

**BUDGET SPEECH BY CLLR MBOOTHOMA MADUNA, THE MAYOR OF  
SETSOTO LOCAL MUNICIPALITY, COUNCIL CHAMBER  
12 MAY 2011**

Honourable Speaker of our Council, Cllr Tshidiso Jakobo  
The Executive Mayor of Thabo Mofutsanyana District Municipality, Mofumahadi  
Mathokoana Mopeli  
All Exco members  
All Council Members  
The Municipal Manager, Mr. Bafana Mthembu  
All Municipal Employees  
All Political organizations  
Civic Organizations  
Ward Committee Members and Community Development Workers  
Members of the Community  
Media Organizations  
Distinguished guests  
Ladies and Gentleman

It is a pleasure for me to usurp this very pivotal opportunity to convey my heartfelt greetings to our distinguished guests, outgoing – Council and Exco members, Senior Management, Municipal Officials and our audience in attendance this morning. Allow me on this occasion of the penultimate sitting of the Council of Setsoto, to wish all Honourable members, a happy and productive financial year before the Local Government Elections scheduled for May 18, 2011. Once again, I say ‘BON VOYAGE.’

It must be noted that, the culmination of 2011/2012 budget is indeed absolutely another significant milestone for Setsoto Municipality after we have interacted with our communities to enable them to make their contributions to our Integrated Development Plan (IDP). The budget speech is primarily informed by the priorities that our communities have advised us to consider as this Municipality.

Ke rata ho phetha hape jwalo ka tlwaelo ke re, re fela re fihletse katleho ho tse ding tsa dikateng tseo tokomane ya ditekanyetso ya selemo sa 2010/11 e neng e di behile. Tsena tsohle di fihlelehile ka hobane re na le Mookamedi wa Masepala le baokamedi bohle ba Masepala, ketjho le bona basebeletsi ba lekgotla la motse.

Tsohle dikopano le setjhaba metseng yohle ya Masepala wa Setsoto di re atlehisitse hore re nonye setjhaba maikutlo. E fela le sona setjhaba se thotse monyetla wa ho ipeletsa ka hara tse ding bofokodi ba rona ka ditshebeletso, hara tse ding, ho phuthwa ha matlakala, hoo ho bile eka ho hotle ho ba le di ‘dumping zones’, ditsela tsa rona tse sa kgahliseng le di-tlankane tsa ditshebeletso tse sa tholahaleng ka nako e ka sita le motlakase wa mahala o ntseng o soka o fihleleha ho bohle, matha a tsa dikgweregwere le phano ya metsi, a na e bile a mang a mathata ao baahi ba rona ba ile ba tobana le ona. Re ikemisedisetse ka matla a maholo hore re se ra hlola re eba le mathata a nako e fetileng.

Hon. Speaker, it is important to mention that we have taken a conscious decision to ensure that we continue with our effort to ensure that, local government works better and works better for our people by ensuring that there is provision of basic services to our people progressively within limited resources that are at our disposal.

Our budget for the financial year of 2011/2012 has been prepared and compiled within the confinements of National Treasury's requirement.

Hon. Speaker, I would further appreciate to take this opportunity to state that, we have complied with the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Municipal Systems Act, 2000 (Act No. 32 of 2000) in compiling this budget. It is strictly and directly aligned to the Integrated Development Plan (IDP).

Hon. Speaker, as the country we will be observing the National Child Protection Week, that commences on 25 May. We hope that we shall do better in our endeavour in creating much better enabling conditions for our children.

On the 25<sup>th</sup> May we shall be having a commemoration of Africa Day. Africa Day is the annual commemoration of the May 25, 1963 founding of the Organization for African Unity (OAU). On this day, leaders of 30 of the 32 Independent African States signed a founding charter in Addis Ababa, Ethiopia. In 2002 the Organization for African Unity established its own successor, the African Union (AU) in Durban. However, the name and date of Africa Day has been retained as a celebration of African unity.

On the 16 June we shall be commemorating the **African Child Day**, a world-wide celebration that will focus international attention on the needs of African children. The commemoration coincides with the date of the massacre of demonstrating Soweto schoolchildren and somewhere else within our country by South African police on the **16<sup>th</sup> June in 1976**. We must ensure that we use this as an opportunity to educate our youth to be more responsible like the 1976 generation.

We would like to urge the current generation of young South Africans to face new challenges and defend their nation's hard-won democracy and to stay away from crime and drugs. We are in the process of finalizing our preparations for Youth Month Celebrations. Hon. Speaker, we do not want experience some of the challenges that we have gone through in 2010, only part of the program was implemented, that must never be repeated again. We want full implementation of youth program with build activities having to commence as early as June the 1<sup>st</sup>.

It is also a pleasure to further pronounce that on the 16 June 2010 we are launching officially Setsoto Youth Advisory Centre. The primary purpose of this centre is to empower our youth with information so that they can be able to access opportunities that we are having within our country.

The budget of the municipality is informed by the income that we expect from the households, businesses, and government departments in terms of service charges. There has been an increasing level in terms of outstanding debts. The high outstanding debt amount is chiefly attributed to households. The increase in outstanding debt inhibits the ability of the municipality to achieve its set objectives. For the Financial Year of 2011/12 we shall continue to be robust when it comes to collecting money that is due to the municipality in our endeavour to ensure that there is a decline in outstanding debt and we are able to provide our people with basic services.

We would like to appeal to our people who cannot afford to pay for their services that they must be registered so that they can be subsidized by government. It is one of the challenges that we are faced with, of people that are not paying for their services and we do not know why they are unable to register with government for indigent subsidy. We are unable to plan appropriately and to implement our developmental projects as planned due to non-payment that we have not been made aware of that our people can not afford to pay for their services.

We must not be seen acting harshly against people who are not paying for their services because we are asking, tell us, why you are not paying for the services that you are getting from government so that we can be able to assist you. We are kindly appealing to our people to cooperate with us in this regard.

## **67 MINUTES FOR DR. ROLIHLAHLA NELSON MANDELA**

Madiba's birthday on July 18 is the high point of Mandela Day and the main aim is to ensure that people see every day as a Mandela Day. Everybody can utilise Madiba's legacy to start a movement for good, by giving 67 minutes to help a community.

Mr. Mandela has spent 67 years making the world a better place. We're asking you for 67 minutes. Nelson Mandela turns 93 on 18 July, and the call has gone out for people everywhere to celebrate his birthday, – by acting on the idea that each person has the power to change the world. We would like to urge all our people to devote 67 minutes of their time to make an imprint and help change the world around them.

Madiba will be honoured if we could use this as an opportunity to bring together people around Setsoto, our province, country and the whole world to fight poverty and promote peace and reconciliation. As Setsoto Municipality we are equally determined to reach out at those families that are in desperate need of help and we must ensure that there is unity of our people hence that there is a program that has been planned for 67 Minutes for Mandela. We would like to invite all our people to join millions of people throughout the world in making 67 Minutes for Mandela a success.

We must pronounce that Setsoto Municipality jointly with Mr. Xuma managed to build houses for three different families from Senekal and secondly we have constructed 2 houses at Marquard and one of the families their house was provided with furniture. We hope to continue with this initiative at Ficksburg or Clocolan for this year.

## **MUNICIPAL GOVERNANCE**

We would like to congratulate those ward committees that have been able to execute their roles and responsibilities with distinction despite some of the challenges that they were forced to endure. All Ward Committees are now going to be disestablished and we expect to have highly energetic, disciplined and dedicated ward committees in the forthcoming term of new Municipal councillors. There are mechanisms in place that have proposed to improve on community participation and expect this to be incorporated into our Municipal Communication Strategy.

There is Integrated Development Plan (IDP) Representative Forum that has been established, including various Project Steering Committees, Ad Hoc Committees etc to ensure participative local governance through the IDP Process of Setsoto Municipality. All our

organizations, stakeholders and members community are invited to all meetings of the Council. All policies and/or processes are developed in compliance with and/or the guidance of SALGA policies and/or the advice of District Municipality and Provincial Government.

A Local Labour Forum is in place. At a Management level, strategies are being developed and implemented to improve on employee relations to ensure productivity. Transformational principles are to be applied in line with HR Policies. A Delegations Policy is in place and we are currently in the process of having it reviewed to contribute towards efficiency, transparency and the promotion of democracy within the Municipality.

Communication Mechanisms are in place between the management and Council and Councillors to ensure that a Good working relationship exists amongst all stakeholders. Clear role clarification and good political/administrative interface also exists. Policy directives and measures, by-laws and regulations as prescribed by the Municipal Code to enable the creation of an orderly institutional environment. It is anticipated that Customer Satisfaction will be monitored via the development and implementation of the Comprehensive PMS.

The Administrative Control Systems, which are in place to ensure accountable corporate governance in Setsoto Local Municipality. The Council has adopted paperless option to improve the administration and improvement in respect of Information Technology is an ongoing process within the municipality. Disclosure in terms of the Access to Information Act is fully complied with.

## **CHURCHES**

In accordance with Section 17 (1)(i) of the Municipal Property Act, all our churches are exempted from paying property rates. Our churches to be exempted from payment of services with 35% over a period of 2 years effectively from this financial year of 2011/2012. It must further be noted that they are going to be assessed individually to ascertain whether some of them shall be eligible for the aforesaid exemption or reduction.

It is further a humble submission to the Council to take note of the fact that, to ease the burden of churches and to enable them to start on a clean slate, all debts against our churches shall have to be written off effectively commencing from this financial year of 2011/2012. The incoming Council must ensure proper monitoring for the implementation of this decision.

## **USAGE OF OUR RECREATIONAL FACILITIES**

We would like to reiterate on this particular aspect, with recognition of the fact that our young athletes are actively and creatively engaged in distinctive sporting codes with lack of access to recreational facilities. Without any doubt in my mind, it shall be in the best interests of all our young athletes to have access to recreational facilities without having to make any contribution. This exemption is only applicable to our teams and clubs.

## **Hon. Speaker, allow me to take this opportunity to reflect in detail our Draft Budget for the Financial Year of 2011/2012**

The draft budget 2011/2012 was drafted taken into consideration the following pieces of legislation into consideration, *Constitution of the of the Republic of South Africa, Municipal*

*Structures Act, Municipal Systems Act, Municipal Finance Management Act, Division of Revenue Act, PPPFA, Competition Act, Property Rates Act, National Credit Act, Basic Conditions of Employment Act, Labour Relations Act, Skills Development Act, Skills Levies Act, Employment Equity Act, Occupational Health and Safety Act, Compensation for Occupational Injuries, Budget related Circulars, and All Municipal Budget Policies*

In drafting the budget the municipality has taken into consideration the requirements of section 18 of the Municipal Finance Management Act no. 56 of 2003. The foregoing section requires that the budget of the municipality should be based on realistic anticipated revenue, however strict cash flow control should be applied during the financial year 2011/2012 in order to enable the municipality to meet its legislative obligation.

The budget timelines was tabled in the Council in line with section 21(1)(b) of the MFMA. The Draft budget was then tabled to Council on the 31 March 2011 for the purposes of inviting various stakeholders to make inputs on the draft budget. Budget road shows were held from 11 – 14 April 2011 in all 4 (four) units of Setsoto Local municipality for the purposes of inviting community inputs in relation to the draft budget. The inputs of the members of the community have been taken into consideration in preparing this draft budget.

In compiling the Draft Budget the municipality has considered its own IDP and the National Treasury Circular 54 and 55. The municipality has focused on the following as part of the overall National plan of action:

- Ensuring that service delivery and capital project use labour intensive method;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

#### **DRAFT BUDGET OVERVIEW: 2011/2012**

The total draft budget for the year 2011/2012 is an average of **R 383 million** which is funded out of own income (e.g. service charges) and grants & subsidies. Grants & subsidies accounts 58% towards total revenue of the municipality while own income is anticipated to contribute 42%.

The draft budget is anticipated to increase with an average of 2% from the approved revised budget 2010/2011. The increase is directly attributed to grants that are attributable to the municipality in terms of Division of Revenue Act 2011.

#### **INCOME OVERVIEW**

Property rates is anticipated to contribute an amount of **R 24 million** while user charges for services which is constituted by Water, Electricity, Refuse, and Sewerage is anticipated to be an average of **R 97 million**. Interest that is earned on outstanding debt is anticipated to be an average of **R 19 million**.

## **EXPENDITURE OVERVIEW**

Employee related costs have been allocated a total amount of **R 88 million** and it is anticipated to contribute 29% towards total Operating Expenditure. The municipality has allocated a total amount of **R 10 million** towards vacant posts and the majority of vacant posts are elementary (technical) posts.

Remuneration of councillors is allocated an average of R 8.8 million which represents an increase of 6% from the revised budget (2010/11).

Working capital reserve (Bad debt provision) is anticipated to be an amount of **R 39 million** (Current R 37 million: 2011/2012) which is based on an average collection of 32% on property rates and user charges for services. The foregoing budgeted amount will most probably not be sufficient to cover the total increase in the outstanding debt unless a concerted effort is directed towards increasing the collection rate.

Repairs and maintenance is budgeted an amount of **R 11 million** and it shall contribute 4% towards total operating expenditure and the majority of the budget shall go towards waste management and water management.

Interest of external borrowings is anticipated to be an amount of **R 10 million** which is based on servicing current loan book of R 25 million (*Audited 2009/2010*), and anticipated capital loans of **R 18 million** to be acquired.

Grants and subsidies given which represents indigent subsidies allocated an amount of **R 17 million** which represents an increase of 4% from the financial year (2010/2011).

Bulk purchases (Bulk Electricity) is anticipated to be an average of **R 40 million** and the municipality has taken into consideration the guidance provided in terms of paragraph 3.1 of MFMA Circular number 55.

## **TARIFFS**

The tariff for electricity is budgeted to increase with an average of **20%** while tariff for water is budgeted to increase by an average of **5%**.

The increase on electricity is informed by the general increase that is granted to Eskom by NERSA in terms of electricity increase.

The increase on water is based on the anticipated increase in the water chemicals and other utensils as a result of the high input costs (e.g. electricity increase, fuel increase) by manufactures and suppliers. The increase is also aimed at supplementing the asset infrastructure network within the water services.

All other tariffs are anticipated to remain unchanged in an effort to reduce the burden on household budgets. In an effort to ensure consistence and to broaden the tax base the municipality is anticipating to introduce additional tariffs for the buying and selling of municipal land as well as renting of municipal properties.

## **WASTE MANAGEMENT**

In terms of the **Capital budget**:

An amount of **R 2 550 000.00** was made available for the purchasing of **mobile compactors** (refuse removal trucks) and an amount of **R 500 000.00** for **tipper** trucks. This purchasing would depend on **external funding**.

An amount of **R 40 000** was made available for the purchasing of Mass Containers. This purchasing would depend on **internal funding**.

## **PARKS AND PROPERTIES**

In terms of the **Capital budget**:

The **development** of at least **one park per unit** per year is a priority. This development would depend on **external funding**. An amount of **R 600 000.00** was made available in the budget for the 2008/2009 financial year for the development of parks.

Another priority is the greening of areas and possible donation of trees are negotiated with the Department of Tourism, Environment and Economic Affairs. These trees must then be donated to residents that are prepared to plant and care for them.

An amount of **R 200 000.00** was made available for the development of Tennis/**Netball courts**. This development would depend on **external funding**.

An amount of **R 600 000.00** was made available for the provision of fencing at the cemeteries. This purchasing would depend on **external funding**.

An amount of **R 1 000 000.00** was made available for the purchasing of a **Back Actor** for use at the cemeteries. This purchasing would depend on **external funding**.

An amount of **R 180 000.00** was made available for the provision of services at the cemeteries, e.g. Toilet and water facilities. This purchasing would depend on **external funding**.

An amount of **R 196 500.00** was made available for the purchasing of **Lawn mowers, Weed eaters and equipment** for use at the parks. This purchasing would depend on **external funding**.

An amount of **R 400 000.00** was made available for the purchasing of a **Tractor** for use at the parks. This purchasing would depend on **external funding**.

The maintenance of community/town halls as well as the property of Council must also be seen as a priority to ensure that the assets of Council stay as an investment to Council. Maintenance has been done or is in the process at Matwabeng Community Hall, Matwabeng

Police Station, Public toilets in Senekal, Toilets at Clocolan/ Hlohlolwane cemeteries, Mapenyadira Community Hall and the Sport Stadium in Marquard.

In terms of the **Capital budget**:

An amount of **R 168 000.00** was made available for the purchasing of tools and equipment. This development would depend on **external funding**.

## HUMAN SETTLEMENTS

<i>Project No</i>	<i>Project Deliverable</i>	<i>Planned/Actual start date</i>	<i>Planned/Actual finished date</i>	<i>Project Cost</i>	<i>Ward</i>
01	Planning and Surveying of new cemetery in Ficksburg.	01/07/2011	30/06/2012	R315 000.00	
02	Planning of 200 erven for middle and high income groups in Senekal and Ficksburg	01/07/2011	30/06/2012	R 300 000.00	
03	Planning and Surveying of 1000 erven for low income group in Ficksburg.	01/07/2011	03/06/2012	R 410 500.00	
04	On-site verification of Land use control for 4000 erven@1000 erven per unit.	01/07/2011	30/06/2012	R 40 000.00	
05	25 information session on housing.	01/07/2011	30/06/2012	R 25 000.00	All wards
06	Road Shows @ one per unit	01/07/2011	30/07/2012	R 4 000.00	All units
07	Identification of 400 beneficiaries who did not complete their self built houses @100 per unit.	01/07/2011	30/06/2012	R 4 000.00	All wards
08	Identification of 400 beneficiaries who occupy dilapidated houses@ 100 per unit(Old	01/07/2011	30/07/2012	R 4 000.00	

	Township Rehabilitation Program)				
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### **SETSOTO INTEGRATED DAIRY (PROJECT)**

Setsoto Dairy Project as it was originally known is one of the many Municipal initiatives that are aimed at dealing with the broader challenges of poverty and unemployment that are ravaging our municipality and country. The national unemployment is currently hovering around the 25% mark while ours (Setsoto) is projected at around 40%. This brave and innovative concept which is the Municipal entity is implemented in partnership with Protec of Germany and the Provincial Department of Agriculture and has seen “some” opposition from some quarters as it would be expected.

The Setsoto community, particularly the farming community will be part owners of this project through shareholding. It is an ambitious but viable project because its capital expenditure over a period of three years will be approximately **R 800 million**, the amount that is far more than the Municipal annual budget. The projected annual revenue from the eighteen (18) revenue streams will start from **R 397 million** and reach R 1billion mark after five years of operation. It should however be very clear that this amount will not be coming from the Municipal budget, but from grants and loans from institutions such as Land Bank, IDC, Standard Bank and others.

### **YOUTH DEVELOPMENT**

We have budget an amount of **R 1.2 million** which represents 30% of the revised budget. We have taken a conscious decision to increase the budget to deal with challenges that our young people are confronted with. The Office of the Mayor through the Office of Youth Development Officer is expected to develop a clear program of faction in consultation with youth organisations and institutions on how the above said budget should be utilized for the benefit of our young people. We have also taken into consideration issues that have been raised by our young people during the Mayoral Budget Road Shows.

### **FARM DWELLERS**

Hon. Speaker, during our Budget Speech of the Financial Year of 2010/2011 we have made it clear that we must translate our decisions into practice in responding directly to the challenges that our farm workers and inhabitants are confronted. It is our responsibility as this Council to ensure that we do provide our farm dwellers with basic services in terms of our Constitution. We must appreciate trivial progress that has been made, we still believe that we can do more working together with our communities.

We are aware of working conditions that most of our farm dwellers are obliged to endure on daily basis. It is therefore necessary for us to create a platform for engagement to deal with challenges that our farm dwellers are faced with. We must translate our policies into action by responding directly to the challenges that our farm dwellers are faced with. We must appreciate the initiative that has been undertaken by Setsoto Agri Forum to work together

with Setsoto Local Municipality in providing our farm workers with electricity. We are expected to start with our pilot project during the first month of our new financial year. We are also in the process of developing a clear indigent subsidy policy specifically for our farm people.

Hon. Speaker for the end of **Second quarter** of our new Financial Year we have planned to have a Summit on Rural Development and Challenges facing our farm dwellers. For the Financial Year of 2011/2012 we have an amount of **R 3 million** budgeted for our farm dwellers in particular the farm workers that are unable to pay for electricity and water.

We would like to commend the majority of our Councillors and officials who continue to serve our people with integrity and dedication. Keep up the good work that you are doing. We must also warn those that are not performing their duties that they will bear the consequences of their laziness. There comes a time when the cup of endurance runs over, and men are no longer willing to be plunged into the abyss of despair. I hope, sirs, you can understand our legitimate and unavoidable impatience. We can no longer postpone the hunger of the People

With that Honorable Speaker, I will now formally wish to invite Hon. Councillors to adopt our IDP linked Budget for the Financial Year of 2011/2012 in terms of section 24(1) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and dully informed by our IDP.

I thank you.

Cllr. M. Maduna

**MAYOR: SETSOTO LOCAL MUNICIPALITY**