

**BUDGET SPEECH BY THE EXECUTIVE MAYOR, COUNCILLOR MATHABO MOKAPO  
31 MAY 2006**

**Mr. Speaker**  
**Executive Mayor and Mrs. Rubulana**  
**Council Whip**  
**Chair of Chairs**  
**Chief Whip of the Majority Party – African National Congress**  
**Chief Whip of the Opposition Party – Democratic Alliance**  
**Chief Whip of Pan African Congress**  
**Honourable Members of the Council**  
**Spouses and Friends, and Children of Councillors**  
**Acting Municipal Manager**  
**Heads of Department**  
**Distinguished Guests**  
**Community Members in the gallery**  
**Members of the Media**  
**Ladies and Gentlemen**  
**The Youth of Matjhabeng**  
**Community of Matjhabeng**

Honourable Speaker – Modulasetulo wa lekgotla la dipuisano  
Council Whip – Rasephadi wa lekgotla  
Councillors – Bo-Rammotse  
Officials  
Members of the Public

Dumelang

We meet at the time when all of us are observing Child Protection Week, and it is for this reason that we as a Municipality should also take part in all the programmes that are aimed at highlighting the plight of vulnerable children. In the last few years we have heard and witness some horrific cases of child abuse in this Municipality. In Ward 7 in Meloding, when the municipal employees were called to unblock the sewerage, they found a newly born child in the sewerage. It is also our responsibility to educate our constituency and children in particular about the rights of children.

This budget speech also takes place at a time when we are preparing ourselves for a Youth Month that will be marking the 30<sup>th</sup> anniversary of the Soweto massacre on June 16, 1976. This was a day which was to change the face of politics of South Africa forever. The Youth of 1976 fearlessly refused the introduction of Afrikaans as a medium of instruction in our township schools. The blood of young people who lost their lives that day throughout the country was able to take our struggle to greater heights. We will also forever remember the heroic role played by the Youth of this country in our struggle for liberation. Today's Youth are expected to emulate the generation of 1976 and play a pivotal role in politics of reconstruction and development.

We will also intensify our youth development work as a Municipality; through the Office of the Executive Mayor we have made an allocation for youth development. Our Youth are the future of our country and we need to invest in their potential and talents.

Meeting at the occasion of the presentation of this sixth budget as we hereby do, we note with grave concern the deplorable state of our regional economy. Despite some positive developments here and there and there are a lot that requires to be done to rejuvenate our regional economy. Certainly there is a serious need for us to review some aspects of our Five Sector Strategy. We will do this with a view to refocusing our strategies on core elements of growth, SMME's, diversification and putting in place a systematic plan on attracting foreign direct investment.

Honourable Speaker, because of this state of the situation we had to make some difficult choices. I am happy to announce that for the 2006/2007 financial year there will be no tariff hike or increase for water. We do this to provide the much-needed relief to communities owing to the depressed state of our economy and the high levels of unemployment. Most importantly, this serves as an incentive to businesses and as a marketing tool to prospective investors.

There will be a slight increase in the electricity tariffs; this is owing to increases in Eskom's tariffs by approximately 5%. We also propose a 6% increase in refuse, sewerage and assessment rates.

This is because of the following reasons, namely:

- CPIX of approximately 4%
- Increase in Sedibeng Water tariffs by approximately 8%
- Increase in Eskom tariffs by 5%
- Salary increase of 8%
- With the establishment of new credit control department the payment rate can rise from 75% to 85%

We are confident that we will reach our target of 85% payment rate for the next financial year. This is because we are in the process of establishing a Credit Management Unit within our Finance Department. Further than this we have embarked on an intensive data purification process. Most importantly: we are piloting a billing system as part of Project Consolidate to increase revenues. It is on the basis of the above cited reasons that we think the budgeted revenue figure is both realistic and developmental.

We will continue to meet our obligations of providing free basic services to the poorest of the poor: 6kl of water and 50KW of Electricity. This is consistent with our mandate of creating a better life for all our people.

We continue to face some serious institutional challenges. We have an obligation to transform the current institutional make up to meet the demands of a developmental local government. This includes breaking cultural stereo types in the Municipality and instilling new ethos and values in the organization. We also have to ensure that our organizational structure is in line with our equity targets as outlined in the Employment Equity Act. Our senior management structure must reflect the demographics of our society. However, Mr. Speaker, we must acknowledge that transformation and change come at a cost both politically and financially. We have to take some tough political decisions in terms of our structure and the path that we want to take. Financially we have to ensure that we have budgeted to meet our institutional challenges.

Currently our salary figure is 35% of our total expenditure, but we still have not filled all the vacancies that are critical to our transformation agenda. If all positions were to be filled our salary figure will be close to 50% of our total expenditure. We cannot afford this as a Municipality.

This is because there are other critical fixed costs that as a Municipality we cannot do without, for instance:

- We have to continue providing bulk services which totals 26% of our expenditure
- Our general expenditure, totalling 8,5%, relates to operational costs and are therefore unavoidable
- Our repairs and maintenance also relates to service backlogs and upgrading of infrastructure, that is why 6% of total expenditure is budgeted for repairs and maintenance

Our total budget for 2006/2007 is R1008, 354, 92. The budget provides for R845,180,921 for operational costs and R163,173,996 for capital projects. It is worth noting that for the current financial year our spending on capital projects was not satisfactory. We were only able to spend 48% of the total capital allocation (MIG + own contributions). This is a serious weakness on the part of our administration. This can be attributed to the fact that tenders were advertised late and adjudication of tenders was not done on time. This will have a bearing on our allocations for the 2006/2007 capital budget in the sense that if we forfeit the remaining money, we will have to complete some projects of the current financial year with the capital budget for 2006/2007.

In addressing the infrastructure backlog, we have allocated R92 million for bucket eradication and sewer networks. This allocation is a reflection of our practical commitment to resolve the sanitation needs of our communities. Most importantly: it is our practical response to the call made by our President to end the scourge of the bucket system.

Coupled with this we will continue with some of our general infrastructure works. We are allocating R83 million for purification works, taxi routes, upgrading of pump stations, water networks and connections, water loss control, multiyear projects, storm water channels, parks sports and recreation and others.

Honourable Speaker, in presenting this budget I pledge to ensure that not a single cent will be unspent on capital works which belongs to our communities. The budget that we present today is a product of inputs and vigorous participation by our stakeholders and communities at large as dictated to by Section 4 of the Municipal Finance Management Act. It has therefore undergone intense critique, debates and analysis both internally and externally.

As we present this budget, we have attempted to ensure that it speaks and conforms to our revolutionary document: the IDP. Not a single cent in this budget will be spent on anything outside our IDP. It is for this reason, Mr. Speaker, that I call this budget the People's Budget.

Accordingly this budget is informed and underpinned by our vision of a united, non-racial, transparent, responsive, developmental and efficient Municipality. It is this vision that will guide in our daily conduct as both public representatives and officials of the Municipality. This vision will be the hallmark of all our programmes and a defining feature of who we are and what we stand for as a people of Mathjabeng.

In conclusion, Mr. Speaker, I have a firm believe that this budget represent the decisive plan of action to address the challenges that are facing us as a Municipality. Councillors will agree with me that a this budget will help us to change the lives of our people in Matjhabeng. I therefore submit this budget for Council's consideration.

**COUNCILLOR MATHABO MOKAPO  
EXECUTIVE MAYOR**