

**BUDGET VOTE SPEECH OF THE SETSOTO LOCAL MUNICIPALITY,
DELIVERED BY THE MAYOR, COUNCILLOR TSHELISO JAKOBO AT THE
CLOCOLAN TOWN HALL – 30 MAY 2012, CLOCOLAN**

**The Honourable Speaker of the Council, Cllr. Pius Mohlomo
Honourable Councillors
Members of the Mayoral Committee
Municipal Manager, senior managers and municipal employees
Leaders of Political Parties
Members of the media
Distinguished guests
Sechaba sa Setsoto**

Kgotsong.

I am honoured to deliver my maiden budget speech a few weeks after we celebrated 18 years of democracy and hardly a week after celebrating Africa Day. A day that occasions a moment for reflection on where we come from as people and continent of Africa. On Africa Day we celebrate the aspirations of all Africans to break free from bondage and determine their own destiny. In our own country, a solid foundation has been laid to ensure that we all live alongside each other in an equitable, non-racial and non-sexist society.

Building on this, I commit my unwavering support to the ideal of nurturing social cohesion and nation building for all the residents to live in peace. Working together as communities, business, religious leaders and non governmental organisation of Setsoto, we can prove to our liberation icons and the founding fathers of a free Africa that we commend their selfless contribution towards this hard-worn democracy.

At this juncture I want to pay tribute to the comrades and senior ANC leaders who recently departed this world: former Minister and Member of Parliament, comrade Sicelo Shiceka; Public Service and Administration Minister Roy Padayachie; Member of Parliament Florence Nyanda and liberation stalwart

Reverend Motlalepule Chabaku. Their remarkable contribution in shaping this country will remain indelible in our minds.

In particular, I want to reminisce about Reverend Motlalepule Chabaku who was the first speaker of the Free State Legislature. MaChabaku was a selfless, fierce, diligent and dedicated leader who had compassion for the poor. In her address to the Institute of the Municipal Administrators of South Africa (IMASA) conference delegates in Brits, in 2007 she made an “urgent plea to Councillors and municipal administrators to make sure that communities bring back the necessary moral standards into the ordinary lives of all citizens”. She asserted that enemies can be turned into friends by integrating the principles of honesty, purity, unselfishness, love and people-centeredness in all decisions.

In her remembrance let’s lend a helping hand to our fellow citizens in the spirit of ubuntu and celebrate the fruits of the democracy she fought for. Central to celebrating this democracy lies our commitment to improve the lives of our people by eradicating poverty, a course she advanced all her life. To achieve this primary Millennium Development Goal (MDG), government has implemented anti-poverty strategies to enable poor communities to have access to basic services. In the 18 years, this government has provided indigents households with free services such as water, sanitation and electricity. We continued with the provision of these services even during harsh economic times when budgets are over-stretched. Our resolve to improve the lives of the people kept us on our toes.

We continuously explore innovative ways and means of improving the delivery of services to address the socio-economic challenges in our areas. I cannot over-emphasise the need for partnership in this regard. The partnership I’m particularly calling for from the community members is in the form of paying for services, safeguarding municipal properties using scarce resources sparingly and interacting with the municipality to find solutions to service delivery

impediments. Working together we can make our municipality a financially viable entity that delivers quality services thereby meeting the community needs.

The challenges we encountered in the past year presented us with an opportunity to take stock of where we are as the entity that's supposed to provide basic services to people. Upon reflection, mistakes were identified, acknowledged and I am pleased that, collectively we put systems in place to deal with the challenges in a sustainable manner. Thus far, we continue to make significant progress in addressing the service delivery shortcomings which led our community to embark in protest action. We all walked out of that sticky and tragic situation with valuable lessons and vowed to interact regularly to avoid committing unwarranted mistakes.

Most importantly I want to reiterate that the only viable and sustainable way of delivering quality services to all the residents of Setsoto is through the payment of services by all residents. Currently we provide subsidized water and electricity to all residents of Setsoto regardless of their indigent status. Moving forward, as of 1st July 2012, only registered and legible residents (Indigent) will qualify for 6kl of water and 50 kw/h of electricity.(All domestic users receive 6kl free)

This will be informed by a policy position about those earning less than R1800 per month as a threshold. Our policy will also exempt all senior citizens; they will automatically qualify for the portion of free basic services.

The Council has already begun to implement a robust revenue enhancement strategy which amongst others, include cutting electricity for defaulters; beefing up the administrative section with appointment of senior credit control officer and customer relations officer and appointing an external service provider as debt collector.

Highlights of achievements recorded

We have since completed the installation of 7576 water meters in Senekal. In other towns, the installation of 22020 meters is expected to be complete by the end of June. Ladies and gentlemen, these meters are installed to ensure that water safety planning mechanisms are in place to account for water usage. It is apposite to mention that we are not a water-rich country; therefore we need to continually and creatively manage our water usage.

In terms of road construction, the paving of 2.1km in Clocolan; 2.2km in Senekal and 2km in Marquard is complete. The 2.3km road in Ficksburg will be completed before the end of next month. We remain hopeful that in future we may have access to adequate funding to enable us to pave all our access roads.

In addressing the scarcity of water, the project to augment raw water supply in Marquard is nearing completion. The construction of the pipe line and balancing reservoir will be completed in few weeks' time. We have also commissioned additional boreholes in Marquard /Moemaneng. In Senekal, the civil works for the development of boreholes has come to an end, giving way for the mechanical job to see through the project to the end by June.

From September 2011, we have been maintaining streets lights regularly as a measure to contribute towards improved safety and crime prevention. For the erection of high mast lights, all the administrative processes have been taken care of – in two weeks' time we will be installing 7 high mast lights; 2 in Clocolan; 5 in Senekal and 2 in Marquard.

The challenge of sewer spillage is receiving necessary attention; the contractors have been on-site in Zone 7 & 8 to install collecting sewers to alleviate immediate sewage spills; new 315mm diameter outfall sewer to accommodate additional

effluent pumped from the sewage pumpstation and refurbishes the existing sewage pumpstation. The second phase of this Meqheleng Refurbishment Sewerage System will commence in June and will entail the installation of pipes between manholes to complete the cycle.

The level of refuse removal has in the past been constrained by lack of equipment such as yellow fleet vehicles and personnel. I am delighted to announce that with the employment 100 EPWP workers with effect from 01 June 2012, the collection of refuse will improve. This will assist the municipality to deliver the refuse removal service on a weekly basis. Over and above the EPWP workers, we have entered into an agreement with government garage to supply us with vehicles for refuse removal, maintenance of our roads and servicing our land fill sites.

In the current financial year, we created job opportunities in the EPWP Environmental, Social and Infrastructure Sectors. More than 800 community members were employed in the projects such as door to door waste removal; cleaning of illegal dumping site; cleaning of cemeteries and Food for waste; road pavements; water treatment works and water meters installation. That number includes the learnership programme which benefited 35 young people who are placed at the municipality.

Our job creation initiatives were further boosted when our municipality was selected as a site for the Community Work Programme which will commence next month and is expected to run till March 2014. This project will create 1000 job opportunities for community members.

Ladies and gentlemen, these achievements and many others that I cannot list here are indicative of our commitment to provide you with quality services. We will never falter, with your support we can reach greater heights and rebuild our society beyond peoples' expectations. I firmly believe that we have the capacity to do it!

Honourable Speaker, the presentation of this budget speech which outlines the service delivery plan for the next financial year is based on the 5 Local Government Strategic Agenda priority areas, namely:

- >Infrastructure and Service Delivery
- >Local Economic Development
- >Organisational Development and Transformation
- >Financial viability and Management
- >Good governance and Public Participation

In the past weeks, we held consultation meetings with all communities in 18 wards across Setsoto municipality to identify and prioritise the community needs, as it is the requirement for the development of the Integrated Development Plan (IDP). Therefore, I present this budget, confident that it is aligned with the IDP and it embodies the will to improve service delivery and the lives of the people of Setsoto, albeit limited resources. It cannot be denied that there will always be more needs identified than available resources.

Ladies and gentlemen, allow me to reflect on budget in detail and highlight our achievements:

The budget of the municipality comprises revenue that the municipality anticipates to collect from consumers; grant and subsidies received in terms of Division of Revenue Act, and the expenditure that the municipality plans to undertake in order to achieve its objectives as outlined in the IDP. The Municipality has been confronted with many challenges in compiling the budget and the challenges may be summarised as follows:

- The sharp increase in outstanding debt;
- The NERSA increase granted to Eskom which is still above the inflation rate;

- The increase in interest earned which may not be realised as a result of low payment rate;

TOTAL OPERATING REVENUE

The total operating revenue is anticipated to be R336million and R357million and R376million for the two outer years. The current budget year has declined with an average of 14% from the revised budget and 12% from the original adopted budget. The decline is mainly attributed to the capital grant income which was previously reported under all the grants and subsidies.

Electricity is the biggest contributor towards municipal revenue which contributes an average of 52% towards total service charges and the budget is anticipated to be R55 million. The average increase in terms of electricity tariff is 11.03% in line with National Energy Regulator (NERSA) approved increase. We remain committed to provide a cushion for struggling and unemployed residents but it is important that they must come forward and register as indigents to access suitable social packages. An amount of R8 million has been allocated as a provision for bad debt.

Honourable Speaker, the **water** crisis in Setsoto is not necessarily a result of poor planning as some doomsayers and pessimist would have us believe. It is largely due to circumstances beyond our control. The significant drop in rainfalls has an adverse impact on our raw water sources. For instance in Marquard, the raw water storage dams are empty and dry. Undoubtedly, water is life – without it everything comes to a standstill that is why we are going out of our way to ensure that we mitigate this disaster.

Collectively we must take responsibility for preserving this scarce commodity. Recently, Water Affairs Minister Edna Molewa warned that if urgent measures are not put in place, we could have a serious water crisis in 2025. Water leaks

must be attended urgently to prevent further loss. It is incumbent upon community members to report the leaks immediately when they notice water dripping anywhere. Municipality alone cannot address these challenges. We will also be implementing water restrictions in response to this crisis.

The tariff for water is anticipated to increase with an additional 5% from the previous financial year. The increase is attributed to an increase in the input costs by manufactures and suppliers as a result an expected sharp increase in fuel costs and inflation targeting. The budget is anticipated to be R22 million, while the municipality has allocated R16 million as bad debt provision. The foregoing implies that only an amount of R6 million shall be received by the municipality in order to fund its service delivery objectives.

The refuse/solid waste has an allocation of R15million while the provision for bad debt is an amount of R13million. The tariff for refuse/solid waste is expected to remain unchanged.

R13million has been budget for sewerage/waste water and the provision for bad debt is an amount of R11million. The tariff is anticipated to remain unchanged.

Employee related costs are allocated an amount of R94million which represents an average increase of 6% from the revised budget. The 5% is guided by Circular 58 which indicates that municipalities must budget for a 5% cost-of-living increase adjustment, and the additional 1% increase shall go towards vacant posts. The entire 6% is towards salary increase.

Youth Programme

To enable the municipality to promote advocacy on the plight of the youth, an amount of R500 000 has been set aside.

Ward Committees

In an endeavor to deepen our participatory democracy, an amount of R250 000 is set aside for ward committees and this will assist in provision of allowances for ward committee members.

HIV/AIDS

An amount of R50 000 has been allocated to promote advocacy work with other bodies and institutions involved in the fight against the scourge of HIV and AIDS.

Remuneration of Councillors is anticipated to be R9.7million which represents an average increase of 6% from the revised budget.

Debt impairment which is a provision of bad debt is astoundingly high at an amount of R54million. The foregoing implies that there has to be a concerted effort in order to reduce the provision as this may impact adversely on the provision of services.

Depreciation is loosely defined as a decrease in value of assets through wear and tear which is provided over the useful life of the asset and it is allocated an amount of R23million. **Interest expense** is allocated an amount of R3.8million.

Bulk purchases which represent the electricity that the municipality obtains for re-sale is anticipated to be an average of R50million. The foregoing is in line with the Eskom's increase granted by NERSA.

Grants and subsidies given, represents the total costs of indigent support and it is allocated an amount of R26million which represents an increase of 9% from the revised budget. The increase is attributed to slow economic growth as observed by the *Medium Term Budget Policy Statement 2011* and the indigent subsidy threshold is expected to be increase as a result. Two Senior citizens living together and receiving a government social grant are automatically deemed

to be indigent. We can no longer afford to subsidize people falling outside the ambit of indigent category or those earning beyond the determined limit

Infrastructure projects for 2012/2013

For the financial year 2012/2012 we will undertake the following major projects, some of which are multi-year projects.

Marquard Water Treatment Works

An amount of R3.9million has been budgeted to construct clarifiers and sand filters at the Marquard Water Treatment Works. This is to ensure that there is sufficient supply of water to the residents.

Marquard Oxidation

R16.9million will be spent on the construction of new waste water treatment works wherein we are closing the old system of oxidation ponds to once again, increase water supply.

Ficksburg Bulk Water Supply

The first two phases of the upgrading of this project have been completed. For this financial year, we have set aside R22.5million to continue with the construction of phase 3 and 4 of the project which include the construction of a pipeline dedicated to Meqheleng and a new 10ML concrete reservoir. The total cost of this project is R40 million over the next two (2) financial years.

Senekal boreholes

To augment groundwater supply in Senekal, we are constructing eleven boreholes at the tune of R21 million. We believe that this intervention will assist to meet the community's demand for water.

High Mast Lights

As of July 2012 we will install 16 high mast lights across the 4 units of Setsoto and upgrading of our transformers. The break-down being 7 in Ficksburg, 5 Senekal, 2 in Clocolan and 2 in Marquard.

Road construction

In collaboration with the Thabo Mofutsanyana District Municipality which provided some funds, we are in the process paving 1.5km road in Meqheleng.

Ficksburg Sport Facility

We have responded to the outcry of the young people of Setsoto, Ficksburg in particular, when they expressed their frustration due to lack of sports facilities. From this 2012/2013 financial year, we shall commence with the construction of a new sports ground. This sports ground will be developed next to Boitumelo Secondary school. For this financial year, we will spend R15.4million on the construction.

Other projects which will benefit the community of Setsoto are implemented by the Department of Sports, Arts, Culture and Recreation (DSACR). We have signed a Memorandum of Understanding wherein the Department undertook to renovate the Manie Fourie sports facility to address the identified problems of high level of vandalism, lack of facilities for the disabled and dysfunctional storm water management system. The renovations are expected to start in due course.

In Marquard, DSACR has just begun the establishment of multi-purpose sport facility which includes courts for netball, volleyball, basketball, tennis and soccer. The facility will be complete before the end of June.

Conclusion

Fellow residents, we have a challenge to provide quality services with the limited resources we have. We need to remain focused on the effective delivery of the

core municipal services through the application of efficient and effective service delivery mechanisms. The application of sound financial management principles for the compilation of the Setsoto Local Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

There is compelling need to review and align the organizational structure to meet the strategic objectives of the municipality. To that end, management has been tasked to carry out activities such as skills audit, job evaluations, work study process and review the existing structure. These processes will ultimately feed into the refinement of the business process to enhance efficiency.

Honourable Speaker, allow me to conclude this presentation by applauding the sterling work done our new Municipal Manager, Mr. Ramakarane. We are heavily reliant on his experience to steer this ship in the right. Thus far, he has ensured that critical vacant posts of Director Corporate Services and Director Economic and Community Services, are filled. In due course, positions of Chief Financial Officer and Director Technical Service will be filled with suitably qualified people. We also commend the work done by the seconded officials from the Department of Cooperative Governance and Traditional Affairs: they have contributed a lot in bringing about stability in our municipality. We also salute all other Departments which during our hour of need gave practical interpretation to corporative governance and notion of unity in action.

On behalf of Setsoto Council, I would like to thank residents, the business sector and all other stakeholders for their individual and collective contribution towards the formulation of Integrated Development Plan and 2012/2013 budget. The comments and inputs submitted will assist municipality in shaping its budget and delivering quality services.

I finally want to express sincere appreciation to all the employees of Setsoto who have selflessly served the community of Setsoto.

Honourable Speaker, I now present the budget for final discussion.

I thank you.