

THABA CHWEU LOCAL MUNICIPALITY



BUDGET SPEECH 2017/18 FINANCIAL YEAR

BY HER EXCELLENCY THE EXECUTIVE MAYOR: OF THABA CHWEU LOCAL
MUNICIPALITY COUNCILLOR SELINA MASHIGO – SEKGOBELA

31ST MAY 2017

TCLM COUNCIL CHAMBERS

10H00

- + Madam Speaker
- + Ma apara Nkwe a Rena,
- + Chief Whip of the Council and other Whips.
- + Representatives of the Auditor-General of South Africa.
- + Representatives of the Audit Committee.
- + Chairperson of the Municipal Public Accounts Committee
- + Members of the Executive Committee
- + Fellow Councillors
- + Representatives of Political parties and Civic organizations
- + Members of the Ward Committees and Community Development Workers
- + Our Municipal Manager and Senior Managers
- + Officials from Organs of State and Sister Municipalities
- + Members of the Business Community
- + The Media Houses
- + Distinguished guests
- + Ladies and Gentlemen

Madame Speaker, kindly receive my warmest greetings to the entire house.

Madame Speaker, last year on the **25th May 2016**, I **Councillor Selina Mashigo - Sekgobela**, reminded this house of our constitutional mandate(s) as municipal leaders when I said: “The Local Sphere of Government has a huge role to play in the realization of Outcome 9 which mandates municipalities to provide a responsive, accountable, efficient and effective Local Government System.” Nothing has changed from what was said then, and the tabling of this budget speech is a fulfilment of that mandate

It is a great honour for me to be standing in this august house again for my 1st IDP/Budget speech in this new Council term to deliver this budget speech for our communities to serve as a torch to brighten the lives of our beloved countrymen and women here in the town of **Mashishing a Mathala**.

I am proud, privileged and honoured to be delivering this speech after a resounding Local Government Election victory by the Governing Party that gave us a mandate to lead this **great nation of Thaba Chweu** for the next five years and beyond. We should convey our sincerest gratitude to men and women who still have confidence in our capacity and capability as the African National Congress to lead this nation to greener pastures. Our mandate is very clear: **“Do away with the triple challenges that trouble our people, that is, unemployment, poverty and inequality”**.

We must also commend the **Independent Electoral Commission** of South Africa for delivering the free and fair elections. At home we must commend the leadership demonstrated by our Municipal Electoral Officer **Advocate Mulaudzi** for the peaceful manner in which these elections were conducted.

This revised **Integrated Development Plan** that we are presenting today is our integrated effort by all major key stakeholders of the Municipality to ensure that better life for all is achieved. We proud ourselves to say that the compilation and revision of this Integrated Development Plan resonates well with the dictates of the **National Development Plan** which emphasizes that **Active Citizenry** is a precondition for creating sustainable growth and development in the country over the next two decades.

Madame Speaker, our public participation championed by your highest office indeed assisted in consolidating the needs of our people so well captured in our IDP. We also hosted two Strategic Planning sessions one in February and as recent as the 19 -20 May 2017 at **Sabie the Jock**. Both the Political and Administrative leadership engaged in frank and objective discussions taking stock of the **As was** and the **As is**, and further crafted the Road map as to how the Municipality intends turning the tide.

We must commend the political leadership of this Municipality for the maintenance of sound and harmonious relationship with our traditional leaders (Re ra bona maaparankwe). The active participation of our traditional leaders through Mayor-Magoshi meetings has given our stakeholders relations a boost and has further helped the Municipality in governing and implementing its programmes in a better way. **Re re go lena maaparankwe a rena , leseke la lahla gobane lesako la go hloka Thobela ke mo mojanano.**

Thaba Chweu Local Municipality has recent appointed the Municipal Manager after four years of having acting incumbents. **Madame Speaker**, as we formally introduce the Head of administration **Mr Thoka kgoale** and the LED Director **Mme Sindiswa Mathebula**, May I equally convey our gratitudes to all Senior Managers, Directors **Malungana, Maebela and the CFO Mokwena** who assisted in acting as the Municipal Managers during those trying times. **Re a le leboa / Ha nkhensa.**

Looking back at the strides made in the fight against the triple challenges of poverty, inequality and unemployment, we can proud ourselves that much has been achieved ,looking at number of people in Thaba Chweu who have since received houses, have potable water and electricity however, our journey is yet to be arrived at.

As the Governing party has declared this year, as the **Year of O.R Tambo**. I quote this Gallant fighter and former President of the African National Congress: Oliver Reginald Kaizana Tambo when he said “**The children of any nation are its future, a country, a movement, a person that does not value its Youth and children does not deserve its future**”. Madame Speaker, I quote this leader, as I challenge all of you politicians and administrative staff of **Thaba Chweu Local Municipality** to ask ourselves as to what kind of **Municipality** do you want our Children to inherit, should it be a municipality of disclaimers or be known as the **Municipality of Tourist attraction** wherein the visitors can come spend holidays without having to worry of possible **Electricity cuts and potholes**”.

Madame Speaker, allow me to invite all of you to join in remaking the municipality what it used to be. Now that we have a fully complement of senior management , we have apportioned the Municipal Manager a new name as **Mr Eskom and Audit Action Plan while the Director: LED is named Radical Economic Transformation**. For we want to see tangible change and empowerment to our people. Our **Emerging contractors** are yearning to be brought into economic mainstream.

In the upcoming Financial year 2017/18, Madame Speaker, we are optimistic that the Disclaimer Audit Opinion will be a thing of the past, however, the following challenges needs to be ironed out:

- + Eskom Debt sitting at R371 million.
- + Illegal connections (Inzinyoka) will be dealt unapologetically.
- + Leaking sewage will be attended to timeously.
- + Over outsourcing of services that are currently over – stretching our finances.
- + Low Revenue Generation.
- + Land invasions
- + Potholes.
- + Unwanted Expenditure.
- + Disgruntled Communities.

Madame Speaker, for the year under review, **Thaba Chweu Local Municipality,** accounts for the following projects:

BASIC SERVICE DELIVERY

- + There are two **Breaking New Ground Housing projects one** in Sabie for **100** houses and one in Mashishing **500** houses.

We have also built **roads** in the following areas:

- + Matibidi Road Refurbishment for **1, 9** kilometres.
- + Sabie Gravel to paving for **0,600** metres
- + Mashishing **2, 4** kilometres Gravel to tar.
- + Moremela Phase **(1): 0.400** metres Gravel to Paving
- + Moremela Phase **(2): 0,500** metres Gravel to paving.

WATER AND SANITATION PROJECTS

- + Completed the replacement of Ac pipelines (13, 2 kilometres) @ R13.1million.
- + Mashishing Rezoning (pressure and Installation isolation Valves will be completed in June 2017 at R6 million.
- + Mashishing Ext 7 water reticulation at R 6million.
- + Sabie Upgrade and Replacement of AC pipes completed at amount of R5, 4million.
- + Kelly`s Ville AC Pipes replacement completed at amount of R3, 2 million.

ELECTRICAL PROJECTS

- + Installation of 1,5km ring feeder at Sabie for R 600k is yet to be completed.

COMMUNITY PROJECTS

- + Fencing of cemeteries
- + Matibidi
- + Pilgrim`s Rest
- + Lydenburg at combined amount of R 5million.
- + Fencing of the Landfill sites at combined total at R 2, 2million.
- + We had 71 EPWP workers with allocated budget of R 1, 6million.

LED AND SPATIAL RATIONALE

Madame Speaker, the priority of this council is Radical Economic Transformation, the name that our newly appointed Director: LED was given. We expect LED to run with incubation of the emerging contractors by helping them access economic opportunities in Thaba Chweu Local Municipality and the private sector. And further to enhance relations with the private sectors in order to unblock opportunities for young people in efforts to push back the frontiers of Unemployment, poverty and equality. **Madame Speaker**, these efforts will go unnoticed if our Communication of such plans to all our stakeholders is not carried out efficiently and effectively through set forums and through the Media.

FORWARD PLANNING (VISION 2030)

Madame Speaker, forward planning remains a critical instrument towards to the total economic emancipation of our people. We have since instructed the newly appointed MM to make sure that consultants are appointed timeously in order to allow for the quality implementation of projects within the set timelines. **Madame Speaker**, we used to be the laughing stock of other Municipalities within the Province, such that the attendance of forum such PCF”s and other stakeholders engagement were attended reluctantly as we became fearful of what we will said in such forums considering our under performance. We calling for each one of you join hands as we are undertaking this journey optimistic of the future ahead.

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Madame Speaker, we have since prioritised the filling of the following vacancies in the first quarter of the new financial year that’s:

- ✚ MPAC Researcher;
- ✚ 10 x By – Laws Enforcers;
- ✚ PMS Manager;
- ✚ Security Manager;
- ✚ Deputy Director: Community Services.

These positions will help reinforce our resolve to radically curb the illegal connections, low revenue collection and further to accelerate service delivery to our people and including the continuous evaluation of our performance.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Madame Speaker, Internally we have attained a good percentage on the functionality of our structures. The Risk Management Committee, Audit Committee, Audit Steering Committee and Municipal Public Accounts Committee are properly functioning. We are however yearning to turn the tide on our audit Opinion for the 2017/18 financial year from a disclaimer to a qualified opinion.

We are confident that if we follow the **Audit Action Plans** religiously we will achieve Qualified Audit Opinion. We will implement what one British leader, **Winston Churchill** once said: “**Success is going from failure to failure without loss of enthusiasm.**” The implementation of our audit action plan has resulted in a reduction on the number of queries raised by the Auditor-General and with greater enthusiasm we shall overcome audit failures.

FINANCIAL VIABILITY

Our known challenges are amongst others **Eskom Debt** which is currently sitting at **R 371million, and this** makes one to have sleepless nights. We are relentless in our efforts to put into action all necessary austerity measures in order to minimise if not eradicate all wasteful usage of municipal resources. This will be achieved if we all work together in exercising financial prudence and having each senior manager taking responsibility for his/her Budget allocations.

Madame Speaker, our budget is currently over committed due to various factors and we have instructed the administration led by the MM to identify and eradicate unnecessary expenditures. **Madame Speaker**, these efforts are meant to achieve the Governing party's objective of ensuring that our Municipality is responsive, accountable, transparent and financially viable. We dare not fail our people.

Madame Speaker, On the expenditure part this revised IDP/ Budget proposes the implementation of austerity measures to curb any possible non-priority spending in line with **MFMA Circular no 66 read with Circular 82** as well as unnecessary contracted services and compliance to applicable legislations.

Management has been directed to plug all leakages that drain our financial coffers unnecessary. Great attention should be given to the detection and curbing illegal usage of electricity, imprudent use of stationary, telephones and fraudulent claims of travelled kilometres. And moving forward we will use **Electronic Document Management systems** to curb leakage of confidential information and also forbid the **use of private emails for official purposes**. Madame, I can't stand here in front of this august house and pretend as if all is well, this House is called upon to join hands as we put into action all measures to eradicate our financial woes.

THE 2017/2018 BUDGET






For the **2017/18**, considerate efforts will be put in place to align our strategic objectives with the **IDP/Budget**, as well as the maintenance of sound fiscal discipline for the attainment of efficiency, effectiveness and value for money as we tirelessly enhance our efforts to take the municipality out of Disclaimer Audit Opinion. **Madame Speaker**, with a better collaboration and improved relations amongst all of us, Thaba Chweu Local Municipality will never be the same.

Madame Speaker, in our relentless efforts much has been achieved in that our people have benefit from the fruits of our Democratic dispensation however, our journey to win our battle against triple challenges of poverty, unemployment and inequality is not yet over. **Aluta continua**.

Madame Speaker, allow me to present to this council the **2017/18** IDP/Budget which amounts to **R 655 million**

ON THE REVENUE:

The budget is forecasted to be to the tune of **R 655 million** which is **15.35%** higher than the current financial year 2016/17. The biggest contributing factors to the Municipal Revenues are:

-  Electricity accounts for **28%**.
-  Operating Grants accounts for **20%**.
-  Property Rates accounts for **15%**.
-  Capital Grants accounts for **17%**.
-  Water accounts for **8%**

- + Sewage accounts for **3%**
- + Refuse accounts for **3%**
- + Other revenue accounts for **6%**

An increase of 6.4% has been allocated to water, refuse and sanitation which is in line with the Consumer Price Index. Electricity tariffs will increase by 1.88% as recommended by NERSA. There will be further increase of 2.3% in all block tariffs and an additional 12% increase on all basic charges.

The Municipality is gearing itself to implement its **Revenue Enhancement Strategy** radically in order to boost all revenue sources. These are the key activities which will take place during the 2017/18 financial year as Revenue Enhancement initiatives:

- + Formalisation of informal settlements
- + Electrification of households of informal settlements,
- + Conversion of all conventional meters to prepaid meters
- + Eradication of illegal connections.
- + Installation of Smart Meters
- + Installation of water meters where there are no water meters
- + Replacement of underground and buried water meters
- + Undertaking of awareness campaigns

Madame Speaker, for above mentioned interventions to be realised, our coherent and collaborative efforts cannot be over emphasised.

Madam Speaker, allow me to table the 2017/18 IDP/ Budget:

An amount of **R675million** for **2017/18** has been budgeted for Operating Expenditure and out of this amount **R169 million** will cover employees costs while **R10 million** will accommodate councillors' allowance. This translates into a combined percentage of **25%** for employees and councillors costs on the total municipal budget. The Human Resource Related cost for the 2016/17 increase is contributing to the current deficit on the budget which **R19,9 million** hence necessity to rationalise the organisational structure. The rest of the Operational Expenditure is apportioned to General Expenses (**R100million**), bulk purchases and Free Basic Electricity (**R148m**), contracted services (**R70m**), and repairs and maintenance (**R27m**). This **R27m** allocated to repairs and maintenance will also be distributed proportionally to Units.

We also table this Budget speech with following Budget-Related Policies for adoption:

- + Budget policy
- + Credit control and debt management policy
- + Asset management policy
- + Property rates policy
- + Supply chain management policy
- + Indigent support policy
- + Tariffs structure and policy
- + Funding and reserve policy
- + Investment policy
- + Cash management policy
- + Customer care policy
- + Payroll policy
- + Revenue enhancement strategy
- + Financial plan
- + Policy on fruitless, wasteful, and irregular expenditure

From the above policies we want to make an emphasis on the need to purify the Indigent Register and also highlight the importance a credible customer data base including a credible Valuation Roll.

Madame Speaker, we hereby present the revised Organizational Structure for this council to adopt and further submit that the Municipal Manager to ensure that all personnel is correctly placed in order to optimise their potentials. The structure is intended to reinforce the Technical and Community Services in order to accelerate the delivery of services to our communities. It is in the interest of the council to build capacity in order to reduce over reliance on the usage of consultants.

We also table for adoption the following Human Resource Management tools:

- + Revised Performance Management Policy
- + Revised organogram.

ON EXPENDITURE

Madam Speaker, allow me to further indicate that on our Expenditure side, the overall expenditure is forecasted to be to the tune of **R675 million** which is 14% higher than the budget of the 2016/17 financial year.

The biggest contributing factors are:

- + Employee Related Costs
- + Electricity Bulk purchases.
- + Capital Projects
- + General Expenditure

Employee Related costs have been increased by CPI plus **1%** as determined by The South African Local Government Bargaining Council Collective Salary and Wage agreement.

It is also very important to take note that certain limits have been set for the following non-priority expenditure items with the intention of implementing cost curtailment measures:

- + Subsistence and Travelling Allowance
- + Overtime Expenditures
- + Furniture and Office Equipment
- + Refreshments and entertainment
- + Fuel and Advertising and printing

Madam Speaker an amount of **R112 million** will be utilised to fund our Capital projects as followings.

- + **R48 million** MIG will be allocated for the Road infrastructure, Water Supply supplement projects in the Northern areas and upgrade of stadiums in Mashishing
- + **R13 million** INEP will be spent on electrification of households in Sabie (Nkanini) and other areas in Mashishing
- + **R51 million** WSIG will be spent on upgrading our Water network infrastructure in Lydenburg, Sabie and Graskop.

Madam speaker, allow me to thank all stakeholders who joined hands to make sure that crafting of this IDP and Budget becomes a success and we further request them to continue working tirelessly to ensure that the IDP/Budget is implemented. Note should be taken that not all the priority projects in the IDP are funded by this budget and in this regard we therefore call all our private business stakeholders to contribute in the implementation of the none funded projects as part of their Corporate Social Investments and Social Labour Plans.

Madame Speaker, my budget speech will be incomplete if I do not convey my sincerest gratitude to the following people:

- + My family for their unequivocal support .
- + All Municipal staff, in particular the Municipal Manager, Mr T.M.P Kgoale, his Senior Managers , the entire management team for relentless efforts.
- + The Mayoral Committee, for giving the IDP\Budget processes the much needed political direction,
- + All the Councillors; for their valuable support and commitment;
- + Our Magoshi for their continuous support to the municipality and its programmes,
- + Ward committees and CDWs,
- + The broader stakeholders i.e. business community, NGO's and other government stakeholders and;
- + Our communities for their valuable inputs and their deepest understanding during the review processes.

✚ Lastly, a special thank you to you Madame Speaker and your office for sterling carried out during the public participations.

Tributes

Madame Speaker, in conclusion allow us to pay tribute to our fallen heroes and heroines, fellow colleagues including all the municipal officials who passed away during the current financial year. But allow me pay a special tribute to the fallen veterans Comrade Ahmed Kathrada and our own Mother who served tirelessly at **Ehlanzeni District Municipality** Mama Letta Shongwe. And our hearts are saddened by the latest spate of abductions and killings women and children. May the soul **Karabo Mokoena** who recently brutally killed allegedly by her boyfriend rest in peace. We urge community (ies) to vigilantly rise against inhuman killings. **Amandla!**

May their souls rest in peace!

Let us pick their spears and continue with the journey towards the total emancipation of our people from the country's triple challenges which are poverty, unemployment and inequality.

I thank you

Ke a leboga

Baie Dankie