

BUDGET SPEECH 2010/2011

HONOURABLE EXECUTIVE MAYOR, CLR I.M.T MAHLANGU

CRN WANDERERS AND WALTER SISULU STREET

31 MAY 2010

Honourable Speaker,
Chief whip,
Members of the Mayoral Committee,
Members of the Provincial Legislature,
Mayors and Speakers,
Fellow Councillors,
Municipal Manager, Senior Managers and officials of Council,
Leaders from all Political Parties,
Ward Committee Members and Community Development Workers,
Business fraternity,
Distinguished guests,
The Media,
Ladies and Gentlemen,

I am indeed pleased to be afforded with this opportunity to address this sitting on this important occasion, the presentation of the 2010/2011 Budget.

Programme director, let me take this opportunity to send a message of condolence to the family, friends and country at large for the passing away of Sphiwe Ntshebe (well known as New Pavarotti), he was preparing for rehearsals for the opening ceremony of the World Cup next month, when he passed on.

I also wished to forward a message of condolence to the entire family and the ANC Women's League for the passing away of Comrade Sonti Gumede. Comrade Gumede was also a Proportional Representative Councillor for the ANC at Emalahleni Local Municipality.

Can we all rise and observe a moment of silence...

We hope that all the above families will emerge stronger from this dark hour.

Programme director, we meet here today on the same day of the World Anti Tobacco Day.

This day is celebrated around the world on May 31 each year.

This annual celebration focuses on the dangers of using tobacco, the business practices of tobacco companies, what World Health Organization is doing to fight the tobacco epidemic, and what people around the world can do to protect the right to health and healthy living for themselves and for future generations.

Ladies and gentleman, we meet here today on the same day of the Review Conference of the International Criminal Court which is held at Kampala, Uganda from 31 May to 11 June 2010. The conference is called to consider amendments to the treaty that founded the International Criminal Court .

Programme director, today marks exactly 10 days before the moment all South Africans have been waiting for.

The moment has finally arrived.

Feel it; it is here!!!

Our celebration of 29 days before kick off on 12 May 2010 was a culmination of the efforts of more than a decade of hard work and dedication.

We thank the organizers and all stakeholders for their tenacity and distinct character in bringing this tournament here and preparing so meticulously for it.

We also thank the people of South Africa for all the initiatives which they are mounting even today, towards the success of this tournament and beyond.

Let us welcome 32 national teams to compete on our turf in front of hundreds of thousands of spectators from all over the world.

Let's celebrate this moment, and be good hosts

Fell it, it is here!!!

Today's event takes place a week after the Green, Economy Summit at Sandton Convention Centre on 18 - 20 May 2010 under the theme "towards a resource

efficient, low carbon and pro-employment growth plan". The summit has provided a platform to elevate government's commitment and practical implementation of a consensus on the green economy path.

Programme director, South Africa has gone through the 4th general elections on April 22 last year. Once again the ANC got the mandate to lead the country with the majority of South Africans agreeing to join hands to do more.

President Jacob Zuma managed to translate the ANC manifesto into a government programme with the 10 key priority areas.

The local government's 5 key priority areas find expression in what the President has alluded to as focal points.

- Economic growth and Job Creation.
- Skills development and Training
- Rural Development and Food Security
- Health and Education
- Fighting Crime and Corruption

PROGRESS MADE DURING OUR TERM OF OFFICE

- Programme director, even if one will like to mention all progress we made during our term of office but it will not be possible since much have been done but I will only cover the following progress made:

LOCAL ECONOMIC DEVELOPMENT

Tourism Information Office

- We established this office to assists with the creation of an enabling environment in the Steve Tshwete Municipal area, since we have grown into the third most popular tourist area in the province.

Business Linkage Centre

- We have established this centre with the purpose of ensuring that emerging businesses get access to procurement information, and the relevant training.
- More than 100 business owners were trained in Financial Management and Marketing last year.
- The programmes for this year are computer literacy, invoicing and tender information. The estimated value of tender information that was distributed by the Business Linkage Centre was approximately R20 Million.

Investors Guide for STLM

- This is the first guide of its kind in the province. Most of the cost of this guide was covered by the arrangement with GTZ. The value of the sponsorship amounted to R500 000, 00.
- A full technical document is available for potential investors who may require an in depth study.
- A reader friendly marketing document was printed and is being distributed. STLM is the envy of other municipalities when they see the document.

Second Annual Career Expo

- Programme director, we were able to host an annual career Expo.
- This year's Expo was again a huge success and hosted approximately 3000 students.
- The students were assessed and then given career guidance and information of job opportunities in the area.

The CLGT Project between Leeds, eThekweni and STLM.

- This project is aimed at identifying the best practices between local government and business to ensure a sustainable economy.
- We had our first workshop with Leeds representatives, Steve Tshwete Local Municipality representatives, twenty corporate participated in identifying ways in which we can all participate in ensuring a sustainable local economy. This project is still ongoing.

Procurement Workshop

- We had a successful procurement workshop together with all surrounding corporates and mines to ensure procurement for local SMMEs.

Women Summit

- We participated in South African Woman Initiative Summit during 2009.

Job Opportunities Survey Questionnaire

- This questionnaire has been developed with the aim at establishing the number of job opportunities created by local business.

Crafters Forum

- We were able to launch the Steve Tshwete Local Municipal Craft Forum and developed a crafters profile.

MEGA

- A memorandum of agreement between the municipality and Mpumalanga Economic Growth Agency (MEGA) was developed which will serve as a strategic alliance that seeks to recruit investors to come and invest to our municipality.

Mpumalanga Stainless Steel

- The Mpumalanga Stainless Initiative for New Venture Creation Skills Development training has been coordinated.

BANKSETA Workshop

- A three day BANKSETA Workshop for cooperatives in the financial sector was held.

Community Garden

- A second community garden was initiated and Middelburg Ext 24. About 28 beneficiaries were identified. We allocated garden portions and garden tools to them.
- Ten beneficiaries attended training at Nkangala FET College as to acquire agricultural skills.
- Their training was based on how to cultivate the soil, making of bedding, transplanting and taking care of plants and harvesting.

GENDER AND SOCIAL DEVELOPMENT

- We developed and adopted policy on Grants-in-Aid, which relate to the community projects for woman, youth, children, person's living with disabilities, elderly person's and people with HIV/AIDS.
- We modify the HIV and AIDS strategy in order to address the weaknesses in the SWOT Analysis in the IDP.
- The Local AIDS Council and Task Teams hold their meetings on a monthly and quarterly basis.
- We established a Child Care Forum.
- We established a forum for persons with disabilities.
- We held a successful Women Summit on Business and Mining.
- We held a successful Children Summit on child trafficking.
- Through our relationship with the private sector, Mthombeni Primary School Hall was renovated by Eskom's Young Professionals.
- The following organizations have received donations from Anglo Coal:

- ✓ Hope of Nations in Pullenshope
 - ✓ Bonginhlanhla from Nasaret
 - ✓ Mhluzi Peer Educators
 - ✓ Ikageng Luncheon Club in Doornkop
 - ✓ Victim Support Centre in Blinkpan
 - ✓ Greater Middelburg Workshop Centre for the disabled.
 - ✓ Healing Hands Ext. 24.
- We organized a five days training for 50 Home Based Carers to empower HBC. Most of them were new volunteers and did not know how to handle the cases.

YOUTH ADVISORY CENTRE

Youth Advisory Centre was created in May 2006.

- ± 20 000 young people visited the Youth Advisory Offices in Middelburg and Mhluzi for advices on careers pathing, entrepreneurship development and skills development.
- Workshops on entrepreneurship and job preparation were conducted.
- A Youth Development Summit was held in June 2008,
- A fully fledged Youth unit was created.
- A Youth development Indaba was held in June 2009, In partnership with Anglo Coal
- The Youth Advisory Centre, in partnership with Optimum Coal Community Trust conducted Winter School Classes for Grade 12 learners.
- The Youth Advisory Centre in partnership with MSI placed 20 young people on a New Venture Creation Learnership in 2009.
- A Career Expo was recently hosted by the STLM in cooperation with the Business linkage Centre and Optimum Community Trust.
- Through the Youth Advisory Centre young people in STLM participated in the SALGA Municipal Games from 2007-2009.

COMMUNICATIONS

- A Communication Department with a Communication Manager was created in March 2008
- Bi-monthly external and Internal News letters are printed and distributed.
- Media breakfast were held
- Regular press statements are issued.
- When necessary we have participated in live radio shows

- Finally a Communications Forum was created where the Media, both Local and National meets with the communication manager on a weekly bases to receive municipal information on properly structured basis.

PUBLIC SERVICES

HOUSING SERVICES

Housing units completed:

Housing remains a concurrent competency of National and Provincial spheres of governments respectively with a limited role for local government. Funding for housing development therefore goes to the Mpumalanga Provincial Department of Human Settlements who allocates subsidies to the municipality on an adhoc basis.

Since 2006, the province has allocated 3088 subsidies and 2753 housing units are completed and occupied across various areas within the Municipality. The annual delivery rate is in the region of 500 housing units.

Housing delivery partnerships:

In realizing that government resources are insufficient to address the housing needs, the municipality has resorted to involving the private sector to assist with housing delivery. A memorandum of agreement (MOA) has been signed with Optimum Coal Holdings to deliver 100 housing units that will be allocated to beneficiaries who are on the municipal housing waiting list using a fair and equitable process.

Other mining companies were approached and another MOA will be concluded with Arnot Colliery within the current financial year. These initiatives will speed up the delivery of houses to the poor.

Housing Summit:

As part of our process to forge partnerships with the private sector a housing summit was held on 19 May 2010. The purpose of this summit was to look into challenges and find creative ways to speed up delivery and consultation with key stakeholders.

Consumer education: 133 beneficiaries in different areas including Mhluzi ext 2 and 6, Doornkop, Kwazamokuhle ext 7, Tokologo and ext 24 were trained on housing consumer education in the current (2010/11) financial year. This is an ongoing initiative that will assist beneficiaries of government housing schemes on various aspects of home ownership such as home maintenance and care, energy saving and handling title deeds.

Registration of people on the housing waiting list:

An additional 16500 people who are in need of housing have been registered on the municipal housing waiting list. This will ensure that future allocation processes are not delayed when subsidies are received from the province. It will further ensure that all the people are on the waiting list in order to ensure transparency and fair allocation of houses.

Registration and transfer of properties to beneficiaries:

The Provincial Department of Human Settlements has appointed a service provider to register properties in the deeds office in order for beneficiaries to have title deeds. The process is ongoing and to date, 382 applications have been lodged. It is envisaged that the title deeds will be issued before the end of July 2010.

Responsibility to perform housing functions:

An application for accreditation to perform housing functions was submitted to the province. This will assist the municipality to have a direct responsibility on housing delivery and to be able to fast-track delivery and account to communities.

Provision of rental housing:

The municipality has signed a performance agreement with the Steve Tshwete Housing Association. This agreement serves as an enabling mechanism to facilitate and intensify the provision of rental housing to low income earning households. There is a commitment on the part of the association to provide top-up funding in order to supplement government resources. The target of the agreement is to develop at least 1000 (One Thousand) units on well located land over the next 10 years.

The Steve Tshwete Housing Association:

This association assists with the management of social housing units and tenancies including the allocation of the units in accordance with policy guidelines as agreed with the Municipality.

The following blocks of flats are managed;

BLOCK	NUMBER OF UNITS
Hope City	501 units
Chromeville	130 units
Total	631 units

Currently an additional 40 units are being constructed at Chromeville.

In order to further our commitment to the provision of rental stock, the following blocks of flats will be extended through the provision of funding from the province;

Reabota	-	450 units
Kwazamokuhle	-	128 units

The funding for this project should be provided from the national fiscus in line with the Community Residential Unit's programme.

Challenges

The municipality has minimal control on the appointment and dismissal of contractors and this result in a number of challenges.

Various challenges across the area include contractors who leave sites before completing all houses allocated in a project, houses not built according to specifications, payment of contractors without happy letters signed by municipal inspectors and beneficiaries, building of houses on stands not zoned for residential purposes, cracking and poor quality housing, lack of responsiveness and support by the province.

These are symptomatic of the need to enhance project management, contracting strategies and contract management which by all means are a competency of the province. These challenges have been brought to the attention of the Province through continuous communication.

It is hoped that with the accreditation programme that the municipality has already applied for, some level of authority will be obtained whereby most of the challenges will be addressed.

Multi-Year Housing Development Plan

The Provincial Department of Human Settlements has not yet confirmed the number of subsidies for the 2010/11 financial year despite the fact that a list of priority projects was submitted.

LIBRARY SERVICES

- We constructed a library at Ext. 7 which is fully operational.
- Doornkop Library has been extended and completed.

- A new library system called **KOHA** has been installed so that services are rendered on-line. These include circulation, inter-library loans and library catalogue.
- All library materials in the main library have been catalogued to the new Library system.
- Library membership has been extended from 89852 to 149395 during the past five years.

HEALTH SERVICES

- We were able to build a clinic in Ext 6 and Doorenskoop, which are fully equipped.
- We completed the buy-back recycling centre in Ext. 5 Mhluzi which is funded by the Dept. of Environment Affairs.
- We installed computer systems in our clinics as to improve the queuing for patient files.
- We conducted the cleanest school competition for schools situated in the previously disadvantaged areas.
- Five air quality monitoring stations have been installed and are operational.
- Our patient load has increase from 574153 in 2006 844129 to currently.

TRAFFIC SECURITY AND LICENSING

- The INATIS systems has been implemented
- A new testing track for drivers licenses was build and now operational
- Traffic lights throughout the municipality have been upgraded and new ones installed to improve traffic flow at a total cost of ± R3,5million
- We were able to train Taxi operators on the new and amendment traffic legislation.
- ± 30 speed humps were constructed to minimize accidents in our internal roads.
- 32 stalls were allocated to informal traders at Van Calder Taxi Rank.

TECHNICAL AND FACILITIES

CIVIL ENGINEERING

Over the past five years new roads were constructed in almost all our Wards at a total cost of R132 million

At the same time an amount of R49,1 million was spent on the upgrading of water purification systems.

This money was obviously well spent because as we all know the STLM as a water services authority has with the latest Blue Drop evaluation obtained no less than 4 blue drops for the water services providers within the municipality.

These are the most Blue Drops for any municipality within the entire country.

We are now concentrating on the improvement of our waste water purification systems on which vast amounts will be spent in the current and future financial years to ensure that our Green Drop status will also be of the best in the country.

TOWN PLANNING

- 40 industrial stands were created through subdivision of the remainder of Erf 3948 Middelburg Extension 11.
- A process of establishing an industrial township to be known as Middelburg Extension 49 has been commenced with Mafube.
- Bankfontein (Somaphepha) Rural Villages has been established.
- Rockdale Township has been established.
- Kwazamokuhle Extension 7 Township is proclaimed and is already developed with low cost houses.
- A town register for Aerorand South has been opened. However proclamation will be done only after the record of decision for the EIA has been issued. Additional specialist studies are to be conducted in order for the ROD to be issued.

MUNICIPAL BUILDING

The following major projects have been undertaken:

1. The construction of the Ext 7 MPCC which includes a community hall and a library.
2. The construction of the Ext 6 Clinic
3. The new Banquet Hall which is already 20% complete.
4. The construction of the Hendrina/Kwaza MPCC at the old cosmos community hall is being undertaken by Koornfontein Mine and Architects have already been appointed.

ELECTRICAL

- The electrical supply capacity has been strengthened at a cost of R114 million
- Networks were upgraded to the value of R36 million
- New street lights were installed at a cost of R4million
- New networks and house connections were provided to the value of R20million

SOLID WASTE

- The Integrated Waste Management Plan has been reviewed in terms of the current legislation.
- Transfer station and a Garden Refuse site has been established in Komati, Rietkuil and Hendrina (Ward 11, 18, 20)
- Phase 2 of Middelburg landfill site has been completed.
- We constructed a mini waste transfer station in Mhluzi, Nasaret, Ext. 24 and Kwazamokuhle. (Ward 4, 7, 9, 10, 17)
- 85 litre pendulla bins were installed in Middelburg, Mhluzi, Kwazamokuhle, Komati, Rietkuil and Pullenshop (Ward 11, 14, 16, 18)

PARKS AND RECREATION

R3, 28 million was spent on the development of 16 new parks and upgrading of two more.

Eight new graded soccer fields were created for R450 000

A sport facility throughout the municipality has been upgraded at a total cost of R15million.

ADMINISTRATION

Over the past five years we as Councillors and Members of the Mayoral Committee have also been working very hard to ensure that necessary decisions are taken in order for the government of the municipality to run smoothly.

During this period we took no less than 1498 Mayoral Committee Resolutions and 363 Council Resolutions.

This is an indication that it was really required of all of us to continuously to applied our minds in a responsible manner to ensure that Resolutions are taken which can be defended at any level.

COMING TO THE BUDGET ITSELF

ECONOMIC OVERVIEW

Programme director, the performance of the South African economy started slackening early 2009, deteriorated further in the second quarter of 2009, as GDP growth contracted by a further 3% on a quarterly basis compared to the 6.4% drop in output realized in the first quarter of 2009.

The main drive behind this decline was the decline contribution by mining and manufacturing sectors. This could be explained by the lagged effect of the economic slowdown which resulted in both global and domestic demand falling sharply.

The national budget review for 2010 outlines the current global economic crisis and the future economic outlook. It notes that the South African economy is slowly recovering with economic growth of 2.3% projected for 2010.

Continuing public sector investment in economic infrastructure provides crucial support for the recovery of the economy. Given the current economic conditions National Treasury has advised municipalities to adopt a conservative approach when projecting revenues and cash receipts.

National Treasury further said municipalities need to take very tough decisions in the course of considering the 2010/2011 budgets and medium term revenue and expenditure framework. Priority must be given to:

- Ensure that drinking water meets the required quality standards at all time.
- Managing the poor from the impacts of the economic downturn.
- Manage revenue streams, especially debtors.
- Support local economic development initiatives that foster business opportunities and job creation.
- Secure the health of their asset base by monitoring the spending on repairs and maintenance.
- Expecting speeding on capital projects that are funded by conditional grants

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:

- 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.
- Ensures that drinking water meets the required quality standards at all times.

As part of a three-year rolling budget process, the budget framework for the next three years sees total expenditure increasing from 663,0-million Rand in 2009/2010 to 982,5-million Rand in 2012/2013.

The municipality's total allocation in terms of the equitable share, which supplements own revenue to deliver free basic services, will amount to 239, 2-million Rand over the next three years.

- The bulk of operating expenditure is allocated to the infrastructure-related votes of electricity (35, 9%), water (6, 2%), and sanitation, including solid waste disposal (5, 6%), roads and storm water (11, 4%).
- This accounts for just over 59, 1% of total operating expenditure. Community safety and health and social development votes are allocated 5, 8% and 4, 9% respectively of the operating budget.

- Employee costs increase by 18, 1% compared to a total of 27, and 1% of the total operating budget.
- The capital budget amounts to 288,4-million Rand which is a decrease of 67-million Rand from the previous year and for the two outer financial years expenditure is planned for 250,3-million Rand and 234,3-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 4, 6-billion Rand and total liabilities in contrast only from 327, 9-million Rand to 422, 9-million Rand as a result of increased borrowing.

Program Director, I need to mention that 84% 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 R21-million, R22-million and R6-million Rand.
- The proposed tariff increases will yield additional revenue of 85, 1-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 2010/2011:

- ✓ 55, 0-million Rand for electricity infrastructural development
- ✓ 69, 1-million Rand for roads and storm water infrastructure
- ✓ 24, 3-million Rand for water infrastructure
- ✓ 43, 4-million Rand for waste water and waste management
- ✓ 60, 5-million Rand for community facilities and public safety
- ✓ 2, 3-million Rand for safety and security
- ✓ 33, 8-million Rand for improvement and replacement of other governance and administrative assets such as vehicles, plant and equipment, IT appliances, et cetera
- ✓ 15, 8% of capital expenditure will be utilized on the renewal of assets whilst 84, 2% is utilized for new infrastructure and other assets.
- ✓ 41, 3-million Rand is provided for the maintenance of assets and represents 5, 8% of total operating revenue.

Programme director, as we know that youth is also covered in the entire budget but we also allocated R 882 768 for youth development programmes.

APPRECIATION

Programme director, I would like to send my gratitude and appreciation to the IDP Manager Ms Maleka, the Finance Team led by our CFO Mr. Naude, my office, the Municipal Manager Mr. Fouché for all his commitment at all time.

All Councillors who led the public participation processes for without them, it could not have been possible. My family in particular my mother for the support and encouragement during difficult times.

All Councillors and Ward committees to prepare for the implementation of these programmes and projects and set up monitoring tools for enabling all of us to do oversight.

PRESENTATION OF AWARDS

Rogramme director, as I conclude, let me present these awards received during our term of office which serve as testimony to our day-today work.

- 2002 Provincial Cleanest Town Champions.
- 2003 Vuna Award Provincial Champions.
- 2003 Provincial Cleanest Town Champions.
- 2004 Vuna Award Provincial First Runner up.
- 2004 Provincial Cleanest Town First Runner up.
- 2005 Provincial Cleanest Town First Runner up.
- 2005 Komanani Excellence Award.
- 2006 Vuna Award Provincial Champion.
- 2006 Provincial Cleanest Town Champions.
- 2006 Third place in the National Cleaners Town Competition.
- 2007 Provincial Cleanest Town First Runner up.
- 2007 National Vuna Award (Runner up).
- 2007 National Vuna Award (Key Performance Area/ Financial Viability).
- 2007 Vuna Award National Project Consolidate Champions.
- 2008 Vuna Award Provincial Champions.
- 2008 Govan Mbeki Provincial Housing Award.
- 2009 SALGA Clean Audit Award.
- 2009/10 Mpumalanga Greenest Municipality Champions.

Working together we can do more...

Finally before I thank you for listening to me for such a long time let me congratulate one of our junior citizen for making us very proud by becoming the best student in the Province in last year's matric exam.

Just listen to these results:

Subject	Symbol	%
Afrikaans	A	95%
English	A	88%
Maths	A	93%
Life Orientation	A	100%
Business Studies	A	96%
Computer	A	97%
Accounting	A	94%
Additional Maths	A	95%

You are a truly star

I thank you,