

BUDGET SPEECH 2014/15 BY THE EXECUTIVE MAYOR OF STEVE TSHWETE
LOCAL MUNICIPALITY, CLLR MIKE MASINA AT THE MIDDELBURG BANQUET
HALL ON THE 29/05/2014

PROGRAMME DIRECTOR: CLLR ELPHUS MATHEBULA

HONOURABLE SPEAKER, CLLR ROBERT XABA

HONOURABLE CHIEF WHIP, CLLR BUSI NDALA

MEMBERS OF THE MAYORAL COMMITTEE & FELLOW COUNCILLORS

ANC PROVINCIAL SECRETARY, CDE LUCKY NDINISA

THE ANCWL REGIONAL CHAIRPERSON, CDE. NORAH MAHLANGU MABHENA

AMAKHOSI PRESENT TODAY: BAYETHE!!!

RELIGIOUS LEADERS

Lt Colonel: A.M. MATLAILA OF 4SAI

CIRCUIT MANAGERS

WARD COMMITTEE MEMBERS, CDW'S AND COMMUNITY-BASED ORGANIZATIONS

THE MUNICIPAL MANAGER & THE DEPUTY MUNICIPAL MANAGER

MUNICIPAL OFFICIALS

DISTINGUISHED GUESTS AND BUSINESS COMMUNITY

FELLOW MUNICIPAL CITIZENS

MEDIA AND CIVIL SOCIETY

COMRADES AND COMPATRIOTS

Programme Director,

It is so sad that in the mist of the 51st Celebration of the AU, Workers' Month (May) and the 71st UN Anniversary, one of the African countries- Nigeria is faced with worse form of terrorism whereby over 200 innocent school girls were kidnapped by cruel and heartless terrorist group called **Boko Haram**. I appeal that all of us must support the *"Bring back our girls, Stop killing our people"* campaign as initiated by peace loving people in the world.

In solidarity of those girls, their heart-broken parents and the people of Nigeria in general, may we all rise and observe a moment of silence for prayers and meditation.

Thank you.

2014 National and Provincial Elections

This year 2014, South Africa held the 5th democratic and peaceful elections managed by the Independent Electoral Commission (I.E.C.). May I take this opportunity and congratulate the IEC, the South African people, the voters, the different political parties, law enforcement, observers, party agents, volunteers of different parties and soldiers, for the manner in which we all conducted ourselves, that is a manner befitting a maturing democracy. Let's all clap hands for South Africa; I am convinced that our forefathers and mothers are rejoicing to see that tranquility. Be that as it may we must sympathize with the families who lost their loved ones during the course of elections. In our municipality, we are still setting the pace on political tolerance.

As we are all aware, on Saturday, 24th May 2014, President Jacob Zuma was inaugurated as the Head of State for the 5th administration. Subsequent to that Deputy President, Ministers and Deputy Ministers were also appointed. Congratulations to all of them including, the Honourable Premier of Mpumalanga Province, Mr DD Mabuza, who was also sworn in today.

In his 2014 inaugural speech, President Jacob Zuma said, I quote,

“Ours is a nation that has produced generations of selfless freedom fighters, who made untold sacrifices, so that we could live in a country that is free of racial discrimination and oppression. This is a nation that has worked tirelessly to build a new society from ashes of apartheid, opting for reconciliation and progress instead of retribution. This year we mark 20 years of freedom and 20 years since President Nelson Mandela took the oath of office...”

We began building a new society, based on fundamental human rights, equality, and unity in diversity and promotion of the dignity of all. The democratic government set out to implement policies and programmes that would change the quality of life of all, especially the poor and workers. A lot of progress has been made... however our work is not yet completed.” Closed quote.

On behalf of Steve Tshwete Local Municipality, we reiterate our commitment to contribute in whatever means to move South Africa forward, as a good story has been told and is being told to us and other generations.

Programme Director in the spirit of moving South Africa forward, I bring to you the warm greetings of our municipality, Steve Tshwete Local Municipality under the vision *“To be the best community driven Local Municipality on provision of sustainable services and developmental programmes”*.

As you know, Programme Director we inherited this institution clean and intact, we continue to steer it to excellence harbouring no undue illusion about the difficulties and challenges ahead.

We are acutely aware that the tripple challenges the Honourable Premier always refer to are more glaring at local level and ours is to serve the community with pride and dignity.

The song titled *“Ticket to heaven”* by Dire Straits, is an elaboration of a song titled *“not gonna give it up”* by the late great Peter Tosh from the album *“Mama Africa”*.

In this song the late great Peter Tosh reminds us of our naturally deposited strength to overcome man made inequalities and poverty – a central theme of the lyrical content in this song.

Programe Director, the significance of our Budget Speech takes place towards closure of workers month. The month that gave rise to source of inspiration that saw workers of the world uniting for a just and noble cause. I am talking about May, the month that inspired a song titled *“working class hero”* by the late great

John Lennon which is elaborated in a song titled *“recruiting soldiers”* by the late great Peter Tosh.

Clean Audit

Programme director, according to the management report Steve Tshwete Municipality remains a shining star by consistently receiving clean audit reports for the past four financial years and we are on the verge of receiving another clean audit. We are the consistent champion of Clean Audit in the whole country but I urge all of us to do more.

In 2013, I said that as a developmental municipality, we encourage development and improvement of households so that all of us can enjoy a better life. Those who can afford must subsidize those who are poor by paying more rates. Please rate-payers continue supporting the municipality, by paying for rates and taxes.

Programme Director,

Chapter 2 of the Municipal Finance Management Act, Section 53(i) (c) (i) says I quote,

“the mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year”.

It is for this reason that we are here today, to pronounce what council had approved. We have also undertaken the following matters to improve the lives of our citizens:

EDUCATION AND YOUTH

Like in 2013, the 2014 Grade 12 students have passed well, and I want to congratulate them including those who did not do well. I appeal to them to not give up.

As a municipality we were so proud to record the second highest pass rate in the province, after Nkomazi- this was a slight fallback since 2013, as we were number

one in the whole province then. The success is also due to the contribution of all stakeholders after we have resolved in our annual Education Summit that we should, *“Make education everybody’s business”*. Thank you very much for lending a hand in improving our education results. Education is the weapon of our kids and the nation’s development.

More than ever before, our responsibility is to support academic excellence, nurture talent, and in this regard I am thankful to Paul Mthimunye Bursary Fund, Optimum Coal and other stakeholders for their continued role of helping those needy students.

SPECIAL PROGRAMMES

Programe Director, in line with the provisions of the Constitution, the municipality had undertaken to deal with special programmes which contribute to nation building.

Therefore, we are convening Local Aids Council and child care forum meetings quarterly. In partnership with private sector, we have supported senior citizens’ activities; we are training the Home Based Care leaders, mobilizing financial support for the development of Early Child Development Centres (ECDs) and helping persons with disabilities.

For the year under review, two children from Steve Tshwete Local Municipality were selected and had attended the Nelson Mandela Children’s parliament in Cape Town, representing Mpumalanga Province. Two buses have been donated by Optimum Trust Community to senior citizens, each for Sizabaswele (Mhluzi) and Kwazekwasa (Kwazmokuhle).

Samancor has committed to build one new block of classrooms at Thushanang Primary School in Mhluzi and replace asbestos structures at Krienkie Krankie crèche in Nazareth this year.

The training of ECD teachers through UNISA sponsored by Anglo-coal budgeted for R2 million has started in March 2014, and it is a response to the need of capacitating the teachers of community and ECD centers.

As you may be aware, my office was instructed to intervene in the Greater Middelburg Workshop (a centre of people with disability), to deal with the challenges that were experienced there. It was reported in the media that the centre was collapsing. I must report that we have attended to those matters, and the Department of Social Development will finalize the matters around subsidy whilst the Centre Committee will supervise the centre. The municipality does not run disability centres but support them.

May I take this opportunity and thank all those in particular big business who are making a difference in this regard.

SOLID WASTE PROJECTS

GARDEN SERVICE

This project was started in March 2012/13 financial year; whereby two contractors were appointed to service part of Mhluzi and 35 people were employed. The project continued in 2013/14 and is being rolled over to other areas. Additional 53 people are employed and four contractors are appointed. We commit to continue with it in the 2014/15 financial year.

ILLEGAL DUMPING

In response to this challenge of illegal dumping, we started a project in March 2014, whereby 71 beneficiaries are appointed for a twelve month period covering Kwazamokhuhle, part of Mhluzi and Hlalamnandi. I appeal that we keep our town clean because cleanest is next to Godliness.

GMC PRIZE MONEY of R5,5 million

With this money, we are constructing two transfer stations at Aerorand and **Dennesig**. Public participation is being undertaken for the two transfer stations. Construction will commence after the Authorization has been issued by Department of Economic Development, Environment and Tourism.

INFRASTRUCTURE AND INDUSTRIAL DEVELOPMENT

The completed projects to date for infrastructural development in the current financial year are:

ROADS AND STORMWATER

Completed projects amounts to R18, 5-million (which among others include:)

- R1, 5- million for roads at 38th Street, Mhluzi Extension 6 in ward 28.
- R3, 6- million for roads in Tokologo.
- R5- million for tarred roads in Aerorand, Dwyka and Bloedrivier Street.
- The rebuild of Eufees Street for the amount of R1, 8-million in wards 14.
- The tarring of Desi Street in the industrial area for the amount of R5,2-million

ELECTRICITY

Completed projects amounts to R11,6-million which among others include:

- Electrification of 706 stands in Rockdale
- Electrification of 135 stands in Aerorand West
- Replacement of MV cable
- Reabota electricity upgrade to 25 units
- Electrification of 15 Industrial stands at Jaspis Street in Middelburg Extension 18.

PARKS, RECREATION AND CEMETERIES

Completed project amounts to R 4,401,870,000

Key projects completed to date include:

- Paved roads at Nasaret cemetery to the amount of R100 000.
- R750 000 for fencing at Fontein, Avalon and Crossroad cemeteries.
- R2-million for the further development of Pullenshope cemetery.
- The relining of the Mhluzi swimming pool at a cost of R700 000.

- Development of a park at Middelburg Extension 18 and Pullenshope to the amount of R320 000
- Development of parks in Kwazamokhule (Mafred entrance), Mhluzi extension 5 and 7, as well as two small parks in Rietkuil to the amount of R2,4-million.

WATER AND SEWERAGE

With the adjustment budget an additional amount of R2,5 million was provided to address the burst water pipe problem in Mhluzi. Other major projects in process to be completed are:

- Water and sewerage reticulation in Rockdale for R2,5 million
- Replacement of water meters at a cost of R900 000
- The construction of a new 10 ml water reservoir for R12 million
- Completion of Boskrans purification plant at a cost of R20-million
- Planning and design of networks for Newtown at a cost of R400 000

COMMUNITY SERVICES

The achievements for the year include:

HUMAN SETTLEMENT

226 Title deeds were handed over to beneficiaries in the MP313 area. The provincial department of Human Settlements has also allocated 1533 houses in the 2013/14 financial year.

FIRE & RESCUE

The Nkangala District Municipality has donated a rapid intervention rescue vehicle and a mini firefighting pumper to the municipality at a cost of R3,2-million. In addition a new veld fire vehicle and ten (10) skid units were purchased to improve and prevent fires during the high risk veld fire season.

LICENSING

The planning and design to upgrade the testing station in Middelburg is completed and the construction will commence in the 2014/2015 financial year.

The turnaround time for both learners and drivers applications and issuing thereof was maintained at approximately 7 days.

The upgrading of the Hendrina testing station is completed and an additional testing track is utilized to address the backlog on the driver's license appointments.

The license department will continue to monitor and issue business licenses.

TRAFFIC & SECURITY

Ten new speed humps and six rumble humps were completed in the current financial year at a cost of R300 000 which among others include the following streets:

- Corner of Main and Mthombeni Street
- Aerorand in Pongola and Lebombo Street
- Corner of Cowen Ntuli and Jan Cilliers Street
- Corner of Oribi and Broodboom Street
- In 9th Street opposite Moetenalo School
- At Extension 5 in 19th Street
- At Mountainview in Church Street
- At Extension 3 in Nkabinde and Mangosuthu Street

The animal pound is completed and will be used to impound and control stray animals.

A new tow truck for the amount of R530 000 was purchased to tow illegal parked vehicles in the municipal area.

New traffic lights will be installed at Mandela and Ikageng, Dr Mandela and Dr Beyers Naude Street as well as at the Meyer and Protea intersections. It is planned that these installations will be completed before financial year ends.

A Legacy of Excellence and Achievements (to be confirm)

During the 2012/2013 financial year we have received many accolades, a summary of the said accolades may be represented as follows:

- an Audit Report
- Clean Audit Report: Records Management
- Accredited Municipality of the Year: Govan Mbeki Human Settlement Award.
- Second Runner-up: National Greenest Municipality Award
- Second Runner-up: National LIASA Award (Libraries)
- Best Librarian Award in Mpumalanga: received by Assistant Director, Mrs. Shirley Xulu.
- 6 Blue Drop Awards for Water Management and Quality Control has earned STLM Blue Drop Gold status
- PMS SALGA – 2012 done well (SALGA requested our PMS format to be used as a model for all municipalities in Mpumalanga Province)

ECONOMIC (MUNICIPAL OUTLOOK)

The economic outlook remains unstable. Although the South Africa's economy has continued to grow, it was at a slower rate than projected last year and declined to 1,8% in 2013, with a projected growth of 2,6% for this year.

The latest inflation rate of 6.1% reached the South African Reserve bank target of 6%. Food and non-alcoholic beverages and continuous high petrol prices mainly contribute to the upward pressure on the inflation rate.

The weaker exchange rate is a risk to the inflation outlook and although the Reserve Bank did not increase the interest rate recently, it is expected that another interest rate increase might occur before the end of 2014.

The official unemployed rate of 25,2% remains high and steadily increase each quarter. The decline in the gross domestic product (GDP) attributes to the increase pressure on the unemployment rate. The main contributors in the declined economic activity are the mining and manufacturing industries.

The private sector remains the main contributor to job creation whilst local government supports employment through the expanded public works programme to provide short-term work opportunities.

Over the past three years the municipality have created 3029 job opportunities at a cost of approximately R12,8-million through capital investment in 115 municipal projects. From these job opportunities about 60% was allocated to the youth and 24% to women.

South Africa and the municipality need faster and more inclusive economic growth in the vicinity of 5% or even more to reduce unemployment, poverty and inequality.

A National Development Framework Plan has been adopted for economic and social development which confirms government commitment to increase spending to address the above challenges.

In support to this framework, the municipality:

- Will maintain and accelerate public infrastructure investment.
- Develop and revise future spatial plans
- Expand the public works programme and Community Work Program
- And put systems in place to attract more investors.

The current economic climate has a negative impact on the municipality growth projections and more and more residents become dependent on social grants and support.

In view of the above factors, municipal revenue and cash flows are expected to remain under pressure and revenue and cash receipts were conservatively projected.

As a result all these efforts are put in place to limit expenditure and tariff increases to the bare minimum, but sufficiently to be able to maintain the current levels of services.

2014/2015 MEDIUM TERM BUDGET

Programme director, it is my pleasure to submit to you the budget for the 2014/2015 period.

This is a very tight budget aimed to ensure levels of revenue are maintained to ensure continuation of current basic service levels and in doing so by following the guidelines issued by the National Treasury in the 2014/2015 Budget Circular.

This Medium Term Budget is linked to the IDP for the period up to 2017 which indicates the direction we as a Council navigates towards achieving the following strategic goals:

- Creating a municipality which is through its financial and human capital, together with all other resources, totally focused on the well-being of all its citizens;
- Economic growth and poverty alleviation;
- All residents enjoy the best possible level of municipal services; and
- Creating a space with which a caring society is economically, spatially, environmentally and socially integrated and developed.

The following constitute the key budget focus areas:

- Cost reductions to ensure affordable tariffs.
- Social support to those residents who cannot afford to pay for services.
- Continuous Infrastructure development to upgrade ageing networks as well as the maintenance thereof.
- Intensification of job creation activities through the implementation of capital projects and the expanded public works programme.
- Good governance and clean administration
- Continuous efforts to ensure high collection of debt.

Our revenue base remains under pressure and needs to be expanded over the medium term to sustain the financial position of the municipality. We once more call upon our residents to show their support by prioritising payment of municipal services to build a better future in improving the living conditions of all residents.

Programme Director, I'm pleased to announce that the budget is balanced and fully funded with a net budgeted surplus of R247 000 and a projected cash balance of R270-million which steadily increases to R335-million by 2016/2017 financial year.

The municipality remains committed to maintain infrastructure and an amount of R62,8-million is budgeted for this purposes whilst R53,1-million of the capital budget will be used for the renewal of existing assets.

The new budget herewith presented amounts to R1,3-billion for operating expenditure and R187,9-million for capital, totalling R1, 54-billion.

The municipal allocation in terms of the equitable share increased with R11,2-million to R103,8-million and is mainly used to provide relief to indigent households at an amount of approximately R6,2-million per month.

Infrastructure grants amount to R45,7-million and transfers to build and enhance capacity in local government increased to R2,5-million.

In addition the provincial housing department has indicate that the amount of R79,7-million will be made available for the construction of 565 RDP houses in the municipal area.

Over the next three years the municipality plans to spend R708,2-million on various capital programmes as informed by the IDP. The following key capital expenditures amongst the various directorates for the 2014/2015 financial year are:

- R71-million for roads and storm water infrastructural development.

R33, 5-million will go mainly towards the construction of 7 kilometres of new roads in Middelburg extension¹⁸, Aerorand, Mhluzi extension ²⁴,

Kwazamokuhle and Tokologo. R7,2-million for storm water systems and R13,6-million to upgrade and renew existing infrastructure.

- R14,4-million for sewerage purification and reticulation

The budget will focus on the improvement of effluent quality and monitoring as well as the upgrade of the existing network. It is planned to provide bulk services and sewer network to 400 stands in Newtown.

- R41,5-million for electricity infrastructural development

The budget amongst other things will be used to improve area lighting at a cost of R4-million with high masts lighting planned for Mountainview Rockville and Mafube, and the provision of R18,4-million for a new substation and the electrification of 1000 houses at Rockdale and Newtown.

- R13,8-million for governance and administration

The allocation includes R1,7-million to maintain and strengthen the IT network and infrastructure, R3-million to upgrade municipal buildings and R5-million for the construction and upgrade of a new testing station for licences.

- R25,9-million for community facilities and public safety.

The budget will target the development of basic sport facilities, upgrade and development of new parks and the maintenance of our cemeteries. For public safety the municipality will continue to construct new speed humps and new traffic signals to improve the traffic flow.

- R16-million for water infrastructural development

An amount of R2,6-million is provided to upgrade equipment and electrical connection at Vaalbank water treatment works and R4,8-million to provide new bulk infrastructure and services for 400 stands at Newtown.

- R4,9-million for refuse removal

The municipality will continue to address illegal dumping and expand the garden refuse removal project to Nasaret and Extension 24. An amount of R1,9-million is made available to purchase a new refuse compactor to provide services to new developments.

TARIFF INCREASES

Programme Director, in order to continue providing sustainable services, the municipality should be in apposition to cover costs associated with the provision of services. In this regard some cost drivers may necessitate increases above CPI.

It is on this basis that tariffs are reviewed in order to ensure sufficient cash is generated to remain focused on effective service delivery that are economical and equitable to all communities.

Tariffs for services must be cost reflective and additional revenue by means of proposed rates and tariffs of R62,8-million had to be sought to balance the budget.

The proposed tariff adjustments to fully recover costs are:

- 6,35% average increase for sewerage.
- 13,4% average increase for water.
- 7,39% average increase for electricity.
- 11,95% average increase for refuse removal.
- 4,95% average increase for property rates.

Programme Director, it is important that our ratepayers must derive value for money out of these increases, therefore the municipality undertake not to do business as usual, *but rather focus on doing more with less* in delivering quality services:

- Clean water provision must be improved.
- Electricity and area lighting must be supplied with minimal interruption.
- Grass must be cut and picked up regularly.

- Waste must be collected as per schedule and neatly.
- Potholes must be properly fixed within 48 hours.

There will always be challenges and our needs remain many with limited resources. As the ANC-led government we will remain committed in running a clean, accountable and effective administration

“To be the leading community driven municipality in the provision of sustainable services and developmental programmes”.

It is in this context that I present the 2014/2015 budget for the people, based on their needs, growth and development tonight.

SETBACKS AND CHALLENGES

In the financial year under review we have lost municipal officials amongst them, we lost Mr Noah Chauke, a dedicated and honest municipal official.

May I take this opportunity on behalf of the municipality to convey our deepest condolences to the families and friends of all affected and other municipal residents who had gone through the same painful situations. May the compassionate God comfort them.

CONCLUSION

This is the 3rd budget I am presenting since assuming office in 2011, therefore it is a midterm of the five year period and when we look at the road we travelled, much excellent work has been done which inspire confidence that the great job and challenges that lies ahead will be overcome with ease if we continue to work together to move our country forward.

4SAI

As a unique municipality in the province, we have a military base within our jurisdiction, on the past Friday, we bid farewell to the soldiers deployed to a peace enforcement mission in Sudan. Like we are doing with the Nigerians, our prayers

are with those soldiers as they carry the noble job of enforcing peace in that troubled country.

We held a very successful Investment Summit this year, whereby presentations were made by amongst others Sector departments, private sector and Nkangala District Municipality. Our effort is to mobilize investors so that we can boast our local economic development, as a key strategic intervention of fighting against unemployment and underdevelopment.

Our cooperation with the private sector especially the mining business as it has caught the attention of National government will certainly assist to better the life of our people. I present this 2014/15 Annual budget I believe it will be our tool to move Steve Tshwete Local Municipality forward.

Program Director allow me to join the word in morning an icon, author and renowned Poet Dr. Maya Angelou who died yesterday. In her life time she received more than 50 honorary degrees. She was a friend to our own world icon Nelson Mandela, Malcolm X and Martin Luther King Jnr.

Let me close by quoting one of her Poems titled "STILL I ARISE"

*You may write me down in history
With your bitter, twisted lies,
You may trod me in the very dirt
But still, like dust, I'll rise.*

*Does my sassiness upset you?
Why are you beset with gloom?
'Cause I walk like I've got oil wells
Pumping in my living room.*

*Just like moons and like suns,
With the certainty of tides,
Just like hopes springing high,
Still I'll rise.*

*Did you want to see me broken?
Bowed head and lowered eyes?*

Shoulders falling down like teardrops.

Weakened by my soulful cries.

Does my haughtiness offend you?

Don't you take it awful hard

'Cause I laugh like I've got gold mines

Diggin' in my own back yard.

You may shoot me with your words,

You may cut me with your eyes,

You may kill me with your hatefulness,

But still, like air, I'll rise.

Does my sexiness upset you?

Does it come as a surprise

That I dance like I've got diamonds

At the meeting of my thighs?

Out of the huts of history's shame

I rise

Up from a past that's rooted in pain

I rise

I'm a black ocean, leaping and wide,

Welling and swelling I bear in the tide.

Leaving behind nights of terror and fear

I rise

Into a daybreak that's wondrously clear

I rise

Bringing the gifts that my ancestors gave,

I am the dream and the hope of the slave.

I rise, I rise, I rise.

"TOGETHER WE ARE MOVING SOUTH AFRICA FORWARD"

I THANK YOU!!!