

**ADDRESS BY THE HON. EXECUTIVE MAYOR OF
VICTOR KHANYE LOCAL MUNICIPALITY AT THE
BUDGET INDABA FOR THE 2014/2015
FINANCIAL YEAR HELD IN THE COUNCIL
CHAMBER: 30 APRIL 2014**

Programme Director,
Honourable Speaker Cllr. RK Segone,
Council Whip Cllr. HM Ngoma,
Members of the Mayoral Committee,
Fellow Councillors,
Municipal Manager and Directors,
Leaders of the ANC and Alliance
Comrades and Friends
Leaders of the Political Parties
Representatives from the Sector Departments,
Captains of Industry,
NGO's,
Distinguished Guests,
Ladies and gentlemen.

Programme Director, I am once again humbled
and honoured to stand before you to announce

the draft budget proposal for the financial year 2014/2015.

Hon. Speaker, this year as a country, we are celebrating 20 years of freedom and democracy. We also want to re-affirm our belief that, ***"a nation united in diversity and common purpose can move the country forward"***.

We have all, in one way or another experienced the consequences of a long history in which race, ethnicity and culture were used as the basis for the imposition of a divided, unequal and hierarchical society that excluded the majority of its population from active citizenship.

This long standing exclusion is still having an adverse social and economic impact on the lives of many South Africans.

This Budget Indaba comes at a time when the country is preparing for the fifth national elections since the dawn of democracy in 1994.

This is a time when we experience the mushrooming of many political parties who all promise the electorate that they can do better than the ruling party however all of them fall short in terms of providing clear policies on how they will govern this country.

Analysts say this is good for democracy however history has taught us that once elections are over, most of these parties just vaporise into the thin air.

This is because the ruling party is the only party that has the problems of our people at heart (especially the poor and the previously disadvantaged). All we have to do is to stay

focussed on what matters most i.e. the provision of sustainable services to our people.

Hon. Speaker the ruling party has entered into a contract with the people of this country i.e. ***"to make the lives of the people better"***.

All our manifestos, be it for national or local government elections, the core priority is to make sure that the lives of our people are indeed changed for the better through the provision of sustainable services.

What makes this government to appeal to the people is that as much as we celebrate our successes, we also acknowledge that there are areas where we have faltered or we are not doing well. We, together with our people always strive to find ways of working through such areas.

Programme Director, last year in October, the municipality hosted the Imbizo Focus Week under the theme "***South Africa is much of a better place than it was in 1994***". The Imbizo was a huge success especially with the feedback we received from the people during our interactions with them.

Our people were honest with us (government) wherein they appreciated our successes such as housing backlogs, etc. We also acknowledge that there is room for improvement.

Hon. Speaker most people who claim that the country is not progressing or is moving backward are actually those who were better off than every one of us back then (pre-democracy). They want to cling on to the past, tough luck to such people because we can never be destructed in our efforts changing the lives of our people.

This government is pro-poor and will always prioritise the poor in order to redress the inequalities of the past.

Last year Hon. Speaker, the country and the entire world lost one of its most revered leaders, a man of great stature yet always humble, a man who dedicated his life to the struggle for the liberation of his people and the people of world. Former President of our country Tata Nelson Mandela.

As a nation we will forever be indebted to him and his sacrifices. As the ruling party we are honoured to have been blessed with the great mind such as his, he may be gone but his spirit lives and will forever be with us. May his soul rest in peace.

Now is the time that we should work even more harder so as to realise his desires and what he stood for.

Hon. Speaker, earlier on I said the ruling party has entered into a contract with the people of this country to make their lives better, we can confidently say that South Africa is indeed a better place to live in today, than it was pre-1994.

Now coming to the business of today, putting together a budget for nine (9) wards, each with its own needs and dynamics is not an easy task. The available resources are normally not enough to meet all the needs.

The practical challenge in any budgeting process is to "Balance the Act". We had to make a distinction between a "need" and a "want".

We had to apply a theory called "**Maslow's Hierarchy of needs**". At the top of the hierarchy are the **PHYSIOLOGICAL NEEDS**.

Maslow believed that there are those needs that are basic for human survival such as shelter, clean portable water, etc. and that all the other needs become secondary until these needs are met.

Our budget will always be bias towards such needs because they are impacting directly on people's lives.

As required by the legislation, we consulted our people through IDP meetings and izimbizo in terms of development priorities. We have vigorously undertaken the process to plan for this municipality services in conjunction with the community and various stakeholders through our IDP processes. This was followed by the Mayoral Budget Izimbizo.

As we all know that the IDP informs our budget, it is thus critical that the community should

participate fully during meetings called by the municipality so that their needs can be incorporated into the IDP.

During our community participation meetings held in all the wards recently to communicate the proposed draft budget, it once again emerged that there is still a lot to be done however I was also humbled by some of the community members who applauded us for being able to deliver on some of their needs with the available resources at our disposal.

During the said community participation meetings, one of the major challenges facing our community is unemployment especially amongst the youth.

As per the 2011 Census statistics, the unemployment rate within our area is at 28,3% which is higher than that of the overall figure of

the country which is at 25%. Now this is a course for concern because if so many people are unemployed, this automatically results to social ills such as crime, substance abuse, etc.

As a municipality we are engaging all employers within our area especially to mines to give our local people first preference when recruiting so as to improve our local economy.

We have also identified the skills shortage as a major challenge for local people to enter into the labour market. To address this, we engaged the mines and I am proud Programme Director to announce that two local mines (Exxaro and Universal Coal) have joint hands to build an FET College in our area.

We urge our young people to utilise the facility and register at the said institution especially for

the critical and scarce skills so that they can be employable.

I am humbled Programme Director, to outline to our esteem service delivery partners gathered here today the budget we propose as the municipality for the coming financial year starting July 2014.

Programme Director, the Budget Indaba is aimed at communicating the draft budget to our stakeholders and to allow them an opportunity to make some inputs before the budget is finally approved by Council.

The statistics of Census 2011, indicate that our population has sky-rocketed from about 56 000 in 2001 to about 75 000 in 2011. This increase has put a lot of pressure on us in terms of the provision of services such as water, electricity, job creation, etc.

When preparing the draft budget we had to take this into consideration hence we had to apply our minds fully so that the said budget can impact positively on the lives of our people.

It is acknowledged Programme Director, that while the municipality is not necessarily a profit making organisation or a bank, it must maintain a financial viable status, therefore as we drafted this budget, we could not do without increasing the cost of our service delivery.

In line with the guiding legislation, Programme Director, the proposed budget is aligned to the IDP which addressed the six national key performance areas.

Programme Director, we are proposing a draft **total budget of R336, 4 million**, which represent an increase of **18, 5%** from the

previous financial year. The increase can be attributed, amongst others to the **average tariffs increase of 10 - 11%**.

Programme Director, we acknowledge that we are facing tough economic times and many of our people are unemployed however for us to be able to continue rendering sustainable services, all stakeholders should commit themselves in terms of the payment of such services.

The culture of non-payment for services rendered is impacting negatively on our budget. Our municipality is heavily reliant on grants from other spheres of government to keep it afloat. This is definitely not a healthy state of affairs because it impacts negatively on our plans for development.

The little revenue that we get from the payment of services is channelled to operating

expenditure. This means that our capital projects are 100% dependant on grants.

However we still take cognisance of our indigent population needs, and this proposed budget make allowance to provide them with free basic services and affordable service tariffs.

We however must mention that we found it disturbing that a total of **2 586** applications for indigents have been received by the municipality for the ensuing financial year. We know that there are many households whose members are unemployed but are not registered as indigents.

The challenge with this is that it affects our equitable share. If we have less people on our indigent register, national government concludes that our people are employed and thus should be able to pay for the services, and allocates less resources. We encourage all households who are

unemployed to come forward and register so that we can continue to provide them with free basic services.

Programme Director, we are proposing a draft **operating budget of R312, 5 million** and a **capital budget of R23, 9 million**.

It is proposed that employee costs will be **R91, 1 million** which is **29, 2%** of the total budget. This is still below the accepted National Treasury norm.

Programme Director, at last year's Budget Indaba, we announced that the Delmas Water Purification Plant was now fully operational and that it is yielding the intended results i.e. to make sure that the water that we provide to our people is of a high quality and standard.

We are proud to announce that the Rand Water Pipeline (Bloemendal), is now also operational

hence our challenges in terms of the quality and quantity of our water is now the thing of the past.

We must however mention that the Rand Water Pipeline did not come cheap, we had to make a loan of **R16 million** to augment the budget we received from other levels of government i.e. National, Provincial and District to finish the project.

It is common knowledge that when you make a loan, it is expected of you to make repayments to such a loan. Now it is very critical that we should pay for services rendered so that we can be able to pay off the loan quickly and be able to concentrate on other development programmes.

Residents of Botleng Extensions 3, 4 and 5 still experience water cuts at night. This is done on purpose to preserve water because of the

leakages of toilet cisterns at Botleng Ext. 3. This is a temporary measure whilst we are finalising the long-term solution for this problem.

People normally say "***an idle mind is the most dangerous***". The youth are the future of every government hence it is crucial that they need to be taken care of. Through the MIG funding, we have put aside a budget of **R3,5 million** for the improvement of sporting facilities in all wards.

As we speak a contractor is on site at the Botleng Sports Centre, improving the facility so that it can cater for a variety of sporting codes. The said project commenced during the current financial year.

We are also proposing a budget of **R 528,268** for youth development projects such as Youth Day (June 16), Youth dialogues, etc.

Hon. Speaker we are forever grateful for the assistance we receive from the Provincial Government under the Stewardship of the Hon. Premier Mr DD Mabuza.

The Provincial Government has come on board in assisting us to address sanitation backlogs. A project is currently underway to relocate the residents of Mawaag and Mandela Informal Settlements to an area that is fully serviced i.e. water, sewer, electricity, etc.

This means that the said project will eradicate both the informal settlements and the bucket system. The residents of these areas will also be moving in into formal RDP houses as opposed to the shacks that they are staying in currently.

A further budget of **R10 million** has been put aside for this purpose at the new development

(Botleng Ext. 7 project) that started during this financial year.

Programme Director, the repairs and maintenance budget proposed is **R 17, 9 million** which accounts for about **(5,7%)** of the budget.

Programme Director, I will not be reading the proposed budget word for word hence we have made available resource documents (received when registering) in this regard so that you can read on your own. This resource document can also be accessed on our website should you choose to engage it at a later stage.

I also want to indicate to the stakeholders, Programme Director that we will still allow for engagement and inputs on this proposed budget until the 09th May 2014. Stakeholders are therefore encouraged to direct their comments and inputs to our office to inform the conclusion

of the budget process prior to adoption in the next Council Meeting.

Programme Director, as we were going through all the wards during the Budget Izimbizo, our people were raising genuine needs and concerns however due to the limited financial resources at our disposal, we realised that we could not address all the needs at once hence we had to prioritize those needs.

For those of our people who feel that they have not yet seen this government deliver on its promises, believe you me, we are still coming to you too because most of our people can bear testimony to the fact that indeed government is delivering on its promises.

As I conclude, Programme Director, allow me to extend my appreciation, first to all the partners/ stakeholders represented here today for your

continued support. It is indeed true that together we can do more.

I would also like to express my heartfelt gratitude to the Municipal Manager Mme Maredi and her team for the wonderful work they are doing.

Hon. Speaker, on the 7th of May 2014, the people of this country will be going to the polls to elect a government that will lead them in the upcoming term.

I therefore urge all of you to go and exercise your right to vote. Remember that many people paid with their lives for this right and please do not spoil the ballot papers as proposed by some disgruntled people.

As you will be voting ladies and gentlemen, remember the phrase "***South Africa is much of a better place than it was in 1994***".

I thank you.

Ke ya leboga