

MANTSOPA LOCAL MUNICIPALITY



2014/2015 BUDGET SPEECH

Honourable Speaker, Cllr Mapuleng Majara;

Representative from CoGTA;

Representatives from Provincial Treasury;
Representatives from Auditor General of South Africa;
Exco Members;
Councilors;
Municipal Manager;
Directors of Departments;
Distinguished guests;
Ward Committee Members;
Ladies and Gentlemen,

Madam Speaker, allow me to extend a word of welcome to all who honoured and turned up here today.

I am privileged and distinctly honoured to deliver this Budget speech at a time when South Africa is celebrating 20 years of Freedom and Democratic rule.

On the 7th May 2014, the country held its fifth National and Provincial elections which were declared free and fair by the IEC and International observers. Once more the people of South Africa have given the African National Congress the mandate to ensure that their aspirations are fulfilled.

This is a clear indication that the African National Congress, as the oldest liberation movement in the continent, is the only political organization in South Africa that listens and carry out the mandate the people gives in order to improve their lives. And this can be achieved if

we work together to bring about social coercion within our communities.

Madam Speaker, the ANC came out victorious in all 9 wards of Mantsopa.

We would like to congratulate all ANC members who have been elected to serve in the National and Provincial Legislatures. We are also very humbled to have Premier Ace Magashule re-elected as the Premier of the Free State, and would also like to congratulate Comrade Lechesa Tsenoli for his election as the Deputy National Speaker of the National Assembly.

Madam Speaker, this year marks a historic milestone since the birth of our democracy. Within this period, we can count significant achievements in terms of service delivery. At the same time we acknowledge that there are still bigger challenges of further expanding these services and infrastructure.

The achievements of the 20 years of Democracy in Mantsopa can be enumerated. In fact, evidence is there for everyone to see. It is only prudent that we should reflect on some of the achievements and challenges over the past 10 years.

Our service delivery achievements include (among others) the following:

➤ **Water projects**

The Municipality successfully completed the rehabilitation of water treatment works in Genoa, by installing control panels, settling tank and sand filters with the assistance of the Department Water Affairs. Construction of Lusaka Reservoir and pipeline which included an upgrade of the pump station in Ladybrand, a pipeline and a 3M1 reservoir was completed. In Platberg water reticulation which involved the installation of stand pipes for over 400 houses was completed.

In Hobhouse water treatment works which involved the building of a 1.5 M1 reservoir, a treatment plan, a pipeline and conversion of the sand filters to reservoirs as well as construction of two water towers, one in Beisang –Mabewana Primary School and the other on the nearby mountain was completed. This projects were funded by MIG and Motheo District Municipality.

In Tweespruit water treatment works which involved the treatment of plant and pipelines and construction of high pressure steel tanks as well as water reticulation in Boroa and Dawiesville was completed.

As Mantsopa Local Municipality we would like to acknowledge the building of the state of the art Hospital in our area by the Provincial Government. The Hospital will provide health service to all the people of Mantsopa and the district at large.

➤ **Sanitation Projects**

The process of eradicating dehumanizing bucket system in Manyatseng and Mahlatswetsa was successfully completed in 2008 and 2009 respectively. 300 toilets were built in Platberg, courtesy of Thabo Mofutsanyana District Municipality.

In Dipelaneng 700 houses are using the new system. The waste water treatment is complete and functioning. The remaining 500 houses shall be flushing soon.

Oxidation ponds, in Thaba Patchoa were also completed.

In Tweespruit the process of eradicating the dehumanizing bucket system is in its final phase and shall be fully operational in this current financial year.

➤ **Roads Projects**

Madam Speaker, the issue of roads in the rest of Mantsopa is a challenge and remains our main concern. This is exacerbated by large number of deteriorated roads and fewer resources available to the municipality, compounded by the high level of unemployment and poverty in our community.

Despite all challenges we were able to do the following: construction of 5th Street with paving blocks; construction of Church Street with paving blocks; construction of Dan Pienaar Street with paving blocks; Piet Retief Road construction which consisted of sub-surface drainage and a 1.8 km asphalt surfaced road were completed.

In Manyatseng the Municipality successfully completed the construction of Tladi Street with paving blocks, upgraded Arthur Pitso Road with paving blocks, upgraded New Platberg Road with paving blocks and upgraded Manyatseng Ring road.

In Boroa upgrading of access road was completed through the EPWP fund. Access road of Dipelaneng was also completed as well as upgrading of Streets in Koma Village.

Recently the following tar roads were identified and repaired according to remedies suitable to their defects:

In Ladybrand, fixing of potholes and resurfacing where necessary was done at Dan Pienaar (Cnr Joubert and Church); Dan Pienaar (Cnr Church and Erasmus) and Voortreker (Cnr Erasmus and Loop).

Currently, Beeton Street near to the Old Hospital is under rehabilitation. Rehabilitation of the road in Joubert Street to Manyatseng and R26, is to expand the road for traffic flow in and around the New Hospital.

We are currently rehabilitating all gravel roads in Mantsopa.

Fixing of potholes and resurfacing where necessary has been done in Mahlatswetsa access road and Dawiesville access road.

Due to limited resources our yellow fleet is rotated weekly across all towns of Mantsopa to address the already deteriorated roads.

➤ **Housing Projects**

As far as Housing is concerned the following Township Establishments were completed: Manyatseng Extensions 7 and 9; Dipelaneng Extension 7; Excelsior two establishments of 423 and 455 in Koma Village were completed.

Almost 3608 houses were built and completed in the whole of Mantsopa. In Ladybrand 2090 houses were built; Excelsior 568; Hobhouse 500 and Tweespruit 450.

The Municipality recently allocated 77 sites in Dawiesville in Tweespruit and 383 in Manyatseng.

➤ **Social Facility Projects**

Social facilities that were complete to the delight of the community are the construction of Dipelaneng Hall, Rehabilitations of Itumeleng Hall (in Manyatseng), Mahlatswetsa Hall, Boroa Community Hall and Dawiesville Daan Neethlieng Hall.

In Boroa a Crèche was Built and recently another one in Thaba Patchoa.

A multi-purpose sports center in Thaba Patchoa was completed.

Madam Speaker the above mentioned projects are just some of the activities that were conducted. While there has been a significant achievements over the years, we are the first to admit that there still a lot that needs to be done.

Despite our effort to deliver services, the outlook of the South African society still reflects an unhealthy picture of inequality, dualism and marginalization. We still have a dual economy, one for the poor who still require the provision of basic services and the other for those who are well off whose main concern is about the level of service that they receive. The same communities that were previously advantaged feel aggrieved when the government addresses the inequalities of the past.

Across the length and breadth of Mantsopa, we can hear, their cries of anguish and calls for help. From our own visit to different Wards, we can physically identify with their needs and feel their pains.

The struggle for a better life for all our people continues. More so, because of the enormous challenges that many of our residents still face daily in accessing the fruits of freedom and democratic rule.

In fact to be brutally frank and honest, there are still a number of people who remain dissatisfied and impatient about our progress because they feel that many of their needs and aspirations remain unfulfilled, their dream deferred.

In our interaction with our people during the IDP and Budget roadshow, it became clear that our people remain hopeful that working together with us, we can improve their lives and achieve more.

They are convinced that this council and government, led by the African National Congress, is committed to ensuring an equal society rooted in the principles of non-racial, non-sexist, democratic and prosperous South Africa.

Madam Speaker, guided by the outcomes and feedback received from IDP consultative programmes, as the Council we have identified the following priorities:

- Improvement of service delivery to our community
- Local Economic Development
- Public participation
- Financial viability and management
- Good governance

These are priorities that rank as critical challenges in our pecking order and therefore require urgent interventions.

Madam Speaker, to ensure that as a Municipality we improve on service delivery to address the needs of our community, operating effectively throughout the entire Municipality and sustaining financial stability, we have integrated our risk assessment process with IDP and Budget process. This allowed us to prioritise the most important risks facing the municipality and developed strategies to reduce/eliminate the threat or an event that creates those risks. We have ensured that all staff in the municipality have a responsibility for maintaining effective systems of internal control that is consistent with their delegated duties. We have intensified our effort to ensure that the prior year's Audit outcomes are changed with a team that is consistently working on improving the Audit outcome.

In our endeavor to ensure sustainable local economic development, alignment of our plans and programmes to National, Provincial and District Economic Development Framework is of critical importance.

Madam Speaker, under your stewardship and guidance, we have Ward Committees in all 9 wards. During this financial year, I propose that both our offices should focus primarily on the following in order to enhance public participation:

- To ensure that we continue to capacitated and strengthen Ward Committees towards their effectiveness in the quest to build developmental and capable communities.
- To drive the process of ensuring that every ward has its own Ward-Based Plan, developed through the community based planning model, which informs the Municipality's integrated development planning; and
- To ensure that ward committees occupy a central nerve of public participation for councilors as enshrined in the legislation and the constitution.

Madam Speaker, the Municipality is committed to the issue of good governance, quality assurance and compliance enforcement on its operations. In 2014/2015, our commitment is to raise the bar by receiving Clean Audit Outcome. This will entail amongst others:

- Cutting irregular spending to zero and strengthening our governance framework in the respect of Information and Communication Technology environment.
- Strengthening the capacity of our Internal Audit Unit and improving internal control and performance monitoring and evaluation environment so as to bring us closer to a clean audit outcome; and
- Strengthening our oversight role as Councillors.

Honourable Speaker this brings me to a point where I have to present this year's financial implications. The provisions in this year's budget continue to support the Municipality's commitment to broadening service delivery and expanding investment in infrastructure, while taking into account the constrained fiscal environment.

Ladies and gentlemen, it is worth mentioning that as municipalities, the bigger share of our funding is received from National and Provincial Treasuries, which is in the form of equitable share, Municipal Infrastructure Grant (MIG) and division of revenue as provided by the Division of the Revenue Act (DORA).

It is our conviction and legal obligation that we ensure stricter and prudent financial management practices which are in line with Treasury Regulations, Norms and Standards, such as the General Recognised Accounting Principles and also to comply with all provisions of the Public Finance Management Act (PMFA) of 1999 and Municipal Finance Management Act (MFMA) of 2003.

Madam Speaker, our revenue base remains insufficient and needs to be improved over time if we are to realize our development path. We call upon our residents to demonstrate their citizenry support by prioritizing payment of municipal services. Without their regular and timeous payment, the dream of delivering quality and sustainable services and will be a farfetched reality.

Our message is not ambiguous – all those who can afford to pay must pay and continue to do so. For those who cannot afford, please note that no one will be assumed to be an indigent until such time they are registered. Therefore, those who qualify for an indigent benefit must take it upon themselves to come forward and register.

Madam Speaker it is important to highlight that the total budget of the Municipality is estimated to be R248 million, which will be funded from grants and subsidies amounting to R105 million, and own revenue of R143 million. Compared to the previous financial year, we are envisaging a slight increase in our budget for the year 2014/15.

The overall percentage of grants and subsidies would account to 42% towards Municipal account and 58% from our own income.

The overall increase of trading tariff is anticipated to be an average of 6%. NERSA has granted the Municipality average increase of 7%.

On operating expenditure we are envisaging an overall increase of 11% on salaries, 7% increase on bulk purchases and 3% increase on debt impairments.

Madam Speaker, the reasons for the 11% increase on salary expenditure is as result of additional posts according to new organogram and yearly salary increments budget at 7%. We have to explain that our salaries would be 36.7% of the operating budget, while the norm for salaries are 35% of the operating budget. Emphasis has to be made that norm is not law, therefore for us to move above the norm is not an offence as it may be perceived. Additional posts into to our organogram are needed in order to improve on service delivery.

It is worth mentioning that the Capital Expenditure and sources of finance would decrease by 28.4%. This may put a strain on our infrastructure projects.

The total capital expenditure amounts to R37 Million. 87% of R37 Million will be funded from Grants and Subsidies while 43% will be generated internally.

Madam Speaker, we have to indicate to the house that MIG grants are decreasing annually by an average of R2 million which will mean that the Municipality will have to find other sources of income.

The Municipality will complete the remaining 2.2 km of Manyatseng ring road worth approximately R12 million and Mahlatswetsa road worth about R4 million.

Around R4 million will be spent on the upgrading of Arthur Pitso Stadium.

Provision of bulk water to the New Hospital of about R7 million will spent in the next financial year.

The Municipality recognizes the tough economic conditions facing the poorest of the poor. It is for this reason that we continue to develop and implement policies that are meant to cushion the poor from these tough times. Thus, the first R75 000 on all non-business properties are exempted from paying rates and taxes.

In conclusion, compatriots, as we table this budget for adoption by council, we are proud of the enormous achievements that have been brought by this Democratic government over the past 20 years. Many of our people now have access to basic services and the face of many of the previously disadvantaged areas has improved for the better. On the other side we have acknowledged that the aspirations of many others remain a dream.

We will utilize all available resources to satisfy the aspirations of the vast majority whose dreams remain deferred. As ANC led Municipality we take the responsibility that we shall do all in our power to ensure that the mandate our people gave us is carried on and realized.

THANK YOU!

