**Preliminary Budget Speech by Her Worship Mayor of Greater Tzaneen Municipality, Dikeledi Josephine Mmetle during the Council Sitting on the 31st of March 2015 at Council Chambers.**

Speaker of Council, Councillor Machimana

Chief Whip of the Ruling Party, Councillor Mangena

Chairperson of the MPAC, Councillor Nukeri

Members of the Executive Committee and Chairperson of Portfolio Committees

Leader of the opposition

Fellow Councillors

The Acting Municipal Manager, Ms Norah Lion

Directors

Members of the ward committees

Representatives of all stakeholders present here

Ladies and gentlemen

Fellow South Africans

**Mr. Speaker**

I have the honour to present the fifth Preliminary budget of this administration, which came into office nearly five years ago. In these years we have managed to weather the storm in our quest to ensure that our people have access to sustainable basic services albeit the many challenges that besieged us. It is through the support of our proud residents that we made it this far.

In 1994, the ANC took over a government that was ineffective, a government that discriminated against the majority of the citizens of this country, we come from a painful history of oppression, discrimination, racism and inequality. In the past 20 years we had to address these problems in the quickest possible way, we introduced legislation and policies to redress the injustices of decades of apartheid rule.

Today, programme director a majority of our people live with dignity, however there are those who still live in shacks, there are those who still do not have access to clean drinking water, there are those who still lack proper sanitation. Our people still need proper houses, roads, clinics, electricity, sanitation and employment. And until every resident of this municipality has access to human basic services we shall not rest.

**Mr. Speaker**

President Jacob Zuma in his state of the nation address delivered in national assembly of the 12th of February this year outlined the nine (9) strategic priorities to be pursued this year in partnership with the private sector and all stakeholders. They are:

• Resolving the energy challenge,

• Revitalising agriculture,

• Adding value to our mineral wealth,

• Enhancement of the Industrial Policy Action Plan,

• Encouragement of private investment,

• Reducing workplace conflict,

• Unlocking the potential of small enterprises,

• Infrastructure investment, and

• Support for implementation of the National Development Plan through in-depth, results-driven processes, known as Phakisa laboratories.

**Mr. Speaker**

During the Presidential Local government summit in Midrand, Johannesburg, President Jacob Zuma made it clear that Local Government exists to service the people and that Municipalities must take more decisive action to involve communities and community organizations in the matters of Local Government.

President Zuma said that many communities became impatient when they saw services being delivered to their neighbours, yet they were still waiting. Other reasons were demands for Municipal infrastructure, anger against corruption, nepotism and a non-responsive government.

In an attempt to address the above challenges Government introduced the back to basic programme which focuses on the following areas:

* Basic services to create decent living conditions
* Good governance
* Public participation
* Financial Management, and
* Institutional capacity

When drafting this budget we had to take numerous factors into consideration. These include the inflation forecast which stands at 5.8% for the 2015/16 financial year.

We also had to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interest of poor households, other customers and ensuring the financial sustainability of the Municipality.

**Mr. Speaker**

The total revenue for the 2015/2016 financial year amounts to R1,045 billion, which represents an increase of R111 million over the 2014/2015 financial year. This increase is mainly due to the increase in service charges, and external grants from Government.

The total revenue budget includes an amount of R288 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R81,5 million will be levied by way of property tax and R485 million will be sourced from user charges. National allocations to fund operational activities amount to R4,4 million which includes the Finance Management Grant of R1,6 million, the Municipal Systems Improvement Grant of R930 thousand and the EPWP Grant of R1,8 million.

An amount of R965 million has been made available on the operational budget for expenditure. This substantial increase is largely due to the significant increase in salaries, repairs and maintenance, Contracted services, General expenses and ESKOM’s tariff for bulk electricity purchases. The Expenditure amount also includes R273 million for salaries, R135 million for repairs and maintenance and R307 million for the purchase of bulk electricity and water.

**Mr. Speaker**

As Council we established an Economic Development agency to drive economic growth and development in the Greater Tzaneen Municipality, this agency must ensure that our people a majority of who are in informal business are supported and afforded an opportunity to grow. They must entice private investment into our municipality so that our people can get jobs and business opportunities.

In the 2015/16 we will grant an amount of R5,5 million to the Greater Tzaneen Development Agency, this amount represents a decrease of R1 million on the 2014/2015 annual budget.

The total operational expenditure of GTEDA amounts to R5,5 million of which R3,8 million or 70% of the total expenditure represents salaries and an amount of R1,7 million or 30% of total expenditure represents general expenditure.

**Mr. Speaker**

The staff cost for the 2015/16 financial year will constitute 30 % of the total Expenditure, it critical that management ensure that expenditure on overtime does not exceed the budgeted amount. Management must also ensure that there is discipline among staff members and that overtime is kept at a minimum. Management must ensure that policies are implemented stringently.

Bulk purchase will amount to 30%, repairs and maintenance will amount to 17% and general expenses will amount to 10%.

It must be noted that all tariff increases are within the guidelines set by National Treasury which confirms that Greater Tzaneen Municipality does not prejudice National Economic Policy on Inflation.

**Mr. Speaker**

As a municipality we are currently implementing several infrastructure projects in various wards. These projects are much needed relief to our residents who are now able to travel comfortably and have access to economic activities which they previously struggled to reach. Approximately 19000 people living in Mafarana, Bonn, Ntsako and Sedan village now benefit from a R27 million tar road built through the MIG. Residents like Nkateko Shipalana who is now a grade 10 leaner at Sedan Secondary school can now travel with ease. In his own words Nkateko said “ I had to walk to school because taxis were not coming this side because of the road, now the taxis are coming”. These are some of the many tales being told by our residents whose lives have been touched and changed by this government.

**Fellow Councillors**

They say sports transcend all boundaries and unite us as people irrespective of our race or creed. It has been a unifying factor for centuries. Black and white, young and old always come together for a fun filled sporting day. Sports also take our youth away from the streets, far from drugs and alcohol abuse, far from sexual activities.

Participating in sport help us stay in shape and out of trouble.

Sport helps young people create friendships and relationships and gain much needed skills that help them in their lives.

In the courts and the playing fields our youth learn how to organise themselves as well as how to lead and be led.

**Mr. Speaker**

It is because of these reasons and many others that we saw fit that millions of rands must be invested in recreational facilities.

In few months time, residents from not only GTM, but all over will be able to cool themselves from the scorching heat in the municipal swimming pool currently being renovated to the tune of R11.1 million. This project was also funded through the MIG. This facility which hosted almost 21 000 people per season before its closure will host swimming galas and will be used for training purposes.

I am proud to announce that the construction of the R13 million state of the art sports complex that boasts four soccer pitches and three netball fields complete with artificial turf is nearing its completion and part of it is already being used by the community. In the same sporting complex we will build a cricket field which we intend to turn into a provincial cricket hub.

This complex which is located in Nkowankowa section C will also boast an indoor sport centre which will also be equipped with a gym. I call on fellow councillors to go and visit this incredible development.

**Mr. Speaker**

In Ward 31, in Lenyenye Township we are giving the Lenyenye Stadium a facelift, the project has started and R14.7 million will be spent on it. This i believe will encourage the people of Lenyenye and surrounding communities to engage in sporting activities. It must also be noted that the people of Lenyenye have raised concerns with regard to the features of the upgrade, which is clearly understandable. We have engaged with them on this matter and the project is progressing as normal, I want to call on all of us who are involved in the planning of these projects to ensure that what we offer meet the needs and expectations of the people the development is meant to benefit. This is what we mean by participatory democracy, I believe Mr Speaker, that these issues will be averted at all cost in upcoming projects.

**Mr. Speaker**

The people of Petanenge and adjacent areas have suffered enough, first with the delay due to litigations and secondly with the abandonment of the project midway. These are unfortunate incidents that must be avoided at all costs, the people of Petanenge deserve better, they deserve a better road, and that is why i feel honoured to announce that an amount of R24 million has been secured from the National Treasury through the MIG to complete the project. A contractor has already been appointed and in no time construction will resume.

Fellow Councillors

These projects will form the base of the legacy of this council; they are an achievement of which pride must be taken from.

There are various other projects under use as we speak that we must not be ashamed to take pride in, these include the Senakwe to Morapala road, the Mokgwathi to Ramothinyadi Road, the Thapane to Morutji Road and the Ramotshinyadi Bridge.

**Ladies and Gentlemen**

An amount of R145 million has been allocated for capital expenditure for the 2015/2016 financial year. This amount includes the MIG allocation of R87 million which will be spend on roads and Sport and Recreational facilities as well as an amount of R10 million which represents counter funding on MIG Projects. Capital from own sources amounts to R53 million.

In the 2015/16 financial year, we will allocate R25.7 million for Rita to Mariveni Road Upgrading from Gravel to Tar: Phase 2 of 4.

We have budgeted 31.4 million Moruji to Maswi Upgrading of road from Gravel to Tar: Phase 2 of 4.

An amount of R22.9 million will be allocated for Tickyline to Mafarana Upgrading of road from Gravel to Tar: Phase 2 of 4

Relela Community Hall: Phase 2 of 2 will receive an allocation to the amount of R9.2 million.

The upgrading of Runnymede Cluster Sports Facility Phase 1 of 2 will have a budget of R4.5 million. An amount of R4.5 million will be set aside for PMU Management.

**Mr. Speaker**

In ensuring that the work of the Mayor is simplified an amount of three hundred thousand will be set aside for the Mayor Special Account . An amount of eight hundred thousand will also be set aside for the Mayors Bursary Account. This bursary has helped almost over 200 learners’ access tertiary education since its creation. We will continue to lobby for an increase in funding to reach even more previously disadvantaged youth of our municipality.

**Mr. Speaker**

In order for this municipality to remain sustainable it is imperative that revenue collection rates are improved, we need to ensure that we implement our revenue enhancement strategy as well as our credit control policy and by-law. Residents must start to pay for services rendered and do so in time. It is also important that a programme of consultation is developed in order to educate and inform our residents of these expectations and that when action is taken they must not be surprised.

Property rate increases are necessitated by among others the inflation rate. It is therefore pertinent that in light of the inflation forecast and our need to remain afloat as critical government institution that property rates are increased. The property rates will go up by **5.8 %,** this increase is equal to the inflation forecast.

**Mr. Speaker**

When inflation rises, the cost of delivering services also increases, these include labour costs, maintenance costs and running cost. These factors call for an increase in user charges. Having taken into consideration the various factors such as income levels, unemployment and off course the inflation forecast the following increases will be implement in the 2015/16 financial year.

Electricity will go up by 12.2 %, Refuse will go up by 6%, Water will also go up by 6% and so is sewer.

**Mr. Speaker**

This budget is still to undergo public participation, it is extremely important that we engage our communities on matters that concern they livelihood. We are a Government of the people, by the people, for the people. We will then in consultation with all relevant parties decide on the dates, time and venues for public consultation meetings to take place next month.

 In my conclusion, i want to thank the budget and treasury team, led by Councillor Mboweni, his fellow committee members, the Budget Steering Committee, the Chief Financial Officer, Norah Lion, the Manager for Budget and Financial Administration Johan Biewenga and his team for preparing this budget as well at the IDP Officer Headman Mkharhi.

I therefore present the 2015/16 Preliminary budget for consideration, and ask that it is approved.

 I thank you