

**THE BUDGET SPEECH DELIVERED BY THE HONOURABLE MAYOR, CLLR N.P. MPOSELWA
ON THE OCCASION OF THE STATE OF THE MUNICIPAL ADDRESS HELD ON 31 MAY 2019
IN LADY GREY, KWEZI NALEDI HALL**

Mr Speaker,

Chief Whip of the Majority party on the Council,

Councillors,

Traditional Leaders serving on the Council,

Municipal Manager, Directors and staff members,

Representatives of organized business and all stakeholders,

Illustrious Members of the Community,

Ladies and Gentlemen,

I would like to take this opportunity, on behalf of the Senqu Municipal Council, to welcome you all to this very important occasion in the calendar of our Municipality. Your presence is not taken for granted and is highly appreciated. We are gathered here today to listen to the detailed presentation of the Annual budget and municipal priorities for the 2019/20 financial year.

The budget is presented against the backdrop of the recent installation of the 6th Administration of South Africa following the National and Provincial elections held on 8th May 2019. The community of Senqu came out in big numbers to support the consolidation of South Africa's democracy and voted for the political parties of their choice. The voter turnout was satisfactory in spite of the adverse weather conditions that prevailed on the polling day. In this regard, they deserve to be commended for continuing to exercise their hard earned Constitutional right, namely to vote the public representatives of their choice to lead them in government.

The people of South Africa have once again entrusted their hopes and aspirations for a better future to the African National Congress. And it is also my pleasure to announce that our own daughter from Sterkspruit, Pemmy Majodina was elected as the ANC Chief Whip in National Assembly. Once again this confirms the commitment of the ANC to transforming South African society by affirming women. This commitment is further demonstrated by the fact that 50% of the Cabinet positions are occupied by women. In the Executive Council of the Eastern Cape Province, women account for 60% of the total number of positions. We also want to congratulate our former employee, who was the supervisor responsible for Waste Management, Ms Sweetness on her election as the member of the Eastern Cape Provincial Legislature.

The budget we are going to present today has been prepared in the context of a highly constrained environment in terms of the economic growth and inflationary pressures. Consequently, allocations in

the form of grants have, in real terms remained stagnant, whilst on the other hand the input costs of providing much needed community services are escalating at a very high rate. This reality calls for careful planning, avoidance of waste of public resources and maximising collaboration with other state entities and relevant private sector institutions. Societal challenges are too daunting to be addressed solely by government.

The high levels of poverty and youth unemployment continue to shape the socio economic face of South Africa. Senqu is not immune to these societal challenges and efforts aimed at addressing them need to be strengthened. The Expanded Public Works Programme is by no means a solution to South Africa's stubbornly high unemployment rate but has made a difference on a number of levels. The municipality will continue to implement this government driven employment programme through the grant of R2.3 million received from the national fiscus. Currently, 303 EPWP jobs have been created across the different towns of Senqu.

The extreme weather conditions, seasonal changes, drought and ferocious rains, which result in localised flooding require that we take concrete steps to proactively mitigate the adverse impact of these natural phenomena. The architectural designs of our roads and storm water drainage must be attuned to these realities. Water must be used wisely and every drop must count.

We are living and operating in a rapidly changing technological environment. Studies are showing that some of the traditional professions will be replaced by technology in the future. There is also a demonstrable evidence that social media has become one of the popular yet cheaper platform of disseminating information. As the municipality we must be alert to these changes and adopt accordingly. The Wi-fi project funded by the Joe Gqabi municipality is still running in municipal library in Sterkspruit and needs to be supported.

Shortage of urban land for development is one of the daunting challenges facing the municipality. Greater portion of the land surrounding our towns are either privately owned or owned by the traditional authorities. This is further complicated by the illegal occupation of the land owned by government. As a result, the municipality is struggling to provide such services as solid waste sites cemeteries and recreational facilities in areas that need them most.

The municipality is seized with the challenges of providing Driving Licences and Testing Centre and easing traffic congestion in Sterkspruit. Funds have been set aside in the budget to undertake a study and develop a holistic plan to deal with traffic congestion and construction of the DLTC. Land has been identified and town planning processes to ensure correct zoning and proper usage thereof.

I am also excited to announce that a number of municipal by laws were promulgated on 1 April and have become effective. Measures and plans are being put in place to ensure that these are implemented without fear or favour. Community awareness programmes will be rolled throughout the municipality to ensure that residents are aware of them.

We are observing with great sense of disappointment that public facilities are vandalized by the members of the community and as a result these facilities have to be renovated from time to time. We call on all to protect these facilities as they belong to the community.

There is also a concern in the underutilization of the cemeteries constructed in some villages in the area of Sterkspruit. Some communities continue to bury their loved ones on the premises of their households thus leaving the cemetery unused. We appreciate the socio cultural considerations with regards to this issue but wish to call upon all to use those facilities provided to them.

For far too long a sizeable number of consumers have not been honouring their municipal accounts and as a result their accounts accumulated to unaffordable amounts. The municipality was compelled to take an extraordinary step to block them from purchasing electricity as a way of forcing them to come forward to make payment arrangements with the municipality in line with the Council resolution taken in November 2017. Numerous notices have once again gone out to invite all consumers whose accounts are in arrears to come forward to make payment arrangements. We call upon all affected consumers to support their municipality in this regard.

The municipality will continue to provide indigent support to the deserving consumers in the form of property rebates, free basic electricity (50 kwh per month) and refuse collection (4 times per month). Those consumers residing outside the power grid will continue to receive paraffin and candles as a way cushioning them against the effects of the rising costs of these commodities.

Senqu Municipality must be commended for receiving a "clean audit opinion" for the fifth consecutive year. Not only have we managed to achieve five consecutive clean audits, we have also managed to maintain the delivery of high quality services to the residents in the municipal area through tough economic times. I would like to thank my fellow Councilors and the staff involved in this achievement.

The impact in respect of the implementation of mSCOA since 1st July 2017 marked the beginning of a new era in the municipal environment and as a municipality we remain committed to overcome all the challenges to ensure that we maintain the audit benchmark set in previous financial years.

The 2019/2020 MTREF Framework assesses our achievements over the past few years and looks into the challenges that lie ahead. The unfavorable economic and investment climate and the high unemployment rate directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidized services. For the budget year, we are providing free services to the indigent to the amount of R14.25 million. However, we need to recognise the people who are living in the mountainous areas and the services they need, even though it might put additional pressure on our financial resources.

The community needs analysis, assesses current and future needs, so that future planning is targeted at meeting local priorities in the most equitable, effective and efficient way within the parameters of the Municipality's mandate and resources. The community needs identified in the IDP are often perceived as a wish list and Municipalities are often seen as misleading the communities by allowing them to list their needs and or concerns as it creates expectations. It is however important to list all these needs as they also inform District, Provincial and National Planning.

A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. The electricity network has improved, though there is still room for improvement. The electricity distribution losses need to be attended so they could be brought down to the levels below the acceptable threshold

There are poverty stricken areas which have resulted in a high crime rate, which can directly be linked to the high unemployment rate. The key challenge is to assist in creating an environment for job creation, which remains one of the most pressing concerns for the economy. Senqu Municipality supports job creation and is in the process of implementing job creation programs which will be integrated with the municipal IDP.

Planning as an institution is very important. The progress of the municipality depends on the quality of the planning. Good planning guarantees good decisions and is important to the municipality, because it gives a steady growth and prepares the municipality for a desired future. It is also important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 30 days.

Distinguished Guests,

This budget is largely based on submissions from the communities during the IDP process. Our capital budget totals R85.75 million for the 2019/20 budget year from which a total of 54 per cent, or R45,9 million, of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR). The other capital is funded from National and Provincial grants.

The budgeted allocation for employee related costs for the 2019/20 financial year totals R88.93 million, which equals 35,35 per cent of the total operating expenditure. This percentage is set to remain very constant over the two outer years of the MTREF at 35.18 percent and 35.20 per cent respectively.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R21,06 million for the 2019/20 financial year and equates to 8,37 per cent of the total operating expenditure. The appropriation increases to R23.31 million over the MTREF.

The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,25 per cent (R3.13 million) of operating expenditure excluding

annual redemption for 2019/20. This percentage is set to remain constant over the two outer years of the MTREF at 1.23 per cent.

Mr Speaker there is no gainsaying that the municipality is making significant progress in the provision of capital infrastructure to the community. During the current financial year, 2018/19, the following capital projects are at various stages of implementation:

- Paved road in Tienbank (R4.17 million)
- Paved road in Herschel (R770 thousand)
- Pedestrian bridge in Ward 5 , Lower Bebeza (R844 594)
- Sidewalks in Barkly East (R3.5 million)
- Community Hall in ward 9 (R159 000)
- Construction of Animal pound in Lady Grey (R5 million)
- Construction of speed humps in Lady Grey and Rossouw (R1 million)
- Boyce Nondala Road in ward 16 (R13.8 million)
- Repair of Kwezi Naledi Sport field (R550 000)
- Gravel Roads , Esilindini to Frans, ward 12 (R2 million)
- Renovation of Kwezi Naledi Node (R600 000)
- Renovation of Barkly East Town Hall (R1.5 million)
- Barkly East Cemetery (R300 000)
- Barkly East Solid waste site (R9 million)
- Lady Grey solid waste site (R4.148 million)

Much emphasis was placed on roads as one of the main economic drivers within the region. An amount of R30,98 million for road - and bridge projects were budgeted for 2019/20 and R93,63 million over the MTREF period. A total of R18,55 million over the MTREF is allocated to electrical infrastructure projects.

A significant portion of the MIG funding was allocated to Solid Waste Sites within the Senqu Area. An amount of R19,57 million has been provided for Solid Waste Infrastructure projects for the 2019/20 budget year.

The allocation to sport facilities amounts to R2.22 million for 2019/20. R7.51 million is allocated towards community facilities, of which R826k is allocated to cemeteries, R1.93 million towards animal pounds and R4,75 million towards community halls and facilities. A further R28.49 million was allocated for municipal buildings over the MTREF period.

Incrementally, the budget provision for maintenance of assets needs to be attended to improve the life span of its assets. Unmaintained assets reach their useful life quicker resulting in a need to have them replaced. The expenditure on repairs and maintenance is well below acceptable levels. It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.

Cooperation and tolerance between politicians and the administration is essential for us to successfully address the challenges listed above. Politicians have to play an oversight role and administration must work on achieving the expectations from the community. It is important that there is implementation of what has been planned. Let's do just that!

Ladies and Gentlemen,

Leadership within local government has a significant role to play in strengthening the connection between the citizens and the government's overall priorities and spending plans. The National Development Plan (NDP) set out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2030. Local government is required to incorporate the objectives of the NDP and the National Growth Path in the budgets. Senqu municipality supports the goals of the NDP.

Our tariffs are competitive and are in line with the National Electricity Regulator of South Africa (NERSA) approved guidelines and intensive research of national, provincial and regional economic outlook and national prescripts. We strike a balance between electricity increases and increases for other basic commodities.

When compiling a MTREF, one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was to budget conservatively on special collection rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue. We never, and still, believed in expenditure wish-lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe that we are in a financially sound position and our aim is to keep it as such.

The President of South Africa, His Excellency, President Cyril Ramaphosa captured the mood of South Africans on the occasion of his inauguration when he said, *"Our land has known both the*

seasons of plenty and times of scarcity; They have found shelter and sustenance; they have found opportunity and purpose; As the shackles of oppression have fallen away, they have their horizons widen and their lives improve in myriad ways. But they have also known moments of doubt. The challenges we face are real. But they are not insurmountable. They can be solved and we are going to solve them"

The challenges we confront as the Senqu municipality in our journey to better the lives of the people are real particularly in the light of the financial constraints within which we operate. However they are not insurmountable. They can be solved and together we are going to solve them. This we will do taking tune from the clarion call by the President" Thuma mina, send me".

We shall spare neither effort nor energy in seeking ways and means to resolve problems facing our communities in their daily lives. The temporary setbacks of the moment will not deter our spirit to surge ahead.

Finally, I would like to thank the Community, the Councilors and the officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives. Indeed, together we are building a better Senqu.

All of us, regardless of party affiliation from across the political spectrum, let's throw ourselves into the task of implementing this budget.

I thank you.

Enkosi!