

**ADDRESS BY THE MAYOR OF ELIAS MOTSOALEDI LOCAL MUNICIPALITY DURING THE TABLING OF THE DRAFT REVIEWED 2019/20 IDP AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2019/20-21/22 HELD IN COUNCIL CHAMBER ELIAS MOTSOALEDI MUNICIPALITY ON THE 27<sup>TH</sup> MARCH 2019**

Honourable Speaker

Exco Members

Honourable Councillors

Acting Municipal Manager

Members of the Media

Community members

Let me greet you this Morning.

This month is dedicated to the celebration of Human rights as per the South African Calendar of events. The events of March 21 of 1960 in Sharpeville serve as a stark reminder to all of us of the dark and regrettable past from which we have emerged. It is on this day that between 5 000 and 7 000 protestors marched against the repressive pass laws. This peaceful March was received with violence by the South African Police who unleashed bullets at an unarmed and defenceless people.

South Africa will this year commemorate Human Rights Month under the theme: "The Year of Indigenous Languages: Promoting and Deepening a Human Rights Culture".

The 2019 commemorations will draw attention to the critical importance of indigenous languages and the urgent need to preserve, revitalise and promote indigenous languages. We must promote and support teaching,

preservation and revival of indigenous languages. Government will use Human Rights Month as a vehicle to foster social cohesion, nation building, national identity, socio-economic development and to combat racism, racial discrimination, xenophobia and all related intolerances. We will also highlight progress made in advancing human rights and restoring human dignity in line with the Bill of Rights

Honourable Speaker; It is that time of the year once again where we look in retrospect to the service delivery journey that we have travelled together as we consider on the successes and challenges that we have confronted in outgoing financial year

It gives a great honour to **TABLE THE DRAFT REVIEWED 2019/20 IDP AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2019/20-21/22** and obtain approval from this Council to publish the draft IDP review in the local media domain for public comment. Such an occasion, Mr Speaker, bears deep significance for the political leadership of this Municipality, but more importantly, for the diverse communities that make up our Municipality. Local government remains a strategic site for the delivery of basic services and as such, its role is weaved into the material of the communities it serves.

#### **IDP REVIEW PROCESS:**

Honourable councillors, Elias Motsoaledi Local Municipality, as the sphere of government close to the people, will always be valued as to the ability to meet the basic needs of its residents through rendering quality services; The IDP can be regarded as a tool that enables the municipality to align its financial and institutional resources. As a result the IDP and Budget are predictably linked to one another.

The process is done within the dictates of the law. Section 21 (1) of the Local Government Municipal Finance Management Act, 56 of 2003 stipulates that: The mayor of a municipality must:

(a) co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are mutually consistent and credible.

Section 34 of the Municipal Systems Act requires a municipal council to annually review the IDP in accordance with an assessment of its performance and to the extent that changing circumstance so demand. The IDP is a principal planning instrument which outlines how the municipality will take up the challenge to develop and grow the Municipality , to effectively engage our community and develop partnerships with business sector. It plans how the collective efforts of the political and administrative arms of the Municipality must progressively address the ever-increasing expectations of our people.

Honourable Speaker

I now indicate the specific allocation for 2019/2020 and compare it with those of 2018 /2019 financial year.

The total Operating Revenue Budget amounts R 499 million and Operating Expenditure Budget amounts to R 492 million resulting with the operating surplus of R 7 million.

The Operating Expenditure Budget represents 87 percent of the total Expenditure Budget and the Capital Budget on the other hand represents 13 percent of the total Expenditure Budget. The 2019/2020 Budget is 0.9

per cent more than the 2018/2019 Expenditure Budget. An increase is mainly due to increase in DoRA allocation in 2019/2020 financial year.

## **REVENUE GENERATION ASSUMPTIONS**

The total grants allocated to the municipality in terms of the 2019 Division of Revenue Bill amount to R 352 million over the medium-term, reflecting an increase of R42 million (13.7%) over the 2018 DORA allocation.

The operating revenue budget for 2019/2020 amount to **R 499 million** which reflect an increase of **R 43 million** over the 2018/2019 operating revenue budget which is Tantamount to an increase of 9.6 per cent. The audited operating revenue amounts to R424 million for 2017/18.

### **Honourable Councillor**

The base assumption is that tariff and rates increases will increase at a rate slightly higher than CPI over the long term.

Honourable Speaker; to fund our budget' needs and to make provision for inflationary increases in goods and services required, we do need to adjust our tariffs in a reasonable manner, taking cognizance of the areas where we are currently experiencing losses.

### **THE TARIFF INCREASES ARE AS FOLLOWS:**

**On 7 March 2019, the Energy Regulator granted Eskom an annual average increase of 9.41 per cent for municipalities.**

The Elias Motsoaledi Local Municipality tariff will increase application of 5.2 per cent to be approved by The National Energy Regulator of South Africa (NERSA) and the tariff will be implemented accordingly. The 5.2 per cent increase Honourable Speaker is calculated taking into account the affordability of the community, we serve.

Honourable Speaker, Property Rates tariff will increase in 2019/2020 on average by 5.2 per cent which is in line with Consumer Price Inflation (CPI)

## **OPERATING EXPENDITURE GUIDELINES AND ASSUMPTIONS**

The total operating expenditure budget for 2019/2020 amount to **R 492 million** reflecting the increase of **R 42 million** over the 2018/2019 budget year which is equivalent to an increase of **9.4** per cent.

The increases on key expenditure cost drivers will be as follows in 2019/2020;

The employee's remuneration cost; Bulk purchases and contracted services amounts to R 151 million; R 77 million and **R 60 million** respectively which **58.5 per cent** of a Total Operating Expenditure.

## **CAPITAL EXPENDITURE ASSUMPTIONS**

Honourable Speaker, the total capital expenditure for 2019/2020 amount to **R77 million** reflecting an increase of **R5 million** over the 2018/2019 adjusted budget.

The difference in capital budget for the two financial years is due to an increase in Municipal Infrastructure Grant (MIG) and Integrated National Electrification Grant (INEP) allocation in terms of Division of Revenue Bills

“The municipality is proud to announce that due to its high performance in implementing the MIG projects an additional R 8 million has been allocated to the municipality in 2018/2019 and will be appropriated in a special budget to be processed before the end of the financial year”

The 2019/2020 Capital Expenditure will be funded mainly from capital conditional grants allocation and internally generated funds as follows:

- R 55 million Municipal Infrastructure Grant (MIG) specifically for roads projects
- R 19 million Integrated National Electrification Programme for electricity reticulation
- R 5 million Energy Efficiency Demand Management
- R 12 million internally generated funds

### **Honourable Councillors**

The electorate has mandated us to improve the quality of services we provide to our communities by being accountable and working closely with our communities.

I therefore table the Reviewed Draft Integrated Development Plan (IDP) 2019/20 and approve for public consultation, request the Council members to submit writing their comments on the Draft Medium Term Revenue and Expenditure Framework 2019/20-21/22.

I THANK YOU