

**BUDGET SPEECH BY THE EXECUTIVE MAYOR OF STEVE TSHWETE LOCAL MUNICIPALITY,
CLLR MIKE MASINA AT THE MIDDELBURG BANQUET HALL ON THE 30/05/2013**

HONOURABLE SPEAKER, CLLR ROBERT XABA
HONOURABLE CHIEF WHIP, CLLR BUSI NDALA
MMC: FINANCE & AUDITING, CLLR ELPHUS MATHEBULA
MEMBERS OF THE MAYORAL COMMITTEE & FELLOW COUNCILLORS
HON. SPEAKER OF NDM, CLLR BA NKWANYANE
ANC PROVINCIAL SECRETARY, CDE LUCKY NDINISA
THE REGIONAL CHAIRPERSON OF ANCWL, CDE. NORAH MAHLANGU MABHENA
AMAKHOSI PRESENT TODAY: IKOSI V MASANGO(NDZUNDZA TRADITIONAL AFFAIRS
COUNCIL), KGOSI MS CHANE (BAKGATLA BA-SEABE TRADITIONAL COUNCIL), KGOSI JT
MOEPA (BADGATLA BA-MOEPA TRADITIONAL COUNCIL)
CIRCUIT MANAGERS
FELLOW COUNCILLORS, WARD COMMITTEE MEMBERS & CDW'S
THE MUNICIPAL MANAGER & THE DEPUTY MUNICIPAL MANAGER
EXECUTIVE DIRECTORS, DIRECTORS, ASSISTANT DIRECTORS AND MUNICIPAL OFFICIALS
DISTINGUISHED GUESTS
FELLOW MUNICIPAL CITIZENS
COMRADES AND COMPATRIOTS

Sanibonani, Dumelang, Lotshani, Goeie Naand, Good Evening...

The Honourable Premier of Mpumalanga Province, Mr DD Mabuza, in his 2013 State of the Province Address reminded us of the founding principle of our gigantic movement the ANC which is unity and he said, I quote:

“as people of this country, under the leadership of the Ruling Party: In unity, we waged fierce struggles that brought down the walls of apartheid into heaps of rubble and subsequently ushered-in a democratic rule in 1994.

In unity, we put together a Constitution hailed as one of the best in the world – a Constitution aimed at guiding all South Africans in their quest of a future society full of peace and prosperity for all.

In unity, we agreed to begin a journey of building the ideal society as envisaged in the Freedom Charter – a society wherein democracy, liberty and respect for human rights will reign supreme.

As a collective, we agreed that there are three interrelated challenges that are standing between us and our destiny, that is, the challenges of abject poverty, high level of unemployment and the inexpressible inequalities so pervasive in all levels of our society.

Together, we agreed that unless we address these challenges head-on, our envisaged future society will be nothing but a mirage. It is in this context that we entered into a social contract wherein we committed ourselves to walk together to our destiny”. Close quote.

Honourable Speaker in the spirit of unity and nation building, I bring 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”.

In their song titled *“Ticket to heaven”* from the album **“on every street”** Dire Straits impresses upon economic wisdom when they insist that perfect peace is informed by addressing the plight of the downtrodden and it must be explicitly institutionalized in governance.

Therefore as we advance towards the centre line in implementing the manifesto goals informed by people’s mandate of 2011 elections, our ticket to heaven is firmly in hand. It is firmly in hand as we navigate and confront the tripple challenges in our quest to bring about better life for all.

It is this ticket to heaven that enables us to sustain and advance the stature of this institution. As you know, Mr. Speaker we inherited this institution clean and intact, we continue to steer it to excellence harbouring no undue illusion about the difficulties and challenges ahead.

Honourable Speaker, we are acutely aware that the tripple challenges the Honourable Premier always refer to are more glaring at local level.

The song titled *“Ticket to heaven”* by Dire Straits I referred to earlier, 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.

Allow me, honorable Speaker to expand on the central theme of the song by saluting both AU and UN on 50th and 70th anniversaries respectively, hence the significance of this budget speech. It 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.

Operation Clean Audit 2014

Honourable Speaker, according to the Auditor General’s 2012/2013 Report; the state of municipalities in South Africa is not pleasing however I am proud to announce that Steve Tshwete Municipality remains a shining star by consistently receiving clean audit reports for the past three financial years.

When I presented the 2012/13 Budget Speech around this time last year, I spoke about our Clean Audit and said that *“we have achieved this not only because we have a capable CFO and the finance team, but first because of the political will, the unwavering commitment to comply with policies and regulations by all our officials and Councillors, intensified the fight against corruption and maladministration, and the commitment of the community to pay for services is a major contributing factor, as we are at 99% pay rate”*.

We are the champions of Clean Audit in the whole country but I urge all of us to do more, *“working together we can do more”*.

Comrade Tomas Sankara once said I quote: *“A revolutionaries does not look for short cuts and yet requires that we all march together, united in thought and in deeds. This is why the revolutionary must be a perpetual teacher”*. Close quote.

In line with Cde. Sankara views, we have complied with all legislations and policies during procurement and financial management. Our communities were also involved in the affairs of the municipality through outreach meetings, which taught all of us that we must continuously pay for services.

Additionally the SA constitution says, I quote,

“Chapter 7 of the RSA Constitution Section 152 says that (i) the objects of local government are:

- a. To provide democratic and accountable government for local communities,*
- b. To ensure the provision of services to communities in a sustainable manner,*
- c. To promote social and economic development,*
- d. To promote a safe and healthy environment and,*
- e. To encourage the involvement of communities and community organizations in the matters of local government.*

- 2. A Municipality must strive, within its financial and administrative capacity to achieve the objectives set out in subsection (i)”* Close quote.

As a municipality we have approved the draft budget in April 2013. The draft budget was then opened for public and we convened the budget Indaba; whereby stakeholders and community members raised suggestions; which we have taken note of, for instance one of the participants said, I quote, *“we must strike a balance between those who have improved their properties and now have increased tariffs as per the latest valuation roll”*.

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, and thus should pay more rates.

Chapter 2 of the MFA Section 53(i) (c) (i) says that, 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. We have also undertaken the following matters to improve the lives of our citizens:

EDUCATION AND YOUTH

We have started the year 2013, on a very high note by amongst other things, hosting the MEC of Education, Ms R Mhaule who officially announced the 2012 Grade12 Results here in Steve Tshwete Local Municipality (Pienaars Dam).

As a municipality we were so proud to record the highest pass rate in the province. We know that it is not through magic or miracles but concerted efforts from learners, teachers, principals and various stakeholders as we correctly said it in our 2012 Education Summit that we should, *“Make education everybody’s business”*. I am exhilarated by the positive response received.

More than ever before, our responsibility is to ensure that we create a conducive environment for academic excellence, to further ensure that bursaries are made available and I am confident that the Paul Mthimunye Bursary Fund, Optimum Coal and other stakeholders will continue to play a major role in this regard.

I am very confident that the Grade 12 class of 2013 will do even better. I know you will not disappoint.

The youth development office held a youth summit in October 2012.

The following private sector companies gave bursaries to the deserving students each giving bursaries to 5 students: Optimum, Eskom & Exxaro. An award ceremony was held to honour top achieving learners and circuits.

NYDA held an SMME's breakfast. A business expo was held to assist young and developing SMME's.

A netball tournament was held for teams from Doornkop, Komati, Somaphepha Sikhululiwe village; where they were given balls and attire to encourage their participation in sport.

Awareness campaigns on substances abuse were conducted throughout the municipality and as a result many addicted young people came out and they are being assisted by SANCA and Local Drug Action Committee to quit.

Let us all say "*Ke moja* I am fine without drugs"

The Minister of Correctional Services, Mr. Sbu Ndebele said yesterday in his Budget Speech "*Light on the candle than cursing darkness*"

SPECIAL PROGRAMMES

Honourable Speaker, 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. Our municipality has been chosen as the best municipality in mainstreaming children's rights in the province by the Office of the Premier.

May I take this opportunity and thank all those who are making a difference in this regard. Blessed is the hand that gives so said the late Mr Lucky Dube.

GARDEN REFUSE

Two additional services were introduced, which is removal of garden waste and issuing of refuse bags in Mhluzi. These services were done as a Pilot Project in specific areas as a starting point. An allocation has been made in the 2013/14 financial year, to roll out this project to other areas within Steve Tshwete.

INFRASTRUCTURE AND INDUSTRIAL DEVELOPMENT

HUMAN SETTLEMENT

Honourable Speaker, in an attempt to address the human settlement challenges experienced at New Town, Council had resolved to commission a study, a process which has been concluded and a task team was established to deal with the township establishment processes. This is a big project, it will require more funding and time for its implementation. Additionally, the electrification design of 1200 stands will be completed in June and the servicing of stands will be done in phases, which are: Phase 1A, 1B & 1C.

Doornkop is a privately owned land and residents require basic services; though there are challenges around occupation and ownership. In an attempt to resolve this matter the municipality has engaged other stakeholders such department of rural development and the department of human settlement.

We are in the process of identifying a suitable land to relocate the relevant residents.

ELECTRICITY

- Hendrina Ext 3 –The servicing of 76 Stands 98% complete
- Node D: Light Industry Development Electrification of 32 Industrial stands to be completed by June – to uplift the local business.
- 17 installation of streetlight in a section of Bayers Naude to assist pedestrians.
- Hlalamnandi – upgrading of streetlights network – replacement of underground cables to overhead network to prevent cable theft.
- Total of 9 highmast lights will be installed in June, 5 are already completed.
- Replacement of unreliable cables in Kanonkop 98% completed
- The servicing of 583 new residential stands in Rockdale will be completed in June.
- The design for 158 Industrial stands next to the Mall (Aerorand) has been completed, it is a project worth R40 million which provision will be made in short term budget.

DEVELOPMENT AND MAINTENCE OF ROADS AND STORMWATER PROJECTS

Completed projects up to May 2013.

Project Output	Street Name	Project Descriptions	Length	Budget	Status
Roads and stormwater low income area	Mhluzi Ext 8	Construction of roads and stormwater	575m	R 3 275 864.25	Completed
Roads New Aerorand	Klasier, , and Mfolozi street (Aerorand)	Construction of roads	1481m	R 5 800 000.00	Completed
Roads New	Kranspoort	Construction of	380m	R1 754 000.00	Completed

Kranspoort	Lane	roads			
Roads and stormwater low income area	Somaphepha Village Phase 1	Construction of roads	1100m	R 6 024 100.00	Completed
Roads and stormwater Middelburg X 11	Mnotho Street (Industrial Area)	Construction of roads and Stormwater	741m	R 4 500 000	Completed
Roads and stormwater low income area	Mhluzi Ext 6	Construction of roads and Stormwater	625m	R 3 182 690.75	Completed
New Roads Industrial	Twizza Road	Construction of roads and stormwater	767m	R5 350 000.00	Completed
stormwater low income area	Mountain View (Simelane, Ellen Nhlapho)	Construction of roads and stormwater	590M	R4 247 799.00	Completed

ECONOMIC (MUNICIPAL OUTLOOK)

The economic outlook remains constrained by a difficult global environment. The South African Economy has continued to grow, but at a slower rate than projected with the previous budget. The GDP growth reached 2,5 percent in 2012 and is expected to grow at 2,7 percent in 2013, rising to 3,8 percent in 2015. Inflation is under pressure with consumer prices rising to 5,7 percent in 2012 and projected to increase further.

The official unemployment rate increased by 0,3 percent to 25,2% for the first quarter of 2013. The total number of unemployed people stood at 4,6 million. By the expanded definition of unemployment, it is including those who have stopped looking for work, unemployment increased to 36,7% from 36,3% of the previous quarter.

Given the economic realities and the fact that recovery is slow, the current payment rate which is under pressure, the municipality has adopted a conservative approach and has adjusted the spending plans in areas that will not adversely affect service delivery but rather shifting the spending towards capital investment to support the economic recovery.

The creating of employment opportunities remains a national and local government priority. The municipality will continue to explore opportunities to mainstream labour intensive approaches to deliver services and fully participate in the Expanded Public Works Programme. In this regard 950 jobs opportunities were created in the 2012/2013 financial year.

In consultation with the private sector, the Municipality had opened a Twizza soft can factory, which had employed a number of local residents. Community workers programme (CWP) had recruited 1360 young people in three rural wards aimed at alleviating unemployment.

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

2013/2014 MEDIUM TERM BUDGET

Honourable Speaker, It is my pleasure to submit to you the budget for the 2013/2014 period.

This Medium Term Budget is linked to a brand new IDP for the period up to 2017. The budget indicates the direction we as a Council navigates towards.

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 for the 2013/2014 Budget Circular.

Some of the main challenges can be summarised as follows:

- The ongoing difficulties in the National and Local economy
- Aging water, sanitation and electricity infrastructure
- Increased cost of bulk purchases and Eskom connection fees
- Ongoing increases in petrol prices above inflation
- The continuous need for the upgrading of increased demand to bulk services
- The implementation of a new valuation roll as from 1 July 2013.

Considering the background of these challenges it is imperative that the financial position of the municipality is sustained over the medium term and new ways are explored to generate additional resources to maintain, renew and expand investment in infrastructure. One way is to recognise the key role that businesses and mining sector can play to develop and invest in municipal infrastructure to improve the living conditions of residents in communities.

The new budget herewith presented amounts to R1,48-billion, R269, 5-million for capital and R1, 2-billion for operating expenditure.

An additional amount of R5,4-billion is nationally allocated to meet the rising costs of providing bulk municipal services and protecting the poor. Subsequently, the municipal allocation in terms of the equitable share increased with R6,8-million to R92,6-million which is mainly used to provide relief to indigent households at an amount of approximately R4,7-million per month.

A new valuation roll will be implemented from 1 July 2013. According to the new roll the valuation of properties has increased with an estimated R3,8-billion compared with the tariff increases, revenue from property taxes is expected to increase with R29,9-million to R257,3-million. Revenue from service charges increases from R540, 8-million to R634,6-million.

Infrastructure grants increased with R7,5-million to R56,7-million and transfers to build and enhance capacity in local government increased to R2,4-million.

Honourable Speaker, I'm pleased to announce that the budget is balanced and fully funded with a net budgeted surplus of R248 600 and year-end projected cash balance of R85,5-million which steadily increase to R117,7-million by 2015/2016 financial year. It needs however, to be mentioned that investments is projected to decrease over the medium term to R196,6-million and internal cash backed reserves to R77,5-million as it is allocated to fund the next MTREF capital programme.

The municipality remains committed to maintain infrastructure and an amount of R53,7-million is budgeted for this purposes whilst R56,2-million of the capital budget will be used for the renewal of existing assets.

Honourable Speaker, I need to mention that approximately 77% of the capital budget will be earmarked for infrastructural development and the provision of serviced industrial land.

As mentioned, the capital budget will amount to nearly R270-million. Over the next four years of IDP period we anticipate to spend approximately R841, 7-million. Based on the important role to contribute to capital investment, the municipality has committed itself to the following key capital expenditures amongst the various directorates:

- R73, 5-million for roads and storm water infrastructural development.

R46, 2-million will go mainly towards the construction of new roads, R8, 2-million for storm water systems and R12, 9-million to upgrade and renew existing infrastructure.

- R13-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 new sewer networks for 652 stands in Rockdale and Kwazamokuhle extension 1 respectively.

- R41,4-million for electricity infrastructural development

The budget amongst other things will be used to improve street lighting at R5, 3-million, implement energy efficiency equipment at municipal buildings and water purification works, and the provision of R24, 4-million for the electrification of new developments and links at Rockdale, Aerorand West and Mhluzi Mall.

- R20,2-million for governance and administration

The allocation includes R2, 7-million to maintain and strengthen the IT network and infrastructure, R5-million to complete the Thusong Centre at Mhluzi Extension 7 and R1,3-million to upgrade and extend the offices at the Thusong Centre in Hendrina.

- R27, 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.

- R17,3-million for water infrastructural development

An amount of R5-million is provided to increase the treatment capacity at Vaalbank water treatment works, R5,9-million to provide new infrastructure to approximately 672 stands, and R3-million to upgrade and renew existing infrastructure.

- R4,2-million for refuse removal

The municipality will continue to address illegal dumping and expand the pilot project for garden refuse to the entire Mhluzi area. An amount of R1, 2-million is made available to construct a waste transfer station at Rockdale and a further R1, 6-million to purchase a new refuse compactor to provide services to new developments.

- R71,9-million for plans and development

An amount of R70-million is provided to purchase service land to be sold by the municipality for industrial development to enhance local economic growth. A detailed report on this proposal will be submitted to Council in due course.

TARIFF INCREASES

Programme Director, the municipality needs to remain focused on effective delivery of core municipal services that are economical and equitable to all communities.

Tariffs for services must be cost effective and additional revenue by means of proposed rates and tariffs adjustment of R77, 2-million had to be sought to balance the budget.

The proposed tariff adjustments to fully recover costs are:

- An average increase in property rates revenue of 11,75%
- An average increase in sewerage revenue of 9,9% - this include relief provided to schools and welfare organisations in the order of 15%
- An average increase in electricity revenue of 8% - this include a new tariff structure for schools and welfare organisation which will provide relief in the order of 20%
- An average increase in the refuse removal revenue of 16,1%
- An average increase in the water revenue of 9,65%

Programme Director, the budget we have presented here today will ensure that the current service delivery levels are maintained. There will always be challenges and our needs are many with limited resources, but with this budget we will achieve our vision.

“To be the leading community driven municipality in the provision of sustainable services and developmental programmes”. It is in this context that I present this 2013/2014 budget for Council to approve it tonight.

A Legacy of Excellence and Achievements

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)

SETBACKS AND CHALLENGES

In recent months we have lost municipal officials at an alarming rate and we then convened a prayer meeting to ask for the Holy intervention. We have learned with sadness the loss of Cllr. Nkosi from the DA.

The country was last week mourning the death of Mr. Vuyo Mbuli, our beloved TV and SAFM Presenter, without him our morning will no longer be Sharp Sharp as he used to say on Morning Live.

Our heartfelt condolences to Cllr. Jonas Mashiane, Ward 07 Councillor who has lost his mother on Sunday morning, she will be laid to rest this Saturday I believe most of us will be in attendance.

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

CONCLUSION

In his Budget Speech held on the 27/02/2013, the Minister of finance, Mr. **Pravin Gordhan** quoted; President Zuma when he said *“we should put South Africa first. All of us have a patriotic duty and responsibility to build and promote our country”*.

In the same spirit I urge all leaders of political parties, religious movements; other sectors, tax payers, business and civic organizations that we should put Steve Tshwete Municipality first in everything we are doing.

On behalf of the Municipality, I would like to commit ourselves to good governance; strengthening ward committees as part of community participation; support CDW's; work with Municipal demarcation board; maximize own revenue; improve spending; fight against corruption.

Oliver Reginald Tambo had this to say about unity, *“unity is the bedrock upon which the ANC was formed”*.

“NGOKU BAMBISANA SINGENZ’ OKU KHULU”

I THANK YOU!!!