

STEVE TSHWETE LOCAL MUNICIPALITY



BUDGET SPEECH

2008/2009 Financial Year

**By the Executive Mayor
Councillor I.M.T. Mahlangu**

**At the mayoral function
after the Council Meeting
on
Thursday, 19 June 2008**

PROGRAMME DIRECTOR
MR SPEAKER OF STEVE TSHWETE
MEMBERS OF THE MAYORAL COMMITTEE
CHIEF WHIP OF THE COUNCIL AND THE CHIEF WHIP
OF THE RULING PARTY
COUNCILLORS
COUNCILLORS FROM OTHER MUNICIPALITIES IN
NKANGALA DISTRICT
MUNICIPAL MANAGER
EXECUTIVE MANAGERS
COMMUNITY DEVELOPMENT WORKERS
MEMBERS OF WARD COMMITTEES
INVITED GUESTS
OFFICIALS
LADIES AND GENTLEMEN
MEDIA

Allow me on this occasion, before I present the most anticipated speech on how your monies are going to be used to acknowledge in our midst this evening

I would also like to take this opportunity to wish our President, Mr Thabo Mbeki a belated happy birthday which was yesterday. In Zulu it is said, Ukhule ukhokhobe, meaning

grow until you bend, but I am saying that you must grow, be blessed until you fulfill the purpose that you were deployed here for.

Allow me once more on this occasion to pay tribute to and to wish the former President Nelson Mandela a happy birthday in advance, which will be on the 18th of July.

He is one of the political giants of our time who fought tooth and nail for the birth of this democratic society which we all enjoy today.

In his visit to our municipality the previous year, Premier Thabang Makwetla pointed out how easily we forget to pay the deserving tribute to fathers and mothers of our democracy like Madiba.

We see our fellow brothers and sisters from other countries paying outstanding tribute to our own hero. To mention a practical example, Pele and other highly rated soccer players came all the way just to play a ninety minute game for Madiba, which to me is evidence of how much our hero is treasured, throughout the entire world.

Let me also not forget to wish a very important person in my life in absentia, my mother on her 70th birthday, my family that is patiently supporting me where I cannot reach.

As we begin the new financial year, 2008/2009, allow me to advocate to the Honorable Councillors and Officials of the municipality a progressive and productive financial year. I am confident that this financial year will be one of the most remarkable years in spite of the challenges we are faced with.

I am pleased to say that we have indeed done much to implement the commitments we made to our community in our manifesto of 2006. However, it is obvious that we still have outstanding work to do in this regard since we are now towards approaching the middle of our term of office.

In the State of the Nation Address of 2008 President Thabo Mbeki, said and I quote "the entirety of our system of governance is therefore making the commitment that in the period ahead of us, it will do its best to live up to the imperative - **Business Unusual** ! We speak of Business Unusual not referring to any challenges in our established policies but with regard to the speedy, efficient and effective implementation of these policies and programmes,

so that the lives of our people should change for the better, sooner rather than later."

By this Program Director, it is clear that our government is serious about continuing its programmes to alleviate poverty, as this nation enters its fourteenth year of democracy.

As Steve Tshwete Local Municipality, we are responding positively to this call by the President of implementing the Business Unusual concept as is reflected in the 2008/ 2009 budget which prioritises poverty alleviation and the provision of quality services to our community, as well as development which is conducive to economic growth.

Responding to the imperative to move forward as quickly as possible to build a South Africa defined by a common dream, our government committed itself, working with all South Africans, to implement detailed programmes intended to:

- Further accelerate our economic growth and development;
- Speed up the process of building infrastructure needed to achieve our economic goals;
- Improve the effectiveness of our interventions directed at the Second Economy, and poverty eradication;

- Enhance the impact of our programmes targeting the critically important area of education and training;
 - Accelerate our advance towards the achievement of the goal of health for all;
 - Revamp the criminal justice system to intensify our offensive against crime;
 - Further strengthen the machinery of government to ensure that it has the capacity to respond to our development imperatives and;
 - Enhance our focus on key areas in terms of our system of international relations, with particular focus on some African issues and South - South relations;
 - To continue with programmes to build a social security to meet the objectives of poverty alleviation;
 - To expand access to such services as water, electricity and sanitation;
 - To improve the health profile of the nation as a whole;
 - To intensify the housing programme;
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- To implement additional measures to open wider the doors of learning and culture;
 - To improve safety and security of all citizens and communities;

- To ensure that the public sector discharges its responsibilities as a critical player in the growth, reconstruction and development of our country;
- To accelerate the process of renewal of the African Continent; and
- To increasingly contribute to the resolution of major questions.

Minister Trevor Manuel in the beginning of his budget speech, presented to us a global picture of where we are now in terms of our economy and pointed out that as South Africans our ship is stronger and we are better prepared than during previous episodes of global turmoil. It is time for neither gloom nor panic. But the course ahead will be somewhat tougher.

I completely concur with Minister Manuel when he further says that we are all in this together - business and community organisations, labour and government; the employed, the self-employed and the unemployed; the urban and rural; men and women. We may not all be affected in the same way, but we face the same headwinds and uncertainties. None of us has the privilege of perfect foresight; none of us is isolated from the tides and turbulence of the global markets.

I quote "During the periods of uncertainty, it is important that we keep focused on the things required to raise long-

term growth. The circumstances call to each one of us to do more, to act with greater determination and to act together. This Budget and many others of government have potential in the future. Our investments in physical infrastructure, education and skills, research and development, fighting crime and contributing to regional peace are aimed at improving our growth prospects and broadening opportunities, so that when the storm abates, we will grow even faster, with more equitable outcomes."

As a young nation enters its fourteenth year we have much to be proud of, we are building a society founded on principles of equality, non sexism albeit xenophobia which is still a challenge.

We have built institutions of democracy i.e. IEC; Public Protector, the Human Rights Commission, Commission for Gender Equality, Auditor-General and Commission for the Promotion and Protection of the rights of Cultural, Religious and Linguistic communities created an open society founded on the rule of law.

After stabilizing the economy and the public finances, we have created conditions for rapid economic growth, job creation and broadening of opportunities.

Sound management of public finance and improved tax compliance culture on which it provide us with the resources to invest in our public services, renew our infrastructure, re-shape our residential areas, and provide water and electricity, housing, sanitation, schooling health care and access to roads to millions who were previously denied this elementary building blocks of modern society.

The social grant system has expanded, hunger is a threat and vulnerable families are being lifted out of poverty.

Mr. Speaker allow me to quote what Premier said during the State of Province Address when he said:

“We make these comments to emphasise the fact that the attributes of what constitute a developmental state, a state with the ability to expedite development by taking full advantage of these opportunities, is not a theoretical debate. It is what confronts us every day in our administration. It is a function of organisational culture; it is a function of skills proficiency; it is a function of organisational designs; it is also a function of political interests, among others. These are matters we have become acutely aware of, as an administration, and we have steadily and diligently worked on them. ”

The PGDS priorities of all sectors, the Executive Council took a view that major project with calculated potential for macro-impact on the socio-economic development of the province be identified in order to leverage the acceleration of development of Mpumalanga following this five flagship projects ("*Big 5*" development programmes) which were identified the previous year, out of five, as a municipality we are directly involved with three of this projects namely **Maputo Development Corridor**; work has commenced on the development of the Industrial Park, by the Germans and the feasibility of other industrial parks is being explored in order to determine their optimal location along the corridor.

The development of the gigantic La Roca Mall is continuing inspite of challenges post by competing developers who do not necessarily have the interest of the municipality at heart. When the mall is completed it will have its own spin-offs which will add to the growth and development of the corridor.

The second project is that one of the rolling-out of water infrastructure to provide water for all in the province in a sustainable manner, Nkangala District commissioned a study to have a blue print for water and sanitation provision in the District. From this blue print as

Steve Tshwete we are developing a Water Services Development Plan which informs us on current and future water needs.

However, we believe that we have already achieved the millennium goal of water for all by 2008. If in some remote corner of the municipality there might still be somebody with a water challenge my office should be informed immediately.

The third project is that of the **revitalization of our tourism by sponsoring the restoration, preservation and packaging of our heritage and the greening of Mpumalanga**, which includes the following milestones:

- Pollution and waste management;
- Spatial planning and development;
- Environment awareness and planning; and
- Biodiversity planning and management.

Mr Speaker, let me commend the excellent co-operation these efforts have paid off and sheer hard work by the residents and municipal employees to keep the local environment clean paid off. We were judged the overall first runner-up in the 2007 Mpumalanga Cleanest Town

Competition, very closely missing the first place by a mere 0,3%.

We already have plans for the money won. In this regard one of the most important issues we are going to address is to conscientise our people further about environmental issues and how such issues affect our lives.

The Environmental Status Quo report of Nkangala District has given us a starting point in dealing with environmental issues in Steve Tshwete.

On housing delivery, in 2006 October, the Department of Local Government & Housing allocated 3778 subsidies to us for the building of low cost housing units across Steve Tshwete. It is with regret that we were not able to deliver those houses on time because of capacity challenges confronting the contractors one of which is project management. At least out of the total number allocated we are able to report that 322 houses have been completed during the past financial year in the following areas:

Tokologo	:	154
Middelburg Extension 24	:	89
Kwazamokuhle Ext7	:	114
Mhluzi Extension 2	:	26

We have also managed to sell the following number of commercial and residential stands:

Industrial	:	13
Business	:	7
Residential	:	177
Churches	:	4

Programme Director, in our manifesto we promised that we will erect a Multi Purpose Community Centre (MPCC) in Mhluzi ext. 7. This attractive and appealing building was recently completed at a total cost of R9,2 million and was officially opened and handed over to the community on 29 March this year.

Mr Speaker, I must say that this is our pride and joy as now we are enjoying the manifestation of a promise made to the residents of this community that we will increase and fine-tune service delivery by erecting MPCCs or Thusong Service Centres for them.

In this practical and tangible manner we are literally bringing facilities closer to the people, so that they do not have to travel long distances for help. It also makes it easier for the less fortunate residents to enjoy direct access to the opportunities and resources made available to them by the municipality.

Because of our emphises on excellent service delivery we have been declared nationally as the Second Best Town in the coveted 2007 National Vuna Awards in respect of Category B Municipalities. In respect of the KPA called financial viability we are indeed the National Vuna champions.

The establishment of this centre forms part of the total restructuring of Mhluzi over the next four years, for which the municipality has been granted approximately R80-million from the National Treasury.

This grant was obtained from the Neighbourhood Development Partnership Unit (NDPU) of the National

Treasury after our municipality originally applied for a modest grant of only R1.9 million in order to complete Phase 2 of the Multi Purpose Community Centre.

The application was short listed and discussed at a meeting with the Chief Director of the Neighbourhood Development Partnership Unit, where additional information about the proposed project was called for.

The outcome of the additional information that we provided motivated the National Treasury to change the allocation description to that of the Restructuring of Mhluzi Township and to increase the grant from 1.9 million to a staggering R80-million.

As Steve Tshwete Local Municipality we are of the opinion that the massive project to restructure Mhluzi will result in enormous positive changes to and new opportunities for the township and its people.

Since its inception in December 2000, the Steve Tshwete Local Municipality has grown into a dynamic institution that is dedicated to giving effect to government policy through efficient and effective planning, service delivery provision and prudent financial management.

During this term, I am proud to say that we have streamlined our strategy so that people's needs, as voiced by the citizens, were translated into plans for delivery.

PAST PERFORMANCE AND ACHIEVEMENTS

The Council can proudly report to its citizens that during the second year of office of this Council, the following are some outcomes that were achieved:

Service Delivery

- Tarring of urban roads in Middelburg ext.24, Middelburg ext. 18 and Aerorand at a total cost of R6 million.
- Installation of street lights and high masts in various places.
- Water and Sanitation networks for 255 stands at Middelburg ext. 18 were installed at a cost of R1,4 million.
- We managed to fully utilize the Municipal Infrastructure Grant (MIG) as follows:

- Tarring of 3,3 km of roads in Mhluzi
 - Tarring of 1,2 km of roads in Kwazamokuhle
 - Finalisation of the water and sewer networks at Kwazamokuhle ext. 7
- We officially handed over Ikageng Gardens.
 - We officially handed over the MPCC in Extension 7.
 - The new clinic in Clinic in Ext 6 has been completed at a cost of R2,5 million and will soon be officially opened.
 - We established a Gender and Social Development Unit, as we appointed a Manager to deal with softer issues i.e children, women, the disabled, social development challenges and HIV/AIDS.
 - HIV/AIDS Council was re-launched.
 - A successful Women in Mining Summit was held.
 - A fenced off community transfer waste site was created in Mhluzi. This is a community friendly facility and designed to curb illegal dumping.

For the sake of ensuring that our rural residents are able to enjoy improved municipal service rendering, a Memorandum of Understanding which was concluded with representatives of farm owners within our Municipality in 2007 has made our service delivery to our community easier as one of our bulk projects during this financial year is the establishment of rural villages. This agreement is enabling us as a

municipality, to provide our people living on farms with a level of municipal services that they deserve.

And in addition, Programme Director, the Steve Tshwete Local Municipality kept its winning ways throughout 2007. Some of the achievements being:

- Z K Mathews Award by the African National Congress
- Salga Excellence Municipal Award

YOUTH AFFAIRS

In respect of Youth Development we will continue with the rendering of a comprehensive youth advisory and development service in association with the Umsobomvu Youth Fund.

An amount of R150 000 has been budgeted for this financial year for youth activities.

At the same time we will, in co-operation with Nkangala District Municipality, undertake two major projects whereby our unemployed youth will be meaningfully accommodated in Expanded Public Works Programmes for skills transfer which will benefit our young people a lot.

Another project is the waste management project which is aligned with the Mpumalanga "Big 5" projects - the Greening of Mpumalanga.

The Youth Summit starting tomorrow on the 20th until Saturday 21st of June, as we all know that this is youth month, is aimed at developing a intergrated youth development strategy that will coin the adoption of a youth policy by council.

As a municipality, we are committed in assisting our youth but they must use every spare moment they now have to grab every available apprortunity. Remember, the more you utilize your opportunities, the greater the reward that can be reaped in the form of success.

LOCAL ECONOMIC DEVELOPMENT

The local economy in the Steve Tshwete municipal area benefited again over the past year through property development, although approved building plans over the year indicates somewhat of a decline in momentum. An improved investment in industrial and commercial property can be attributed to the spin-offs of increased mining activity in and around the municipal area. The well-known sale of the five "*mall erven*" to the south of Aerorand is a good

indication of the confidence of investors in the local economy.

One of the toughest tests that continues to plague scores of would-be entrepreneurs within the jurisdiction of the Steve Tshwete Local Municipality is to get their businesses successfully off the ground and accessing available financial resources.

Mr Speaker , I proud to say that one of the successes from the strategy approved by the Nkangala District Municipality is that we have successfully managed to establish a Business Linkage Centre, and was officially launched last month.

This was after a series of meetings with our big businesses on a one-to-one basis to assist in the growth of Small, Micro and Medium Enterprises (SMME's).

SMME's can now go to one central place to obtain tenders.

Mr Speaker, allow me once more to say that there was joy and jubilation for the residents of Wards 4 and 7 during the official handing over of the Ikageng Community Gardens on July 4, 2007.

When I to check on progress a few months after the gardens were handed over, let me say that I was overwhelmed at the excellent outcome done by the

laborious residents of these wards, and couldn't hold myself but purchased their fresh produce which I later on enjoyed with my family.

SUSTAINABLE LIVELIHOOD

The Integrated Development Plan as approved in March was developed from consultative meetings with residents and government departments.

The residents informed us of their concerns about affordable residential accommodation, the availability of potable water, electricity, basic sanitation and quality roads as well as the addressing the scourge of poverty, HIV and AIDS. The political priorities for the national and provincial spheres of government also supported these concerns.

Substantial information from the process as well as input from our communities had significant bearing on the final product being presented here today. Like all other public institutions, the problem of limited resources versus the ever increasing needs of society remains a challenge that always requires skillful consideration.

The Municipality has strived to utilise all its financial and administrative capacity to achieve its mandates on these priorities.

I must say, though Mr Speaker that this is one of the toughest draft multi year annual budgets that I ever presented due to the following socio-economic challenges facing our country:

- electricity power
- high inflation rate
- global climate change
- high prices for petrol and diesel and
- enormous food price hiking

The draft 2008/2009 multi-year annual budget as required by the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA) the documentation of which was made available at all libraries, the offices of the Town Secretary and the Manager : Finance and on our website, as Steve Tshwete Local Municipality, we have ensured that we comply.

Mr Speaker, the public participation process undertaken is not only aimed at complying with the legal requirements of

the MFMA and MSA, but it also sought to give effect to the bold pledge made in Chapter 7 of our constitution under section 152 (1) of which one of the objects of local government states that "*to encourage the involvement of communities and community organizations in the matters of local government*".

As we were celebrating the 14th anniversary of the achievement of our freedom we came to realize how much still has to be done and through public participation the partnership to build a better life for all may be strengthened.

As Steve Tshwete Municipality we realised that with the advent of the post 1994 era many a lives have been changed for the better, however greater effort still needs to be made towards the eradication of poverty, inequality and racism that still affects our communities. We once again pledge our commitment to the implementation of policies and programmes towards the creation of a society in which all South Africans can participate in the economy.

In his budget speech of 20 February 2008, the Minister of Finance Mr Trevor Emmanuel stated that *"to synthesise a budget that will stand up to scrutiny requires an ability to take advice from many quarters, to analyse and test this, to vary where required and to disagree with proposals, where circumstances demand. This faculty is in the National Treasury which exists as a department in the service of other departments."*

It is with this background in mind that the 2008/2009 budget for the Steve Tshwete municipality which highlights as its priorities the views of the community which have brought about a non-negotiable commitment to me, my committee and the administration to achieve the IDP priorities.

Programme Director, ladies and gentlemen, this is therefore a multi-year budget.

The inevitable tariff adjustments are proposed in a most considered way to determine the most acceptable and

equitable funding regime taking into consideration the actual cost of delivering services, budget priorities, national legislation, regulations and policy guidelines. The main sources of own revenue over the medium term will be derived from electricity and property rates, with water sanitation and refuse removal also contributing significantly to the municipality's revenue raising capacity.

We can at the same time pride ourselves with the progress made towards the restoration of human dignity, the broadening of access to basic services that were previously denied most, the creation of economic opportunities through the creation of a conducive environment for development.

With the 2010 Soccer World Cup on our doorstep, our fiscal and investment decisions should be in such a way that our economy, local municipality as well is able to adjust to global risks and opportunities.

As a municipality we should ensure that the positive spin-offs from the 2010 World Cup have a lasting impact that will go beyond 2010.

In this regard, the following committees have been established to deal with 2010 Soccer World Cup preparations:

1. Technical Committee

- Business Community, SAFA, Youth Advisory Centre, Municipal Manager, Finance Department, Corporate Services, Technical & Facilities, Social Services, LED, Telkom, SAPS, Mpumalanga Sport Academy and District Manager of Public Works.

2. Political Committee

- MMC'S, Cosatu, Councill's Whip and Speaker.

Meetings will be held bi-monthly and the Municipal Manager will be responsible for the Technical Committee, while the MMC for Economic be responsible for chairing the Political Committee.

The LED Manager, will be assigned to co-ordinate all the activities and that the department of Corporate Services provide administrative and secretariat support.

Once again, Mr Speaker I wish to re-iterate the popular mandate for Local Development with which Steve Tshwete, the ANC led Municipality entered the new five-year term of office last year:

- Service Delivery
- Participatory democracy
- Transformation of apartheid landscape
- Effective Management in municipalities
- Maximization of revenue base
- Capacity building of municipalities for effective service delivery
- Local Economic Development
- Fighting crime, corruption and abuse of women and children
- Job creation, Development of Small Medium and Micro Enterprises and skills provision.

Coming to the Budget itself, Programme Director, the following provisions specifically need to be elucidated:

- This Budget has been prepared as a Medium Term Economic Forecast in strict compliance with the National Treasury framework through the lengthy budget schedule.
- As part of a three-year rolling budget process, the budget framework for the next three years sees total expenditure increasing from 444.4million Rand in 2007/2008 to 548.9million Rand in 2010/2011.

The municipality's total allocation in terms of the equitable share, which supplements own revenue to deliver free basic services, will amount to 173.2million Rand over the next three years.

The bulk of operating expenditure is allocated to the infrastructure-related votes of electricity (28.2%), water (5.7%), sanitation, including solid waste disposal (10.1%) and roads and storm water (8.1%). This accounts for just over 52.1% of total operating expenditure. Community safety and health and social development votes are allocated 6.3% and 4.9% respectively of the operating budget.

Employee costs increase by 14.0% compared to a total of 36.0% of the total operating budget.

The capital budget amounts to 277.4million Rand which is a increase of 21.5million Rand from the previous year and for the two outer financial years expenditure is planned for 192.7million Rand and 143.8million Rand respectively. Approximately 86% of the capital budget will be earmarked for infrastructure and residential related projects over the next three years to address backlogs, rehabilitate existing infrastructure and create much needed jobs through the use of labour intensive methods wherever possible.

Mr Speaker, I need to mention that 86% of the capital budget will be financed from the Council's own financial sources.

In the year ahead we will see greater impetus given to investment in the development of residential communities.

Steve Tshwete is earmarked to receive a significant support from the Municipal Infrastructure Grant (MIG) and

the Integrated Electrification Grant (INEP) from National Government.

The Nkangala District Municipality's contribution for the respective three years is R21.1million, R24.8million and R26.8million Rand.

The proposed tariff increases will yield additional revenue of R29.9million in the next financial year.

KEY SERVICE DELIVERY TARGETS

Mr Speaker, there is an increased focus in Government on improved service delivery, value for money and quality of spending.

Based on the important role of the local sphere of government in that it impacts directly and immediately on the livelihood of our people, the municipality has committed itself to the following key service delivery targets over the budget period:

- Continue to build new roads in urban areas and improve the maintenance of roads in the urban and rural areas.
- Further improvement of the quality of electricity supply.
- Build a Banquet Hall
- Create additional serviced stands in the whole Steve Tshwete Municipality
- Resume with the Phase 2 of the multi-purpose community centre in Ext 7 (Thusong Centre) and proceed with Phase 2 of the Doornkop and develop two in addition.
- Provide more and upgrade existing sport facilities.

- Assist with provision of RDP housing within budget limits.
- Ensure sufficient and stable water and electricity supply for future generations.
- Improve traffic flow and upgrade traffic signals through Middelburg and Mhluzi.
- Improve disaster management arrangements.
- Improve sanitation in Ward 1 whereby each household will now have access to toilets.
- Establish four rural villages.
- Encourage community gardens, one to be launched soon in Extension 24.

Programme Director, colleagues, ladies and gentlemen, the service delivery objectives referred to in this budget can only be achieved in partnership with our community and it therefore means that all of us must and should honour our part of the social contract by paying for services to ensure that we succeed in our quest to remain viable and sustainable as a municipality and in rolling back the frontiers of poverty and under-development.

CONCLUSION

Four years into the Second Decade of Freedom, I wish for the community of the Steve Tshwete Municipality to have a renewed spirit toward the building of a partnership to advance faster towards a better life for all, where our spending priorities are informed by the objective of accelerating growth, modernizing our public services and infrastructure as well as the reduction of poverty and inequality.

I would like to further express my profound gratitude to:

- Members of the Mayoral Committee for the necessary political oversight during the budget process.
- Councillors, Ward Committee Representatives and CDW's
- The Municipal Manager
- Executive Managers and HODS
- Manager finance and his staff
- All officials who played a pivotal role with the compilation of this budget.

With that, Programme Director, I now present the 2008/2009 Medium-Term Budget of the Steve Tshwete Local Municipality.

I thank you.