

**BUDGET SPEECH DELIVERED BY THE EXECUTIVE MAYOR OF  
MATJHABENG LOCAL MUNICIPALITY, COUNCILLOR SEBENZILE  
NGANGELIZWE ON THURSDAY 21 APRIL 2011, COUNCIL CHAMBERS,  
WELKOM**

Mr. Speaker: Councillor Lennox Rubulana  
Chief Whip of Council: Councillor Joseph Sephiri  
Members of the Executive Council of the Free State  
SALGA Leadership  
Members of the Mayoral Committee  
Leaders of all Political Parties in Council  
Mayors and Speakers  
Fellow Councillors  
Acting Municipal Manager: Mr. Peter Sefuthi  
Senior Management and Officials of Council  
Members of the Community  
Distinguished Guests  
Representatives of the Media  
Fellow citizens  
Honourable Speaker

It is a great honour and pleasure for me to present the last budget of this term to the community of Matjhabeng: a budget that speaks of hope, growth and investment for the people of Matjhabeng and their future.

Mr. Speaker, this budget is tabled shortly before we celebrate Africa Day. We are in fact celebrating the 48th birthday of the formation of the Organization of the African Unity, whose sole purpose was to liberate the African continent from colonial oppression and to create unity amongst Africans in the continent.

Unfortunately Africa as a continent is still facing challenges of national cohesion and unity as a result of civil strife, conflict and poverty, which was a critical challenge our African heroes like Nkwame Nkrumah, Haile Sellase, Nelson Mandela, Jomo Kenyatta and others tirelessly and dearly fought for.

Honourable Speaker

Corruption and fraud undermines the fibre of our society. It must be uprooted. Public resources must only be utilized to uplift the quality of life of the poorest of the poor. Work ethics should guide our daily operations.

Honourable Speaker

This year – 2011 - marks the 21st anniversary of the un-banning of the African National Congress, the ruling party in South Africa and indeed Council, and subsequently the release of our beloved Father of the South African Nation, Nelson Rolihlahla Mandela, after 27 years in prison.

The month of April is also important for us as a nation. Each April, on the 27th, we come together: free from oppression, one people, one country, remembering the past, but more importantly, celebrating the future of a non-sexist, non-racist and democratic South Africa. This April we celebrate the 17th anniversary of the inauguration of former President Nelson Mandela as the first African President of a free and democratic South Africa. These memorable events changed the course of our history from a divided, racially polarised and oppressive society to a more united, racially inclusive and democratic South Africa.

Honourable Speaker

I am reminding this august House of these memorable events because I strongly believe that the struggle should not only be waged against poverty and other social ills, but also against forgetting where we are coming from as a nation. This very same gathering seated here today is a result of those struggles and sacrifices waged by millions of South Africans.

Indeed, we have travelled a long way from the vision captured in the Freedom Charter, adopted in Kliptown in 1955. That vision stated:

- The people shall govern.
- There shall be work and security.
- The land shall be shared among those who work it.
- The doors of learning and of culture shall be opened.
- There shall be houses, security and comfort.
- The people shall share in the country's wealth.

Honourable Speaker, 56 years later we can proudly announce that the government of the people, led by the African National Congress, is ensuring that we link the current priority areas, to what the masses demanded in Kliptown in 1955.

Honourable Speaker

Looking back over the past financial year, we have survived many trials, tribulations and challenges.

We have endured economic forces on macro level, leaving their ghastly foot prints in our communities through retrenchments at mines. We saw many of our citizens without employment as the economic crunch drove its iron fist into our communities. We saw our revenue decrease because of that, and we had to respond by clamping down all financial expenditure that was not adding value to service delivery.

On micro level we have embarked on a Turn-around Strategy towards our 2030 Vision, and organizational change and institutional transformation needs to be fast-tracked to achieve our objective of realizing our true destiny and worth as Matjhabeng, biggest municipality in the Free State since Mangaung become a metro.

We are painfully aware of the water losses we are suffering in Matjhabeng, a situation which can no longer be tolerated. The water loss for the 2010-2011 financial year until March 2011 was at 43%.

Mr. Speaker, this situation needs to change. We as a community need to take hands in finding a solution. Ageing infrastructure plays a pivotal role, but we need to do more to save our water from wasting away.

A service provider to assist the Municipality with a water loss prevention plan has been appointed recently. The scope of work include the identification of meters and detection of water leakages, verification of billing information and registered indigents, repair of leakages, installation and replacement of water meters and educational campaigns on the importance of water as a precious resource.

By strengthening the capacity of the Directorate Infrastructure, we hope that a more speedy response to water leakages will help to contain the losses.

Honourable Speaker

Matjhabeng Local Municipality will strengthen its approach to service-delivery in the new financial year.

When I assumed office in 2010, I said to the people of Matjhabeng, and I quote:

***...let me emphasise the principles of good governance because as leaders we must always promote good practices and a responsible nation. As we rollout our programmes, we must uphold institutional values.***

***These values are informed by work ethics. As leaders and managers we must always be principled, smart and have passion to improve the lives of others. Both the Political Office Bearers and Administration must be proactive and respect pieces of legislations that are guiding municipalities.***

Mr. Speaker, I am proud to announce today that as a Municipality we have devoted our efforts on a political level with responsible governance and on administrative level with diligence and passion to improve the lives of our citizens.

The budget for 2010-2011 was the first ward-based budget ever for Matjhabeng, and through this vehicle we have fought the following legacies of apartheid within our limited resources and means:

- Poverty and underdevelopment
- Low access to clean water
- Non availability of electricity

The ANC-led Government is committed to better service delivery and making local government a reliable partner for residents and businesses. We remain committed to building a performance orientated local government and State.

Set against the commitments made by the honourable Premier ES Magashule in the State of the Province address recently, it is imperative that we take decisive action and provide leadership to ensure that we concretely deliver on commitment made by ANC-led Government to the people of Matjhabeng.

Our plans for the coming years need to be aligned in line with the New Growth Path, which emphasises job creation in sectors like manufacturing, agriculture, rural development, agro-processing, infrastructure development as well as mining and beneficiation.

#### **MILESTONES ACHIEVED 2010-2011**

Honourable Speaker

The provision of services remains the core mandate of this Municipality. Mr. Speaker, the scope of municipal services is extremely comprehensive, so please allow me to mention some of the following milestone that we have achieved during the 2010-2011 budget:

The following development projects were completed, amongst others:

1. Nyakallong construction of bus and taxi roads
2. Hani Park construction of pump station
3. Relining of worn out sewer in Kutlwanong, Odendaalsrus
4. Klippan: reduction of water level
5. Bronville Ex. 9. Electrification project
6. Phomolong upgrade of roads including pedestrian bridges

Others that are nearing completion are:

7. Replacement of worn out sewer line in Brian Street, Odendaalsrus (98% Complete)
8. Thabong Waterborne Sewer network for 5324 Stands (98% Complete)
9. Virginia Relining of Worn Out Waterlines (99% Complete)
10. State Way Outfall Sewer (80% Complete)

Honourable Speaker

At the closure of the 2010-2011 financial year, 77 155 households in Matjhabeng have access to decent sanitation. The current backlog is 10 944, mostly in informal settlements waiting to be formalized.

During the 2010-2011 financial year a total of 2,649 electrification households were planned for the Matjhabeng municipal area. We have in fact achieved the electrification of 3 250 households!

The condition of our roads remains a concern, especially potholes. More than 10 667 m<sup>2</sup> potholes have been filled since July 2010 when the new budget year started, but the heavy rains in January unfortunately caused havoc in terms of potholes.

Honourable Speaker, may it please this august House to know that our ESKOM account is paid in full.

For far too long it has been cried that Matjhabeng does not have service delivery equipment. We tightened the financial belt in 2010-2011 and procured service delivery equipment to the value of R54 million.

The departments at the coalface of service delivery received much needed resources. Some of these include:

- The Department of Public Safety and Transport, which includes traffic, security, emergency services and fire services, received 30 vehicles to the value of approximately R7,8 million. A Command Unit for disaster management was bought for the amount of R1,75 million. We are awaiting four heavy duty fire engines to the amount of R10,8 million.
- The Department of Waste Management in Directorate Community Services received five compact trucks to the amount of R11,5 million. They will be used for effective and efficient refuse removal.
- The Directorate Infrastructure, one of the frontrunners in service delivery, received equipment and vehicles to the value of R27 million. It includes vehicles and equipment ranging from tractors, jet blasters, 3-ton tipper trucks, front end loaders, graders, 26 bakkies and many more.

## **BUDGET 2011-2012**

Honourable Speaker

The budget presented here today, demonstrates in no uncertain terms that we are indeed on course to push back the frontiers of poverty and create a better life for all our people.

The budget is again ward-based, following a public participation process on our Integrated Development Plan and annual budget, and much effort has been put into ensuring that the needs expressed by our communities, receive deserving attention. We also took cognizance of the fact that development and maintenance needs must be balanced to ensure the longevity of existing infrastructure.

The Service Delivery Budget Implementation Plan of each department will address the needs expressed in the Integrated Development Plan. Managers and departments will be measured for performance against their Service Delivery Budget Implementation Plans.

Linked to the 2010-2011 financial year as well as the 2011-2012 financial year, are two ongoing programmes in Matjhabeng, called Operation Hlasela and Operation Coca.

Honourable Speaker, allow me to briefly explain the figures of the 2011-2012 operational and capital budget. The following factors had to be considered during the construction of this budget.

### **Operational Budget**

The total Operational Budget for the 2011-2012 financial year is R1 491 935 649.

The projected income to be collected is 62,5%, which is R1 136 036 318.

The Municipality made provision for a 33.93% bad debt, which will amount to an estimated R355 899 331.

### **Budget Assumptions**

Honourable Speaker

It is true that we must do everything possible to collect revenue – and we will as prescribed by national legislation and our policies – but budgeting for a loss based on existing data and statistics is a more realistic approach than to expect a 100% pay rate.

Our budget cannot be a wish list, Mr. Speaker. It must be a living document in service of the citizens of this Municipality. In the new financial year, the Municipality will embark on a number of consumer

and other awareness campaigns. The importance of paying for services and protecting our precious water resources will be among them.

Matjhabeng will implement its Property Rates Policy in the 2011-2012 financial year.

Honourable Speaker

All residential property owners will receive a R75 000 rebate on their property as per the Municipality's Property Rates Policy. Other rates and tax categories are also accommodated in some way or the other.

Billing from the assessment rates is expected to decrease with 36,9% from the current R186 625 387 to R136 325 137 in the 2011-2012 financial year. This is due to the new Valuation Roll that is being implemented from 1 July 2011. Some rates will be gradually phased in to ease the burden for citizens.

Sedibeng Water has increased its tariffs with 8%. We are sensitive to the economic duress of many of our citizens. Therefore, because of the present high unit price for water together with the current difficult economical situation, the water tariff will not increase for the 2011-2012 financial year. Council will absorb the additional costs.

Mr. Speaker, following ESKOM's increase of 20%, our electricity tariff will also increase with 20%.

The refuse tariff will increase with 1% and this increase will be used for the repairs & maintenance of refuse removal trucks.

There will be no increase on sewerage tariffs.

### **Capital Budget**

The Capital budget for the 2011-2012 financial year is 12% of the annual budget, and amounts to R204 637 496. The sources of funds for the capital budget are as follows:

Contribution to Capital Expenditure: R27 455 496  
Municipal Infrastructure Grant: R164 896 000  
Other grant funding R12 286 000

### **Total Budget**

Honourable Speaker

The total budget for the Matjhabeng Local Municipality for 2011-2012 is **R1 696 573 145**. It represents an increase of 1% on the **Annual Total Budget for 2010-2011**. As a Municipality we will push harder and work harder to provide citizens with value adding services.

### **Some capital projects for 2011-2012**

Matjhabeng Local Municipality will fund some projects with its contribution of R27 455 496 to capital expenditure. Our Equitable Share from National Government amounts to R392 million for the 2011-2012 financial year.

Some of the capital projects that will be funded by Matjhabeng Local Municipality and the Equitable Share to the value of R64 million include:

- Paving and fencing of Thabong Community Centre at R2 million.
- Construction of Road 200 Thabong at R3, 5 million.
- Erecting of a high mast light Virginia Station at R200 000.
- Further expansion of our fleet through the procurement of service delivery equipment to the value of R30 million.
- The upgrading of Welkom Airport at R2 million.

Our sewerage systems have been presenting us with operational challenges for some time, and much of it is because of aging infrastructure that simply could not manage the increase in waterborne sewage. During the 2011-2012 financial year, we will attend to the following:

- Odendaalsrus outfall sewer at R4, 2 million.
- Sewerage connections in Meloding (ward 6 & 7) at R5 million.
- The Koppie Alleen Sewer at R3 million and the Cactus street sewer at R1,2 million.
- Providing infrastructure for the electrification of our communities remains a priority, and during the next months in the 2011-2012 financial year we will attend to the following:
- The electrification of X15 (phase 4) at R1, 2 million
- Urania substation: R8 million
- CBD electrical upgrade: R2 million

Honourable Speaker

This administration has committed itself to local economic development, and attracting investors is one way of achieving this objective. We need to present ourselves to investors as the administrative and financial engine room of the Free State that we are.

For this reason the central business districts in Virginia, Odendaalsrus and Welkom will each receive a facelift in the new financial year at a total of R9 million.

Honourable Speaker

We also need to ensure that the economic development potential of our Municipality is unlocked during the new financial year.

It is only through sustainable economic development that we can provide a better life to all our people. We must support the LED-initiatives, and ensure that we recruit relevant people with the correct skills and qualifications, to take the economic development of the Municipality to another level.

We need to ensure that the commitment to Operation Clean Audit 2014 enjoy our utmost support and commitment as councillors. We cannot be content with the fact that we annually receive negative audit-opinions.

We need to implement the Matjhabeng Turn-around strategy as speedily as possible, to better the lives of our people. We are also nearing the end of our term, which started in March 2006, and I am convinced that we contributed immensely to the improvement in the lives of the citizens of Matjhabeng.

Honourable Speaker

Where there is a lack of progress, pro-active intervention will correct the situation. I have stated earlier that, with this budget, we are giving the first step towards raising the bar in service delivery.

Our most valuable asset towards growth, next to our human resources, is our Integrated Development Plan and Departmental Service Delivery Budget Implementation Plans.

These living documents reflect the needs, wants, aspirations and expectations of the citizens of Matjhabeng in terms of service delivery, and as a Municipality we use them to guide, monitor and measure our performance.

Together, Mr. Speaker, we will raise the bar in service delivery!

Mr. Speaker, we were saddened by the passing away of friends, comrades, mentors and colleagues during the past financial year. We recently bid our farewells to the late Cllr. Lizzie Humphries, Mr. Thabo Pietersen, Municipal Manager, and Mr. Moses Tshivhidzo, acting Chief Financial Officer at the time of his passing away. May their souls rest in peace.

Without a dedicated collective, nothing will and can be achieved. We thank Cllr. Archie Mbana for leading the Finance Portfolio Committee of the Municipality, and ensuring that, together with councillors, managers and officials, we could finalize and present our budget on time.

Let me also express a word of gratitude to the Members of the Mayoral Committee who dedicated their time and energy to take this institution to a higher level. I would be committing a great mistake if I do not acknowledge the unwavering support of all Councillors for making local government work in Matjhabeng. Thank you.

Speaker, allow me to thank the Office of the Municipal Manager, the Acting Chief Financial Officer and the entire senior management team, for their hard work and visionary leadership, which they are providing to this Municipality.

I would also like to thank all the employees of Matjhabeng Local Municipality for their dedication and commitment to better the lives of our citizens.

Lastly, I want to thank the staff in the Office of the Executive Mayor for a brilliant support throughout this term.

My wife and the family for giving me support even during difficult times. Let us all also thank our Heavenly Father and God, for allowing us on a daily basis to do what He expects from all of us.

Honourable Speaker, in conclusion:

We are currently embarked on the local government-elections campaign, during which all political parties will be expected to once again engage the voter-population and to convince them of the correctness of their policies and programmes.

As we all know that this process will be full of activity, both negative and positive, as well as the making of promises and the declaring of commitments.

We need to ensure that we as Councillors and representatives of different political parties participate in this process, by creating a violence-free, tolerant and peaceful environment. Ours was never a physical encounter, but rather a process in which we engage peacefully.

Mr. Speaker

I therefore table the Operational Budget of R1 491 935 649 and the Capital Budget of R204 637 496 for Matjhabeng Local Municipality for the financial year 2011-2012, with specific recommendations to Council.

**Thank you**  
**Baie dankie**  
**Ke ya leboha**  
**Ndiyabulela**  
**Together we can indeed do more!**