

BUDGET SPEECH BY HER WORSHIP MAYOR JOSEPHINE DIKELEDI
MMETLE ON THE 30TH MAY 2012 AT THE COUNCIL CHAMBERS.

Hon. Speaker
Hon. Councillors
Acting Municipal Manager Faith Mashianoke
Directors and Managers
Members of Media
Members of our Community
Distinguished Guest
Ladies and Gentlemen

I am privileged to be addressing distinguished men and women, leaders of communities. Leaders who continue to make a significant contribution to the lives of our people. Leaders who sacrifice their family time to address the everyday challenges that our people face. Their work knows no holiday or rest. They are on duty 24hours a day and they have no leave. Their cell phones are accessible to all members of their communities and they take those calls in the odd hours of the night and they do it with a smile. They face threats everyday from members of the community yet they stay on and do their job with humility. I am talking about our hardworking councilors, men and woman who deserve the support of the entire community.

I am not only privileged to be surrounded by capable councilors but also the fact that I have the support of experienced well qualified team of administrators. A group of people who continuously bring regional, provincial and national awards. We have become a case study for various municipalities in the country. Let me on the same breath appreciate the good work done by our finance department , always ensuring that we meet the deadline.

We also want to thank the thousands of our residents who continue to support us in our work, those members who sometimes bear the cold breeze and wind, sometimes the heat and the rain to avail themselves in our community meetings, rallies and workshops. Our residents who continue to believe in us. We are your servants and our job is to serve you. A cordial relationship between us is a prerequisite for speedy service delivery.

We know that you need proper roads; We know that you need clean water, decent houses and sanitation. We are well aware of your need for jobs, safety and security. We are working hand in hand with various government departments, agencies and business to ensure that we speed up service delivery.

I must state that as council we have noted recent setbacks such as the issue of the appointment of the municipal manager, which we have reversed to ensure that we comply with relevant laws and regulations.

The contracts of directors are to a conclusion and have also been advertised and will be filled promptly not to disrupt service delivery. The court challenge with regard to the Claude Wheatley street upgrading project is still underway. I am hopeful that the matter will be resolved speedily. We are looking for ways to create a temporary route to enable people to access various businesses in that area. The Sasekani – Muhlava road is also under litigation, I also believe that a speedy resolution will soon materialized.

It is my privilege to introduce the budget for 2012/13 financial Year

I wish to indicate that this budget has been crafted taking into consideration the community needs which have been confirmed during intensive public participation processes.

It has been confirmed recently during the tabling of the national budget that; **“As a Nation we have to say that economic uncertainty will be with us for some time, yet we have a programme of economic change that can steadily roll back unemployment, poverty and inequality.”**

It is against this background that the leadership of GTM embarked upon a Strategic Session in January 2012 and begun to chart its post election strategy for the next term and beyond by adopting the 2030 Vision. This strategy is pegged against a medium to long term growth path which is expressed as a five year Integrated Development Plan and Vision 2030.

This vision further seek to transform GTM into a bustling and growing City that provides a high quality of life for all its people and secure investment opportunities. The development of Industrial parks and mega towns are but a few planned projects of the vision. This budget thus serves as a milestone towards this dream.

As the leadership of GTM, we remain committed to serving our communities and this commitment was symbolised and demonstrated by the signing of the accountability charter.

Hon. Speaker

As an institution, we further commit ourselves to the Lekgotla resolution undertaken to adopt processes which will forge forward planning to ensure prompt sustainable service delivery.

Partnership will remain the cornerstone of our development. To cite a few examples, it is through partnership with Public Works and the Housing

Development Agency that Talana hostel has been recently transferred to GTM for future planning and development.

Efforts are made through this partnership to acquire strategic land and to service areas such as Adams Farm and Dan Village in order to accommodate the growth of our envisaged City.

It is also through partnerships, that GTEDA has resuscitated the Sapekoe project and retained over 2000 jobs for our communities. One cannot overemphasize the impact which is gradually being felt through the Neighbourhood Development and Partnership Grant (NDPG) in changing the livelihood of our communities. Indoor sport complex, upgrading of the Nkowankowa CBD, access road and facilities to our informal traders are but a few upcoming projects aligned in this budget. The broadband connectivity project within the cluster areas will enable easy access to information and our communication with our communities.

We shall, through partnerships continue to strengthen and grow our relationship with Business to unpack the tourism potential of this Tropical Paradise.

Hon. Speaker

I am here today to present to you, ladies and gentlemen a budget proposal that I hope you will endorse.

The purpose of this proposal is to request Council to consider the 2012/2013 (MTREF) Medium-term Revenue and Expenditure Framework in terms of Section 24 (1) of the Municipal Finance Management Act 2003, Act no. 56 of 2003. The Medium-Term Revenue and Expenditure Framework submitted to Council today is the collective effort of the Budget Committee and is in line with the requirements of the Municipal Finance Management Act, 2003 and is the financial assertion of our political mandate.

The budget has been prepared in terms of the guidelines set by National Treasury's MFMA Circular no. 58 which states that revenues and cash flows are expected to remain under pressure in the 2012/2013 financial year, and Municipalities must therefore adopt a conservative approach when projecting their expected revenues and cash receipts for the budget year.

It also states that a 5,6% inflation forecast is predicted and encourage Municipalities to keep increases in rates, tariffs and other charges at levels that will ensure the financial sustainability of the Municipality.

The preparation of the 2012/2013 Medium Term Revenue and Expenditure Framework (MTREF) was extremely challenging as it was influenced by several factors which include a global economic recession, infrastructure backlogs and financial constraints.

The budget was however drafted with full consideration of the provisions contained in National Treasury Circular 58, Councils financial position, sustainability, affordability and the fact that Municipality's were cautioned by National Treasury to keep increases in tariffs and other charges as low as practically possible

Honourable Speaker

The total revenue for the 2012/2013 financial year amounts to R833 million, which represents an increase of R70 million over the 2011/2012 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 R195 million which represents the equitable share allocation to the Greater Tzaneen Municipality. An amount of R52 million will be levied by way of property tax and R394 million will be sourced from user charges. Borrowed funds are limited to R30 million and will only be used to finance capital expenditure as determined in Section 18 of the MFMA.

An amount of R813 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, depreciation and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R158 million for salaries, R139 million for repairs and maintenance and R233 million for the purchase of bulk electricity and water.

I am also pleased to announce that if this budget proposal is approved as it is. An amount of R400 000 will be set aside for the Mayor's bursary. This bursary will go a long way into assisting young people intending to further their education but cannot afford to do so. Education is one of the key priorities of government and GTM together with the Department of Sport, Arts and Culture we built Shiluvane Library and is now completed. The construction of the Mulati Library has commenced. This clearly indicated the commitment of council towards the eradication of illiteracy. This year we gave financial assistance to 37 under-privileged students who are currently studying in various tertiary institutions in the country.

Contracted services decreased from R76 million to R66 million, mainly due to the in-sourcing of the Vegetation Control. An amount of R118,6 million has been allocated for capital expenditure for the 2012/2013 financial year.

This amount includes the MIG allocation of R54,5 million which will be spend on roads as well as an amount of R19,6 million which represents counter funding on MIG Projects. Capital from own sources amounts to R29,1 million of which R5 million is reserved for the electricity distribution network as it is generated through electricity service contributions.

Increases prescribed by National Treasury in Circular no 58 are 6% for rates, tariffs and other charges.

The operating budget, of Greater Tzaneen Municipality reflects the following increases:

- Property rates 5,8%

Revenue increases to consumptive tariff-based services are:

- Electricity (average) 11,03%
- Water 5,5%
- Sanitation 5,5%
- Solid Waste 5,5%

Expenditure categories as a % of total expenditure:

- Staff cost 23,7%
- Bulk Purchases 28,8%
- Repairs & Maintenance 17,1%
- General Expenses 11,0%

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.

The 2012/2013 Operational expenditure will be funded as follows:

Funding source	Amount
• Grants & Subsidies	R318 million
• Rates & Service Charges	R446 million
• Sundry Income	<u>R 69 million</u>
• Budgeted Revenue	<u>R833 million</u>

CAPITAL BUDGET

An amount of R120 million was approved for capital projects for the 2011/2012 financial year. This was funded as follows:

- | | |
|---------------|-------------|
| - Own Sources | R19 Million |
| - Loans | R50 Million |
| - Grants | R51 Million |

An amount of R118,6 million is submitted to Council for the 2012/2013 financial year.

- | | |
|---------------|-------------|
| - Own Sources | R29 Million |
| - Loans | R30 Million |
| - Grants | R59 Million |

Low-level bridges will be constructed at a cost of half a million rand each in the following areas:

- Khwekhwe
- Mokonyane (Babanana)
- Mawa Block 12

R2.2million will be spend on the construction of speed humps. This will reduce speeding within our towns and villages and spare families of grief. The construction of speed humps this financial year has reduced the number of accidents especially in our towns.

R650 000 will be spent on fencing of the Tzaneen airfield

R2 million has been allocated for the construction of a tar road to Lenyenye's new cemetery.

Hon. Speaker

Electricity has become indispensable to the lives of people and strengthening the electricity infrastructure will ensure sustainability and reliability. It must also be noted that we have together with Eskom connected almost 2000 houses in the 2011/2012 financial year. We recently launched the R53million Tzaneen Western Sub-station, which will now enable business and residential expansion. This will grow employment and allow our people to feed their families.

In the 2012/2013 financial year we have budgeted

R14 million will be spent on Electricity Capacity Building in Phases

R3million on rebuilding of power lines

R5million on Electricity network upgrading

R1 million on the Provision of 8 MVA Capacity to Rainbow Chickens.

R2 on Auto Reclosers

Hon. Speaker

We will spend R3 million on creating additional office space for the municipality. This will reduce overcrowding in our offices and hopefully optimize performance and productivity.

R5 million will be spent on Rural Broadband connectivity. This project will be funded through the NDPG.

Water is life and we can't expect our people to live without it, we must expand water infrastructure to ensure that our people have access to clean drinking water that meet international standards. . Greater Tzaneen Municipality had once more received Blue Drop Water Certificates (Gold) for Tzaneen and Letsitele water supply systems. The systems achieved 95,08% and 95,05% respectively. Water Laboratory in Tzaneen Dam was evaluated for Z-scores competency participation by SABS and National Laboratory Association (NLA) and found competent.

Hon. Speaker

The following Projects are to be funded by Mopani District Municipality in the 2012/2013 financial year.

Mopani District Municipality is the Water Service Authority Greater Tzaneen Municipality is the Water Service Provider will fund following projects will be funded by Mopani District Municipality:

- R13million is set aside for the Upgrading of water reticulation & extension
- R5million will be spend on Thabina water reticulation (Planning)
- R12million allocated Upgrading of Nkowankowa sewage plant

Mopani will spend the following amounts in upgrading our sport facilities:

- R4 million on Lerejeni Sport Centre upgrading Phase 21
- R4million will be spend on the upgrading of Lenyenye Stadium

Mopani District Municipality is also funding the following road projects to be implemented in the 2012/2013 financial year:

- R15million - Modjadji To Mavele Road Phase 4 (upgrading to tar)
- 16million - Thabina to Maake road Phase 2 (upgrading to tar)
- R8million - Dan to Nkowankowa road Phase 2 (upgrading to tar)
- R3million - Muhlaba road (rebuilding the road)

MDM has also set aside an amount of R2 million for building and fencing at the Moshupatsela Cooperative Farm. We have realised that we have not made enough provision for LED funding. We confirm that in support of local projects funding provision will be made within the next quarter

The following projects are te funded through the Municipal Infrastructure Grant (MIG):

The MIG Financial Year 2012/2013

- R12.7million for Ramotshinyadi to Mokgwathi Tar Road: Phase 2- D3202 (3,5km)
- R8.47 million for Sasekane to Nkowankowa Tar Road: Phase 2 – D3763 (1,5 km)
- R31.2 million for Senakwe to Morapalala Tar Road – D3198/D3215 (6,8 km)
- R10.5 million for Mafarana to Sedan Tar Road- D3767 (6 km)
- R11.1 million Thapane to Moruji Tar Road: Phase 1 – D3248/D3175 (Designs)

The MIG Financial Year 2013/2014

- 16.7 million for Mafarana to Sedan Tar Road – D3767 (6 km)
- R40.9 million for Thapane to Moruji Tar Road- Phase 1 – D3248/D3175 (11,5 km)
- Ramotshinyadi Bridge

Hon. Speaker although we would want to do far more than the mentioned elements as well as everything that is included in this budget, we can't do everything in one year or even in one or two terms.

We are committed in keeping this Municipality in a sound financial position; therefore we have ensured that we can afford everything we plan to do.

Hon. Speaker, I can without doubt state that the proposed 2012/13 budget attempts to support Greater Tzaneen Municipality's strategic role and will definitely contribute to poverty alleviation and improving the lives of the poorest of the poor.

Hon. Speaker

As I conclude my presentation, this council sitting will be doing justice to our communities if this budget proposal is accepted.

I wish you the best and ultimately encourage you to go back and work for the communities, resuscitate all community stakeholders and committees.

I thank you.