



# MASILONYANA LOCAL MUNICIPALITY

**Budget Speech by: Kunatu Stephen Koalane, Honourable Mayor of Masilonyana Local Municipality on the occasion of the Ordinary Council Sitting, 30 May 2014, Winburg.**

Honourable Speaker,

Honourable Chief-whip,

Honourable Councillors,

Municipal Manager and the rest of the management team,

Leaders of political parties,

Leaders of the Sports, Traditional and Religious sectors, NGOs and CBO

Esteemed guests and

Members of the community and fellow South Africans,

**Dumelang, molweni, good day, goeie dag!**

I wish to thank this august house for an opportunity to speak to the people Masilonyana on this occasion of the 20<sup>th</sup> Anniversary of our democracy.

This is the first State of the Municipal Address to take place in the absence of our founding President, His Excellency Nelson Rolihlahla Mandela. His passing, on the eve of the 20<sup>th</sup> year of our freedom and democracy, caused untold pain to our people and beyond our borders. We find solace in the knowledge that Madiba will live forever in our hearts, and that we have a duty to take his legacy forward.

Honourable Speaker,

It is an honour to address the house and our community three weeks after the country's fifth general elections on 07<sup>th</sup> May 2014 and a week after the re-election of the Sate President, His Excellency Jacob Gedleyihlekisa Zuma and the Free State Premier, Hon. Segobelo Elias Magashule. I wish to congratulate both leaders and wish them well as they enter another chapter of our journey of freedom.

This Address offers an appropriate opportunity for us to reflect on our achievements and to share with you our good story. Our story is a positive one.

## ECONOMIC DEVELOPMENT AND JOB CREATION

### Economic Development

Our country in general and our municipality in particular still continues to grapple with the triple challenges of poverty, inequality and unemployment. Dealing with these challenges has become a central focus of my office and this is evidenced by the review of our socio-economic blueprint, our Local Economic Development Strategy and the establishment of the Local Economic Development Forum – LED Forum in November 2013.

Still in 2013, my office and the LED Unit under the office of the Municipal Manager, Mr. Siphon Mtakati, crisscrossed all towns of the municipality to assist our Cooperatives and Small, Medium and Micro Enterprises-SMMEs to apply for the SMME Support Programme. This is a R50 000 incentive grant given to SMMEs and Cooperatives by the Free State Department of Economic Development, Tourism and Environmental Affairs. The incentive is not awarded as cash but it's a grant aimed at assisting with marketing of products and acquisition of tools of trade.

The department has started rolling out the programme of awarding the incentive to the successful applicants. Currently the department is rolling out the programme in Thabo Mofutsanyana District. Our district of Lejweleputswa is amongst the districts awaiting the roll out of the programme.

The Cooperative Incentive Scheme-CIS unit of the Department of Trade and Industry was invited in February this year to train and assist with the applications for the R350 000 CIS incentive grant. The department is still considering applications from our municipality.

This year in March, I started engaging SMMEs and Cooperatives on specific steps that the municipality can put to make it easier to do business in Masilonyana. Arising out of that process, we will simplify our procurement system to accommodate local SMMEs and Corps. We pledged to make the creation of decent jobs a priority. We will use our capital budget to stimulate job creation. The creation of decent jobs and an inclusive economy need to be driven by local entrepreneurship.

Mining is by far the largest consumer of goods and services in our jurisdiction. Hence we invited the two mining companies, Sibanye Gold Mine and Harmony Gold to make presentations on their procurement of goods and services, and other enterprise development opportunities available. This initiative has resulted into a process of registering all our SMMEs and Corps onto the supply chain data base of both mining houses.

We further envisage that the Business Development Centre in Theunissen, to be operational this year and all its administrative logistics are to be financially taken over by the mining houses. The centre will also house the LED forum and its Secretariat and it will be linked with the soon to be established LED Directorate.

A Dorper Sheep International Stud Breeding project was established in Brandfort to improve black stud breeders.

Three commercial farmers were assisted with Dorper sheep, infrastructure and pasture establishment. The project has also been assisted to flush embryos to assist other farmers and have been supported with 784 breeding animals. Twelve permanent job opportunities were created.

### **Job Creation**

The Expanded Public Works Programme (EPWP) continues to be a vehicle for creating jobs in the municipality and the country. 122 jobs were created in the current financial year in the following fields: Cleaning of Cemeteries, Cleaning of Storm water drainages and Patching of Roads.

In the new financial year we will be rolling out the third phase of EPWP. A total of 100 jobs will be created for a period of six months rather than a three months period. These jobs will be in the following fields:

- Roads and Storm Water maintenance – 44 jobs for Theunissen, Brandfort and Winburg
- Cleaning of Parks and Cemeteries – 50 jobs across all five towns.
- Sport and Recreation – 1 (employment of a Sports Coordinator to coordinate all sporting codes in Masilonyana.)
- Community Safety (Security) – 5 jobs in Ikgomotseng Community Hall in Soutpan

I must also highlight that amongst all the municipalities in the district and the province, Masilonyana is rated high in terms of EPWP reporting. This enhances the chances of an increased incentive for our municipality.

In consideration of the critical role that Public Works plays in alleviating poverty amongst communities, the then MEC for Public Works, Me. Sisi Mabe has consciously taken the decision to extend the implementation duration of all the current Food for Waste Projects in the municipality until 2015. It must also be noted that starting from May 2014; the beneficiaries of Food for Waste Project will be receiving stipends of one thousand five hundred rand rather than food.

### **Learnerships**

LGSETA has funded a Law Enforcement Program for Five (5) unemployed youths from the municipality in June 2013. The aim of this program is to assist the municipality in the enforcement of By-laws and to enhance municipal revenue. These learners have been undergoing training at Matjhabeng Traffic Academy since July 2013 and once they have completed their 12 months training program they will be absorbed by the municipality.

The functions of Law Enforcement Officers must be linked with those of Customer Care Officers to enforce compliance through monitoring and issuing of fines against illegal electricity and water connections; and meter tempering. Also to enforce lawful electricity and water disconnections against defaulting rate payers.

The National Department of Water and Environmental Affairs initiated a program on Youth Jobs in Waste – Green Worx Program. The purpose of the program is to create youth jobs through waste management and recycling. Theunissen landfill site was identified by the department for this program and 18 young people from both Theunissen and Winburg were identified and invited for an aptitude test. Successful candidates are currently undergoing a 12 months training which will end in September 2014.

A Khulanonke – Water and Waste Water Process Control Program is a national program initiated by the National Department of Water Affairs. Its purpose is to assist municipalities in improving their blue drop and green status through training of young unemployed skilled people in water and waste water process controlling. Identification processes were conducted through adverts which were placed in all municipalities. Aurecon, which is an implementing agent, appointed by the department recruited 10 young people from Masilonyana and they are currently training at our Water and Waste Water Treatment plants.

Fellow compatriots,

The Department of Agriculture and Rural Development initiated a program aimed at enhancing skills development by providing unemployed rural youth with opportunities to work in their communities and to provide necessary services for local socio-economic development. 60 young people from the municipality were shortlisted and interviewed. However, only 15 have been called for training as part of the first intake in the province. The remaining group will be called for training when the second intake is done.

The South African National Defence Force conducted workshops across the municipality on available learnership programs, from Mechanical Engineering, Electrical Engineering, Medics, Aviation, Navy, Construction etc. Young people were invited to apply via advertisement. Shortlisting processes have been completed and successful candidates will be called for interviews.

Last year the Office of the Premier through adverts invited interested and unemployed young people in Theunissen, to apply for a Road Works Construction Learnership Program. 25 youths have since resumed training in February this year and the program will run for 12 months.

A total of 79 unemployed youths in Winburg were awarded with Road Construction learnership programs by the Department of Labour through its Employment Services of South Africa – ESSA online services. Theunissen will be the next town where the program will be rolled out with 90 Building Construction learnership programs to be issued.

### **Bursaries**

Since the introduction of the Mayoral Bursary Scheme a total of 24 students were awarded with bursaries and 8 of them have completed their studies in the following fields: B Com Economics, Civil Engineering, Media Studies, Geology, Marketing Management, B Com Accounting and Electrical Engineering.

## ORGANIZATIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION

Honourable Councillors,

Let me acknowledge selfless contributions of the former Chief Financial Officer of the municipality, Me. Motshedisi Mokoena and the former section (56) Manager of Technical and Infrastructure Department, Mr. Lekgau Maja, who both have left the municipality to ply their trade elsewhere. We are proud to have positively contributed to the developments of their careers. We must also acknowledge contributions and services rendered by other municipal employees who have left the employment of this institution due to retirement or in search of greener pastures.

According to the Organizational Structure, the total number of approved posts is 797 while our current staff complement is 365. The municipality has 432 vacancies and this means that with such high vacancy rate our municipality is operating with skeleton staff. However, we are proud to announce that a total of 41 critical vacancies including those of general workers and securities were identified and advertised. We are currently in the process of filling these vacancies.

A Job Evaluation Committee was established to address issues of salary disparities and job descriptions. This process is at an advanced stage and will be finalized at the end of the current financial year. Moving forward no new appointments will be made without employees being given clear job descriptions.

We can report that the first phase of placement has been finalised and only 2 employees were excluded in the process. Their respective placements will however be finalised through a process of revising the current approved organizational structure.

Fellow Councillors,

A total of 21 HR – Human Resource policies were developed and approved by Council in July 2014. We will then develop municipal HR policy manuals which we will utilise as our tool to induct new employees as well as conduct policy workshops for all employees on an annual basis.

The Workplace Skills Plan was developed and submitted to LGSETA on the 30<sup>th</sup> April 2014 in order to address identified skills gaps. In addition to the WSP as an intervention tool for employee skills development, the municipality has introduced a Municipal Bursary Scheme for all our qualifying employees to study at institutions of higher learning such as FETs and Universities. The total budget allocation for this program is R200, 000.00 per annum. Applications were solicited from interested employees last year for the current academic year and only 4 employees were successful in meeting the requirements of the scheme. I further wish to challenge our employees to take advantage of such opportunities.

We have already implemented skills development intervention programmes as follows: Computer Skills for Councillors – 15 Councillors were trained; Public Participation for Excellence and Stakeholder Management – 4 councillors were trained and Payday Training (HR module) – 6 employees were trained.

Honourable Speaker,

On Health and Safety, I am proud to announce that ever since we had Service Level Agreements-SLAs in place, medical surveillance on employees is performed as per legislative requirements and employees are issued with protective clothing twice a year as per the legislation.

Public participation processes was conducted for the following By-Laws in all units of the municipality: **Standard advertising by-laws, Standard commonage, Standard rules and orders, Impoundment of stray animals, Standard building regulations and Standard dumping and littering by-laws.**

Once these By-laws have been approved by Council they will be submitted to the Free State Provincial Government for promulgation.

## **BASIC SERVICE DELIVERY**

Honourable Councillors,

The municipality has only two registered landfill sites which are in Theunissen and Winburg respectively. The municipality received a R14 million allocation from the National Department of Environmental Affairs for the upgrading of both the above mentioned landfill sites. A project implementer has been appointed for Theunissen landfill site.

Through MISA-Municipal Infrastructure Support Agency funding, a service provider has been appointed for the licensing of the Brandfort, Verkeerdevlei and Soutpan landfill sites

In keeping with the national government's target of Eradication of Informal Settlements by 2014, Township Establishment was approved for 312 residential sites and 5 public sites in Verkeerdevlei and 98 residential sites in Soutpan. An application for Winburg Township Establishment was also submitted and it is at an approval stage. Informal Settlements in these towns will be prioritised and eradicated.

It is imperative that a service provider be appointment to conduct a comprehensive feasibility study that will lead to the second phase of Township Establishment. A total of 1363 Title Deeds will be issued in the following towns: Winburg, Theunissen, Verkeerdevlei and Soutpan.

The Department of Human Settlement has appointed a contractor (Ruwacon Construction) for the project of the two roomed houses in Soutpan. In 2010/11 financial year Masilonyana Municipality was allocated 1022 houses in Brandfort, Theunissen and Winburg. To this date only 614 units have been completed and handed over.

Honourable Councillors,

Starting from May 2014 the functioning of library services will now be the competency of the Department of Sports, Arts, Culture and Recreation. As a result thirteen (13) of our library personnel were absorbed by the department.

After lengthy delays in appointing a contractor for a construction of a library in Ikgomotseng, Soutpan we are pleased to announce that a contractor has been appointed and soon the project will commence. The total cost of the project is R13 million.

A project for Tshepong Library in Verkeerdevlei has been approved and the site has been allocated for construction. Planning for the building is scheduled to start in May 2014.

The Municipality is facing a challenge in rolling out the Commonage Program due to limited grazing land available. The number of cattle owned by emerging farmers exceeds the available land and this has prompted us previously to apply for help from the Department of Land Affairs. This application was neither declined nor approved. We therefore requested the Free State Department of Agriculture to intervene by purchasing land on behalf of the municipality.

Honourable Speaker,

The acquisition of the first phase of Yellow Fleet has had a positive impact on service delivery. However, the municipality is still experiencing challenges with regard to the acquisition of the second phase of yellow fleet from the Government Garage. This means that council must consider budgeting for yellow fleet from the R12,7 million savings made out of cutting the operational expenditure budget to increase own funding into the capital budget.

Illegal dumping areas continue to be a challenge and an environmental health hazard to the community. We are therefore pleased at the anticipation of the absorption of the Law Enforcement Officers to address this challenge by enforcing by-laws.

## **INFRASTRUCTURE DEVELOPMENT**

Honourable Speaker and fellow Councillors,

Our municipality has a 'good story to tell' and over the past two decades we have made tremendous progress but we still remain highly critical of ourselves because we know a lot still needs to be done.

The Census results of 2011 indicate a substantial progress in the expansion of basic services such as water, sanitation, electricity and housing. The percentage of households with access to clean running water has increased from 60 percent to over 90 percent. Access to electricity has increased from 50 percent of households to approximately 85 percent.

Government has begun an intensive programme to eliminate the bucket system as part of restoring the dignity of our people. The first phase of the Rapid Bucket Eradication Programme – RBEP will eradicate buckets in formalized townships of the Free State. The programme is currently being implemented in Winburg and Theunissen.

The 20-year journey of freedom has seen our municipality spending over R153 million on sewer infrastructure such as sewer network, sewer treatment plants and eradicating more than 10 900 buckets across the municipality.

In the past two decades we have invested more than R89 million for water infrastructure, to address amongst others our ageing infrastructure such as asbestos pipes, bulk water mainlines, treatment plants and reticulation of newly established townships.

The first phase of the Masilo Sports Complex was completed and we have approached the Department of Sports, Arts and Culture for completion of the project. Over R7,4 million was spent for the construction of Makeleketla Sports Centre whilst Majwemasweu Sports Complex is currently under construction to the value of R18,1 million.

Underneath are the breakdowns of our current MIG, multiyear MIG projects, current and multiyear RBIG projects:

#### **Current MIG Projects:**

- Winburg / Makeleketla upgrading of the existing Waste Water Treatment Works for R14 584 500.00 – the project is ongoing.
- Soutpan /Ikgomotseng provision of 1 Mega litre storage reservoir for R3 278 090.00 – the project is still on hold due to land disputes.
- Soutpan /Ikgomotseng Upgrading of Water Treatment Plant for R15 063 590.16 – the project is under construction.
- Theunissen Masilo: Installation of 3720 water meters, 2 Zone meters and 4 Bulk water meters for R10 013 760.00
- Verkeerdevlei /Tshepong: installation of 505 domestic water meters, 2 Zone meters and 5 Bulk water meters for R1 722 540.00 – the project is at a tender stage
- Brandfort / Majwemasweu: installation of 2719 water meters, 3 Zone meters and 3 Bulk water meters for R7 503 252.00.
- Soutpan / Ikgomotseng: installation of 1027 water meters, 2 Zone meters and 5 Bulk water meters for R3 259 716.00.
- Winburg / Makeleketla: installation of 3122 water meters and 3 Zone meters for R8 513 976.00.



- Theunissen / Masilo: Upgrading of the Water Treatment Works and ground storage reservoir (Pump station phase 1) for R4 200 000.00 – project is under construction.
- Theunissen / Masilo: upgrading of the water treatment works (phase2) – construction of a 2 mega litre reservoir for R4 800 000.00 – project is under construction.
- Theunissen / Masilo: upgrading of the water treatment works (phase 3) – upgrading of earth dams for R2 000 000.00 – project is under construction.
- Soutpan / Ikgomotseng: fencing of oxidation ponds for R1 891 260.00 – the project is at a tender stage.
- Winburg / Makeleketla: fencing of water treatment works for R1 683 177.05 – project is under construction.
- Winburg / Makeleketla: fencing of reservoir for R 323 768.00 – the project is under construction.
- Theunissen /Masilo: fencing of Phahameng cemetery and building of an ablution facilities for R2 338 979.00 – project is at a tender stage.
- Theunissen / Masilo: fencing of reservoir for R 804 862.00 – project is under construction.
- Brandfort / Majwemasweu: fencing of reservoirs for R1 250 580.00 – the project is under construction.
- Soutpan / Ikgomotseng: fencing of Ikgomotseng cemetery for R1 964 927.00 – the project is at a tender stage.
- Brandfort / Majwemasweu: fencing of Majwemasweu cemetery for R2 284 560.00 – project is at a tender stage.

### **New MIG Project 2014/2015**

- Brandfort / Majwemasweu: upgrading of waste disposal site for R3 974 492.00 – the project has been registered and approved. The municipality is in the process of appointing a project manager.

### **RBIG Multiyear Project**

- Brandfort /Majwemasweu: construction of a Bulk Raw Water Pipeline (replacement of the asbestos pipeline) from Sand Vet Canal to Brandfort Water Treatment Plant - the project is under construction and was allocated R37 million in the current financial year. The total value of the project is R82 million.
- For 2014/2015 financial year the municipality was allocated R46 million to be spend on future water supply projects and bulk water infrastructure projects in Winburg.

Honourable Speaker,

In addition to the above mentioned projects I wish to appeal to council to consider approving and implementing the following projects from R12,7 million allocated as Own Capital budget and others to be included into the Social and Labour Plans – SLPs which are subject to review:

- Upgrading of Roads and Storm water in Masilo

- Upgrading of the Masilo Sports field
- Water reticulation of informal settlements in all townships.

\*Subject to the finalization of Township Establishment in Masilo and Majwemasweu.

- Intermodal transport system (taxi ranks) in all towns.
- Resealing of roads.
- Maintenance and completion of a Community Hall in Ikgomotseng, Soutpan.
- Development and maintenance of open spaces into Parks to ensure that we embark on park utilisation, management, arboriculture (tree maintenance), horticulture (plant and landscaping) in all towns. That will serve as part of our commitment to Urban Greening Programme.
- Naming of public places and streets – we recommend five hundred thousand rand be budgeted for this project.
- Renovation of Masilo Community Hall.
- Installation of high mast lights in all towns.

Honourable members,

In February this year I initiated engagements with the then MEC for Public Works, Hon. Sisi Mabe, about piloting a Township Revitalization Programme in Masilo. We hope that Masilo will be considered and prioritized during the implementation of the next phase of the programme.

## **STRATEGIC PLANNING AND CLEAN AUDIT**

After a legacy of seven successive disclaimer audit opinions, our municipality has received two successive qualified audit opinions in the financial year 2011 / 2012 and 2012 / 2013.

Not only have we not regressed in the financial year ending June 2014 but the Auditor General expressed his satisfaction on our significant improvement on key controls, reducing irregular expenditure by half, reducing fruitless and unauthorised expenditure by half and significant reduction on matters of emphasis.

A Municipal Strategic Planning Session was held from the 20<sup>th</sup> to 22<sup>nd</sup> May 2104, the objective of the planning session was to move us from a qualification to a clean audit, including to interrogate budget and to address all service delivery related challenges which were raised by the community. We will once again use the three drives of clean audit, clean government and clean municipality as the vehicle to move us to Clean Audit 2014.

To improve the current AG's opinion the strategic session resolved that we must establish an effective Asset Management Unit and constantly monitor its performance. We will develop a fraud prevention strategy and plan. I am confident that if our Audit Action Plan is risk base this municipality will meet its target of clean audit 2014.

Furthermore we are currently ensuring that the status of filing is updated to ensure that all documents are in place when AG needs them. Reconciliations are being corrected to ensure that there won't be any unreconciled items. Finally there will be timeous submission of the Annual Financial Statements for the current financial year.

The Strategic Session resolved amongst others that (1) the Audit Action Plan Committee must be established to oversee the implementation of the Audit Action Plan. This committee will comprise of the Mayor, Chairpersons of Section 80 Committees, Municipal Manager and the Chief Financial Officer. (2) Performance Management Evaluation Committee be established to assist the Mayor with overseeing the performance of the administration and the Municipal Manager.

## **MUNICIPAL FINANCIAL VIABILITY**

Honourable Speaker,

The collection rate has inconsistently improved in the third quarter of the financial year and it is largely due to payments by government departments and cut-offs taking place on a monthly basis to help improve the debt collection. The capturing of direct and cashier deposits are done on a daily basis to ensure the correctness of information.

However, our municipality is heavily dependent on grants and this negatively affects the financial viability of our institution. It is therefore necessary to challenge all councillors and the administration to double our efforts in ensuring that we enhance our revenue collection by 70 percent and reduce our provision for bad debt by 30 percent by June 2015. This is in line with our recent Municipal Strategic Planning Session held at Stone Safari outside Brandfort.

I therefore call upon those members of the community who can't afford to pay for their municipal services to register as indigents and that those who can afford to pay to settle their municipal accounts or make arrangements.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circulars No. 70 and 72 were used to guide the compilation of the 2014/15 Medium Term Revenue and Expenditure Framework- MTREF.

The Municipality's business and service delivery priorities were reviewed as part of this year's strategic planning and budget process. Where appropriate, funds were allocated from low- to high-priority programmes so as to maintain sound financial stewardship and to improve service delivery as indicated below.

In this regard, also in response to our current water and sewer challenges, the upgrading and maintenance of our water and sewer network and distribution, has been given high priority and special focus. Road maintenance, the procurement and maintenance of Municipal fleet, as well as the filling of critical vacancies in service delivery departments, has been identified as priority areas.

The drive by the Municipality is to achieve the targets of Operation Clean Audit 2014. Significant progress has been made with the implementation of the financial turnaround plan; the compilation of a GRAP compliant asset register and the implementation of internal controls. Little progress has been made with regard to the clean-up of the billing system but current efforts by National Treasury to introduce SCOA – Standard Chart of Account specific to local government will improve our billing system.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the local economy;
- Aging and poorly maintained roads, storm water, sanitation, electricity and water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the backlog in infrastructure maintenance;
- The increased cost of bulk electricity, due to tariff increases from Eskom which is placing upward pressure on service tariffs to residents. This is further resulting in refuse removal, sewerage and property rates tariffs not increased sufficiently in order to “balance the basket of tariffs”. Continuous high tariff increases are not sustainable - as there will be a point where services will no- longer be affordable to the community;
- The need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

### Consolidated Overview of the 2013/14 MTREF

	Adjustment	Medium Term Revenue and Expenditure		
	Budget	Framework		
	2013/2014	2014/ 2015	2015/ 2016	2016/ 2017
	R	R	R	R
Revenue	177 303 522	186 819 889	204 970 160	231 249 827
Operating expenditure	177 296 902	186 715 174	204 998 364	230 994 562
Capital expenditure	57 298 726	88 487 880	87 462 872	76 220 100
Total Budget	234 602 248	261 502 493	288 164 090	299 847 476
Surplus/(Deficit)	6 620	104 715	-28 204	255 265

## Surplus calculations excludes capital projects funded by grants

Total budgeted operating revenue has increased by R9.4 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by R18.2 million and R26.2 respectively.

Total budgeted operating expenditure for the 2014/15 financial year has been appropriated at R187 million, when compared to the 2013/14 Adjustments Budget, operational expenditure has grown by R9.5 million in the 2014/15 budget and by R11 million and R7 million for the two outer years..

The capital budget of R88 million for 2014/15 is R33 million more when compared to the 2013/14 Adjustment Budget. It increases by R 3million in the 2015/16 financial year and decreased by R11.2 million in the 2016/17 financial year. R 75.7 million of the capital budgets will be funded from conditional Grants, constituting 86% of the capital expenditure. The balance of R12.7 will be funded through own capital funding.

The Municipality is currently Budgeting on a surplus of **R 104 715**

## FUNDING SOURCES OPEX & CAPEX

Funding source	2013/14 % of total Budget And Allocation	2014/15 % of total Budget And Allocation	2015/16 % of total Budget And Allocation	2016/17 % of total Budget And Allocation
	% R	% R	% R	% R
Grants DORA	<b>58%</b> <b>R138 042 000</b>	<b>62%</b> <b>R163 338 000</b>	<b>61%</b> <b>175 123 000</b>	<b>61%</b> <b>186 034 000</b>
Own Funding	<b>42%</b> <b>96 560 248</b>	<b>38%</b> <b>186 819 889</b>	<b>39%</b> <b>204 970 160</b>	<b>39%</b> <b>112 635 476</b>
<b>Total</b>	<b>234 602 248</b>	<b>262 373 890</b>	<b>284 067 032</b>	<b>307 469 927</b>

### • Operating Revenue Framework

For Masilonyana Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

MASILONYANA LM TARIFF	2013/14	2014/15
<b>BRANDFORT</b>		
<i>Property</i>	0.01272	0.01348
<b>STATE (ALL TOWNS)</b>	0.02544	0.02697
<b>BUSINESS (ALL TOWNS)</b>	0.02544	0.02697
<b>AGRICULTURE (residential tariff/4)</b>	0.00318	0.00337

- Sale of Electricity and Impact of Tariff Increases**

NERSA has announced the revised bulk electricity pricing structure. A 8.06 percent increase in the Eskom bulk electricity tariff to municipalities, considering the Eskom increases, the consumer tariff had to be increased by 7.39 percent (as per NERSA approval) to offset the additional bulk purchase cost from 1 July 2014.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should also be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 5 Comparison between current electricity charges and increases (Domestic)**

MASILONYANA LM TARIFF	2013/14	2014/15
<b>DOMESTIC</b>		
<i>Minimum charge (Free to indigent)</i>	71.24	76.50
<i>Indigents 50 Kwh free</i>	<b>Free to indigents</b>	<b>Free to indigents</b>
<i>Per kwh</i>	1.28	1.37

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented to minimise consumption of electricity. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

- Refuse Removal and Impact of Tariff Increases**

A 6 percent increase in the waste removal tariff is proposed from 1 July 2014. The following table compares current and proposed amounts payable from 1 July 2014:

**Table 6 Comparison between current waste removal charges and increases**

MASILONYANA LM TARIFF	2013/14	2014/15
<b><i>REFUSE REMOVAL</i></b>		-
<i>Households</i>	53.70	56.92
<i>Businesses</i>	66.30	70.28
<i>Garden refuse removal</i>	209.00	221.54
<i>Building material removal 6 cubic metre</i>	206.50	218.89

- Sale of Water and Impact of Tariff Increases**

A 6 percent increase in the water tariff is proposed from 1 July 2014. The following table compares current and proposed amounts payable from 1 July 2014:

**Table 7 Comparison between current water charges and increases**

MASILONYANA LM TARIFF	2013/14	2014/15
<b><i>WATER CONSUMPTION</i></b>		
<i>Minimum charge (Free to indigent)</i>	60.60	64.24
<i>0-10 Kiloliter</i>	<b><i>Free to indigents</i></b>	<b><i>Free to indigents</i></b>
<i>0-10 Kiloliter</i>	5.65	5.99
<i>10-12 Kiloliter</i>	7.50	7.95
<i>12+ Kiloliter</i>	8.20	8.69
<i>Flat rate per month</i>	56.50	59.89

A flat rate for water was introduced for all sites within Masilonyana Municipality that are unmetered. The tariff is based on 10 KL usage per month and therefore equals R 59.89 (Excl) per household per month.

- Sewerage and Impact of Tariff Increases**

A 6 percent increase in the sewerage tariff is proposed from 1 July 2014. The following table compares current and

proposed amounts payable from 1 July 2014:

**Table 8 Comparison between current sewerage charges and increases**

MASILONYANA LM TARIFF	2013/14	2014/15
<b><i>SEWERAGE TARIFFS</i></b>		-
<i>Buckets per month</i>	91.20	96.67
<i>Households</i>	91.20	96.67
<i>Business</i>	319.50	338.67

Honourable Members,

The process of Valuation Roll is nearing finalization and currently we are in a period of objections for all those who are objecting to the roll. The farms were excluded from the process due to challenges experienced at Deeds Office. However, valuation of farms is being attended to and it will be included in the Supplementary Valuation Roll.

The Budget I am presenting today is a credible Budget because it is a result of our own ideas and inputs of those communities we serve. To further strengthen its credibility, all efforts were made to ensure that it was tabled timeously. This has allowed sufficient time to conduct community consultations on the Budget and the IDP. The IDP consultations process was conducted in most of the wards.

We've also taken into account issues raised by the farming communities particularly in Erfdeel farm, Thron and others during Ward Constituency Meetings and during Farm Workers and Farm Dwellers Summits organised by the Provincial Department of Agriculture.

The following were issues raised and I want to appeal to council to address these issues:

- Provision of RDP housing
- Provision of solar geysers
- Supply of electricity
- Provision of clean portable water
- Gravelling of roads
- Provision of decent portable sanitation
- Mobile clinic
- Addressing the high unemployment rate.

Honourable councillors you will notice that some of these commodities are not the competency of the municipality. However, the farming communities are an important constituency in the country and the municipality. I therefore wish to encourage our administration to be mindful of these challenges and refer those that are the competency of provincial government to relevant departments in the province.

## **RECOMMENDATIONS TO COUNCIL**

- Council to review the Paupers Burial Policy and increase council contribution from R1000.00 to R2000.00.
- Council to review Municipal Travelling Allowance Policy: that travelling incurred outside the boundaries of the municipality be reimbursed per trip and stipulations of the policy be applicable for travelling taking place within the boundaries of the municipality.



- Subsistence Allowance be reviewed and the amount be increased from R75.00 to R120.00.
- Threshold of indecency be increased from R1200.00 to R1500.00.

These recommendations are necessitated by the current economic climate and high inflation.

## Conclusion

Honourable Speaker,

Let me raise my concern with the manifestation of violence in some of the protests taking place in our country and the municipality. What is worrying is what appears to be premeditated violence, as is the case with the use of petrol bombs and other weapons during protests.

The democratic government supports the right of citizens to express themselves.

The right to protest, peacefully and unarmed, is enshrined in the Constitution. However, when protests threaten lives and property and destroy valuable infrastructure intended to serve the community, they undermine the very democracy that upholds the right to protest.

The dominant narrative in the case of the protests in South Africa has been to attribute them to alleged failures of government. However the protests are not simply the result of "failures" of government but also of the success in delivering basic services. When 95% of households have access to water, the 5% who still need to be provided for, feel they cannot wait a moment longer.

Success is also the breeding ground of rising expectations.

Fellow Compatriots,

Ours was a **'good story to tell'** and as a municipality we have scored many successes. South Africa in general and Masilonyana in particular is a much better place to live in now than it was before 1994.

We will continue to face challenges but life will also continue to change for the better.

**I thank you!**

**Issued by: Office of the Mayor**

**30 May 2014**

**Notes:**

