

The Honourable Speaker – Cllr Mohlomi Molefi Pius

Members of the Executive Committee

Members of the Council

The Municipal Manager

All Directors

All Managers

All NGO's, CBO's

All Youth Structures

Members of the Public

Representatives from the Media

Ladies and Gentlemen

In my appointment as the Mayor of Setsoto Local Municipality, I promised I would get back to basics – to cut red tape, slash council waste to make Council more efficient and keep rates increases at or below CPI.

My vision was of a Council that listened to its residents and didn't add to the increasing costs of living, yet still provided the services residents expect. In other words, a responsive Council – after all, government at any level is only effective when it is responsive to its people. Mr Speaker, I wish to thank everyone who assisted in the preparation of this draft budget. Particularly the Municipal Manager, Directors and all staff members. Councillors will note that the budget has taken on a new format according to National Treasury Regulations and I appreciate the mammoth effort made in ensuring compliance.

I also wish to thank yourself Speaker, and the councillors - not only in assisting with this difficult task but for your valued support of my management style and your enthusiasm for a more hands-on approach.

I invite Councillors and members of the public to obtain a copy of this draft budget, to study it in detail and indeed to give us your comments during the upcoming public participation process. This budget impacts on your pockets,

your roads, your streetlights, and your infrastructure and, above all, your lifestyle and it is therefore important that you make this document your own.

I'm glad to announce that SALGA has identified Setsoto as one of the municipalities that would be mentored on integrated mean stream in order to enable the development of transversal plans, programmes, build capacity and improve internal and external can mention. This financial year 2013/2014 issues of gender, disability children and HIV/AIDS shall be given unique attention. Honorable speaker allow me to state categorically that people with disability as well as minorities will have to be appointed on certain vacant positions. Through you speaker allow me to address Municipal Manager, Mr. Ramakarane with these few words:

- The arrival of Mr. Ramakarane brought stability in this municipality; this municipality has turned a new leaf; I will not shy away from mentioning our appreciation of your effort to source funds for the development of LED Strategy in order to fulfill our constitutional mandate of promoting economic development,

He reminds of the teachings of OR Tambo and I quote, *"wherever you are, you must transform the ground you are standing on into a battle ground"* close quote, in the context of today, this means wherever you are deployed, do your best.

Hon. Speaker in the previous financial (2012/2013) the South African Institute of Entrepreneur offered 7 youth an opportunity to run Technology Skills Centers in three units namely Senekal, Marquard, and Clocolan, we will ensure that these centers receive further support through our YDO.

Hon. Speaker ntumelle ke hlalose hore rekgonne ho fana ka dithuso malapeng a kojwana dimahetleng, re ile ra fana ka di dikobo ho maqhekwana; ra fana aka dieta tsa sekolo ho bana ba hlokang, mme ra fana ka thuso ya dibuka ngwaneng yaneng a hloka thuso; ra boela ra fana ka thuso dihlopheng tsa mmimo wa gospel mme ra eba le ditljudisano moo sehlopha sa Matwabeng Choral se ileng sa hlola mme ditljudisano tsena ditla tswela pele ho tshwarwa selemo le selemo.

Mr. Speaker, Today, I am proud to present a budget that delivers what the people of Setsoto Local Municipality told me they wanted from their council. This budget provides cost of living relief – for all ratepayers, domestic and

commercial – reduces the cost of council doing efficient and effective business and, very importantly, sends a clear message that Setsoto Local Municipality is open for business.

Before I reveal the key budget features, I want to thank my Council colleagues and Council staff who worked extremely hard to help frame this budget. Rather than accepting a legacy plan, council officers rose to the challenge and changed direction in a very short space of time. This budget for the first time is now fully GRAP compliant due to the following reasons:

- The budget votes are now fully aligned to the draft organisational structure.
- All position that are critical are budgeted for
- The budget figure are now based on calculations, instead of just increasing by CPI,
- The budget have been informed by the IDP, not only on the capital budget but also on the operational budget
- The provision for the depreciation and asset impairment for the first time, now comply with GRAP 1 and GRAP 24 requirements
- Provision for annual leave, performance bonus and long service awards are this time around budget for unlike in the previous year's budgets

Their efforts are very much appreciated by all councillors. And I know they will be appreciated by residents.

The Medium-term Revenue and Expenditure Framework

The total revenue budget over the medium term is **R 1 143 848 000.00 (one billion, one hundred and forty three million , eight hundred and forty eight thousand rand)** constituted by R 371 942 000.00(**three hundred and seventy one million, nine hundred and forty two thousand rand**) for 2013/14, R 380 466 000.00 (**three hundred and eighty million, four hundred and sixty six thousand rand**) for 2014/15 and R 391 441 000.00(**three hundred and ninety one million, four hundred and forty one thousand rand**) for 2015/16. The total revenue increased by **2%** against the 2012/13 adjustment budget and by **9%** against the 2012/13 approved budget.

The operating expenditure for the medium-term equates to R 1 562 728 000.00(**one billion, five hundred and sixty two million, and seven hundred and twenty eight thousand rand**). This will be a tool to consolidate service delivery and accelerate job creation. Total expenditure has increased by **4%** against the 2012/13 adjustment budget and by **44%** against the 2012/13 approved budget.

Honourable Speaker, our operational budget has increased. This is how this portion of the 2013/14 budget has been allocated, per department:

Department	Budget	% of Budget
Council	39 706 000	7.56
Department of the Office of the Municipal Manager	17 992 000	3.43
Corporate Services	48 241 000	9.19
Engineering Services	375 557 000	71.50%
Development Planning and Social Security	8 057 000	1.53
Treasury	35 673 000	6.79
Total	525 225 000	100

Mr Speaker, now back to the basics! Rates. Refuse. Roads. Electricity, Sanitation. And Water.

Revenue

As noted in the attached draft Budget 2013/2014, revenue of the municipality is made out of the following revenue sources:

Description	Original Budget	Adjustment	Proposed Budget
Property Rates	24 336 857	32 463 000	26 809 000
Services Charges	107 020 000	105 543 000	120 952 000
Investment Revenue	1 785 000	1 601 000	600 000
Transfers recognized	165 468 000	165 468 000	172 835 000
Other Own Revenue	34 022 000	50 640 000	50 746 000
Total	339 822 000	365 399 000	371 942 000

Under my Back to Basics Strategy, the overall rates and service charges' revenue will increase by only **7%** from a total revenue of **R 138 006 000.00** to **R 147 761 000.00**

Property Rates

The decrease in collection is due to the fact that most of government departments have paid their rates up to date after the subsequent correction of the billing system and the outstanding was receivable in full in the current financial year.

Service Charges

Service charges are made up of electricity, water, sanitary consumption and refuse removal. These services show an upward mobility due to Eskom's increases as well as the provision to depreciation and debt impairment due to our efforts to address the audit queries and align our accounting systems to be GRAP compliant.

Investment Revenue

Our main source of investment interest is on MIG, the more withdrawals we do the less interests are accrued. There are also small long term investment at OVK, SANLAM and ABSA, whose combined interest's amount to almost R 6 310.00 per annum.

Unconditional Grant

The unconditional grant has decrease due to Census 2011 results that have shown a decrease in population figures for the municipality, which then impacted negatively on the allocation formula for our municipality.

In this regard the municipality will have to undergo a data purification process to identify the 'poorest of the poor' in the municipality so that this new data can influence a better allocation in the future.

Conditional Grants

The municipality has further received the following conditional grants to address service delivery issues and enhancing the quality of life for our communities.

Grant Description	Amount	Service
Municipal Infrastructure Grant	72 579 000	Infrastructure
Regional Bulk Infrastructure Grant	20 000 000	Water
Accelerated Community Infrastructure Grant	10 840 000	Sewer
Municipal Systems Improvement Grant	890 000	Systems
Financial Management Grant	1 550 000	Skills Transfer
Extended Public Works Programme	1 750 000	Job Creation
Total	96 869 000	

Other Revenue

The main increase is a result of the increase in debt book. The bigger the debt book, the bigger interest on outstanding debts becomes. While the other increases relate to the increase in sundry income, e.g. fines, licenses etc.

Expenditure

An amount of R 493 766 000.00 for 2013/2014 has been budgeted for operating expenditure of which salaries, allowances and benefits equals to R 123 170 000.00 or **25 %** of the expenditure budget which is below the recommended **33.33%** by government.

The expenditure by vote is made up of the following:

Sub-Vote	Original	Adjustment	Draft Budget
Employee Cost	94 207 000	109 882 000	123 170 000
Remuneration of councillors	9 783 000	9 806 000	8 944 000
Depreciation and Assets Impairment	23 726 000	118 215 000	165 501 000
Repairs and Maintenance	12 099 000	18 608 000	28 997 000
Finance Charges	3 848 000	3 908 000	1 880 000
Bulk Purchases	49 771 000	50 174 000	54 000 000
Transfers and Grants	26 737 000	31 765 000	15 665 000
Other Expenditure	131 737 000	155 065 000	124 606 000
Total	339 820 000	478 815 000	493 766 000

Remuneration of Councillors

The remuneration of councillors has been budgeted in terms of the determination of upper limits for public representatives.

Repairs and Maintenance

Repairs and maintenance has been increased by 56% of the current budget.

Contracted Services

Contracted services have increased by 9.30% due to the fact with the organisational reengineering we have identified positions that are to be filled so that we have internal capacity to render those services in-house.

Non-cash items

The non-cash items are increased by 40% to ensure that the assets depreciation is fairly disclosed in the budget and the Annual Financial Statement. This exercise is in line with GRAP 1 and GRAP 24 which ensures that the municipality achieve fair presentation by:

GRAP 1

Complying with all relevant standards of GRAP

Presenting all information in the financial statements in a manner that is relevant, reliable, comparable and understandable

GRAP 24

Requires entities that make their budgets publicly to present a comparison in their financial statements between budget and actual amounts on a comparable basis.

Defining our Success

Mr Speaker in aligning our development, strategies and priorities to those of the National Development Plan and all relevant plans, we pledge that:

If today was in the year 2030, the following paragraph would be the success story that we would like to tell everyone. As a municipality, we will focus our collective energy to create a compelling future that aligns the Integrated Development Plan and the Budget to the National Development Plan, Free State Growth and Development Strategies and the Thabo Mofutsanyana District Municipality's Integrated Development Plan and all their associated goals with the following definition of success:

We pride ourselves on Environmental Leadership. We deliver services for a fair price as indicated by various benchmarks. In our over a decade long effort, we have successfully completed a number of environmental friendly projects.

We are responsibly meeting most of the legal mandate and most requirements of the developmental local government, and further striving to comply fully by 2014 as we achieve operation clean audit.

In our organisation, developing people is an important responsibility. While we are constantly challenged to provide resources for new services, we are blessed with highly resourceful employees who quickly think through creative ways to meet our needs.

Since the appointment of senior management from April 2012, we have an organisation that focuses on customers and is totally purpose driven, outcome oriented and committed to delivering value to our customers. Teamwork, communication and collaborations between council, management and staff could not be better.

Being a key point of national interest, security and safety has always been a key focal point in itself. We have safe and secure facilities that protect employees, equipment and infrastructure from potential danger, though in some instances the infrastructure and equipment is dilapidated and very old. Municipal council, management and staff are well prepared to respond to emergency, whether natural or man-made.

Conclusion

Mr. Speaker, I stand here today again grateful for the trust bestowed in us to lead this municipality by our communities. We have a duty to ensure that the values that they stood for remain at the centre of our work - and we dare not disappoint them

I reiterate my willingness to work together with all political parties, stakeholders and communities to find workable solutions for the diverse range of developmental challenges facing the municipality

I wish to place on record sincere appreciation to everyone who has made a meaningful contribution to this process. The commitment of this council, represented by both the political and administrative components, has ensured that we are able to table this budget on time and in the prescribed format by the MFMA and Municipal Budget and Reporting Regulations. Well done.

The budget for 2013/2014 is hereby tabled for your adoption and consideration.

I thank you.