



MATJHABENG LOCAL MUNICIPALITY OFFICE OF THE EXECUTIVE MAYOR

BUDGET SPEECH BY THE HONORABLE EXECUTIVE MAYOR OF MATJHABENG LOCAL MUNICIPALITY, ME MATHABO LEETO ON THURSDAY 31 MAY 2007, WELKOM

The Honorable Speaker of Matjhabeng Local Municipality
Deputy Speaker of Free State Legislature
The Executive Mayor of Lejweleputswa District Municipality
Council Whip: Matjhabeng Local Municipality
Whip of the Opposition: Matjhabeng Local Municipality
Executive Mayors of other municipalities
Mayors of other municipalities
Honorable Councillors
Municipal Manager
Executive Directors and Officials
Distinguished Guests
Members of Matjhabeng Community
Members of the Media
Ladies and Gentlemen

The presentation of this budget speech has been synchronized with many important milestones that relate to the history of our struggle and our new democracy, which we will be celebrating as the year 2007 unfolds.

Of interest to me, is the 90th anniversary of the birth of one of the giants of our liberation struggle, the late Oliver Reginald Tambo. His inspiring and visionary leadership contributed immensely to the achievement of our democracy. Most importantly, as leaders who are at the helm of the delivery of quality services to our people, we must draw inspiration from this great son of the soil.

From him we can elicit lessons of service to his people, sacrifices and the resolve to see his people fully liberated. We carry on our shoulders a profound and humbling responsibility to always act in pursuit of the interests of the people we serve, like OR Tambo did.

As a young democracy we have evolved from our divided past and entered what President Thabo Mbeki termed the Age of Hope. For this reason we must at all times respond to the hopes of our people by doing everything possible to meet their needs.

Our leaders have repeatedly expressed the need for us to ensure that the machinery of local government discharges its responsibilities effectively and efficiently, honoring the principles of Batho Pele.



Honorable Speaker

I speak here today for the dignity of man and the destiny of our democracy, and I urge members of the political parties represented here to join me in that cause.

At times history and fate meet at a single place to shape a turning point in man's unending search for meaning. There is cause for pride in the events that unfolded yesterday and today. There is cause for hope and faith in democracy and what is to happen from today henceforth. The challenge of tomorrow is whether we have the wisdom to use the wealth to enrich and elevate our national life, and to advance the quality of social civilization.

For centuries mankind has labored to prevent tyranny and subjugation. For more than a decade we were called upon for unbounded invention and untiring diligence to create an order of plenty for all our people, the protection of our nation and the preservation of the liberty of our citizens to pursue happiness. Our success in this pursuit will be the test of our success as a nation, as the 2007/2008 budget presented today, seek to reveal.

It is on the same vein that the democratic state and developmental local government must seek to build an equitable partnership and working relationship in the interest of social stability, economic progress, redress of the Second Economy, as well as the advancement of the Reconstruction and Development agenda.

There can never be a stable state of democracy unless the democratic state attends to concerns of the people as a whole and takes responsibility for the advancement of a new society. We are not an exception.

Honorable Speaker

I present this budget speech at a time when there is an emphasis on the participation of people in the process of governance, expressed in the concepts of a people-driven, people-centered government. Public participation is central to participatory democracy. It is a re-affirmation of the Freedom Charter's noble proclamation that: "*The People shall govern*".

Honorable Speaker

Matjhabeng Local Municipality was put under Project Consolidate in 2004.

Project Consolidate is an intervention by the National Department of Local Government and Housing (DPLG) with the intention to give hands-on support to local municipalities in the spirit of co-operative governance.

It is described as '*bridging the gap*' between the intentions and outcomes in sustainable service delivery and sustainable socio-economic development at local level.

In April 2005 a Service Delivery Facilitator (SDF) was seconded to Matjhabeng Local Municipality. Because of other deployment responsibilities, his availability is inconsistent.



In May 2006 a Mayoral Lekgotla was convened with the intention to identify critical areas and develop a strategy to deal with the areas identified by Project Consolidate.

The Mayoral Lekgotla identified the following as critical areas to be addressed:

- Acting Municipal Manager for more than a year
- Acting senior managers for a period of more than one year
- Lack of implementation of Employment Equity
- There were no performance agreements signed with section 56 senior managers
- Inadequate revenue collection
- High telephone bill
- Inadequate spending on Municipal Infrastructure Grant (MIG)
- Unavailability of a Customer Care unit

Honorable Speaker

I am proud to report that a number of the above mentioned challenges were accomplished in the past financial year, which indicates that we are on a firm course to attain service delivery excellence. The following are the areas we have addressed to date:

- A Municipal Manager has been appointed
- Section 56 managers have been appointed
- 40% of the section 56 managers are women
- Performance contracts have been signed
- The revenue collection rate has increased from 62.23% to 94% in the period November 2006 to April 2007
- Arrears of R56 million owed to Sedibeng Water from 2004, was liquidated within 3 months early in 2007
- The Municipality's telephone bill was reduced from R1.1 million per month to R250 000.00 per month
- To date 5418 buckets have been eradicated
- Spending of MIG funds in May 2007 was 50% compared to 31% in May 2006

There are a number of achievements that I did not mention in this budget speech, as they reflect in the 2006/2007 Annual Report.

Mr. Speaker, it is important that I should indicate that the milestones which I have mentioned were the result of a collective effort.

*Ku balulekile ke somlomo, ukuba ndithi kubobonke abo ba the ba thatha inxaxeba
Siyabulela
Re ya leboha
Thank you very much
Baie dankie
Nangamso Ningadinwa Umkhulu lomsebenzi*

Honorable Speaker



It must be highlighted that we are still faced with a plethora of challenges. As the government sphere closest to the community, we will forever be faced by them. These include a high rate of unemployment, concerns about our economic base and our aging infrastructure.

These challenges will continue to place a strain on the finances of our operations. However, there are initiatives in place to ensure a strong and prosperous future for the Municipality and the community it serves.

Honorable Speaker

Budgeting is the process of giving precedence to service delivery and management of functions within the Municipality.

The development of a budget follows the Integrated Development Planning process and gives effect thereto. It is a community driven process, where the community gets an opportunity to put their needs and requirements to their representatives in Council.

The test then facing the Municipality is finding the means to realize the unlimited needs of the community while also maintaining existing programmes and services with limited resources. The budget then represents the legal and directional spending limits for the Municipality for the financial year.

2007/2008 BUDGET

The realization of the budget depends on the payment of municipal services, Municipal Infrastructure Grant, Equitable Share and contributions from the Lejweleputswa District Municipality.

Our much improved collection rate has put us on a path to plan for a budget surplus in the coming financial year.

This fiscal stance in the form of a higher collection rate will create a sound fiscal standing that will allow for raising funding levels for infrastructure maintenance and other local government priorities while enhancing local economic development.

Increment on tariffs

Owing to the depressed economic situation in our region, there has been no increase in water tariffs for the 2007/2008 financial year. This will enable the Municipality to bring its tariffs within acceptable and affordable limits.

Electricity tariffs for the 2007/2008 financial year have increased with 8%.

Refuse, Sewerage and Assessment rates have increased with 8% respectively. Factors that have been considered in the 8% increases are as follows:

- Consumer Price Index (CPIX) of approximately 5,4%
- Increase in Sedibeng Water tariffs by 6%
- Increase in ESKOM tariffs by approximately 5,57%



- Salary increase of 6,43%

The payment rate is anticipated at 85%, and informed by the following factors:

- A credit management unit that is fully operational
- A data purification process that is ongoing
- A billing system pilot program on Project Consolidate is being implemented to increase revenue in collaboration with Eskom

Honorable Speaker

Sources of income

The total transfers to Matjhabeng Local Municipality for 2007/2008 is expected to increase to R375 700 283.00. This will be constituted by MIG, Equitable Share and Contributions from the Lejweleputswa District Municipality.

Contributions from our own funds are based on an 85% collection rate.

To achieve a collection rate of 85% and more, we will have to join hands and work together.

*Re itlame matheka
Re be ngatana e le ngwe*

Matjhabeng Local Municipality's total budget for 2007/2008 is R1, 117 billion. This budget strives to hasten service delivery in the areas of infrastructure development with the emphasis on fighting poverty and social inequality.

OPERATIONAL BUDGET

The operational budget for 2007/2008 is 78% of the total budget. This poses a serious challenge because the operational budget is supposed to constitute 40% of the total budget. This challenge is a result of the amalgamation of the former Transitional Local Councils. Surely we will have to employ strategies to address this challenge.

The Municipality's expenditure on personnel is 35% on total annual expenditure. The norm for municipalities is 30%. The personnel cost as reflected, relate to positions that have been filled.

If the Municipality has to go ahead and fill all the vacant positions, the percentage of personnel costs to total expenditure will increase; therefore we must ensure that the current staff is utilized to the maximum to ensure service delivery is effective and efficient. This will only happen through the signing of performance agreements by all employees, performance evaluation, identification of skills gaps and skills development.



Skills Development

Fragmented policies inherited from previous Transitional Local Council add to the enormous challenges facing human resource development in local government.

To address the challenge, a Declaration of Intent to establish learnerships, involving an expected total of eighty learners, was submitted to the Local Government Seta (LGSETA). On conclusion of funding, LGSATA is also prepared to avail a discretionary grant for ABET amounting to R225 600.00, involving 102 learners.

One of the initiatives is the implementation of training intervention and learnerships as envisaged in the 2007/2008 Work Place Skills Plan. The declared learnerships will focus on local economic development, water and electricity related fields, municipal finance and administration.

The establishment of a Matjhabeng Local Municipality Training Academy through upgrading of current facilities and centralization of all training can be considered as a main challenge. An amount of R2.4 million has been allocated for skills development in the 2007/2008 budget.

Honorable Speaker

Other allocations in the 2007/2008 budget are:

General Expenses: 11%

Stationery
Telephones
Advertising fees
Operating costs of equipments
Operating costs of vehicles
Legal fees
Protective clothing
License fees

Repairs and Maintenance 6%

Equipment
Land and Fences
Roads and Streets
Pump stations
Street lights
Pipes and water meters

Interest and Capital Redemption 3%

- Long term loans

Contribution to Capital Expenditure 4%



- Council's contribution to capital budget

Contribution to Reserves 14%

- Provision for bad debts

CAPITAL BUDGET

The capital budget is supposed to constitute 60% of the total budget. In the case of Matjhabeng Local Municipality it is 22%. This is a matter of concern because this situation affects the acceleration of service delivery in a negative manner. Surely something will have to be done to increase the percentage of the capital budget. The reality is that it will not be possible to address it on a short term period.

Sanitation

The majority of the households in Matjhabeng Local Municipality have access to decent sanitation.

In December 2007 there should be no household in the jurisdiction of Matjhabeng Local Municipality that will still have to use the bucket system. Currently we have 8119 households that still use the bucket system. As Matjhabeng Local Municipality we have committed ourselves to realize the national bucket eradication deadline of December 2007.

An amount of R115 987 730.00 has been allocated for bucket eradication.

Water

All households in Matjhabeng Local Municipality have access to clean water as per the regulations of the Department of Water Affairs and Forestry. The only people who do not have access to clean water are squatters, and they will be relocated to serviced sites depending on the availability of serviced sites. This will have to be addressed in the next financial years.

Free Basic Water

The adopted Indigent Policy of Matjhabeng Local Municipality provides for households - which have a total income of R1740.00 per month excluding children's grants - to register as indigent households. This policy was adopted with the intention to provide for the poorest of the poor and the aged who receive social grants from Government. A total of 28 473 households have been approved as indigent households as at May 2007.

The above mentioned statistics indicate that there are people who are indigent but have not registered yet. Orphans and the aged are among these people. Some of the orphans are not receiving free basic services because the stands where they live are still registered in the names of their deceased parents; some are younger than 18 years and the stands cannot be registered in their names. The prompt processing of applications to be registered as an indigent household remains a challenge. The Municipality is addressing it in earnest through the newly created Public Value Add and Indigent Unit.



Aged people who stay with their employed children are disqualified from registering as indigents because the Indigent Policy determines that the total income of a household is considered for approval.

Mr. Speaker let me invite and encourage the poorest of the poor among us who have not registered as indigents, to come forward and register. To them I want to say: You have a caring Government who wants to better the lives of all South Africans in shaping a non-racial, non-sexist and democratic society. Let your government assist you.

An amount of R22 522 120 has been allocated for water services.

Electricity

Electricity to residential areas previously called townships is provided by Eskom. Electricity to suburban residential areas is provided by Matjhabeng Local Municipality. All the areas which are the competency of Matjhabeng are electrified so far. In the townships not all households have access to electricity. This matter will be addressed in collaboration with our social partners such as Eskom and the Department of Minerals and Energy.

Free Basic Electricity

Matjhabeng Local Municipality provides 50Kw free electricity per month to registered indigent households. A total of 12 297 households have been approved and receive free electricity. The timeous processing of registered indigent households by Eskom remains a challenge, hence the disparity in the number of households who receive free water and those who receive free electricity. This matter must be urgently addressed with Eskom. An amount of R9 142 770 is provided in the budget for free basic electricity. A total of R6 million will be spent to install 34 high mast lights. A total of R3 million was allocated for the upgrading of our electricity infrastructure.

Refuse Removal

Refuse removal takes place once a week per household in Matjhabeng, but it is not satisfactory. It is a result of the insufficient financial and material resources that we possess. In the current financial year we have been utilizing 6 trucks which are on lease. The 2007/2008 budget provides for 4 more trucks on lease with full maintenance. We believe this will improve refuse removal in all the areas of Matjhabeng Local Municipality. A total number of 10 trucks will service the community.

Housing

Housing is a competency of Provincial Government, but we as local government discharge our responsibility to identify beneficiaries and provide services sites with dedication and commitment.

The dire need among our people for housing led to the realization that the waiting list is not assisting in providing in this need. To avoid building houses in pockets, which will not



contribute to the development of sustainable human settlements, we identified areas where housing development will be visible.

The community was encouraged in ward-based meetings to register for housing allocations. It nonetheless took us more than a month to get people to register, causing a delay in housing allocations.

A strategy will be deployed in the 2007/2008 budget year to streamline application and registration processes and procedures, working together in partnership with the Department of Local Government and Housing. A total of 1 900 housing subsidies were allocated to Matjhabeng for 2006/2007.

We reaffirm our resolution that housing allocations will only be made to serviced sites.

Honorable Speaker

I am grateful to announce to Council and the Matjhabeng community today that discussions for the building of 6 500 low cost houses in Chris Hani Park, made possible by international donated funds, have progressed far.

In fact, a contract between the development facilitators, on behalf of the international donors, and Matjhabeng Local Municipality has been signed already. The houses will be constructed free of charge to Matjhabeng Local Municipality and Government, within the framework of applicable housing legislation and administrative regulations regarding beneficiaries, among others.

To add to this good news, Mr. Speaker: Almost 1 200 jobs will be created over 3 years. Close to 100 residents will be trained over 2 years at Goldfields FET College. More people will benefit from skills development programmes in the various disciplines of manufacturing, construction and engineering fields.

Abundant construction related opportunities for SMME development will be created. The donors believe that sustainable economic growth should be a pillar to the project.

Job opportunities for especially women and the youth are also being discussed within the framework of Government's gender agenda.

Local Economic Development

The economy of an area can be divided into three categories i.e. primary, secondary and tertiary sectors. The current statistics show that the economy of Matjhabeng Local Municipality is dominated by mining and agriculture.

The scaling down of the mining industry in our area contributed to the high unemployment rate. The challenge facing our Municipality is to develop strategies to diversify the economy and re-skill the community.

As national government sets the tone for the economic development agenda through policy positions like ASGI-SA, Black Economic Empowerment, Preferential Procurement



Policy Framework and Expanded Public Works Programmes, we at the helm of service delivery align our programmes with those mandates as our IDP and budget reflect.

We will be hosting a Local Economic Development summit in June 2007 to address the afore-mentioned together with our stakeholders. An amount of R1.5 million has been allocated for local economic development in the 2007/2008 budget.

Co-operative Governance and Public Participation

Chapter 3 and 7 of the Constitution of South Africa make provision for good governance within the realm of co-operative governance and support by provincial and national spheres of government to local municipalities. A good example hereof is Project Consolidate as a support measure to municipalities by National and Provincial government. Common programmes and those that originated nationally transcend to municipalities as the final agents for visible social transformation.

Ward committees are one of the pillars of our South African democracy, and an amount of R900 000 has been allocated to resource each of the 36 wards in Matjhabeng with R25 000 per ward. We believe it will enable and capacitate ward committees to operate more effectively.

Honorable Speaker

Our definition of colonialism in South Africa was that it was colonialism of a special type, characterized by three interrelated contradictions: class, race and patriarchal oppression. These antagonisms found expression in national oppression based on race, class super-exploitation including the triple oppression of women based on their race, class and gender

Precisely because patriarchal oppression was embedded in the economic, social, religious, cultural, family and other relations in all communities, its eradication cannot be an assumed consequence of democracy. From the feminization of poverty, physical and psychological abuse, undermining of self-confidence, to open and hidden forms of exclusion from positions of authority and power, all these manifestations of gender discrimination need to be eliminated.

Critical in this regard is the creation of the material and cultural conditions that would allow the abilities of women, youth and people with disabilities to flourish and enrich the life of the nation.

Mr. Speaker, for Special Programmes which will address issues of women, youth, the aged, people with disabilities, children, HIV/Aids, Arrive Alive Campaign, celebrations of national days and poverty alleviation programmes, a total of R3.5 million has been allocated.

Honorable Speaker

As I conclude, Mr. Speaker: Without the ground crew's labor and sacrifices, the jet flights of service delivery would never leave the earth. We need to honor them. Most of them

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would never make the headlines and their names would never appear in a Who's Who. Yet, when years have rolled past and when the blazing lights of accomplishment shine in our time, people will know, and children will be taught that our officials and Councillors were willing to endure for a good course. The road to service delivery excellence may be a long and grueling one; however with commitment and determination of each one of us, we shall overcome.

Honorable Speaker

Thank you to all Councillors, the staff in my office and the management of Matjhabeng Local Municipality for their selfless commitment.

Thank you to the Matjhabeng community for their continuous participation and their commitment in paying for municipal services. It is through your support and payment of services that developmental local government will be realized.

I also want to take this opportunity to thank my family, especially my husband, who support me through thick and thin.

KE YA LEBOHA MOTAUNG O SEKE WA KGATHALA.

Ndisaphinda, somlomo ndithi umkhulu lo msebenzi ufuna amajoni.

MALIBONGWE!!!!!!

ME MATHABO LEETO
EXECUTIVE MAYOR
MATJHABENG LOCAL MUNICIPALITY

