



## **MAYOR'S SPEECH TABLING OF DRAFT REVIEWED 2017/18 INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT 2017/18 -2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)**

Honourable Speaker, Cllr Tladi

Chief Whip of Council, Cllr Phahlamohlaka

Members of the Executive Committee

Honourable Councillors

Our Traditional Leaders

Municipal Manager and her Management Team

Council Support Staff

Distinguished Guests

Community Members in the Public Gallery

Ladies and Gentleman

Dumelang; Thobela; Sanibonani; Goie dag and Good afternoon

Honourable Speaker, my responsibility today is to table the Elias Motsoaledi Municipality's draft 2017/18 Integrated Development Plan (IDP) annual review, and the 2017/2018 to 2019/2020 Medium Term Revenue and Expenditure (MTREF- Budget plan); and further obtain approval from Council to publish the draft IDP review in the local media domain for public comment.

## **BACKGROUND AND LEGISLATIVE REQUIREMENTS**

The Constitution outlines the objectives of local government, which are to:

- provide democratic and accountable government for communities;
- provide basic services in a sustainable manner;
- promote socio-economic development; and promote a safe and healthy environment; and
- Encourage the involvement of communities in matters of local government.

To this end, municipalities are required to plan and facilitate development in an integrated manner, ensuring that resources are utilized efficiently and effectively to alleviate poverty and inequality, provide basic services and promote sustainable development.

The Municipal Systems Act (MSA) outlines the objectives and procedures for integrated planning for municipalities. Section 23 (1) of the Act states that every municipality must undertake developmentally-orientated planning so as to ensure that it –

- strives to achieve the objects of local government set out in Section 152 of the Constitution;
- gives effect to its developmental duties as required by Section 153 of the Constitution; and
- Together with other organs of state contributes to the progressive realization of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution.

It further states that municipal councils must: ***“within a prescribed period after the start of its elected term, adopt a single inclusive and strategic plan for the development of a municipality.”*** The Municipality adopted its five-year IDP in 2016/2017, and preceding this council meeting the Executive Committee during its Strategic Planning Lekgotla in the past weeks has reviewed the long term development strategic blue print, the report of which will be submitted to council in due course

The 2017/18 Reviewed IDP also outlined the municipality’s commitment to address essential issues raised by communities.

In line with legislation (Section 34 of the MSA), the Municipality revises its IDP on an annual basis to ensure that it remains relevant to its specific operating environment. This includes political, socio-economic or other changes that may occur. This annual review also enables the Municipality to update its IDP, based on its overall performance.

- is adopted by the Council within one year after a municipal election and remains in force for the Council’s elected term (a period of five years);
- is drafted and reviewed annually in consultation with the local community as well as interested organs of state and other role players;
- guides and informs all planning and development, and all decisions with regard to planning, management and development;
- forms the framework and basis for the Municipality’s medium term expenditure framework, annual budgets and performance management system; and
- Seeks to promote integration by balancing the economic, ecological and social pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government.

Local government is judged by its ability to deliver services, promote socio-economic development and govern effectively. As Mayor I am aware of the numerous responsibilities bestowed on the Council to bring about fundamental changes to our municipality that will have a positive effect on the livelihoods of all our people.

Local Government is both the most intimate sphere of government and the one that impacts most on the everyday lives of citizens. With the approval of the fourth generation Integrated Development Plan (IDP) as well as this revised IDP for 2017/2018, our municipality is embarking on a challenging journey.

From the Municipality's side we will commit to:

- A professional service to every town, settlement and rural area;
- create a platform for local economic development that can result in job creation;
- create opportunities so that ordinary citizens can take responsibility and break free from the cycle of poverty;
- good financial planning and control, free of any form of corruption;
- the spending of municipal funds in a responsible and transparent manner; and
- Be a productive workforce with a high work ethic and a high standard of customer care.

Honourable members Chapter 2 of the Municipal Finance Management Act, Section 53(i) (c) (i) says I quote,

***“The mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year***

It is for this reason that we are here today, to pronounce what council has to approve.

We have also undertaken the following matters to improve the lives of our citizens:

## **Organizational overview**

### ***Administration and Resource Management***

The staff turnover has been reasonable stable, except for the vacancy of the positions in strategic position, in particular in the Infrastructure. We take comfort to the effect that council will consider the report of the Selection panel for the appointment of the Senior Manager Infrastructure and hopefully this position will be filled soon. On behalf of Council, Honourable Speaker, allow me to extend a word of appreciation to the political and administration leadership in the Infrastructure department for the good performance where they assisted the municipality to spend the MIG to the extent that the Premier acknowledges the performance and subsequently the CoGTA gave the municipality an additional allocation of R20 million. This happened despite the vacant position of the Senior Manager, and we applaud the team for its commitment on service delivery

### ***Public Safety***

Honourable Speaker, we note the progress made by the division in its creativity to improve the revenue through the Speed Camera project in and around our town, and whilst this will improve our internal revenue, all members of community are encouraged to observe the minimum speed limits and be law abiding citizens.

### **Financial viability**

The municipal financial position is relatively stable and as per the National Treasury Analysis, caution should be paid to the spending pattern as the revenue generation streams still need to be strengthened.

### **Auditor General Audit Opinion**

Honourable Speaker, the municipality has obtained qualified audit opinions for the past Three financial years. The AG has a view that the municipality can move to the better audit opinion if matters of Assets and Legislation compliance can be attended to, and on behalf of Exco Political Head of Budget and Treasury and Section 79 Chairperson continue to provide oversight over the Audit Steering Committee which meets monthly to monitor the implementation of Audit Action Plan

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### **Service delivery**

The people are more directly in contact with government at the municipal level and thus All the inherited experience of unequal social and economic opportunities, inferior social And economic infrastructure, mass unemployment and poverty play themselves out at This level, in municipalities.

**Electricity:** *for the year under review the municipality has experienced continuous electricity loss due to the illegal connection in some parts of Roossenekal .There is however, a need to upgrade our current system and technology for the households access to electricity, and upon the finalization of the litigation battle that the municipality is engaged in with the service provider who initiated the pre-paid metering system in 2012, the municipality will revisit the new technology in future. It should be noted that our municipality Honourable Speaker, is up to date with its payment to ESKOM, and we should applaud ourselves on this point.*

**Roads& storm water:** The municipality has approximately a gravel road network with total Length of 1305, 39km

Our road infrastructure is continuously under strain due to several contributing factors affecting the roads conditions such as Heavy Vehicles driving all over around, lack of preventative maintenance due to budget constraints and lack of sufficient maintenance plant & equipment for our teams.

### ***Local Economic Development:***

Honourable Speaker the LED Unit of our Municipality has been reasonably staffed to enhance its operations. There is a need to review our LED Strategy to guide the economic and investment programmes in the municipality. We note the need to support especially local SMME's, and Cooperatives .We need collaboration between LEDET and Sekhukhune Development Agency (SDA) to unleash the economic potential of our municipality. The collaboration with other spheres of government on EPWP and CWP is valued for continued job opportunities creation.

### ***Education and assistance to student:***

Honourable Councillors education is central to the skills development strategy and for a New economic growth path and to address issues of social development.

President Mandela said this about the importance of education.

*“Education is the great engine of personal development. It is through education that the Daughter of a peasant can become a doctor that the son of a mineworker can become The head of the mine that a child of farm workers can become the president of a great Nation. It is what we make out of what we have, not what we are given, that separates One person from another.”* Quote closed.

Therefore Honourable Speaker education is minimum requirement to change the human lives. The municipality in the Financial Year has put aside R300 thousand for assisting the needy students with registration fee at various tertiary institutions, and will continue to contribute to this life changing programme in future

### **SPECIAL PROGRAMMES**

Honourable Speaker, in line with the provisions of the Constitution, the municipality had Undertaken to deal with special programmes which contribute to nation building.

Therefore, we are convening Local Aids Council meetings quarterly.

The service programmes addressing our youth, the aged and people living with disability through the collaboration with various partners are also underway. The highlight is the envisaged partnership with the National Youth Development Agency and Services SETA which will be training the youth in various Apprenticeship programme to develop them into Artisans. Council has already resolved to support his programme.

## **HONOURABLE COUNCILLORS**

I now indicate the specific allocation for 2017/2018 and compare it with those of 2016 / 2017.

The total Operating Revenue Budget amounts R 371 million and Operating Expenditure Budget amounts to R 370 million resulting with the operating surplus of R 1.5 million.

The Operating Budget represents 82 percent of the total budget and the Capital Budget on the other hand represents 17 percent of the total budget. The 2017/2018 Budget is 2 per cent more than the 2016/17 total budget.

## **Revenue generation assumptions**

The **total grants** allocated to the municipality in terms of the 2017 Division of Revenue Bill amount to R 309 million over the medium-term, reflecting an increase of R21 million (6%) over the 2016/2017 DORA allocation.

The **operating revenue budget** for 2017/2018 amount to R 371 million which reflect an Increase of R 32.5 million over the 2016/2017 operating revenue budget which is Tantamount to an increase of 8 per cent.

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 currently are Experiencing losses.



The tariff increases are as follows:

The ESKOM tariff increase application of 7.6 per cent to be approved by NERSA and

The tariff will be implemented accordingly. The 7.6 per cent increase Honourable Speaker is calculated taking into account the affordability of the community we serve.

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Honourable Speaker, Property Rates tariff will increase in 2017/2018 on average by 6.4 per cent due to the implementation of a new general valuation roll on 01 July 2017 which will need to be relooked.

### **Operating expenditure guidelines and assumptions**

The operating expenditure budget for 2017/2018 amount to R 370 million reflecting the decrease of R 8.7 million over the 2016/2017 budget year which is equivalent to an decrease of 2 per cent. The decrease was mainly as a result of redirecting of the funds to the capital budget to encourage spending on service delivery.

The increases on key expenditure cost drivers will be as follows in 2017/2018;

- The employee's remuneration cost which amount to R 122 million which 33 per cent of a total cost.
- The electricity bulk purchase will increase by 0.31 per cent as per the National Energy Regulator of South Africa (NERSA) stated in the MFMA Circular 86.

### **Capital expenditure assumptions**

Honourable Speaker, the total capital expenditure for 2017/2018 amount to R79, 5 million reflecting a decrease of R 8 million over the 2016/2017 budget. The decrease can be attributable to the decrease in MIG grants allocations.

The capital expenditure will be funded mainly from capital conditional grants allocation which amounts to R 62.1 million in 2017/2018 reflecting a decrease of 17 per cent.

In the main we have budgeted R 13.1 million for electricity reticulation and R 56 million for roads projects

The municipality envisage to acquire an additional funding of approximately R 200 million in the form of long term borrowing to fund the backlog on capital projects.

### **HONOURABLE COUCILLORS, LADIES AND GENTLEMEN**

Let our conceptions be enlarged to the circle of our duties. Let us extend our ideas over the whole of the vast field in which we are called to act. **Let our object be the service to our community, our whole community and nothing but our community.**

In conclusion let me borrow from Winston Churchill (**I quote**): *“I therefore feel entitled at this juncture to claim the aid of all and to say: Come then, let us go forward together with our united strength”*

### **HONOURABLE SPEAKER AND HONORABLE COUNCILLORS:**

I now urge this house to approve the tabled 2017/18 Reviewed Draft Integrated Development Plan (IDP) for public consultation, and the Draft 2017/18 to 2019/2020 Medium Term Revenue and Expenditure Framework (Budget) as per the recommendations on **page 361 of the agenda.**

**I thank you**