

Mayor: TJ Motaung



BUDGET SPEECH DELIVERED BY THE MAYOR OF THE PHUMELELA LOCAL MUNICIPALITY, THE HON. TJ MOTAUNG FOR THE 2011/12 FINANCIAL YEAR

In his 2011 State of the Nation Address, President Zuma said, “On basic services, we are making progress. More than 400 000 additional people were served with basic water supply last year. About 81% of the country is electrified as compared to 63% in the year 2000. The crime statistics show a decrease in most crimes, particularly armed robberies, housebreakings and business robberies as well as contact crimes; for example, the murder rate declined by 8,6 percent in the past year.

We are making a difference in education, as evidenced by the significant increase in the matric pass rate last year, and the interest displayed by the youth in education around the country.

Honorable Members, close to 15 million South Africans obtain social grants from the State. We will phase in the extension of the Child Support Grant to cover eligible children under the age of 18 years.

Since we are building a developmental and not a welfare state, the social grants will be linked to economic activity and community development, to enable short-term beneficiaries to become self-supporting in the long run”.

Following the global economic meltdown, the South African economy lost around 1 million jobs in the last eighteen months. As a consequence, unemployment, narrowly defined, has grown from 22,5%, thus posing a major challenge for the work done during the last sixteen years. The adoption of the New Growth Path by the Cabinet provides us with a framework within which we must work. This framework provides us with an opportunity to begin the implementation towards meeting employment challenge, and developing the requisite skills our economy needs.

The New Growth Path has identified the following ten job drivers, Agriculture, Rural Development, Infrastructure Development, Mining and Mineral Processing, Health, Financial Sector, etc

This year 2011, marks 21 years since the release of the icon of our people,

Isithwalandwe/Seaparankwe, Rolihlahla Nelson Mandela. We the people of Phumelela would like to join the rest of the country in honouring Madiba as a true legend, patriot and time-tested leader of all the people of South Africa and the world. On behalf of the people of Phumelela, I wish to take this opportunity to wish him well and pray that God give him strength and good health that as we celebrate the Centenary of the African National Congress, he joins the people of South Africa and the world.

As we gather here this afternoon let me remind the house that in four days time, on the 18 May 2011, the third Local Government Elections will take place. The theme of this election campaign has been 'Love Your South Africa'; loving your country means that you have an interest in its management, and at a local level manifest itself in the election of a municipal council. Council is the governing structure that has the most direct influence on our everyday lives. Let me use this opportunity to urge all registered voters to exercise their right to vote, which is one of the rights we have fought very hard for; people sacrificed with their lives to ensure that me and you are able to vote in a free democratic country. Please exercise your right to choose the party that will best take your interest at heart. Let me plead with all political parties and candidates to assist the IEC by ensuring that we all promote conditions that are conducive to free and fair elections, including tolerance of democratic political activity and free political campaigning and open public debate

Let me also remind the house that Statistics South Africa(Stats SA) is gearing up to conduct the big count this year,2011. After hosting a successful World Cup tournament, South Africans now have Census 2011 to look forward to as the next mass mobilization of the population.

Stats SA will be recruiting 30 000 supervisors as the organization gears up for the big count in October 2011, working in partnership with Stats SA, Phumelela Municipality has assisted in indentifying some of the recruits and also provided them with transport to the training venue. More unemployed youth with relevant qualifications will be indentified and recruited in the near future.

TOGETHER WE HAVE ACHIEVED MUCH

From March 2006, Phumelela has achieved so much and the people of Phumelela have many reasons to be proud. We have travelled a long, sometimes challenging road that has not been easy for either the municipality or the residents. As we draw nearer to the end of our term of office, the progress that has been made is commendable, but it is important to note that backlogs in terms of service delivery are still huge and resources are limited. We cannot afford to relax. I have full confidence that the new Council, together with communities, will continue with the good work that the outgoing Council has been doing in improving the provision of services & ensuring a better life for all.

It is amazing to see the achievements that have been made over the last five years. To restore confidence and faith in the municipality, the former President Thabo Mbeki, during his visit in Phumelela on the 3 May 2006, announced that "all buckets systems in Phumelela will be eradicated by the end of December 2006". We had more than 3500 households still using bucket system when we took office in March 2006. At the end of December 2006, indeed all buckets were eradicated in all formal settlement.

The municipality further embarked on ensuring that water network and water meters are supplied to all those areas of our towns which were denied clean water supply; informal areas were also provided with communal taps. 6 kl of clean drinking water is given to all households, both indigent and those that are not indigent.

A total of 21 High Mast Lights were installed at the beginning of 2006 to ensure that our communities are safe at night. I 'm happy to announce that Durant Single will be provided with electricity network by ESKOM. The project is due for construction from June 2011 to

April 2011.

In addressing the conditions of roads in our townships, the municipality made a commitment to embark on a programme to pave all streets in the townships – a total of 8Km of roads were paved in Thembalihle & 500 meters in Vrede, a total 13 Km of roads were paved in Ezenzeleni and a total of 4 Km of roads were paved in Zamani.

More than 2000 RDP houses were built in Phumelela during the last five years. In collaboration with Thabo Mofutsanyana District Municipality, a Fire Station and a Youth Centre were built in Ezenzeleni.

In partnership with the Department of Cooperative Governance, Traditional Affairs and Human Settlements, we finalized the recruitment and the filling of the three vacant Community Development Workers (CDW) positions that existed as a result of the passing on of Pheelo Motaung, Mbuyiselo Mohomane and Masabata Radebe (may their souls rest in peace) and the additional CDW positions for Roadside and surrounding farms. The four CDWs have completed their Learnership Programme at the end of Marh 2011 and though they will be deployed in their respective wards as from June 2011, I am happy to announce that these 4 CDWs have already started working in their respective wards

On behalf of the municipality, I wish to congratulate and thank all the CDWs for successfully completing the household profiling that they undertook at the beginning of 2011.

As we are nearing the end of our term of office for councilors, I regret to announce that in the same breath the term of office for all our Ward Committees also comes to an end because it is linked to the term of office of councilors. The process of recruiting new Ward Committee members will start immediately after the new council has been constituted. Let me take this opportunity to recognize and commend all ward committee members for the sterling work done during the past five years of ensuring a better life for all our communities.

I feel very much happy and honored for this opportunity granted to me to share with you at this occasion of making public our plans and spending priorities for the 2011/12 financial year...

2. OUR ACHIEVEMENTS

Chairperson, allow me to highlight achievements for the 2010/2011 financial year as we reflect on commitments made during the previous budget. This is in keeping with the tradition and ethos of democratic, accountable and participatory governance.

In working together with our communities, ward committees, rate payers associations, business, religious leaders and political parties, we have achieved much in the last 12 months:

1.1 Capital Projects

The following progress was registered on various capital projects:

- . Road paving projects, approximately 10 km roads have been paved or in an advanced stage of being paved in Phumelela
- . Construction of sewer reticulation, toilets structures and house connections in Zamani for 112 households which were previously using pit toilets;
- . Electricity house connections for 42 houses in Ezenzeleni;
- . Sewer network and house connection for 250 houses in Thembalihle ,Ext 4;
- . Installation of 11 high mast lights and launching on the 21 April 2011;

2.2 Housing Provision

The following progress has been made with the provision of housing:

In collaboration with Department of Human

Settlements a total of 1230 RDP houses were built during the current Financial Year.

94 houses were built in partnership with The Lands Claim Commission,

Department of Human Settlements and the municipality as part of Restitution of Land Rights for Land Claims

Restitution Beneficiaries in Ezenzeleni.

50 houses were built and handed over to senior citizens (bonkgone le bontate mohol) in Ezenzeleni.

A total of 336 houses is currently under construction and will be completed soon;

500 RDP houses were built, 250 in Thembalihle Ext.3 and the other parts of Thembalihle, the other 250 houses were built as a green field project and I am happy to announce that these houses will be handed over to beneficiaries within the next few days. I am extremely happy to announce that 100 dilapidated houses in the old section of Thembalihle were upgraded as part of Township Revitalisation Programme.

50 RDP house were built and handed over to beneficiaries, 100 RDP houses are currently being constructed and will be completed in July 2011.

The Provincial Government has donated two asbestos houses to the municipality on condition that the municipality will donate the houses to their occupants. There is a person who is renting the property in Vrede from the Department of Public Works. The municipality will then donate it to this occupant, and for the property in Memel, there is no occupant. A decision will be taken in due course.

1.2 Basic Services

We have provided 50 KWh of Free Basic Electricity and 6 Kl Free Water per month to all households. We also supplied potable water to a number of farm workers on a daily basis.

About 1200 indigent households were subsidised in full on a monthly basis.

We have provided support to the poorest to bury their loved ones during bereavement.

Refuse is collected and Illegal dumping sites are collected weekly.

More than two third of the streetlights in Vrede were fixed; the rest of the remaining streetlights will be attended to once funds are available.

Grass on parks, sidewalks and cemeteries is cut, and storm water canals are cleaned

2.4 Job Creation

. About five funded vacant posts were filled – PA to the Mayor, PMU Manager Data Capturer, Clerk in Admin and four interns.

. 11 young recruits between 18 and 35 with Grade 10 or higher qualificatoins, from rural communities, employed under National Rural Youth Service Corps Programme, which was launched by His Excellency President Jacob Zuma, Dysselsdorp, George, Western Cape on 6 May 2011.

. 75 young people, under the age of 35 employed under the following Learnership Programmes; Mixed-Farming; Warden = 25 Learners, Memel = 25 Learners. Electronics; Vrede = 25 Learners; These Learnership Programmes were launched by the Honourable Premier Ace Magashule in Thabong, Matjhabeng Local Municipality on the 6 May 2011. Each learner has received protective clothes and will receive a stipend of R1200 per Month.

. 30 unemployed young people are currently working under EPWP Programme Currently implemented by Thabo Mofutsanyana District Municipality in Phumelela.

. 12 young people from Zamani are currently employed by the Department of Public Works under Construction Learnership Programme for 9 months.

. The absorption of 9 former employees of Krynaauwslust Farming Trust by the Municipality since May 2010 after losing their jobs due to the dissolution of the Trust.

. 124 unemployed young men and women are currently employed by Edwin Construction on the R34 and RI03 Road Upgrading Project, as part of their CSI (Corporate Social Investment Programme).

Edwin Construction will Invest about R400 000, 00 in Phumelela by upgrading the local community

Sport ground and also by donating goal pots to

soccer teams in Memel and Warden. I am happy

and excited to announce that the turning of sod ceremony was held this morning. On behalf of the municipality and the community, I

wish to thank the management and the directors of

Edwin Construction for this support Keep up the

good work. Edwin Construction is also investing

in the economy of Phumelela by incurring the

following expenditures to date:

. Diesel : R3, 4 million

. Local Sub-Contractors: R3, 2 million

. Local Labour : R2, 6 million

. Rental Accommodation: R550, 000, 00

The contract completion date of this project is the 12th December 2012

5.5 Turnaround Strategy: Finance Department

The turn-around strategy on which we have embarked during 2007 has shown visible results i.e.

- The backlog in the preparation of financial statements has been wiped out with the result that the financial statements for the year ending 30 June 2010 were completed timeously and has already been audited by the Auditor-General.

- The financial administration has been updated to the extent that we are able to comply with the requirements of the MFMA

- The fact that the budget is tabled today is proof of the efficiency of the Finance Department.

- Teething problems experienced during the general valuation of urban and rural properties have been solved. All objections have been attended to by the Appeal Board. Valuations of the properties in the newly demarcated area have been done and a supplementary valuation roll currently lies for inspection and objection. Almost 60% of the postal addresses of the 3 200 farming properties have been obtained and farmers are already paying assessment rates levied on their properties.

- The Trustees of the Krynaauwslust Farming Trust, of which the Municipality is the sole beneficiary, has decided to dissolve the Trust. The lease agreement on the farming property has already been cancelled. The Trust Property and Funds will be transferred to the Municipality before the end of June 2011.

- An asset register of all Municipal property has been compiled.

The Finance Department is in the process to comply with the requirements of GRAP.

3. BUDGET FOR 2011/12 FINANCIAL YEAR

3.1 OPERATIONAL BUDGET

Chairperson, in looking at the tabled operational budget for the 2011/12 the following can be highlighted:

Sources of income:

Source Budget 2011/12 Budget 2010/11 Difference

R R %

Electricity 5 521 000 4 990 000 11
Grants & Subsidies 55 346 000 48 861 039 13
Assessment Rates 5 478 000 4 949 200 11
Refuse 5 582 000 5 103 000 10
Sewerage 5 928 000 5 379 300 10
Water 5 897 000 4 094 100 44
Other 6 289 000 4 655 723 35
Total Income 90 041 000 78 032 362 17

Expenditure

Details 2011/2012

R 2010/2011

R Difference

%

Salaries and wages 31 958 000 27 255 225 17
Depreciation 3 950 000 3 670 000 8
Interest 444 000 367 000 3
Repairs and maintenance 9 075 000 9 156 550 (1)
Bulk purchases 12 621 000 10 575 150 19
Contracted services 1 090 000 1 184 500 (8)
Provisions 9 566 000 11 624 332 (17)
General expenses 20 830 000 19 523 325 17
Total expenditure 89 534 000 83 356 082 7

Notes

- Grants received amounts to 61.6% of total budgeted income
- Employee and councillor related costs 35.69% of operating budget.
- Included in repairs and maintenance are R2,5 m for repairs and upgrading of streets, R 2.2m for upgrading of electricity network and streetlights, R 1.16m for upgrading of buildings and R 1.61m for the upgrading of water and sewerage networks.
- The subsidies for free basic water are budgeted at R1,323 m and free basic electricity; R1,263 m
- The budgeted rebates and discount on payment of assessment rates on farming properties amount to R 1.77m
- R 100 000 has been budgeted to alleviate the hardships caused by natural disasters.
- We have budgeted for a surplus of R 507 000 (2010/2011 deficit – R 5 323 720)

3.2 MAYORAL BUDGET

- Assistance for Needy Students/Bursary Fund
R100 000 has been set aside to assist needy students who wish to further their studies either at university, technicon or FET college.
- Public Participation/Ward Committees
An amount of R 150 000 has been budgeted to enhance public participation and also to fund activities of ward committees in terms of their programmes.
- Special Programmes- Sport/Culture, School Uniform, Gender, HIV/Aids
R 80 000 has been budgeted to fund the above special programmes
- Poverty Alleviation
An amount of R100 000 has been budgeted for this purpose.

3.2 CAPITAL BUDGET

Chairperson, a total amount of R77 307 198.00 will be spent on capital projects in the 2011/12 financial year as follows:

Water network in Foster Section: R1 000 000.00
Water network in Enzenzeleni Ext1: R1 000 000.00
Enzenzeleni Storm Pave and Water Channels: R1 500 000.00
Oxidation Ponds in Memel –Zamani: R1 900 000.00
Upgrading of Vrede Pumpstation: R900 000.00
Paved Road in Zamani: R1 300 000.00
Paved Road in Thembalihle: R4 122 136.00
Ext4 sewer network in Thembalihle: R2 400 000.00
Upgrading Sewer treatment works in Zamani: R2 400 000.00
Multi-Purpose Center in Ezenzeleni: R9 644 798.00
Sewer, Rising Main in Zamani: R3 077 864.00
Electrification of 330 houses in Ezenzeleni Ext1: R2 600 000.00
Zamani Construction of Sewer Network: R1 800 000.00
Warden Water Treatment Works: R 3 000 000.00
Water meters in Ext 4 Thembalhle: R1 000 000.00
Paving of Piet Retief Road: R1 000 000.00
Pump station Number 1 in Warden: R 890 000.00
Bulk Water Supply Scheme in Warden: R 7 200 000.00
Purchases of farm for communal use: R 2 200 000.00
Hospital Road: R 1 200 000.00

Summary of funding sources for Capital Projects:

MIG 20 800

N/P Gov 29 293

District Municipality 1 900

Own revenue 5 300

Total 57 293

A considerable number of jobs will be created during the implementation of these infrastructural projects. We are further also very happy about the fact that this year the public participation in preparation of the revision and ultimate adoption of our IDP and budget was truly the best in many years and will contribute substantially in addressing the needs of our people.

We have budgeted for tariff increases of 10% in respect of all tariffs, with the exception of electricity and property rates. The property rates have not being increased and the electricity tariff will be increased with 20.38%. Although we are aware of the possible negative impact that such a large increase may have on the poorer communities in our area, we have no other choice but to implement these increases in an attempt to absorb the impact of Eskom's recently announced tariff increases on our already stretched budget.

Our projected estimates are that property rates will generate R5,586 million for the 2010/11 financial year, payment of sewerage tariffs R5,309 million, refuse removal R5,083 million, electricity R6 million and water R5,155 million. The provision of free basic services to registered indigents will cost an estimated R2 million during the financial year.

Ladies and gentlemen, unemployment is one of the areas that we had long identified as a priority for intervention. With 65% of the people of our areas being classified as unemployed we will emphasize job creation as a key priority for our Administration. We are intending to address these issues through sustained local economic development and, more immediately,

by concentrating on creating temporary jobs through the Expanded Public Works Programme, which will in future be considered with the planning and initiation of all new projects and programmes of a capital nature in the Municipality.

We are currently engaged in a process of compiling an LED (Local Economic Development) Strategy. A service provider has been appointed to assist us with this process, and our revised organizational structure provides more adequately for the administration of the function in future

Together we can build better communities