

STEVE TSHWETE LOCAL MUNICIPALITY



BUDGET SPEECH

2009/2010 Financial Year

**By the Executive Mayor
I.M.T. Mahlangu
At the mayoral function
after the Special Council Meeting
on
Thursday, 28 May 2009**

PROGRAMME DIRECTOR

**MEC FOR HUMAN SETTLEMENT, MR MADALA MASUKU
AND ALSO CENTRAL COMMITTEE MEMBER OF SACP
NATIONALLY**

**INVITED MEC FOR CORPORATE GOVERNANCE AND
TRADITIONAL AFFAIRS, MR NORMAN MOKOENA AND
MEC FOR FINANCE, MRS PINKY PHOSA IN ABSENTIA**

**HONOURABLE SPEAKER OF STEVE TSHWETE
MUNICIPALITY, MR THOMAS MPYE**

**THE CHIEF WHIP OF THE COUNCIL, MR MICE
MASINA**

MEMBERS OF THE MAYORAL COMMITTEE

COUNCILLORS, PRESENT

**COUNCILLORS FROM OTHER MUNICIPALITIES
WITHIN NKANGALA DISTRICT**

THE MUNICIPAL MANAGER, MR WILLIE FOUCHE

**THE MUNICIPAL MANAGER OF NKANGALA DISTRICT
MUNICIPALITY, MR CHARLES MAKOLA**

**EXECUTIVE MANAGERS AND MANAGERS OF THE
STEVE TSHWETE MUNICIPALITY**

COMMUNITY DEVELOPMENT WORKERS

WARD COMMITTEES MEMBERS

REPRESENTATIVES FROM THE BUSINESS COMMUNITY

**PRESENTATIVES FROM OTHER GOVERNMENT
DEPARTMENTS LOCALLY AND EXTERNALLY**

DISTINGUISHED GUESTS

THE MEDIA

LADIES AND GENTLEMEN

PROTOCOL OBSERVED

Before I present the most important speech to all of us, let me acknowledge in our midst this evening

I also recognize all other guests which I did not acknowledge. You have indeed demonstrated a keen interest in the work of our administration under the leadership of our municipal manager, Mr Willie Fouche, thank you for coming.

We are at the last leg of municipal's process cycle which we started in August and have just passed the budget a few minutes ago for the financial year starting in 1 July.

Immediately in August , the cycle will start again when we would now go to our communities and other stakeholders to

review the IDP which will be followed by the 2010/11 budget where the term of office of this Council ends. The year 2010 might be our last budget which will be my 10th budget tabled depending of the date of the election for 2011 which should be within 90 days of the last date of the previous elections.

We also start this financial year on a very high note where we have just witnessed successful 2009 national and provincial elections which marked the fourth democratic elections.

On that note, let me begin by extending my profound appreciation to every citizen of South Africa who practiced their democratic right by casting their votes during these elections.

Prior the elections, as politicians, we campaigned very hard that you should vote for us, it is proper that we should thank you, because you make democracy more practical. As we were campaigning we said "**Together We Can Do More.**" And this is just the time to do that.

A decade and a half ago, Nelson Rolihlahla Mandela was formally elected as the first President of a democratic South Africa.

At that moment a new nation was born, a nation founded on the fundamental principles of human dignity and equal rights for all.

A nation founded on the promise that 'never and never again' would this land experience the oppression of one by another.

Today, a decade and a half later, we have a new president, who has vowed during his inaugural speech that the struggles and sacrifices of our people over many decades shall not be in vain, I am talking about our only President, Jacob Gedleyihlekisa Zuma.

He said and I quote " When Madiba took the oath of office on the 10th of May 1994, it was one of the greatest historic moments of our country, Africa and the African diaspora. Madiba healed our wounds and established the rainbow nation very firmly. He set us on the path of nation building and prosperity and made us a respected member of the world community of nations. He taught us that all South Africans have equal claim to this country, and that there can be no lasting peace unless all of us, black and white, learned to live together in harmony and peace. He made reconciliation the central theme of his term of office. We will not deviate from that nation-building task. Thank you Madiba, for showing us the way".

On behalf of the Steve Tshwete Local Municipality we wish our President and his Cabinet every success in their new role. I believe that under his leadership South Africa will continue to prosper and advance even more in service delivery. Just a few weeks after he was inducted to office, there is already a Cabinet Legotla where planning and strategizing is taking place which will also affect us as a municipality. Let us be ready to work harder. This is good indication that Zuma's leadership is taking this country into new frontiers.

Let me further extend my congratulations to our Premier, David Dabede Mabuza and Members of the Executive Council. We also believe that through his leadership, Mpumalanga will get a new status quo when it comes to service delivery. It is unfortunate that I have to say this, but I need to mention for the sake of delivery, that presently the Auditor-General, Mr Terrence Nombembe, rates Mpumalanga as the second most corrupt province in the country. There should be a paradigm shift in this regard. To me it is a good report, because it shows that as

people of this province we must prioritize the eradication of corruption at all levels. In this municipality we assure our community that corruption was and still will be fought severely. We must all participate in eradicating corruption, if we want to witness service delivery at its best.

Coincidentally, after this report was released even to the media this month, just a weeks ago, on 18 May 2009, the Auditor-General's office led by the Auditor-General Mr Nombembe was here in our municipality as part of his visit to all municipalities in the country to see for himself how we manage our finances and be able to meet the local government practitioners and foster solid relationships as municipalities.

Program Director, I am boldly reporting to this house that he was really impressed and further gave advice on how we can improve and maintain the standard of receiving unqualified financial reports from him, meaning that as a municipality we are handling finances very well as per the law specifically, the Municipal Finance Management Act.

Let me not forget to pass my sincere condolences to the family, colleagues and friends of the late comrade and Member of Parliament only for three days after she was sworn in, Khelina Nomvula Shoba. **'May her Spirit live on'**.

We have just completed the new valuation roll at the end of April for the period 2009-2013 which will be implemented on 1 July 2009 compiled in terms of Municipal Property Rates Act 6, 2004. This new valuation roll is meant to ensure fairness for all property. Therefore people shouldn't panic that they will pay more, it is just about ensuring that there is value for money on all property.

I want to further reiterate to our councilors and officials what our President said during his inaugural speech when he said **"We are now called upon to implement our Manifesto. The dreams and hopes of all the people of our country must be fulfilled. There is no place for complacency, no place for cynicism, no place for excuses. Everything we do must contribute in a direct and meaningful way to the improvement of the lives of our people."**

I am pleased to say that we have indeed done much to implement the commitments we made to our community in our manifesto of 2006. However, it is obvious that we still have outstanding work to do in this regard since we are now in the last leg of our term of office. We must continue to work hard.

Over the remainder of our term , we will also be hard at work to realize the five key objectives we have set ourselves as the governing party. The overwhelming mandate, which we accept with humility and confidence, enjoins us to do more in order to consolidate democracy and expand the horizons of freedom.

Accordingly, the key focus will be on the

- creation of work and sustainable livelihoods,
- education, (Bursaries)
- health (Build clinics)
- rural development, food security and land reform (Establishment of rural villages)
- the fight against crime and corruption (Focus in Ward 1) .

I am confident our team is capable of prosecuting this mandate because of the experience and determination we have in serving this community.

Some departments have also been reconfigured informed by the National mandate and the challenges facing the Province. This will also be the case in our municipality as a way of aligning ourselves with the national and provincial spheres of government. This will be addressed during our Budget Adjustment in January/February next year.

Programm Director, the storm we spoke of last year has broken and is more severe than anyone anticipated.

On Monday, 25 May, Treasury director-general Lesetja Kganyago not only confirmed that the country was in a recession but also told a media briefing at the Union Buildings in Pretoria that the financial storm that former finance minister Trevor Manuel warned South Africa about had arrived and is "more ferocious than the National Treasury predicted".

Treasury was responding to the Growth Domestic Product (GDP) data for the first three months of 2009 by Statistics SA, which showed the country's GDP for the first quarter of 2009 decreased by 6.4 % percent compared to the fourth quarter of 2008.

He further said though the government announced a stimulus of R787 billion in infrastructure investment in February, the manufacturing sector would continue to shed jobs while industries that depend on exports could remain in the doldrums even when the economy started to recover in the last two quarters of the year.

Kganyago further said that not only was the economy not expected to create jobs, people who previously had jobs were already losing jobs and more will do so. This meant the situation in which between 200 000 and 300 000 jobs were recorded lost during this year's first quarter would also worsen.

It is expected that 300 000 people will lose their jobs, 112 000 have already lost jobs since last November, 50 000 in the mining sector are expected to lose jobs by the end of this year. 47 000 is the number of jobs lost by the automotive sector since last October, according to the director-general of Trade and Industry, Tshediso Matona.

Consequently, it makes our annual multi year budget one of the toughest to be presented today due to the changed economic outlook facing our country.

However, in his 2009 Budget Speech, former Minister of Finance, Mr Trevor Manuel gave us hope when he said, and I quote:

"Confronted with the prospect of an economic cataclysm, world leaders have announced huge supportive interventions. A transformation of the world economy is in progress, which we trust will tame the excesses of unregulated financial markets. A restructuring of global trade and incomes is underway which we hope will bring greater opportunities to the world's poor."

And again as part of intervention, our Governor of the Reserve Bank, Mr Tito Mboweni is challenging banks on the difference between the repo and the prime lending rate which is 3.5%. He is challenging them to be competitive when lending money to their clients. He is further challenging Eskom to consider a once off increase which has been 34% since last year and this year, so that our economy can stabilise again.

These are some of the interventions that the former minister was referring to, and indeed without any doubt we all support that progressive initiative by the Reserve Bank which seeks to defend the working class and the poor.

In this way, while responding to the changed economic outlook, as Steve Tshwete Local Municipality, we remain committed to our mandate of delivering quality and affordable services to our community, i.e water, electricity, sanitation, sewage removal, water reticulation, roads, LED, etc.

It also mean that we will not be deaf to the voices of our community when they call for help. Our response to the present crisis is to face the challenges before us boldly, and as a municipality united.

This will be done by making sure that the financial position of the municipality remains sustainable over the medium term facing the current economic crisis. Therefore, special attention has been given to eliminating of all unnecessary spending on nice-to have items and non-essential activities.

Our duty is to construct an approach founded on our own vision which is **“To be the best community driven local municipality in the world in the provision of sustainable services and development programmes”**.

This municipality can only be built through a solid partnership between our social, business, spiritual, political and other relevant stakeholders. We have to put self-interest aside, we have to face each other honestly and openly. Our task is to see through the challenges of economic vulnerability today to the construction of a better community that is our passion and our pride. We can do this all the better as a united people.

Shortly after being sworn in, the new Finance Minister, Mr Pravin Gordhan said that South Africa will work to ensure continuity of

economic policy while leaving room to maneuver to respond to the global financial crisis.

"So there will certainly be continuity but like everywhere else in the world, we have to be mindful of what is going on and also leave ourselves room to responsiveness to what is happening," he said.

In pledging his commitment towards doing more to ensure quality life for our people especially the poor during his statement on the occasion of the announcement of the Members of the Executive Council, our Premier, Mr David Mabuza said, "We also pledge to do more in order to bring about an improved quality of life for all our people, particularly the rural poor."

Program Director, let me commend the excellent co-operation and sheer hard work by our employees and residents which paid off as we kept our winning ways throughout 2008. We received the following awards:

- **2008 Govan Mbeki Housing Award**
- **2008 Provincial Cleanest Town Award**
- **2008 Provincial Vuna Awards.**

On housing delivery, we since receive an allocation in October 2006, the Department of Local Government & Housing allocated 3778 subsidies to us for the building of low cost housing units across Steve Tshwete. It is with regret that we were not able to deliver those houses on time because of capacity challenges confronting the contractors one of which is project management. At least out of the total number allocated we are able to report that 1664 houses have been completed during the past financial year in the following areas:

Tokologo : 696

Middelburg Extension 24 : 272

Kwazamokuhle Ext7 : 266

Doornkop: 332

Mhluzi Extension 6: 98

We have also managed to sell the following number of commercial and residential stands:

Industrial : 4

Residential : 123

Churches : 1

The Council can proudly report to its citizens that during the third year of office of this Council, the following are some outcomes that were achieved:

- Installation of street lights and high masts in various areas.
- Water and Sanitation networks throughout the municipality on all our sold stands.
- We managed to fully utilize the Municipal Infrastructure Grant (MIG) as follows:
 - Tarring of 650 m road in Bhimy Damane Street which stretches to Mhluzi. It provides easy access to the Central Business District. The value amounted to 1 million.
 - Tarring of 1,2 km of roads in Kwazamokuhle

- We officially handed the new clinic in Ext 6 to the value of R2, 5 million
- Over 200 hundred houses have been supplied with electricity at Doornkop.
- We handed over new toilets at Kwazamokuhle taxi rank .

- A fire engine for emergencies was also handed over at a value of R2.8 million.

All these project which were recently handed over amounted to R20 million.

- Since the establishment of a Gender and Social Development Unit, and appointed a Manager to deal with softer issues like children, women, the disabled, social development challenges and HIV/AIDS, great milestones have been achieved because a relationship with relevant stakeholders has been established. As I am talking right now, on 1 June, we will be celebrating children's day by campaigning against child traffic in conjunction with relevant stakeholders.
- In ensuring that our rural residents are able to enjoy improved municipal service rendering, a Memorandum of Understanding which was concluded with representatives of farm owners within our Municipality in 2007 made our service delivery easier to our farm dwellers as we officially handed over one hundred stands to the community of Kwamakalane. Stands for the community of KwaMakalane is part of the municipality's programme to create eleven new villages in Steve Tshwete Municipality. The first stage of this project amounted to over R10 million, R1.1 million was spent on the planning alone, while R1.2 million was used for water, R2.2 million for tarring of roads, and R 5 million for toilets. Furthermore, an amount of over R1 million was deployed to purchase the land on which the stands were allocated.
- We also handed over another state-of-the-art centre in Doornkop, which comprises of a modern clinic, pay-point and library. In this way, we are saying that the residents will no

longer have to come to town for health services and gone are days of relying on a mobile clinic which comes once or twice a week. The purchasing of electricity coupons is now done at the new pay-point, located at the centre. A library is also available to learners in Doornkop, which has internet services, and an 001-009 filing system to classify all the books. Adult Basic Education and Training will also be conducted at the library. We have also employed two qualified Librarians. This project amounted to R1.5 million. Anglo Coal Mine, donated R600 000 while the Mpumalanga Provincial government contributed R600 000 and as a municipality we filled the shortfall of R300 000 in a bid to speed up the process of completing the centre. We would like to thank our sponsors in this regard.

YOUTH AFFAIRS

In respect of Youth Development we will continue with the rendering of a comprehensive youth advisory and development service in association with the Umsobomvu Youth Fund.

An amount of R750 000 has been budgeted for this financial year for youth activities.

In this way, we are reaffirming our commitment in assisting our youth but they must use every spare moment they now have to grab every available opportunity. Remember, the more you utilize your opportunities, the greater the reward that can be reaped in the form of success.

Coming to **the Budget** itself, Programme Director, the following provisions specifically need to be elucidated:

- This Budget has been prepared as a Medium Term Economic Framework in strict compliance with the National Treasury

framework through the lengthy budget schedule. The budget is compliant with the latest budget regulations prescribed by National Treasury for the six metros and 21 secondary cities.

Also in line with national approach given the present economic crisis, this budget gives priority to the following:

- Intensifying management of all revenue streams especially debtors, by making sure that our collection is maintained at 100%.
 - Protecting the poor from the worst impacts of the economic downturn, by taking care of our indigent community.
 - Supporting meaningful local economic development initiatives that foster micro and small business opportunities and job creation.
 - Securing the health of the assets base by increasing spending on maintenance and upgrading of infrastructure.
 - Expediting spending on capital projects especially those funded by conditional grants.
- As part of a three-year rolling budget process, the budget framework for the next three years sees total expenditure increasing from 470,6-million Rand in 2008/2009 to 710,7-million Rand in 2011/2012.

The municipality's total allocation in terms of the equitable share, which supplements own revenue to deliver free basic services, will amount to 195,2-million Rand over the next three years.

The bulk of operating expenditure is allocated to the infrastructure-related votes of electricity (34,2%), water (5,15%), sanitation, including solid waste disposal (9,4%) and roads and storm water (9,23%). This accounts for just over 57,98% of total operating expenditure. Community safety and health and social development votes are allocated 6,9% and 5,2% respectively of the operating budget.

Employee costs increase by 12,5% compared to a total of 32,1% of the total operating budget.

The capital budget amounts to 368,1-million Rand which is a increase of 111,8-million Rand from the previous year and for the two outer financial years expenditure is planned for 280,7-million Rand and 232,8-million Rand respectively. Approximately 69% of the capital budget will be earmarked for infrastructure and residential related projects over the next three years to address backlogs, rehabilitate existing infrastructure and create much needed jobs through the use of labour intensive methods wherever possible.

In general the community wealth of the municipality increases to 1,019-billion Rand and total liabilities in contrast only from 315,5-million Rand to 322,1-million Rand as a result of increased borrowing.

Program Director, I need to mention that 68,8% of the capital budget will be financed from the Council's own financial sources.

In the year ahead we will see greater impetus given to investment in the development of residential communities.

Steve Tshwete is earmarked to receive a significant support from the Municipal Infrastructure Grant (MIG) and the Integrated Electrification Grant (INEP) from National Government.

The Nkangala District Municipality's contribution for the respective three years is R20-million, R25-million and R26-million Rand.

The proposed tariff increases will yield additional revenue of 58,3-million Rand in the next financial year.

KEY SERVICE DELIVERY TARGETS

Program Director, there is an increased focus in Government on improved service delivery, value for money and quality of spending.

Based on the important role of the local sphere of government in that it impacts directly and immediately on the livelihood of our people, the municipality has committed itself to the following areas of extensive capital investment in 2009/2010:

147,6-million Rand for electricity infrastructural development

55,3-million Rand for roads and storm water infrastructure

25,7-million Rand for water infrastructure

32,9-million Rand for waste water and waste management

81,9-million Rand for community facilities and public safety

3,1-million Rand for safety and security

23,1-million Rand for improvement and replacement of other governance and administrative assets such as vehicles, plant and equipment, IT appliances, et cetera

17,9% of capital expenditure will be utilised on the renewal of assets and represents 6,7% of property, plant and equipment.

The provision for maintenance to asset increases by 9,9-million Rand from that of 2008/2009 and represents 4,6% of the total property, plant and equipment.

As we gear up for the **FIFA 2010 Soccer World Cup**, not only as South African's but as a continent of Africa, I get a riveted feeling of (*I am proud to be South African*) every time when I see the South African Tourism adverts on TV stations. I stand in awe when I see the 2010 stadiums all nearing completion, and in so doing showing South Africa's readiness to host these prestigious games. As Steve Tshwete Local Municipality, we are ready, we will contribute in delivering a world class event that will forever change the perceptions of the international community, and also ensure a lasting legacy for the people of Africa. Let us move forward decisively, together.

Programme Director, colleagues, ladies and gentlemen, the service delivery objectives referred to in this budget can only be achieved in partnership with our community and it therefore means that all of us must and should honour our part of the social contract by paying for services to ensure that we succeed in our quest to remain viable and sustainable as a municipality and in rolling back the frontiers of poverty and under-development.

As I conclude, I would like to express my profound appreciation from the support of the Speaker, Chief Whip, members of the

mayoral committee, councilors as well as the public for their assistance in achieving our goals during the 2008/2009 financial year.

The Municipal Manager and his staff must also be commended for their hard work and dedication during a very challenging year.

The new financial year will be equally - if not more - challenging and I look forward to working with you all to achieve a better life for all.

Let me also thank the African National Congress for trusting me to lead this municipality for two consecutive terms.

Let me also not forget to thank various stakeholders in our municipality, namely; business, religious sector, traditional leadership and the community in its diversity for your continuous support.

Not forgetting my family for patiently supporting me every step of the way and also during my absence when I am out there serving the people.

Over and above all, let me thank the Almighty God, for his love and protection over my life. I thank him for the wisdom that HE gives us in this municipality to make proper decisions even over our finances when other municipalities are seriously struggling, but He always sees us through.

I thank you.