



ELIAS MNTSOALEDI LOCAL MUNICIPALITY



**STATE OF THE
MUNICIPALITY**

**2020/2021
BUDGET SPEECH**



ELIAS MOTSOALEDI LOCAL MUNICIPALITY

STATE OF THE MUNICIPALITY AND 2020/2021
BUDGET SPEECH

**DELIVERED BY
CLLR. JULIA LATA MATHEBE,
MAYOR OF ELIAS MOTSOALEDI LOCAL
MUNICIPALITY**

ON THE OCASSION OF THE SECOND VIRTUAL
COUNCIL SEATING ON 31 MAY 2020

THE VIRTUAL COUNCIL SEATING WAS CONSTITUTED TO RECEIVE AND ADOPT:

* STATE OF THE MUNICIPAL ADDRESS 2020

*IDP/BUDGET FOR THE 2020/2021 FINANCIAL YEAR

Honourable Speaker, Cllr Tladi

Chief Whip of Council, Cllr Phahlamohlaka

Members of the Executive Committee

Honourable Councillors

Our Traditional Leaders

Acting Municipal Manager

Ladies and Gentleman

Thobela!

Honourable speaker

This year's Budget Speech takes place at a time when Governments across the world had to implement necessary measures to contain the spread of the coronavirus such that the capacity of the health system is not overwhelmed by the rate of transmission.

A direct impact of this was a restriction of movement globally that had an adverse impact on execution of some of our constitutional duties and obligations to our citizens.

We have as Elias Motsoaledi experienced fundamental disruptions in the delivery of services and servicing of our residents as a result of the impact of the coronavirus. Elias Motsoaledi as the *'Mafulo a Matala'* – the green belt of Sekhukhuneland and a credible exporter of agricultural goods was caught

up in the decline of local economic output, decline in employment, domestic and international movements, sectoral linkages, cost servicing ability, ability to generate foreign reserves amongst other variables in the global tourism value chain.

Honourable Speaker, our world has been turned upside down by the Covid-19 Coronavirus outbreak. This crisis calls for innovation, smart governance, maximise the use of technology, social media and other digital enablers of government administration as we brace ourselves for the economic and social impact of the outbreak due to the much-needed social isolation and extraordinary public health measures we had to implement.

It is for this reason that I am addressing the esteemed Council of Elias Motsoaledi on this virtual platform. We do so fully aware that imposing a nation-wide lockdown gave our country a strategic advantage. It bought us valuable time to prepare our health system and put in place containment measures. This has slowed transmission and saved lives, and there is evidence that social distancing efforts were not in vain. We are seeing recoveries and we will soon return to normalcy.

Honourable Speaker, Local and regional governments throughout the world are at the core of the Covid-19 crisis. Whether our councils are working to ensure that the services that keep our communities functioning continue to be delivered to the best standards, or joining with a variety of partners at local and national level to address the impact of the outbreak of Covid-19, it is clear that the part played by local governments will be critical over the coming weeks and months.

In taking full cognisance of this I wish to take this opportunity to applaud and acknowledge all employees working during the difficult time. My heartfelt thanks goes to our essential services workers and those on the frontline who risked their lives to save others. We will forever remain indebted to their bravery in the face of a global pandemic.

Honourable speaker, Let me add that Elias Motsoaledi Local Municipality has heeded President Cyril Matamela Ramaphosa's call and government-wide responses that included Gazettes, Memos, Televised messages and the establishment of Command Councils in the fight against this Covid-19 outbreak. The President said that it is all in our hands, indeed let us all continue implementing the precautionary measures such as regularly washing our hands with soap for 20 seconds, sanitize our hands, practice social distancing and Wear your masks.

The COVID-19 pandemic is having a deep impact on all aspects of our society, in particular the economy of South Africa. The multitude of lockdown regulations have severely reduced economic output, and drastic economic disruption is expected for the rest of the year. The pace of economic recovery is dependent on a many of factors, both domestically and internationally.

Honourable speaker, in line with the regulations gazetted by Co-operative Governance and Traditional Affairs (COGTA) Minister Nkosazana Dlamini-Zuma, which directs municipalities to suspend all public gatherings during the national lockdown, a feasible approach for public consultation on IDP and BUDGET was undertaken by using local media to communicate with our communities.

We want to thank all stakeholders and residents who participated in the processes, including representatives of non-profit organisations, business, the youth, women, people living with disability and the faith-based sectors. We also

acknowledge the inputs and advice from various experts, which augmented the work of our management.

Honourable Speaker, let me also acknowledge our Local Radio stations namely *Moutse Fm and Thabantsho Fm, Re kgona go boledišana le badudi ba Masepala wa gešu wa Elias Motsoaledi mabapi le IDP and Budget ya ngwaga wa 2020/2021 wa di Tšhelete.*

Honourable Speaker, let me remind this council that this budget speech is a culmination of a long consultative period with all partners in service delivery and it is based on the mandate they gave to us, the inputs from communities, and stakeholders in the Integrated Development Plan and Budget.

This budget is a product of hard work of political leadership and the highly skilled and committed senior management team of Council. This budget is aligned to the Elias Motsoaledi Local Municipality's Integrated Development Plan with its vision and mission statements, corporate values, key performance areas, strategic objectives, outcomes and key focus areas.

We fully understanding the challenges that we face as a municipality; which include the fact that we simply do not have sufficient funding for all areas that need to be funded. As such our responsibility as council is to decide between competing priorities and financial realities.

This budget will enable us to substantially break the back of poverty as we progressively extend quality services to all residents and create a business-friendly environment. We remain mindful of the need to take into consideration the diverse aspirations of our people to have collective access to electricity and other basic services.

FREE BASIC ELECTRICITY

Fellow councillors, working together has never been more important. For us as community leaders, driving development and creating sustainable communities that enable us to flourish now, and in the future, Elias Motsoaledi is well placed to rise to this challenges with your cooperation.

Elias Motsoaledi Local Municipality has an indigent policy in place which outlines criteria for registering indigents in order to receive free basic electricity from the Municipality.

The total number registered indigents is **6 875** and the number of those benefiting is **2 270**, they were arranged by Eskom as the most deserving to receive free basic electricity. Municipality provides free basic electricity to both Eskom and municipal-licensed areas. The municipality still have challenges of collecting revenue is ward 30 Roosenekal due to illegal connections. Various interventions have been explored but hampered by Covid-19 restrictions.

ROADS CONSTRUCTION AND MAINTENANCE PROGRAM

Due to their crosscutting economic nature and deep social footprint, roads are an enabler of businesses and social activity – they are well positioned public assets to help society and affected communities return to growth and stability.

We continue to strive to bring services to our people, particularly those that impact their lives daily. A tarred road may not put a plate of food on the table, but it goes a long way to restore dignity and respect to our people.

SOME OF THE KEY HIGHLIGHTS OF OUR PROJECTS DURING THE 2019/2020 FINANCIAL YEAR MIG FUNDED PROJECTS INCLUDING THE FOLLOWING:

- *Kgaphamadi Construction of Bus Road, Bridge and Storm-Water Control Phase 1E (Bridge + 5.5km)*
- *JJ Zaaiplaas Road (1.5km)*
- *Tambo Road Construction (3.25km)*
- *Laersdrift Bus Route PH1B*
- *Groblersdal Landfill site*
- *Construction of Fleet Centre*
- *Groblersdal Roads and Streets Surfacing*
- *Motetema Internal Streets*
- *Upgrading of Bloompoot to Uitspanning Access Road (5.7km Design only)*
- *Upgrading of Dipakapakeng Access Road (2.2km Design only)*
- *Upgrading of Tafelkop stadium Access Road (4.3km Design only)*
- *Insulations of 2 Highmast lights in Ward 10(Completed)*
- *Electrification of Tambo Village Phase 3 (901HH) (Completed)*
- *Electrification of Masakaneng Village Phase 3 (221 HH)(Completed)*

Fellow Councillors and Residents of Elias Motsoaledi Local Municipality, The Municipality has planned to construct, (amongst others), the following roads in the 2020/2021 financial year:

- *Kgoshi Rammupudu Road (MIG)*
- *Laersdrift Construction of Access Road (completion) (MIG)*
- *Kgapamadi road (MIG)*
- *Tambo Road Construction (MIG)*
- *Upgrading of Nyakurone Internal Access Road (Int)*

- *Groblersdal Landfill site (MIG)*
- *Upgrading of Mogaung Road (MIG)*
- *Motetema Internal Streets*
- *Upgrading of Parks*
- *Fencing of Elandsdoorn Cemetery*
- *Electrification of Mashemong*
- *Electrification of Ntswelemutse*
- *Electrification of Masakaneng*
- *Electrification of Zuma Park*

MAYORS BURSARY PROGRAMME & YOUTH EMPOWERMENT

Elias Motsoaledi Local Municipality is committed to the development of the youth and recognises that they are the future of our communities. I am reminded in this regard Honourable Speaker of the words once said by the late faithful of our liberation struggle Cde. Oliver Reginald Tambo; when he said ***“A nation that does not invest in its youth has no future”*** I am quoting these words deliberately ladies and gentlemen because I am fully aware that they are applicable to all of us here.

In the year 2019 the municipality has approved 50 potential university students for our Mayoral Bursary and only **45** received their payment. Those whom didn't get their payment of study bursary was as a result of not submitting the required documents to complete their application and subsequent payment by the institution.

The Mayor's Bursary Fund programme is awarded to students who are from destitute families and are pursuing, or planning to pursue various fields that fall under the set criteria of skills required for the developmental needs of this Municipality.

YOUTH EMPOWERMENT

Honourable Speaker, we have 80 Learners participating in an Apprenticeship provided by National Youth Development Agency (NYDA). This was achieved through a partnership compact between the Municipality and NYDA which included an agreement to recruit 80 young people to receive training in the following fields Diesel Mechanic, Electrical Engineering and Carpentry. These learners are now at the third leg of their program.

In order to change the social-economic conditions of majority of our communities we have to equip and engage the youth through skills transfer initiatives that enable them to create employment for their peers and create a pathway for prosperity. Educating the African child remains a priority of this municipality to create social impact. Through the provision of Learnership, apprenticeships and bursaries we seek to ensure that we remove them from drugs, other substance abuses, and the reduction of crime amongst our youth.

LOCAL ECONOMIC DEVELOPMENT

Elias Motsoaledi Local Municipality supports participative strategies for local economic development in its area of jurisdiction, with the aim of promoting economic growth geared to local conditions and resources, creating income and employment opportunities for all segments of the population and enhancing good governance at local level.

Given the above conditions and the roles that the municipality has to play in local economic development; during 2019/2020 the municipality in collaboration with Department of Public Works has managed to create 1,837 work opportunities through EPWP and CWP participants across the municipality.

SPATIAL PLANNING AND ENVIRONMENTAL MANAGEMENT

In promoting Spatial Planning and Land Use Management, we are currently in consultation with various stakeholders, (including local Traditional Leaders), to solicit inputs into the Review of Spatial Development Framework that will guide the development in our municipality.

We are assisting our Traditional Leaders with proper planning for new settlements. Currently we are finalizing the Site Demarcation Project at Demarcation of Sites for human settlements; at Kgoshi Mathebe, Mahlangu and Matsepe respectively.

Honourable Speaker, to ensure efficiency in processing land use applications and building plans, **126** plans were approved, **15** Land Use applications approved since the beginning of this financial year.

Honourable speaker, I now indicate the specific allocation for 2020/2021 and compare it with those of 2019/2020 financial year.

The total operating revenue budget amounts **R531 Million** and operating expenditure budget amounts to **R512 Million** resulting with the operating surplus of **R19 Million**.

The operating revenue budget represents 88 percent of the total revenue budget and the capital budget on the other hand represents 12 percent of the total revenue budget. The 2020/2021 budget is 3 per cent more than the 2019/2020 expenditure budget. An increase is mainly due to increase in the Division of Revenue Act (DoRA) allocation in 2020/2021 financial year.

REVENUE GENERATION ASSUMPTIONS

The total grants allocated to the municipality in terms of the 2020 Division of Revenue Bill amount to **R368 million** over the medium-term, reflecting an increase of **R43 million** (13.2%) over the 2019 DORA allocation.

The operating revenue budget for 2020/2021 amount to **R531 million** which reflect an increase of **R40 million** over the 2019/2020 operating revenue budget which is tantamount to an increase of 8 per cent. The audited operating revenue amounts to **R432 million** for 2018/19.

Honourable Councillors, the base assumption is that tariff and rates increases will increase at a rate slightly higher that 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.

THE TARIFF INCREASES ARE AS FOLLOWS:

On 9 March 2020, the National Energy Regulator of South Africa (NERSA) approved Eskom's allowable revenue from standard tariff customers to be 8.76 per cent, which will be implemented on 1 April 2020 for Eskom direct customers and 6.90 per cent for municipalities on bulk purchases, which will be implemented on 1 July 2020. Tariff increase for municipal customers is 6.22 per cent

The Elias Motsoaledi Local Municipality tariff will increase application of 6.22 per cent approved by The National Energy Regulator of South Africa (NERSA) and the tariff will be implemented accordingly. The 6.22 percent increase Honourable Speaker is calculated taking into account the affordability of the community, we serve.

Honourable Speaker, Property Rates tariff will increase in 2020/2021 on average by 4.5 per cent which is in line with Consumer Price Inflation (CPI)

OPERATING EXPENDITURE GUIDELINES AND ASSUMPTIONS

The total operating expenditure budget for 2020/2021 amount to **R512 million** reflecting the increase of **R27 million** over the 2019/2020 budget year, which is equivalent to an increase of 5 per cent. The increases on key expenditure cost drivers will be as follows in 2020/2021;

The employee's remuneration cost; bulk purchases and contracted services amounts to **R169 million**; **R94 million** and **R60 million** respectively which is 63 per cent of a total operating expenditure.

CAPITAL EXPENDITURE ASSUMPTIONS

Honourable Speaker, the total capital expenditure for 2020/2021 amount to R89 million reflecting an decrease of **R28 million** over the 2019/2020 adjusted budget which mainly due to CoGHSTA grant.

The 2020/2021 capital expenditure will be funded mainly from capital conditional grants allocation and internally generated funds as follows:

- **R55 million** Municipal Infrastructure Grant (MIG) specifically for roads projects
- **R20 million** Integrated National Electrification Programme for electricity reticulation
- **R 14 million** internally generated funds

Honourable Councillors

In conclusion, let me remind all residents that the Municipality will continue to work with our National, Provincial and District partners to ensure that measures are in place to curb the spread of the virus. Limiting physical and social contact is essential in curbing the spread of the virus. I therefore urge residents to help us curb the spread of the virus by doing the following:

** Limit social gatherings and meetings wherever possible. If you meet with friends or family, please limit the number of people gathering.*

** Social distancing is imperative keep a distance of at least 1 meter between you and the next person, especially in public spaces; do not shake hands or hug when greeting one another, minimize physical contact.*

- Wash your hands regularly with soap and water for at least 20 seconds.
- Sanitize your hands and surfaces with an effective sanitizing product.
- Avoid touching your eyes, nose and mouth
- Cover your cough or sneeze with a tissue and throw it away after use

Please be aware of scammers posing as health practitioners to gain unlawful access to properties. There have been several reports of criminals approaching people, claiming to be health workers from various institutions pretending to conduct home testing for COVID-19.

For official COVID-19 advice, updates and queries:

- *National Hotline 0800 029 999*
- *WhatsApp 0600 123 456*

HONOURABLE SPEAKER AND HONORABLE COUNCILLORS:

I hereby table the third review of our 5 year Integrated Development Plan (IDP) and 2020/2021 Budget financial year in compliance with relevant legislations for adoption.

Ke a leboga!



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