



## **State of the Municipal Address for 2018/19**

**Presented by the Executive Mayor, Cllr BJ Tolo on 13 July 2018 at Sydney Choma Banquet hall**

**Programme Director:** onguMMC wezimali, Mr Mondli Kgalema

**Speaker:** Bab'uMavula Mabena

**The Council Whip:** Ms Semakaleng Nkadimeng

**Members of the Mayoral Committee**

**Councillors from different political parties**

**Acting Municipal Manager:** Mr Bheki Khenisa and senior management

**Ward Committee Members:**

**Former Mayor:** Ben Mokoena

**Former Executive Mayor:** Mantlhakeng Mahlangu

**Former Executive Mayor:** Mike Masina

Executive Mayors, Speakers, Chief Whips and Members of the Mayoral Committee from other Municipalities in Nkangala District, Municipality

Business representatives, Non-Government Organisations and Community Based Organisations representing the youth, women, people living with disabilities, senior citizens.

**Faith Based Organizations** Amalunga womphakathi angilalele emsakazweni we GMFM neKosmos Stereo...Ngiyanibingelela nonke, Sanibonani, Dumelang, Goeie More, Good Morning, Habusheni



All protocol observed

Good Morning Ladies and Gentlemen

Last week on Tuesday, the 3<sup>rd</sup> of July, we were dealt a blow by the untimely death of Ward 25 Councillor, Michael “Mhlelezi” Mbatwe. We are still mourning his loss and our thoughts are with his family, friends and colleagues. Once more, May his soul rest in peace!

**Programme Director,**

It was due to this bereavement that the State of the Municipal Address which was planned to take place last week Friday, the 6<sup>th</sup>, be postponed for today.

On that note, let me take this opportunity and sincerely apologise on behalf of the Municipality for the inconvenience caused, particularly to our guests who had to plan their trips and were later informed about the postponement of the event.

I am sure that Cllr Mbatwe would have wished us to pick up the spear and continue the journey of upholding and advancing the ‘Batho Pele, People First’ –principles.

As we begin the 2018/2019 financial year, I wish honourable Councillors and officials of the Municipality a progressive and productive financial year as we continue to render quality services to our communities.

I am confident that this financial year will be one of the most remarkable years in spite of the economic challenges we are facing. Declaring this, a year of change, renewal and hope, President Ramaphosa in delivering his inspirational inaugural State of the Nation Address urged us to honour both Madiba and Mama Albertina Sisulu “not only in words, but, more importantly in direct action towards the achievements of their shared vision of a better society.”

It is therefore appropriate, that as we celebrate these founders of our democracy, we recall their words, thoughts and orders, in order to remind ourselves of the giant steps that still lies ahead of our efforts to build a proud community.

As Steve Tshwete Local Municipality, we will roll our sleeves next week Wednesday, the 18<sup>th</sup> of July, and honour Madiba by spending 67 minutes of our time, executing developmental programmes for the community.

You are invited to join hands with us as we donate gifts to the needy, children living with disabilities and our senior citizens. Stay tuned to GMFM and Kosmos Stereo every day for announcements about the Mandela Day programme.

## PAST PERFORMANCE AND ACHIEVEMENTS HOUSING DELIVERY

On housing delivery, the Department of Human Settlements allocated 1527 multi-year housing subsidies from 2016 until 2019 financial years, for the building of low cost housing units across Steve Tshwete Municipality.

Out of the total number allocated we are able to report that at least 880 houses have been completed in the following areas:

Rockdale	280
Newtown	400
Somaphepha	100
Kwazamokuhle Ext 8	100

As part of their Social Labour Plan, Exxaro Coal Mine donated 33 units constructed at Rockdale. Another donation of 100 units came from South 32 Coal Mine and the units are constructed at Newtown. We sincerely commend you for your contributions in decreasing the housing backlog in our Municipal area.

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

Industrial	370
Business	4
Residential	5
Churches	2

Today, I will be handing over title deeds to a few beneficiaries to symbolically indicate that we are always working around the clock in addressing the housing backlog.

Title deeds are important as they provide the new homeowners with a sense of stability and pride.

### **Programme Director,**

During a historic sod turning ceremony in 2013, the Municipality promised the community that the informal settlement in Newtown of more than 5000 residents will be eradicated. This was a bold step and indeed, on 10 December 2017, we took the first step and delivered on our promise by handing over 200 houses.

Next week, we will be handing over another 100 houses to beneficiaries.

Housing remains a serious challenge in the Municipality due to the population growth of 4, 4% annually. We want to urge the community to exercise patience while we seek solutions.

## **COMMUNITY FACILITIES**

### **Programme Director,**

In our manifesto we promised that we will erect a Multi-Purpose Community Centre (MPCC) in Somaphepha Village, comprising of a community hall and a library. Indeed designs were finalised. Today I can confidently announce that construction of the MPCC will be commence with, immediately after the sod turning ceremony to held next week.

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.

### **Roads and Storm water**

On roads and storm water, electricity services, municipal buildings and water services, we can proudly report that the following are some outcomes that were achieved:

- ✓ Tarring of 7.9km urban roads in Middelburg, Hendrina, Kwazamokuhle and Presidentsrus, at a total cost of R58 million.
- ✓ Resealing of roads in Ext 2, Mhluzi.
- ✓ Fixing of potholes throughout the Municipality.
- ✓ Installation of storm water drainage to the tune of R765 000.00
- ✓ Construction of pedestrian and taxi walkways
- ✓ Installation of street lights and high masts in various places.
- ✓ Construction of a new Water Inlet network at Boskrans Waste Water Treatment Plant at a cost of R50 million.
- ✓ We completed the Extension 7 pay point at a cost of R400 000.00 after the Extension 5 pay point was burnt down.

We also managed to fully utilize the Municipal Infrastructure Grant (MIG) as follows:

- Two Parks in Mhluzi, and Rockdale were developed at a cost of R2 million.
- Sports facilities at Rockdale and Mhluzi were constructed at R3 million
- Cemeteries in Kwazamokuhle were developed at a cost of R2 million
- Middelburg landfill site was developed at a cost of R6 million
- Roads and storm water in Rockdale, Tokologo, Kwaza Ext 2 and 4 at a cost of R27 million.
- Tarring of a 1, 2 km road in Kwazamokuhle.
- Construction of a water reservoir in Kwazamokuhle Extension 9, to the value of R300 000.00

- Designs of the Somaphepha MPCC at R1 million
- Renovations at Themba Senamela Stadium at a cost of R2 million, i.e. fencing and a tennis court.
- Upgrading of the Hendrina waste transfer station at a cost of R171 000.00
- Upgrading Water networks and sanitation in Hendrina at cost of R1, 4 million

### **Rural villages**

In ensuring that our rural residents are able to enjoy improved Municipal services, a Memorandum of Understanding was concluded with representatives of farm owners. It will be easier for our Municipality to gravel roads and supply water to some farm dwellers this financial year.

I must indicate though, Programme Director that some farm owners have decided to remain hostile towards this initiative. We hope to overcome this hostility soon. In addition, Programme Director, the Steve Tshwete Local Municipality kept to its winning ways throughout 2017.

For example, some of the achievements being:

- ✓ The Provincial Greenest Municipality Award
- ✓ We have been shortlisted to compete nationally for the Arbor City Award

### **YOUTH AFFAIRS**

In respect of Youth Development, we are looking forward to the approval of our Youth Development Strategy so that we can continue rendering a comprehensive youth advisory service and development of our youth.

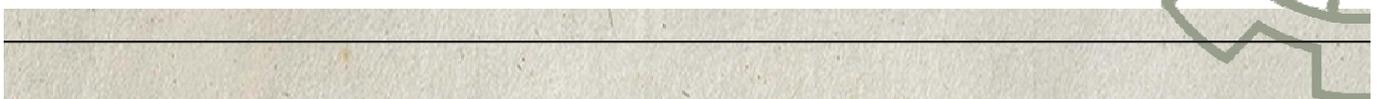
At the same time we have reviewed our Supply Chain policy which permits us to set aside 30% on all our capital projects for local contractors so that we can meaningfully reduce the 17% unemployed rate of which the youth are the majority.

As the political head, I have instructed the Acting Municipal Manager to fill all the vacant budgeted posts. I would therefore encourage the Unemployed Youth Structures to closely work with the Municipality.

As a Municipality, we are committed in assisting our youth but they must use every spare moment they have and grab every available opportunity.

Remember, the more you utilize your opportunities, the greater the reward that can be reaped in the form of success.

### **LOCAL ECONOMIC DEVELOPMENT**



Local Economic Development is the solution to improved quality of life, unemployment, poverty and inequality. As a Municipality, we always strive to make the environment conducive for local economic activities to take place.

Programme Director, we are proud to report that the following initiatives were successfully facilitated by our LED unit:

- ✓ Through the Expanded Public Works Programme, 600 jobs were created.
- ✓ Development of Node D has started. This is an industrial park in Mhluzi Extension 23 which will house SMMEs that do not have proper facilities to conduct their business.
- ✓ 1100 Jobs were created and maintained through the Community Works Programme.
- ✓ Enza Training Academy was recently launched and approximately 350 young people will be trained in accredited Construction related skills.
- ✓ Donation of land for the construction of the regional hospital which has created a window of business opportunities for local entities and job creation.
- ✓ In partnership with MEGA, we facilitated the establishment Galitos in Mhluzi.
- ✓ Facilitated the establishment the Rabbit breeding project through MEGA and we contemplating to expand that project to include an abattoir.
- ✓ The Rothomeg bakery was also established with the help of MEGA.

### **WAY FORWARD**

Programme Director, for the next three years, our LED strategy will mainly focus on:

- ✓ Inclusive Economy
- ✓ Spatial Transformation
- ✓ Township Economy and Urban Renewal
- ✓ Safe and clean city campaigns.

As the home of the largest Stainless Steel factory in the country and many Coal Mines and three Eskom Power Stations. For years we have relied on exporting our bulk raw material to other places and countries. There is an initiative to expand the current steel incubator, Mpumalanga Stainless Initiative, to develop more businesses in the fabrication of steel and metal to produce finished product. The municipality has made land available to this initiative.

The expanded program will including a welding facility and an artisan development program. We will continue to maintain a healthy relationship with business so that we can broaden the economic activities to include other sectors that have been neglected before, like agriculture, tourism, etc.

Our infrastructure has aged, we will therefore make key investments by upgrading our electricity, water and sanitation infrastructure so that we can cope with the demands of our investors. We will take advantage of the Maputo Development Corridor, as more industries such as motor workshops, hotel, overnight bulk carriers, stopping over places, will be required.

We will also upgrade our sports facilities, parks and recreation and other community amenities to make it easier to get to our Municipality, whether to visit, to live, to work or to start a business.

#### **Programme Director....**

The Municipality has reviewed the Spatial Development Framework. We are currently busy developing precinct plans in order to revitalise our CBD.

By bringing more people to live in the CBD, we will create the necessary commercial base to support the wonderful array of independent retailers, restaurants and service providers in our CBDs for decades to come.

#### **Programme Director...**

We will soon launch the clean and safe campaign wherein we will install CCTV cameras in our Streets and Townships, to increase our fight against criminality in our Municipality which in line with President Ramaphosa 'Thuma Mina' initiative.

#### **Programme Director....**

We are presenting this budget during a time when the country is faced with enormous economic challenges where the VAT has increase by 1% after many year, prices of basic commodities including fuel have increased.

It an economic turmoil because, early this year, the Optimum coal/ Glencore debacle which I believe we know about, propelled Council to take difficult and abrupt financial decisions where we had to foot a bill of approximately R20 million to rescue the water supply situation for the Kwazamokuhle and Hendrina residents.

We are happy to report that the situation has since normalised.

#### **PUBLIC PARTICIPATION**

The Integrated Development Plan as approved in June was developed from consultative meetings with residents, business and community representatives, government departments and other stakeholders.

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.

### **Programme Director,**

The public participation process undertaken was 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”.

I must say, though Programme Director that this is one of the toughest multi- year annual budgets ever presented.

### **COMING TO THE 2018/2019 MEDIUM TERM BUDGET ITSELF**

It is my pleasure to submit to you the budget for the 2018/2019 financial year. As already indicated, this is a very tight budget aimed at ensuring that levels of revenue are maintained to ensure continuation of current basic service in line with the guidelines issued by the National Treasury in the 2018/2019 Budget Circular.

This Medium Term Budget is linked to the IDP and indicates the direction we are navigating to, in achieving the following goals:

- ✓ Provision of sustainable and accessible basic services to all;
- ✓ Provision of a safe and healthy environment;
- ✓ Promotion of economic growth and job creation; and
- ✓ Promotion of good governance, organizational development and sustainability.

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, the expanded public works programme and the launch of the township economy strategy;
- 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 and improve the living conditions of all residents.

### **Programme Director,**

I am pleased to announce that the budget is balanced and fully funded.

The total budget for the 2018/19 financial year amounts to a total of R1, 9-billion. On operational expenditure, we are going to spend R1, 5-billion and a total amount of R374-million will be spent on all our capital projects.

We remain committed to maintenance of infrastructure and an amount of R89-million is budgeted for this purpose whilst R93-million of the capital budget will be used for the renewal of our existing infrastructure.

The municipal allocation in terms of the equitable share increased with R23-million from R156 million to R179-million and is mainly used to provide relief to indigent households at an amount of approximately R12-million per month.

Infrastructure grants amount to R65-million and transfers to build and enhance capacity in local government amount to R2-million. Over the next three years the municipality plans to spend R1, 1-billion on various capital programmes as informed by the IDP.

The key capital expenditures amongst the various functions of the Municipality for the 2018/2019 financial year are:

- R59-million for roads and storm water infrastructural development
- R24-million for sewerage purification and reticulation
- R77-million for electricity infrastructural development
- R80-million for governance and administration
- R37-million for community facilities and public safety
- R44-million for water infrastructural development
- R24-million for refuse removal

## TARIFF INCREASES

Programme Director, in order to continue providing sustainable services, the Municipality should be in a position to cover costs associated with the provision of services. In this regard some cost drivers may necessitate increases above Consumer Price Index (CPI).

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

Tariffs for services must be cost effective. It was therefore necessary that additional revenue by means of proposed rates and tariffs of R80-million be sought to balance the budget.

The new tariff adjustments to fully recover costs are:

- 6, 1% average increase for sewerage.
- 6, 84% average increase for electricity. This will in accordance with (NERSA) determinations.
  - 6, 3% average increase for refuse removal.
- 6, 9% average increase for property rates.
- 9, 4% average increase for water.

There will always be challenges and our needs remain many but our resources are unfortunately limited.

As the ANC-led Municipality, we remain committed to running a clean, accountable and effective administration.

### **Programme Director,**

We want to thank the sheer determination of our Councillors, Acting Municipal Manager and the entire administration without whom we would not be able to achieve our plans. Last but not least, I want to thank my family, especially my wife who is with me here for the support.

Ladies and gentlemen this is the 2018/2019 budget that the Steve Tshwete Local Municipality is presenting to you based on the developmental needs of our communities.

I thank you.

