**2018/2019 Draft Budget Speech by His Worship Mayor of the Greater Tzaneen Municipality, Councillor Maripe Mangena.**

**Honourable Speaker of council, Cllr D Mmmetle**

**The Chief Whip of Council, Cllr C Nhemo**

**Chair of Chairs, Cllr Mahasha**

**MPAC Chair, Cllr G Mangena**

**Chairpersons of Council Committees**

**Fellow Councillors**

**Our traditional leaders**

**Acting Municipal Manger and the entire Management**

**Members of our communities and**

**Members of the Media**

A beautiful afternoon to you all.

Madam Speaker

We are meeting this afternoon as a Council to present the 2018/2019 draft budget as expected by legislation. Section 16(2) of the Municipal Finance Management Act (MFMA) directs the Mayor to table the draft annual budget at a Council meeting at least 90 days before the start of the budget year. We are therefore tabling this draft budget for the purpose of affording Council adequate opportunity to play its oversight role. We are also presenting the draft budget to give the public an opportunity to make inputs. This is of course an important pillar of our democracy, where public participation should inform all processes associated with local government.

Madam Speaker

2018 is a special year for us as South Africans and the entire world as we celebrate the centenary of Nelson Mandela, one of finest leader the world has ever known. The ruling party declared 2018 as a year of renewal, unity and jobs. Nelson Mandela once said: “To deny people their human rights is to challenge their very humanity” In commemorating the birth of these leader, let’s ensure that we better the lives of our communities by accelerating service delivery. We are also celebrating another giant of our liberation Albertina Sisulu. A diligent and discipline servant of the people.

Madam Speaker

The President of the Republic of South Africa, His Excellency Cyril Matamela Ramaphosa has given us marching orders in his maiden state of the nation address on the 16th of February 2018. He further alluded that in celebrating the life of Madiba, we need to devout our every action, every effort, and every utterance to the realisation of his vision of a democratic, just and equitable society. This was followed by the National budget speech and the state of the Province address by Premier Mathabatha. From these speeches, we now know that VAT will go up from 14% to 15%, we also know that that fuel levy will increase by 52 cents per litre. These are some of the factors that needs to be considered as they will have a direct bearing on the prices of goods and services.

It is therefore a privilege and honour to table this draft budget for discussion.

**Madam Speaker**

The total revenue for the 2018/2019 financial year amounts to R1,259 billion, which represents an increase of R34,3 million over the 2017/2018 financial year. This increase is mainly due to the increase in property rates and external grants from Government.

The total revenue budget includes an amount of R338 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R120 million will be levied by way of property tax and R570 million will be sourced from user charges.

National allocations to fund operational activities amount to R23,6 million which includes the Finance Management Grant of R2,1 million, the EPWP grant of R5,5 million and the INEP allocation of R15,9 million

An amount of R1,236 Billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance and general expenses.

The Expenditure amount includes R381 million for salaries, R251 million for repairs and maintenance and R344 million for the purchase of bulk electricity and water.

An amount of R211 million has been allocated for capital expenditure for the 2018/2019 financial year. This amount includes the MIG allocation of R87,7 million which will be spend on roads and low level bridges as well as an amount of R7,4 million which represents counter funding on MIG Projects. Capital from loans amount to R108.

Fellow Councillors

We are going to increase property rates and service charges in the 2018/2019 financial year.

Property rates increases are based on the inflation forecast contained in National Treasuries Budget Circular 85 and is calculated on Councils general valuation roll.

The increases in property rates are equal to the inflation forecast in all three financial years.

Property rates will go up by 5,2%, electricity will be increased by 6,84%, Refuse will be hiked by 5,2%, water will also go up by 5,2% and sewerage will be increased by 5,2%.

**The Mayor’s Student Financial aid will be R1, 6 million.**

Madam Speaker

We have established an agency to drive economic development in the municipality, this agency has a responsibility to attract investors to invest in the various economic sectors, be it mining, manufacturing, agriculture or retail. This agency is full owned by the GTM and we also provide 100% funding for its operations.

The total revenue of GTEDA’s Budget amounts to R7,860 million which represents an increase of R715 thousand or 10% on the 2017/2018 Annual Budget. The total revenue amount consist of a Grant from GTM.

The total operational expenditure amounts to R7,6 million of which R5,3 million of the total expenditure represents salaries and an amount of R1,6 million of total expenditure represents general expenditure.

An amount of R235 thousand has been provided for Office Equipment in the capital budget.

Fellow Councillors

Although Greater Tzaneen Municipality is not the Water and Sewer Authority, our Engineers will continue with critical as well as planned maintenance on the ageing water and sewer infrastructure. The Municipality will continue to meet the pressing water and sanitation challenges to ensure a better life for all its communities.

No Capital expenditure has been budgeted for the water and sewer services as Capital Expenditure will be done by Mopani District Municipality who is the water and sewer services authorities.

Madam Speaker, an amount of R126 million has been set aside over the next three (3) years for the repairs and maintenance, construction and refurbishment of roads and storm water across the Municipality. In 2018/2019 financial year R39 752 308 has been budgeted, 2019/2020 an amount of R41 938 685 has been budgeted and 2020/2021 an amount of R44 245 313 has been budgeted.

These repairs and maintenance allocations represents only repairs and maintenance on gravel and tarred roads and includes labour cost.

Madam Speaker

**The amounts allocated for Capital Projects from the MIG Funding are as follows:**

**In the 2018/2019 financial year R87 699 250 will be made available for the following capital projects:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Project Name** | **MIG Fund** | **Counter Fund** | **Total** |
| 1. Mawa Block 12 Low Level Bridge | R3, 100,234.00 | R0 | R3,100,234.00 |
| 1. Nkowankowa Codesa Street to Hani Street: Phase 1 0f 2 | R11,000,232.00 | R0 | R11,000,232.00 |
| 1. Nelson Ramodike Street Paving: Phase 1of 4 | R4,445,037.99 | R0 | R4,445,037.99 |
| 1. Mopye High School Access Road: Phase 1 of 3 | R | R0 | R8,500,000.00 |
| 1. Mulati Access Road Paving   Phase 1 of 3 | R5,253 000.00 | R0 | R5,253 000.00 |
| 1. Upgrading of Access Road Mbambamencisi: Phase1 of 2 | R6,768,065.01 | R0 | R6,768,065.01 |
| 1. Upgrading of Khujwana to Lenyenye Access Road: Phase 1 of 3 | R5,253,000.00 | R0 | R5,253,000.00 |
| 1. Upgrading of Juliesburg Sports Ground: Phase 2 of 2 | R7,106,334.00 | R0 | R7,106,334.00 |
| 1. Moruji to Maswi: Upgrading of Road from Gravel to Tar : Phase 5 of 5 | R32,689,259.00 | R0 | R32,689,259.00 |
| 1. Lenyenye Taxi Rank | R3,584,088.00 | R3,993,234.60 | R7,577,322.60 |
| 1. Tickyline to Makhwibidung Stormwater Management | R0 | R3,500,000.00 | R0 |

**In the 2019/2020 financial year R89 549 850 will be made available for the following capital projects:**

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| **Project Name** | **MIG Fund** | **Counter Fund** | **Total** |
| 1. Nelson Ramodike Street Paving: Phase 2 of 4 | R14,306,062.00 | R0 | R14,306,062.00 |
| 1. Mopye High School Access Road : Phase 2 of 3 | R3,354,286.00 | R0 | R3,354,286.00 |
| 1. Mulati Access Road Paving : Phase 2 of 3 | R29,224,193.20 | R0 | R29,224,193.20 |
| 1. Upgrading of Mbambamencisi Access Road: Phase 2 of 2 | R2,000,000.00 | R0 | R2,000,000.00 |
| 1. Upgrading of Khujwana to Lenyenye Access Road :Phase 2 of 3 | R17,730,728.00 | R0 | R17,730,728.00 |
| 1. Lenyenye Taxi Rank   :Phase 2 of 2 | R6,963,067.40 | R0 | R6,963,067.40 |
| 1. Nkowankowa Codesa Street to Hani Street | R2,212,000.00 | R0 | R2,212,000.00 |
| 1. Thapane Cross, Mandlakazi to Nwamitwa Road: Phase 1 of 2 | R13,759,513.40 | R0 | R13,759,513.40 |

**In the 2020/2021 financial year R94 667 500 will be made available for the following capital projects:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Project Name** | **MIG Fund** | **Counter Fund** | **Total** |
| 1. Nelson Ramodike Street Paving: Phase 3 of 4 | R10,077,500.00 | R0 | R10,077,500.00 |
| 1. Mopye High School Access Road : Phase 3 of 3 | R1,745,714.00 | R0 | R1,745,714.00 |
| 1. Mulati Access Road Paving : Phase 3 of 3 | R2,747,000.00 | R0 | R2,747,000.00 |
| 1. Upgrading of Khujwana to Lenyenye Access Road :Phase 3 of 3 | R12,959,000.00 | R0 | R12,959,000.00 |
| 1. Thapane Cross, Mandlakazi to Nwamitwa Road: Phase 2 of 2 | R9,626,282.30 | R0 | R9,626,282.30 |
| 1. Marirone to Kubyana Street Paving: Phase 1 of 2 | R13,502,289.70 | R0 | R17,002,289.70 |
| 1. Supply and installation of high mast lights within Greater Tzaneen Municipality | R 20 250 000.00 | R0 | R 20 250 000.00 |
| 1. Topanama Access Road to Serurubele School | R10,752,000.00 | R0 | R10,752,000.00 |
| 1. Refurbishment of Lenyenye Stadium | R 13,007,714.00 | R1,200,000.00 | R 20 250 000.00 |

Madam Speaker

Electricity service has been allocated an amount of R381,7 million over the MTREF 2018/2019 to 2020/2021 for electrification, bulk infrastructure and maintenance of the electricity network. This amount includes labour cost.

**The amount is allocated as follows:**

**Financial Year Operational Expenditure Capital Expenditure**

2018/2019 R74 716 525 R55 000 000

2019/2020 R78 825 934 R45 000 000

2020/2021 R83 161 360 R45 000 000

The Capital amount of R55 million for the 2018/2019 financial year includes a loan of R30 million.

The Operational Expenses above represents only the maintenance on the electricity distribution network.

The bulk electricity purchases amounts to R340 million for the 2018/2019 financial year.

Madam Speaker, Electricity losses remain a challenge for the Municipality as it increased to 22% in the 2016/2017 financial year. The loan of R30 million from DBSA will be utilized to upgrade our distribution network.

Fellow Councillors

Each year the Municipalities solid waste function is brought under pressure due to the fact that +- 33 600 Rural households have access to a basic removal service less frequent than once a week. +- 66 550 Rural households are using communal dump services.

An increase of 5,2% on the previous financial year’s tariff is proposed, which will provide for an amount of R27,7 million as service charges on the 2018/2019 Budget.

It will not be possible to address this problem in the short term but additional allocations in future budgets will be considered to ensure that all the communities are provided with at least a basic refuse removal service.

Madam Speaker

I therefore take this opportunity to invite you fellow Councilors and members of the public to study the details of the draft budget and make comments and recommendations during the upcoming public participation processes.

Madam Speaker

The citizens of Greater Tzaneen have given us the mandate to provide quality services for all. We have a responsibility to better their lives and remain true to this cause.

Madam Speake

Let me take this opportunity to thank the Budget Steering Committee, the Finance Portfolio headed by Councilor Maunatlala, the Administration led by the AMM for ensuring that this draft budget is prepared and funded in line with legislation. I will not have done my part if I fail to acknowledge the support that we receive from our Traditional Leadership.

In Conclusion, I take this opportunity to urge those who will be going on holidays to drive safely and wish you and your families a blessed Easter.

I THANK YOU.