

## **BUDGET SPEECH AND STATEMENT OF THE MAYOR K.S KOALANE: SITTING OF MUNICIPAL COUNCIL AND COMMUNITY.**

- Madam Speaker of Masilonyana Local Municipality;
- Honourable Councillors and officials;
- Community at large;
- Honourable Mayors and Speakers of other municipalities;
- Leaders from Political Parties;
- Quests, friends and comrades;

### **Introduction**

This budget statement provides an opportunity once more to welcome you in this occasion in the presence of Makeleketla veterans who fought selflessly against the former apartheid regime for freedom we today enjoy.

I am pleased to announce that despite all obstacles confronting us, we have managed to accelerate service delivery to a certain degree and continue to make strides in an effort to comply with all applicable laws. This therefore requires of all of us to evaluate our performance in general over the last two years and answer the question: have we made progress in making Local Government work better and what were our challenges and/or failures?

There were instances where Council and Exco sittings were postponed due to non convening of meetings by Heads leading Section 80 Committees and some Councillors who did not attend to their committee meetings.

The administration, on the other hand, was on certain occasions found wanting in respect of meetings' preparations. Despite all these shortcomings, we have been able to execute our responsibilities for these were **a few** instances warranting no punitive actions. However, I ought to emphasize that all of us have been consistent in discharging of our duties to serve our community verve and whimsy irrespective of daunting challenges we daily face.

### **Community Participation**

Madam Speaker, we are one of Municipal Councils, which, at no stage, are hesitant in calling mass and stakeholders' meetings regarding Council matters.

Ward Committees have been one of the cornerstones of information dissemination to our people. This is in spite of some committee members that were compelled by personal circumstances, such as going for greener pastures in search of jobs while others passed away.

The term of office of ward committees is now over and new ones need to be elected soon. Whilst this process unfolds for their inception, we will equally try to find office space, even though in scarcity, for Ward Councillors and committees for improvement of their administration.

The darkest cloud also beset our Municipality as a result of passing away of two Councillors: **Me Duma** after a short illness and **Mr Senokoane** through a car accident. Untimely death of three **CDW'S** was another blow and the Department of Local Government and Housing has yet to pronounce itself in as far as employment of others is concerned.

## **Communication**

Communication and public participation are two basic indivisible tenets of a democratic and accountable government. In order for us to have an informed and rich engagements and inputs from the public consultations, we must have reliable and consistent methods of giving out information to the community.

In addition to the regular ward-based mass meetings and participatory consultative engagements, we have also used Masilonyana News for information sharing to our community. 12 months since this pronouncement last year, there are still glaring challenges but we will be working hard to address them.

We will also work hard to improve on our campaign of a development communication through the launch and establishment of the **Local Communications Forum** to facilitate an open and effective two-way communication between the council and its community.

Madam Speaker, we have also budgeted for the first time for marketing and branding programmes and by this we seek to improve our public image and

also facilitate shaping positively the investor attitude towards our municipality.

Our ICT needs a lot of focus. We developed a website but it needs a lot of improvement. **Administration is currently attending to this matter.** We will put measures in place speedily to address our e-communication. The unreliable e-mail system affects negatively both our internal and external communication. My view is that we need to shift more towards a reliable electronic communication of the day and this may also help to curb paper cost.

### **IDP and Budget Consultation**

The consultation with the community between March –April 2008 was an inspiring one as it demonstrated intense understanding of our community members in respect of municipal challenges and achievements. Such contribution is appreciated.

It is important to note that numerous community needs presented during the IDP/budget consultations are budgeted for both in our 2008/09 IDP and budget. **The IDP was developed internally without the usage of external service providers and it was finished on time.**

### **Restructuring and generating staff capacity**

In making sure that we meet the precepts dictated to us by the constitution and a plan to make the Local Government work better, this plan resulted in the adoption and implementation of a five year Local Government Strategic agenda consisting of Five KPA'S namely:

- Basic Services delivery
- Municipal transformation and organizational development
- Local Economic Development
- Good Governance and Public Participation
- Municipal Financial and Management

This means our own basic analysis of Municipal Performance must be measured in terms of these KPA's, Local Government objects and features of the developmental local Government.

In his State of the Nation Address, the President expounded that: May of every year and within two months of the beginning of financial year all senior managers should have filled their key performance agreement.

Madam Speaker and Hon Councillors, I am pleased to say that we have commenced with the implementation of the 10 point plan turnaround strategy which vividly dictates restructuring of municipal organogram to be effective in addressing service delivery and was adopted by Council on the **31 May 2007**.

We have also finalized signing of employment contracts, performance contracts, performance development plans for managers /directors and SDBIP, which is a measuring tool for monitoring and evaluation. Maybe I must also point out that the Directorate of Economic Development and Planning is also incorporated into the said structure.

I also want to make reference to 2007 Budget vote at Brandfort : it highlighted the significance of strengthening middle management in our institution in that, for the purpose of decentralizing our administration, there was and there is still a need to appoint internal Unit Managers. These posts were readvertised and are to be filled by July 2008

### **Policy Development**

So far, we have been able to develop most of our policies without involvement of consultants. Of the 21 policies/strategies produced, only 3 were developed externally. More by-Laws need to be developed in order for them to be gazetted.

### **Envisaged Programmes before the end of 2007/2008**

- The training of supervisors on general management of persons;

- Training of all other municipal workers and morale improvement;
- Implementation of the clock system and tracking devices installed into newly purchased vehicles being monitored from the control room which fortify service delivery.

Our decision to (go under the hammer) auction by replacing old vehicle with new ones was the wisest move taken by this Council.

### **Local Economic Development**

May I also remind fellow Councillors and community members that on this aspect tourism is no longer our competency. Such devolution of powers were taken over by the MEC of Local Government and Housing in 2004 citing incapacity of our Municipality despite such powers having been conferred upon us by the national Government in 2000.

Notwithstanding, let me once again reiterate my last year appeal that Masilonyana community need to take heed of the opportunities presented by **2010 soccer world cup**. For instance , Brandfort was identified as potential town which could provide accommodation, so strike the iron while is still hot.

The long awaited development of **Winnie Mandela Museum** is already in the pipeline. **The budget for the said museum is provided for both by he Provincial Department of Sport, Arts and Culture and the National Department of Tourism, Environment and Economic Affairs.** I am happy to say that the MEC of Sport, Arts and Culture alluded to the partnership of his department, Masilonyana Local Municipality and Lejweleputswa District in his budget speech of 2008. This is a step in the right direction.

It is the vision of our Municipality to make **Florisbad** an international attraction as a national heritage site and one international investor has shown interest in developing the area. The investment and incentive policy must be finalized to attract more business and investment to our municipality.

### **Improving our Economy by Ensuring Local Participation**

Poverty and job creation remain the fundamental challenges confronting our people today. A war has been declared against poverty and in taking this forward, we have developed our LED strategy and subsequently endorsed its vehicle known as “**Kasi is Nxa**”. This policy document ensures that local people participate in the economy by tendering and we also ensured that we linked developed contractors with and to the local contractors to facilitate skills transfer and acquisition.

Madam Speaker, I am pleased to announce that we today have **5 local main contractors with high CIBDs**. Also, and evidently, most of our local community contractors have and continue to make a meaningful contribution in helping the bigger contractors to finish off their program of bucket eradication.

We have also and will continue to do so by absorbing the unemeployed through promotion of labour intensive method in current and future projects. We have thus far employed **430 workers** from our community in all bucket eradication projects and have witnessed a number of emerging contractors with potential for sustenance.

Development of Agriculture turnaround strategy and the summit held earlier this year are bearing fruit.

The emerging farmers (DIHWAI) will be in position to produce and supply as long as they get necessary support from the Government. We have recently been approached by the Department of Agriculture as a partner to assist in providing municipal land and to support projects. Without any delay our council resolved to grant municipal camp called Dorpsgronbe to Kopano Disable Centre for goat milk production in Winburg.

### **Business Development Centre**

In 2007 we were approached by a certain Nombo Mabhele Quantity Surveyors and Project Managers who sourced funding from the National Department of Economic & Environmental Affairs intending to develop the centre amounting to **R4 Million** in Theunissen.

The project is at implementation stage, 20 people were employed internally. Mining industries like Harmony and Start Diamond are willing to contribute by providing Computers in operation of the centre and etc.

## **Housing**

The Department of Local Government and Housing allocated **400 houses** for the financial year **2007/2008** to **Winburg/Makeleketla (100)**, **Brandfort/Majwemasweu (100)**, and **Theunissen/Masilo (200)**.

For the 2008/2009, 800 houses were allocated and were distributed to all the units in accordance with the reported backlog.

The department has also, through the pilot project, allocated **R12 m** to Community Residential Units to replace Masilo Old Age Hostel for the 2008/09 financial year. The department will also be engaged to provide rural subsidies for farm-based wards like the **Beatrix, Star Diamond** and **Ward 10**. Land availability is also a challenge for housing development in these areas

Madam Speaker, the delay by the province in proclaiming of township establishments for Brandfort, Theunissen, Verkeerdevlei and Winburg is of great concern for this municipality. The impact of this is the deprivation of land to community for low, middle and high cost housing and allocation of sites.

## **Cemeteries**

A new cemetery has been established in Majwemasweu and Environmental Impact Assessment was done and site is now registered with the Department of Tourism, Environment and Economic Affairs in complying with the National Environmental Management Act.

The environmental impact assessment will be conducted for cemeteries in Makeleketla, Ikgomotseng and Majwemasweu for financial year 2008/09.

## **Cultural and Music Festival**

We are planning to host this event and is scheduled for **24 September 2008** and an amount of over **R350 000** is budgeted for. Local groups will be considered since this is meant for local talent promotion and exposure. The event is also meant for the marketing and branding of the municipality and the proceeds will be used for generating funds for bursaries to the needy students.

## **Youth Development**

The budget for the youth development has been increased to **R592, 400** to cover operational needs of the unit and costs of the Youth Advisory Centre in partnership with **Umsombovu Youth Fund**. There has been a delay on the part of the Fund despite our ready commitment to kickstart the operation of the centre through our internally provided and approved budget. But the latest reported development indicated progress.

The centre is to be capacitated by employment of two **Assistant** Youth Development Officers. These positions have already been advertised and we hope that the appointees will assume their duties by **01 July 2008**.

The centre is to be located in Brandfort and the operations of these two **assistant YDOs** in terms of deployment will cover Winburg/Verkeerdevlei and Brandfort/Soutpan respectively.

## **Soutpan/Ikgomotseng Community Hall**

This project has been divided into two phases due to the fact that there were insufficient funds to cover the full scope of work.

Phase one consists of floor slab casted in concrete and eight columns casted in concrete plus reinforcement. The budget allocated for phase one is **R4.2m** including the professional fees. To complete phase two we need about **R3.8 m**.

Our municipality has budgeted **R1m** towards the completion of the hall. We are still awaiting confirmation for additional funding from the district towards the completion of the second phase of the project.

## **Municipal Infrastructure Grant Allocation for 2007/08 and attendant progress on bucket eradication project**

The mandate to eradicate the dehumanising bucket system was given way back in 2006 by our national government. The ideal target date for successful completion of this programme was end of December 2007. However this is yet to be realised.



In our case we had to grapple with a number of challenges in a form of geological factors (hard rock in Theunissen and Winburg) to underperforming consultants and contactors whereby we were forced to terminate their contracts. The material price hikes also had a negative impact on the progress pace. Through our MIG regular meetings with the province, which are meant to monitor progress, we agreed on a new target date of end of June 2008.

Madam Speaker, I am pleased to announce that our focused intervention through the establishment of the **Bucket Eradication Contingency Committee**, headed by the Office of the Mayor, yielded intended results. We also physically visited and inspected these projects on **12 February 2008**. As we speak, we are now standing at +/- **85%** completion stage in all bucket eradication projects. This therefore means that we will be able to complete within the target date set anew, which is end of June this year.

Perhaps it is necessary to remind all of us here that by the end of December 2007, Masilonyana Municipality had about **11 203** buckets that constituted backlog. Since then **90%** of the MIG has been spent and the remaining **10%** will be used during the month of **June 2008**.

### **Brief analysis of the progress per town**

- Winburg/Makeleketla: **80%** of all buckets that constituted backlog have been eradicated. However, 1267 toilets are yet to flush due to pending completion of the sewer network that should be completed by the end of June.
- Verkeerdevlei/Tshepong: **85%** of buckets that constituted backlog have been eradicated. However, we are still awaiting completion of the pump station and a sewer network to be completed by the end of June.
- Theunissen/Masilo: **85%** of all buckets that constituted backlog have been eradicated. However, there remains still 600 toilets that must be constructed and this should be completed by the end of June.
- Brandfort/Majwemasweu: **90%** of all buckets that constituted backlog have been eradicated. However, there remains still a construction of

**525** toilets and sewer network in Mountain View and this should be completed by the end of June 2008.

- Soutpan/Ikgomotseng: **102** toilets must still be connected directly to the sewer main line. However there is outstanding construction of **58** toilets (which had to be deleted) to be completed by the end of June 2008.

### **Tar road project in Masilo**

Due to challenges relating to this project, it is expected that the project will be completed by October this year. At this stage, **40%** progress is visible.

### **2008/09 Municipal Infrastructure Grant allocation**

The total grant amounts to **R16 million**. About **70%** of this allocation will be directed towards water services (infrastructure development). Certain areas of Masilonyana are informal settlements. During our consultations with the community on the budget, their inputs suggested that water reticulation will have to be seriously considered and prioritized in order to address their plight.

### **Projects for consideration for 2008/09**

Below are projects for consideration for the considered financial year as per our different towns excluding Theunissen:

Soutpan	Water reticulation
Verkeerdevlei	Water reticulation and paving project (EPWP)
Brandfort	Water reticulation
Winburg	Sewer treatment plant

(first phase)
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## **Bulk Infrastructure**

The total MIG allocation for the **2009/2010** financial year is **R20 million**. An allocation of **R9 million** of this grant will be used for the phase two of the sewer treatment plant in Winburg. The difference will be distributed proportionately across all towns.

The MIG allocation for **2010/2011** is **R22 million**.

Madam Speaker and Honourable Councillors, the Coalface Report highlighted some of the challenges lying ahead of us in as far as the bulk and decaying infrastructure are concerned. In response to the issues raised by the report, a consultancy has since been commissioned to develop a Water Master Plan for the municipality and this is to be funded by the Department of Water Affairs and Forestry.

We have also budgeted for **R2 million** towards operations and maintenance of our infrastructure.

## **Extraction of projects that require urgent funding amounting to R106 million:**

### **Brandfort**

- The community receives water via Theunissen from the Erfenis Dam. The **40km** asbestos pipeline that transports water to Brandfort needs upgrading and this requires **R60 million**.
- Water purification plant needs upgrading to increase their functionality and this requires **R7.5 million**.
- 2 Mega Liter resevoir has to be built to increase storage capacity and this requires **R3 million**.

### **Winburg**

- **R4 million** is required for upgrading of the reticulation network and isolation valves.

### **Verkeerdevlei**

- There is a need for additional supply of water to Verkeerdevlei via Excelsir/Erfenis Dam and this  
requires an estimated cost of **R32 million**.

Madam Speaker, we commit ourselves to moving with speed to develop business plans for bulk infrastructure projects to ensure timely securing of funding from the National Treasury.

### **Underground water**

The Department of Water Affairs and Forestry has allocated to the municipality an amount of **R1 million** for establishment of **8 boreholes** across the municipality.

### **Financial Administration**

Lejweleputswa District Municipality has approved, at its Council meeting of April 2008, a shared Audit Committee and an Internal Auditor Service for our municipality as well as other local municipalities. A charter will be finalised at the meeting of June 2008.

### **Budget**

Due to the socio-economic and other conditions presently prevalent in South Africa, such as the level of unemployment and poverty, Council developed the Indigent Policy with the aim of addressing these challenges through the application of principles for services rendered to the members of society who cannot afford to pay.

Council endeavors to render a basic level of service necessary to ensure an acceptable and reasonable quality of life which takes into consideration health and environmental concerns which is subsidized in the form of the equitable share received from the national government.

There are approximately **4500** consumers that have been registered as indigent consumers within Masilonyana Local Municipality. It must be noted that consumers who are indigent must apply every year by means of an application form that needs to be completed.

Council is also proud to inform the community that through the support of **DWAF (Department of Water and Forestry)** Customer Care Officials were appointed in January 2008 in order to assist the municipality with relevant updates that will assist in identifying indigent consumers.

Currently Council has made provision for working Capital (Provision for bad debts) for the **2008/9-budget** year the amount of **R 23 266 304** however the arrears for possible write off amounted to **R 32 733 189** which resulted in a shortfall of **R 9 466 885**. That simply indicates that not all bad debts can be written off in the financial year 2008 / 2009 which has to be phased in the financial year **2009 / 2010**.

Council has been experiencing a very low payment rate from its consumers which fluctuated from **1.5% to 4% and** had a very detrimental effect in service delivery and Council's revenue and escalation of consumer debt.

Council have developed revenue enhancement policies that assist in encouraging consumers whose accounts are in arrears to make relevant arrangements in terms of settling outstanding balances by way of installments. Furthermore Council is in the process of engaging various employers, in terms of the Municipal Systems Act section 103, to deduct from those employees' salaries / wages monies owed to the Council. To ensure that all households and businesses have proper working water meters and further to ascertain, by data purification, that all consumers are correctly categorized.

Cognizance should also be given to the global phenomenon about the abrupt downshifting in consumer confidence index that emanated from the ever rising oil, food prices and the weaker rand and the sharply higher CPIX inflation which is eroding the consumer purchasing power.

This is further worsened by the electricity price shock still to be absorbed. However all these and other factors not mentioned taken into consideration do not justify the low payment rate experienced by Council. Improved payment rate will result in improved and qualitative services.

In total the operating budget for the 2008 / 2009 financial year amounts to **R 99,300,474** which represents an increase of **R 14,451,037 (14.6%)** above the approved budget for 2007 / 2008.

Included in rates, sewerage, refuse removal, etc. is a tariff increase of 6.5% which was equal to the CPIX, however it should be noted that currently the CPIX is hovering around **9.4%**. The proposed increase in water tariffs is **24%** and that of electricity is **12%** which is the maximum as regulated by NERSA.

In total the capital budget for the 2008 / 2009 financial year amounts to **R 36,260,350** which represents a decrease of **R 41,002,650 (53%)** from **R 77,263,000** in 2007 / 2008 attributed to a decrease in MIG funding.

**In total, both the operational and capital budget amount to R135 698 824 which represents a 16% decrease from R160 812 438 from last year which is attributed mainly to a decrease in the MIG allocation related to the bulk bucket eradication.**

We remain committed to the ideal of a better life for all our community members and that is facilitated by the provision of quality, sufficient, effective and efficient services to our community.

Together we shall put our hands on deck and committed to conduct our business in an unusual way.

Finally, allow me to thank the Municipal Manager and Directors, staff in general, Honourable Councillors and my family for their unwavering support.

Honourable Speaker, I hereby table the 2008/09 budget of the Masilonyana Local Municipality.

**I thank you!**