



**SPEECH BY THE MAYOR OF ELIAS MOTSOALEDI LOCAL MUNICIPALITY
CLLR JULIA MATHEBE DURING THE TABLING OF FIVE YEARS 2021/22-
2025/2026 DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) AND BUDGET
AND 2021/22 to 2023/2024 MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK (MTREF), TUESDAY, 30TH MARCH 2021.**

Honourable Speaker, Cllr Tladi

Chief Whip of the Council, Cllr Phahlamohlaka

Members of the Executive Committee

Honourable Councillors

Our Traditional Leaders

Municipal Manager and his Management Team

Ladies and Gentleman

My responsibility today is to table the Elias Motsoaledi Local Municipality's five years Draft 2021/22-2025/2026 Draft Integrated Development Plan (IDP) and Budget including the Medium Term Revenue and Expenditure Framework (MTREF) which is the budget plan for outer years, that is, 2021/2022 to 2023/2024.

The purpose is to obtain approval from Council to publish the five years Draft IDP/Budget in the local media domain for public comment and consult the local community on same.

It is a profound fact that we are tabling this five years Draft IDP/Budget under unusual circumstances in which our Council meeting is conducted virtually through video conferencing due to the COVID-19 pandemic. We want to assure the residents of this Municipality that despite this challenge, service delivery remains top priority on our agenda as we strive to make Elias Motsoaledi a better place to live in.

Honourable Speaker,

We are also meeting towards the end of the important month of Human Rights – March 2021. This year, South Africa commemorated Human Rights Month under the theme: ***“THE YEAR OF CHARLOTTE MAXEKE: PROMOTING HUMAN RIGHTS IN THE AGE OF COVID-19”***.

Charlotte Maxeke was a radical human rights campaigner and highly regarded struggle icon. This year marks the 150th anniversary of the birth of Charlotte Maxeke. Had she lived, she would have turned 150 years this year.

We therefore table this five years Draft IDP/Budget as a way to memorialise and remember Charlotte Maxeke. She hailed from Limpopo Province in Botlokwa, to become one of the most celebrated leaders of our socio-historical context.

Honourable Members,

The month of March, the Human Rights Month continues to unfold under Covid-19 restrictions. Charlotte Maxeke would have critiqued the political economy of COVID-19.

For us, the month of March is a re-confirmation of our constitutional imperatives to ensure that the dignity of our people is restored by providing quality services.

THE CONSTITUTIONAL AND LEGAL FRAMEWORK

Sections 152 of the Constitution of the Republic of South Africa, 1996 outline 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;
- To give priority to the basic needs of communities; and
- Encourage the involvement of communities in matters of local government.

The Local Government: 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 realisation of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution

In the result, our municipality is required to plan and facilitate development in an integrated manner, ensuring that resources are utilised efficiently and effectively to provide basic services, promote sustainable development and in the main address the triple challenges of poverty, inequality and unemployment.

Honourable Speaker,

The IDP is a strategic plan that guides and informs all planning processes, activities, decision making, budgeting and management in the municipality.

The five years draft of the 2021/2022 to 2025/2026 IDP will inform the municipal Performance Management System (PMS) and the Medium Term Expenditure Framework (Budgets)

Honourable Members

This Council meeting is important in nature as we are tabling both the IDP and Budget for community inputs. These two tools of governance determine the developmental trajectory and future of our communities.

ELECTRICITY

Honourable Speaker, we remain convinced that access to electricity should be considered as a **basic human right**. In this regard, we can indicate that an amount **R15 million** from INEP was provided in 2020/2021 financial year for electrification projects in various communities of Elias Motsoaledi including **Ntswelemotse in ward 04, Mashemong in ward 25 and Zumapark in ward 07**. They were electrified using the allocated funds from INEP.

To accommodate the indigent community, our Municipality has an Indigent Policy in place which outlines criteria for registering indigents in order to receive **free basic electricity**. The Municipality provides free basic electricity to deserving community households for both Eskom and municipal-licensed areas although there is significant challenge of revenue drop or revenue under-collection in Ward 30 Roosenekal and ward 14 Masakaneng due to illegal electrical connections.

ROADS CONSTRUCTION AND MAINTENANCE PROGRAM

Our roads construction and maintenance included the following:

- Kgaphamadi Construction of Bus Route, Bridge and Storm water Control (5,5km);
- Tambo Road Construction (3,25 Km) Completed;
- Laersdrift Bus Route PH1B(1.63km) Completed;
- Kgoshi Rammupudu Construction of Access Road Phase 2 (2.2km);
- Mogaung Construction Access Road Phase 2 (2.1 km);
- Groblersdal Landfill site;
- Motetema Internal Streets (1,3Km) completed;
- upgrading of Nyakurane internal access road; and
- Construction of Fleet Centre.

LOCAL ECONOMIC DEVELOPMENT

In focusing our efforts on the local economy, we have always emphasized the role and participation of the SMMEs and private sector in rebuilding our economy. Elias Motsoaledi Local Municipality is committed to economic emancipation of the local people thereby ensuring that they effectively and efficiently participate in the local economic development. The municipality is committed to ensure that local businesses benefit from the municipal procurement processes.

The South African Local Government Association (SALGA) in conjunction with Elias Motsoaledi Local Municipality has handed over shopping vouchers to Fourteen Small, Medium and Micro Enterprises (SMMEs) to manufacture cloth face masks to strengthen South Africa's response to the Covid-19 pandemic.

The vouchers Worthing **R3,157.00** were given to the beneficiaries at a ceremony that took place on Thursday, 3rd March 2021 in the Municipal Council Chambers.

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.

BUDGET ALLOCATION

I now indicate the specific allocation for 2021/2022 and compare it with the prior year, 2020/2021 financial year.

The total operating revenue budget amounts to **R542 million** and operating expenditure budget amounts to **R529 million** resulting in the operating surplus of **R91 million**.

The operating revenue budget represents **85%** of the total revenue budget and the capital budget on the other hand represents **15%** of the total revenue budget.

The 2021/2022 budget is **3%** more than the 2020/2021 expenditure budget. An increase is mainly due to an increase in DoRA allocation in 2021/2022 financial year.

REVENUE GENERATION ASSUMPTIONS

The total grants allocated to the municipality in terms of the 2021/22 Division of Revenue Bill amounts to **R387 million** over the medium-term, reflecting a decrease of **R8 million (8%)** over the 2021 DORA allocation. The decrease is mainly on additional equitable share of **R58 million** that was received during the 2020/21 to cater for COVID 19 related activities.

The operating revenue budget for 2021/2022 amount to **R542 million** which reflects an increase of **R16 million** over the 2020/2021 operating revenue budget. This is tantamount to an increase of **3%**. The comparative budgeted operating revenue for 2020/2021 financial amounts to **R525 million**.

Honourable Councillors

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

Honourable Speaker;

Funding our budget, provision for inflationary increases in goods and services is 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:

For 2021/2022 electricity tariff that the municipality has applied is projected at **6.22%**.

The National Energy Regulator of South Africa (NERSA) is the regulatory authority of the energy sector in South Africa and its mandate includes the regulation of the electricity supply industry. In terms of section 4(ii) of the Electricity Regulation Act,

2006 (Act No. 4 of 2006) ('the Electricity Regulation Act'), NERSA must regulate electricity prices and tariffs.

On an annual basis, NERSA approves a percentage guideline increase and reviews the municipal tariff benchmarks. The guideline increase assists the municipalities in the preparation of their budgets, while the revised benchmarks are used in the evaluation of the municipal tariff applications.

According to NERSA's timelines, the municipal tariff guideline and benchmarks will be approved on 28 April 2021.

Honourable Speaker

The Property Rates tariff will increase in 2020/2021 on average by **4.6%**.

OPERATING EXPENDITURE GUIDELINES AND ASSUMPTIONS

The total operating expenditure budget for 2021/2022 amount to **R530 million** reflecting the increase of **R13 million** over the 2020/2021 budget year which is equivalent to an increase of **3%**.

The increases on key expenditure cost drivers will be as follows in 2021/2022:

The employee's remuneration cost, bulk purchases and contracted services amounts to **R190 million**; **R110 million** and **R64 million** respectively which **69%** of a total operating expenditure.

CAPITAL EXPENDITURE ASSUMPTIONS

Honourable Speaker, the total capital expenditure for 2021/2022 amounts to **R89 million** reflecting a decrease of **R515, 000** over the 2020/2021 adjusted budget

which is mainly due to reduced portion of surplus cash anticipated for 2021/22 financial year that is slightly less than that of 2020/21 financial year.

The 2021/2022 capital expenditure will be funded mainly from capital conditional grants allocation and internally generated funds as follows:

- **R58 million** Municipal Infrastructure Grant (MIG) specifically for roads projects;
- **R21 million** Integrated National Electrification Programme for electricity reticulation;
- **R9.5 million** internally generated funds.

As I move towards a conclusion, the Budget and the related supporting documents as per the annexures are informed by our local government mandate as contained in the Constitution which places an obligation on local government institutions to strive, within their financial and administrative capacity, to achieve the objects of local government and developmental objectives set in Sections 152 and 153 of the Constitution respectively.

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 this five year 2021/22-2025/2026 Draft Integrated Development Plan (IDP) as stipulated under item M20/21-58 and the Draft 2021/2022 Medium Term Revenue and Expenditure Framework (Budget) as presented under item M20/21-60 of the agenda to be approved by the Municipal Council for public consultation.

Thobela!!!