

## **MESSAGE FROM EXECUTIVE MAYOR MATHABO LEETO:**

We have arrived at the conclusion of the 2007/2008 financial year and have traversed indeed, a path full of complex challenges and opportunities.

The budget for 2008/2009 is not a mere balance of sheet of revenue versus expenditure, but an amount which the quality of lives of our people is dependent upon and over and above, an amount which will ensure that Council adheres to the responsibility and obligation to discharge good governance based on the Batho-Pele principles. It is a people and service delivery driven budget.

Matjhabeng Local Municipality has huge developmental needs and the disparities between affluent communities and those that are needy, continue. Council sees the budget as a policy instrument through which we seek to transform our society. This noble project of transforming our society should continue to propel and jet us to the commitment we made before we achieve freedom and in post 1994 period. We must continue to advocate and work towards the true realization of a better life through budget processes of this nature and continue to create conditions conducive for the betterment of our communities.

The budget for 2008/2009 comes at the end of the lengthy process of consultation and participation. This was to ensure that the aspirations and expectations of communities and stakeholders across the length and breadth of Matjhabeng find their expression in our Integrated Development Plan and Annual Budget so that we truly service the people as we have promised in 2005.

None of us shouldn't and must not forget that democracy is not only about how representatives are chosen. It is about how ordinary citizens are regarded in the decision-making process. They must be governors and not passive bystanders and they must be equal to decision-makers. We have used IDP (Integrated Development Planning) hearings and budget consultative public meetings as enablers in this regard. We therefore must ensure that councilors are the custodians of all critical information on economic activities, unemployment and poverty in the wards.

We must equally ensure that those who qualify are in the social security safety net to release our people from abject poverty. Such work is the most tangible form of public service together with

vibrant and well functioning Ward Committees that will inform the IDP and Local Economic Development (LED) strategies assisted by Community Development Workers.

The control and management of finances in 2007/2008 is basically skeptic. The revenue collection is not predictable as it fluctuate from time to time despite all efforts through financial recovery plans and oversight committees. The Department of Finance needs to step up all revenue collection measures, and outsourcing of the services must not be regarded as an alternative – only more revenue is lost to private sector.

The Municipality needs revenue to pay for, or maintain services. To residents who pay for their services: Thank you. To those who do not, but can afford to do so: Please pay for the water, electricity and other services you have already enjoyed.

## **BUDGET FOR 2008/2009 PEOPLE AND SERVICE DELIVERY DRIVEN**

*Budget runs more than R1 billion*

Matjhabeng Local Municipality's annual budget includes an Operational Budget that provides for the annual expenditure and revenue estimates for 2008/09 as well as a Capital Budget that provides for the on-going investment in infrastructure necessary to provide the services to the community.

The Operational Budget for 2008/2009 is **R 1, 022, 119,949**.

The Operational Budget has been divided into revenue and expenditure sections. The revenue section consists of property rates, electricity, water, sanitation; refuse removal, grants and subsidies, interest and investment income and other revenue such as rental of halls and hostels. The expenditure section includes items such as personnel costs, general expenses, repairs and maintenance, capital charges, contribution to reserves and contributions to capital.

The greatest percentage of revenue is received from the Water and Electricity vote. This vote contributes 38% of the revenue of the Municipality. The equitable share from National Government is included in the vote of Executive and Council and assessment rates are included under Finance and Administration's vote.

The Equitable Share that is received as a grant from National Government makes up 21% of the revenue of the Municipality. This indicates that the Municipality is highly dependent on such grants and the main reason for this can be attributed to the low level of payment from consumers. In order for Matjhabeng to be sustainable, the Municipality must be able to operate independent of the Equitable Share.

Water and Electricity vote is responsible for 38% of the expenditure of the Municipality. Planning and Development makes up 10% and the rest of the votes do not make up more than 11% each.

Water and Electricity purchases make up a combined 32% of total expenditure, while provision for bad debts make up 13%. This highlights the poor payment rate for consumer services. Other General Expenses, which make up 10% of total expenditure, refer to expenses such as advertising, bank charges, electoral expenses, insurance, municipal charges, operating costs of equipment and vehicles, telephones, printing and stationery, professional fees, security services, subsistence and travelling, uniforms etc.

The Municipality's expenditure on personnel cost amount to 32% of total expenditure. The norm for municipalities is 30%. The personnel costs as reflected above relate to positions that have actually been filled. If the Municipality has to go ahead and fill all vacant positions, the percentage of personnel costs to total expenditure will be closer to the 50% mark.

## **CAPITAL BUDGET FOCUSES ON BETTERING LIVES**

Matjhabeng Local Municipality's Capital Budget is a ward based, people driven budget searching ways and means to accelerate service delivery.

Most capital projects are funded from grants, such as the Municipal Infrastructure Grant. Additionally, others are funded from contributions from the Operating Budget or long term borrowings and they have been expatiated later in the speech. The 2008/09 Capital Budget totals R139,681,762.

Envisaged Programmes for 2008/2009, are:

- Establishment of a Lejweleputswa joint Initiative Accelerated Development programme to support ASGISA and JPSA with an estimated budget of R680 million.
- Register the Development Academy as an accredited institution to train and develop small Municipalities in Lejweleputswa District and the whole Free State Province with the estimated general income of R1.8 million per annum.
- Improvement of website management.
- Identify critical posts and where funds permit, fill them
- Draft a tangible skills development programme to build the capacity of our municipality at all levels
- Finalise skills audit and proper placement of personnel here necessary
- Implement uniform conditions of employment as adopted by South African Labour Bargaining Council
- Monitor compliance of policies by Internal Audit.
- Develop the promotional, succession and retention policy.
- Cascading the performance management at levels of the institution.
- Implementation of the reward and incentive scheme.

- Development of Information Management Systems.
- Upgrade council buildings to accommodate differently abled people.

With regard the Municipality's capacity to deliver services based on the current ICT infrastructure; we are currently having six pre-paid electricity vending Machines installed around Matjhabeng. We have purchased additional 5 of this equipment to increase the number of vending machines to cover all units of our Municipality.

## **VISIBLE MUNICIPALITY, VISIBLE SERVICE DELIVERY**

### **Upgrading of Sewer Networks**

The national focus remains to be catching up on sewer systems. The 2008/09 budget therefore focuses on addressing this service. Currently Matjhabeng has a backlog of about 12,000 formal un-serviced households. If informal households are added to this figure it can be as many as 18,000. The intention is to service about 5,500 of these stands in the 2008/2009 financial year.

Due to the number of stands to be serviced, the capacity of purification plants must also be addressed as problems already exist in this regard. Council therefore earmarked R25 million for pump stations and purification works to support this service implementation.

### **Upgrading of Water Network**

The intention is to service 4,500 sites with water to uplift the community and address health and hygiene. Matjhabeng intends to provide water to an additional 4 500 sites in order to address backlogs and increase health and hygiene.

### **Upgrading of Roads Network**

To improve accessibility to homes, R14 million was set aside for new road infrastructure and R3 million for major maintenance. These roads will also help alleviating some of the storm water problems that were encountered during the rainy season. To supplement this, additional R3.5 million was budget to improve certain storm water networks to safeguard community property against water damage.

Some funds will be spent on the upgrading of worn-out water and sewer lines and the upgrading of electrical networks.

### **General**

The budget also makes provision for the creation of sports facilities.

Funds are also made available for the pegging and creation of new stands as specified in the Integrated Development Plan.

An action plan on repairing all faulty/leaking meters (9000 meters in Matjhabeng) is also being compiled.

Council invested the following in infrastructure in the 2007/2008 financial year:

### **Bronville**

- Electrification of Extension 15: 220 homes benefited from phase 2 at an amount of R1.14 million.
- Phase 3 will commence when funding has been secured. 100 homes will benefit from this.

### **Hennenman**

- The electrical capacity of the CBD was increased at a cost of R1.8 million. This project is a major asset to Hennenman as growth was hindered by the lack of capacity.
- The lights of the Sport Stadium were repaired to the satisfaction of the Rugby fraternity.

### **Virginia**

- New generation robots were installed at the intersection of Highland and Voortrekker Streets at a cost of R122 000.00
- All switching Substation buildings were painted.

### **Welkom**

- The project to strengthen the CBD Electrification network is valued at R5 million.

### **General All Units**

- A Tender valued at R6.1 million for the installation of 27 High Masts has commenced. 15 plinths in Kutlwanong have already been cast.
- The installation of 15 new generation Protection Tripping Relays for the safety of operating personnel in Main Sub-stations has commenced at a cost of R150 000.00. This project is ongoing.
- The Revenue Protection Unit cut 9242 consumers due to non-payment. The Revenue value of these were R100 million.
- A Street Light Maintenance Tender was adjudicated and 2 contractors were appointed to maintain Matjhabeng's street lights.
- Lighting resulted in the loss of 132KV supply to Bronville. The existing supply cables are running on maximum.

## **BUDGET ROAD MAP 2008/2009**

While the following priorities were given priority for this financial year, there remains a commitment to address the other needs of the community as revenues, or the availability of other resources permits during 2008/2009 financial year.

- Decentralize repairs and maintenance of vehicles.
- Establish a Quick Reaction Unit to attend to water leakages.
- Relocate all emergencies services to Witpan.
- Develop a master plan for sewer networks.
- Identify sites without municipal services and service them.
- Develop a street and road maintenance plan.
- Identify areas in flood prone areas and develop a proactive strategy
- Conduct a condition survey of decaying infrastructure with the aim of disposing it or renovating it for better use.
- Develop an electrification plan for Matjhabeng.
- Develop 7400 sites for sewer and storm water provision.
- Investigate the conversion of some roads into streets.
- Deregister abandoned sites.
- Review the hierarchy of roads in order to speed up the implementation of gravelling of roads and resealing of tarred roads.

Council is projecting R9 million for the development and implementation of an Integrated Waste Management Plan addressing the following:

- a) Replacement and procurement of fleet: R17 million. The process has kick-started with the procurement of ten compactor trucks. The existing fleet will be repaired and distributed among the units to increase the number of trucks. The targeted time limit for the process is 2010.
- b) Compilation of Waste Management Plan: R3, 3 million. It will address the developing and implementation of a waste information system, including illegal dumping, at the projected amount of R3.3m. The process will be able to be implemented once the Integrated Waste Management Plan is in place by 2010. The Free State Provincial Government will be a stakeholder in the facilitation and implementation of the said plan.
- c) Council has already facilitated procurement of 240 litre waste bins totaling 27 414 bins for Thabong to complement waste collection. The process is going to take place in phases and each phase will cost R2.8 million.

## **HOUSING AND TOWN PLANNING GROWTH**

The amount Council committed for project linked housing subsidies is R183 249 208,40.  
The amount committed for People's housing processes is R19 494 291,60.

The total number of subsidies allocated for the people's housing processes is 400 and is distributed as follows:

100	Meloding
100	Kutlwanong
100	Thabong
100	Nyakallong

The total number of subsidies allocated for the project linked subsidies is 2300 and distributed as follows:

700	Nyakallong
700	Kutlwanong
100	Mmamahabane
200	Phomolong
200	Thabong
400	Meloding

## **INVEST IN THE FUTURE**

In pursuit of Council's mission to develop human potential, Council will continue to forge closer relationships with Further Education and Training (FET) Colleges, Sector Education and Training Authority (SETA's), industry and government.

A Memorandum of Understanding will be signed with 19 of the 23 SETA's to assist the envisaged learners to acquire the relevant skills. The funding will target  $\pm$  1500 learners in the 2008/2009 financial year.

To improve the availability of source skills in critical areas, Council will this year pool the Municipality's resources to establish a single wide skills retention strategy. Students pursuing studies in critical skills such as science and engineering will be given preference.

The Local Government SETA has previously allocated R1.6 million to Matjhabeng Local Municipality to implement learnerships, and a total of 84 learners were taken on board. The equity profile is: Females: 50. Males: 29

During the 2007/2008 financial year, the Municipality has also managed to achieve the following:

- Finalization of skills audit and proper placement which is performed annually.

- Delegation of powers to Unit Managers to maximize their performance and control at unit level.
- Centralized the management of contracts.
- Intensification of the Municipality's induction programme and enforcement of the Code of Conduct.