarterly basis there is a need to assess progress and report back to the masses of our people.

Our councilors need to participate in the assessment of quality and progress of all projects as a standard requirement. Included in this oversight role should be a report that outlines the jobs created during the projects. It is imperative also that these projects must be officially opened and handed over to the communities. We need to be hands-on on matters that affect our communities.

Honorable Speaker this Municipality has struggled when it comes to cash-flow and that should be noted with serious concern as it renders us from time to time unable to pay our service providers. Revenue enhancement requires all of us to participate in the upcoming activities.

I would also urge that management should be careful in the implementation of all programs to ensure that we do not unnecessarily create a financial difficulty. Particularly on employment we should ensure that the money for payment will be available, our financial constraints are very serious and should be seen as such and therefore demands that we cannot display any extravagant behavior. Strict monitoring will be exercised through monthly reports.

In his SONA early this year the State President His Excellency Jacob Zuma said “We cannot change anything if we are going to continue to do things the same way we did before”. So far we are all aware of the priorities of our government as outlined by the President of the country among others;

Making our communities safer

Fostering rural development

Creating jobs

and investing in local government and human settlements

Madam Speaker we are also aligning ourselves with these priorities as contained in our IDP and Budget.

The preparation of the 2010/2011 municipality's Medium Term Revenue and Expenditure Framework (MTREF) was an extremely challenging one as various factors, with considerable potential impacts on core service delivery cost and revenue components influenced the outcome of its MTREF.

The municipality took a conservative economic approach in the preparation for the 2010/2011 MTREF period. Factors supporting this included lower revenue collection, higher interest rates on long term Council debt repayments and lower interest rates on investments, resulting in reduced interest earnings.

The challenge to produce a sustainable, affordable budget necessitated reductions to certain budget provisions, such as particular anticipated capital projects as well as reduction in travelling and subsistence and purchases of furniture and other equipment.

The MTREF – based revenue and expenditure projections assumed inflation-linked annual adjustments of 6.5%; 6.5% and 7.8% respectively for the 3 –year budget period of 2010/11, 2011/12 and 2012/13.

Further key parameters applied to the municipality's financial framework included the following for 2010/11 financial year:

- Revenue/tariff increases
  - Rates 9%
  - Electricity 19%
  - Water 16.3%
  - Sanitation 9%
  - Refuse 9%
- Salaries and wages adjustments 8.5%
- General expenses 5.6%
- Repairs and maintenance 8.5%

Total revenue for the 2010/11 financial year amounts to R, which represents an increase of R39 million, 27% over 2009/10.

Debt finance has been avoided for the 2010/11 financial year so as not to strain the rate payers from the effects of debt repayments and exorbitant interest rates prevailing and forecast. This implies that we have resorted rely on Capital Allocations from Government to fulfill over capital objectives.

Primary budget revenue and expenditure categories reflect budget increases:

- Assessment rates 29%
- Electricity 42%
- Water 57%
- Sanitation 46%
- Refuse 45%

Percentage growth on expenditure categories (year on year):

- Staff costs 16.5%
- General expenses 21%
- Repairs and maintenance 4.7%

The budget has been prepared in terms of guidelines from the Budget Steering Committee and further guidelines as contained in National Treasury Circular 51 (February 2010).

### Sources of Revenue

Government Grants (operational & capital)	R85 million
Internally Generated Revenue	R130 million

### Infrastructure Projects

Rooiberg Electrification of informal settlements	363,000
Regorogile electrification of RDP houses Ext. 3	3,317,000
Appiesdoorn (Regorogile Ext. 9) Electrification of Informal Settlement	1,320,000
Northam, Regorogile ext. 6,7&9 installation of High mast street lights	2,500,000
Northam extensions and Rooiberg upgrading of sports facilities	2,000,000
Regorogile ext. 4 paving of internal streets	14,350,000
Rooiberg development of new cemeteries	2,155,062
Rooiberg upgrading of internal roads	6,000,000
Regorogile multi purpose centre	1,458,690

Regorogile ext. 5 paving of internal streets	428,248
Northam ext. 7 construction of water & sewer reticulation	5,600,000
Replacement of 200 residential metres & valves in the main line	900,000
Regorogile ext.5&9 conversion of prepaid metering system	1,909,000
<b>Total</b>	<b>43,745,600</b>

**LED Programs      R2.5 million**

**Institutional Development Financial Viability 12 million**

Let me also take this opportunity to thank the men and women who served this community for the past five years. Through the years we have had our ups and downs but continued to work through all those differences. Together we can do more has become the binding statement at all times.

I hereby present to council the IDP and Budget and policies as outlined for adoption.

A khensa

Baie dankie

Thank you

Ke a leboga