

**2013/2014 FINANCIAL YEAR BUDGET  
SPEECH OF THE VICTOR KHANYE LOCAL  
MUNICIPALITY DELIVERED BY THE  
HONOURABLE EXECUTIVE MAYOR, CLLR. EN  
MAKHABANE**

**30 MAY 2013**

*Programme Director,*

*Honourable Speaker Cllr. RK Segone,*

*Chief Whip, Cllr. HM Ngoma*

*Members of the Mayoral Committee,*

*Fellow Councillors,*

*Municipal Manager and Directors,*

*Representatives from the Sector Departments,*

*Leadership of Political Parties,*

*Business Leaders,*

*NGO's,*

*Traditional Leaders,*

*Distinguished Guests,*

*Ladies and gentlemen.*

Programme Director, I am humbled to stand before you to present the Victor Khanye Local Municipality's 2013/2014 budget. This is the second State of the Municipal Address (SOMA) for the sitting Council. Local Government is a highly regulated sphere of government. The Municipal Finance Management Act (MFMA) requires us to approve a budget at least a month before the start of the financial year. Today's meeting is in adherence to the said legislation. Of the three spheres of government, Local Government plays a more pivotal role in that it is the sphere of government that is closest to the people. We are at the coal-face of service delivery.

The manifesto is our guiding document in terms of delivering services to our communities

because it is through this policy document that the ruling party received a mandate to govern for this term of office. Programme Director, for us to be able to deliver on the promises we made during the elections, we have gone further to make sure that there is alignment of the Manifesto with the Integrated Development (IDP) Plan, the Budget and the Vision 2030. Vision 2030, Programme Director was conceived during our 2012 Strategic Lekgotla wherein we said by 2030, we would want to see our town as a city. We then resolved that we will convene yearly or quarterly Lekgotlas so that we can assess our progress towards meeting our objectives. Programme Director for the said vision to be realized, a full commitment from all role players will be required.

Hon. Speaker, the communities that we serve expect us to deliver essential services such as water & sanitation, waste removal, electricity,

etc. For us to be able to deliver on those services, proper budget planning processes must be followed.

The Integrated Development Plan (IDP) and budget are therefore the most significant tools through which such expectations are realized, it therefore stands to reason that both these documents have to be treated with utmost respect.

Hon. Speaker, gone are the days whereby government would plan community needs in isolation. We are a democratic and accountable government hence community participation in planning plays a very important role.

Through our IDP processes and Budget Mayoral Izimbizo, we were able to capture the needs of the community. These community participation meetings are aimed at making sure that

government resources are channelled at services that the communities will fully utilize thereby eliminating situations where government resources are turned into “**white elephants**”. As a municipality we are operating on a very tight budget hence prioritisation of community needs plays an important role, we will not be able to do everything at once but we will prioritise those needs that are essential/critical to our community.

Hon. Speaker, at registration, delegates were handed with service delivery booklets. These booklets are intended to showcase the achievements of this political collective since coming into office in June 2011. We must also mention that there are challenges we meet along the way, however this leadership together with the administration continues working together to address the challenges.

Hon. Speaker you will agree with me that the municipality is not a profit-making organization however for every organization to meet its objectives, financial resources are essential. Currently some of our stakeholders are not paying for services rendered and this has a dire effect on our budget. Hon. Speaker I must put it on record that we are going to engage on a programme of **"switching off"**. Those stakeholders who are able to pay, must do so, failure of which will have dire consequences. Programme Director this calls for a review of our revenue enhancement strategy, internal controls and continuous engagement with the community through the Hon. Speaker's Community Participation Programme to solicit the buy-in and support of our community to sustain the payment of the services we provide.

I am humbled Programme Director, to outline to our esteem service delivery partners gathered

here today the budget of the municipality for the coming financial year starting on the 1<sup>st</sup> July 2013.

The 2013/2014 budget, Programme Director was prepared under challenging circumstances. Some Economists say that as a country we are in a “mild recession”. Our municipality is not an exception from the pressing economical issues, in particular the unemployment which has hard hit our communities. Therefore, a lot of effort and creativity was done to balance this budget.

In line with the guiding legislation, Programme Director, the budget is aligned to the IDP which addressed the Six Local Government Key Performance Areas.

Programme Director, it is estimated that the total budget for the 2013/2014 financial year is **R394,6 mil**, which represents an increase of

18,5% from the previous financial year. The increase can be attributed, amongst others to the average tariffs increase of 11%.

The said budget also takes into cognisance the needs of our indigent population, as a municipality we will continue to provide free basic services to them and affordable tariffs services.

Programme Director the estimated total **operating budget is R292 mil** and the **capital budget is R102,6 mil**. The employee costs will be **R100,4 mil** which is 34,3% of the total budget. This is still below the accepted National Treasury norm. The general costs such as telephone bills, will be **R66,7 mil**. The repair/maintenance **R19,9 mil**, this is due to our ageing infrastructure. Debt impairment is **R46,7 mil** (writing-off of bad debts). Bulk services



water (Rand Water) and electricity (Eskom) will be **R58,3 mil.**

Programme Director, our misery in terms of the quality of our water is now the thing of the past thanks to the water purification plant that is now fully functional and is yielding the desired results. Our challenge though remains on the quantity side of things. Residents of Botleng Ext. 3, 4, 5, and 6 are the ones who are hard hit by the shortage in supply however the Rand Water Pipeline connection is now at an advanced stage (about 99%) in terms of completion. It is anticipated that the pipeline will be operational by the end of June 2013. We have solicited an external loan of **R16 mil** to augment the funding for the said pipeline.

Programme Director, we have partnered with the Nkangala District Municipality for the eradication of the bucket toilet system. This will indeed come

as a relief for the people of Mawaag and Mandela Informal Settlements. We are just tying some loose ends and shortly the project will kick-start. We have finally acquired a 12000litres sewer sceptic tank at a cost of **R1,2 mil** to service our rural wards. We will also install about 170 VIP toilets across all the rural wards during the 2013/2014 financial year as part of addressing the sanitation backlogs.

We are looking forward to making electricity accessible to all our people. We will be electrifying about 120 households during 2013/2014 financial year through the INEP funding. We have installed two additional electricity vending machines for the community to easily access electricity with the third one anticipated to be installed by the first week of June 2013. Currently there are five (5) electricity vending machines that are operational.

The financial support through the MIG funding, INEP and the allocation from Nkangala District Municipality are highly appreciated because like we said earlier on, the municipality is heavily reliant on grants, without these grants I am afraid Programme Director, we may just as well close shop. An allocation of **R13,8 mil (NDM)** has been made to the financial year to start on the 01<sup>st</sup> July 2013.

Programme Director, a government that does not take care of its youth is doomed hence we have put aside a budget of **R700 000** for youth development projects. We have further committed **15%** of our **MIG** funding **about R3,5 mil** for the improvement of sporting facilities in all wards. We are aware Programme Director that this allocation will not meet all the needs of the youth however it is a step in the right direction for youth empowerment.

Programme Director, HIV/AIDS is a reality, it kills and we need to treat it seriously. It is of paramount importance that we should not waste time in denial, political rhetoric and foolish ignorance. Through the Mayor's Community Projects funding, we will in conjunction with the Department of Health, conduct awareness campaigns in this regard.

We are planning to host a women imbizo. This imbizo is aimed at making sure that our women play a meaningful role in the upliftment of our country as well as to make sure that our women are in the main stream of our economy.

Unemployment is one of the major challenges facing not only our municipality but the entire country. We are continuing engaging private sector (especially mines) through their Social & Labour Plans (SLP) and Corporate Social Investments (CSI) to engage in projects that will

create sustainable decent work opportunities. Our municipality is strategically situated and we should take full advantage of this by luring big business to invest in our town. Flagship projects such as the Nkangala Airport, Casino, etc. should be given priority because of the spins offs that they bring. These will create quite a substantial amount of job opportunities thus improving the lives of our people.

As part of capacity building for SMME's and Cooperatives, we have put aside a budget of **R1,2 mil** from the MIG funding. This will come in handy for the above groups for them to be able to professionalise their businesses so that they themselves can be creators of employment opportunities for the community.

Programme Director, the Executive Mayor's discretionary funding (community projects) will continue to assist needy students with financial assistance to register at tertiary institutions. It must also be put on record that the said funding is not a bursary scheme but merely a financial assistance for those needy students to register at such tertiary institutions.

We have realised that scores of residents of Ext. 1 – 4 are merely occupants of their houses i.e. they do not have full ownership of such houses. We have engaged in a programme to identify such residents so that we can fast-track the issue of title deeds and these residents can take full ownership of their properties.

We have also received a large number of applications for vacant sites, i.e. for residential, business and houses of worship. We will have to speed up our processes so that where applicable we can be able to dispose of such sites or land.

As I am closing Programme Director, we shall never lose sight of the mandate given to us, indeed we would want to see the lives of our people changing for the better. For as long as some of our people live in squatter camps, we will not rest.

Programme Director, we remain the only party that will change the lives of the people of this

town. We have come too far to forget the mandate given to us by the people.

Let me take this opportunity and thank our Municipal Manager Mme Maredi, the Acting CFO Ms H Botes and the entire administration for the wonderful work they have done from the preparation stages to this final approval of the budget.

To my fellow Councillors, Hon. Speaker, we thank you all, the community of Victor Khanye Local Municipality has entrusted us with the mandate of making their lives better, it is my humble plea that all of us should work towards achieving that mandate.

Let me thank each and every one of you who have been part of this process since it started.

I thank you all.