

**BUDGET SPEECH BY EXECUTIVE MAYOR CLLR KEAMOTSENG
STANLEY RAMAILA DURING A COUNCIL MEETING ON THURSDAY
20 MAY 2021 IN GA-MASEMOLA.**

Honourable Speaker

Honourable Chief Whip

Honourable Chairpersons of Committees

Honourable Councillors

Municipal Manager

Senior Managers

Members of the Media

Ladies and Gentlemen

Thobela,

Honourable Speaker,

It is a privilege and honour to deliver this Budget for the 2021/22 financial year to the people of Sekhukhune.

Sadly, we are doing this as we mourn 261 people, who passed away from Covid-19 complications in our district.

We are also mindful of the fact that as of yesterday, (Wednesday) we still had 37.

We take this opportunity to honour those who lost their lives to this pandemic.

We extend words of comfort to families and friends of those who passed away, and we wish those who are still battling the virus a speedy recovery.

Honourable Speaker

Even though in the recent past it had appeared that we were winning the fight against Covid-19, latest indications are that the fight is far from over.

Our country and the world constantly face new coronavirus variants and mutations.

We remind our people to continue observing health protocols to protect themselves and their loved ones from this virus.

The government has begun with phase two of the vaccination rollout that seeks to vaccinate both healthcare workers and the elderly adults over the age of 60.

Although registration to be vaccinated is entirely voluntary, we encourage our senior citizens to use this opportunity and register.

We salute the healthcare workers and municipal employees who continued to serve our people with distinction when the virus first broke out in our country and district.

Honourable Speaker,

By law, the mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies.

This aims to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

This particular budget is tabled under very tough economic conditions.

Last month, the Reserve Bank noted that the past six months have seen South Africa's economy continue its recovery from last year's 7% contraction in output caused by the spread of the COVID-19 virus.

Although this signals that the country's economy, in parallel with the global economy, is rising from the Covid-19 devastation, however, the damage caused by the pandemic is still felt on the ground.

Millions of South Africans have lost their jobs and business activity remains subdued.

We are alive to the socio-economic realities our people, mainly in rural areas, are grappling with.

When delivering the national Budget in February, Finance Minister Tito Mboweni cautioned that "servicing the rising government debt takes away resources that could have been invested in infrastructure."

Despite the tight budget allocated to municipalities, we must use it optimally to provide infrastructure in our communities.

We reassure the residents of Sekhukhune District Municipality that despite this challenge, uninterrupted service delivery remains our top priority as we strive to build a district that belongs to all who live in it.

Honourable Speaker

It is during hard times like these that we draw inspiration from great leaders of our continent such as the first President of Independent Tanzania, Julius "Mwalimo" Nyerere.

When Africa was faced with hardship – fighting for freedom, Nyerere made a clarion call to action that – and I quote: ***“There is no time to waste. We must either unite now or perish.”*** Close quote.

The challenges we face today compel us to come together and fight them in unison.

The budget we are presenting to this council today, continues to build on a solid foundation laid by the ANC led government over the past 27 years.

We have made many great strides in more ways than one since the dawn of democracy, considering many decades of neglect by previous regimes.

However, we admit that much still needs to be done for a better life for all.

We can only realise this if we join hands and work in tandem to address the triple challenges of poverty, unemployment, and inequality.

There is a need to also accelerate the provision of quality services for our people to create a conducive environment for growth and employment in the district.

Honourable Speaker

During the preparation process of this budget, we consulted extensively with our communities and other stakeholders.

In putting this budget together, we sought to maintain fiscal discipline, while catering for the basic and pressing needs of our people.

As a water service authority, our district municipality is also committed to achieving the objectives of Section 27 of the Bill of Rights, which says

the State must take reasonable legislative and other measures, within its resources, to achieve the progressive realisation of rights such as access to water.

This commitment compels us to do our work diligently in order to sustain the provision of services, particularly water infrastructure.

This budget, therefore belongs to the people of Sekhukhune and we ought to utilize it for their benefit.

We must therefore work toward ensuring the people of this district, derive value for money from this budget.

Honourable Speaker,

The financial position of the municipality is heavily reliant on grants and subsidies from the National Treasury.

Collection on own revenue sources has remained a serious challenge over the years with various revenue enhancement strategies currently being implemented to ensure that the municipality remains financially sustainable in the near future and beyond.

And both the global and national realities have a direct bearing on those specific grants.

The total annual revenue budget for our district in the 2021/2022 financial year amounts to R1.5 billion.

This is a decrease of about 7% from the 2020/2021 financial year.

But it is expected to increase back to R 1.6 billion and further to R 1.7 billion in the 2022/2023 and 2023/2024 financial years respectively.

No additional Covid-19 equitable share was allocated to the municipality for the 2021/22 financial year.

For the 2021/22 financial year, tariffs have been increased by 10% to have a cost reflective tariff structure as compared to a decrease of 8% in the 2020/2021 financial year.

The aim of the 8% tariff reduction in the 2020/2021 financial year was to help vulnerable groups, including businesses, to mitigate effects of the economic impact of the pandemic and relieve them financially for the purpose of consumer confidence enhancement.

The R 1.5 billion total annual revenue budget constitutes an allocation of R 1.4 billion in government grants and subsidies and R 113 million in own revenue sources for the 2021/2022 financial year.

The municipality's own revenue sources include the interests earned on external short-term investments at R 17.5 million, and service charges at R95.5 million.

The R1.4 billion allocation from government grants include the R 878 million in Equitable Share, R 2.3 million for the Finance Management Grant, R 8.1 million for the Expanded Public Works Programme, R 2.3 million for the Rural Road Asset Management Grant and R 504 million for the Municipal Infrastructure Grant.

The annual expenditure budget of our district in the 2021/22 financial year also amounts to R 1.5 billion in total.

The R 1.5 billion total annual expenditure budget constitutes an allocation of R 1.1 billion in operational expenses and just over R 400 million in capital expenditure for the 2021/22 financial year.

Honourable Speaker,

In preparation of the annual operational expenditure budget, consideration was given to the current and changing economic climate

conditions as well as the cost containment regulations applicable to the local government sector.

In this regard, the departmental allocations are as follows:

As guided by the legislative framework to give political and strategic guidance to the municipality, the Office of the Executive Mayor has been allocated a total budget of R38.7 million.

The Office of the Speaker has been allocated an amount of R42.2 million to ensure that it carries on with its functions of running Council activities with distinction, as it did since the installation of this Council in 2016.

Municipal Manager's office will receive R73.7 million to continue championing organisational strategic services.

MMC Mbusi Mahlangu and MMC Lorraine Manganeng will be happy to hear that, their portfolio will receive the lion's share of the operational expenditure.

The Infrastructure and Water Services Department (IWS), which is the heart and engine of our service delivery mandate, will receive R531 million.

This amounts to 48% of the total operating expenditure.

We are now turning attention to MMC Samson Nkosi and his team.

The Budget and Treasury Office (BTO) is a critical department that is responsible for ensuring that we all adhere to sound financial management.

For this, we have allocated it R201 million, which comes second only to IWS.

Acting CFO Hendrick Nkadimeng, while you are new in the department, having joined us from our sister municipality, Makhuduthamaga Local Municipality, on secondment, we are confident that you will make do with what has been put at your disposal.

Considering your sterling track record, we are confident you are going to plug a hole and assist our municipality to become the epitome of good governance.

Your task, along with MMC Nkosi and your colleagues, is to ensure that your department assists the municipality to spend taxpayers' money in line with approved policies and standards.

MMC Yvonne Mmakola and MMC Ali Matlala, your portfolios were surely not neglected.

Community Services and Corporate Services Departments will each receive R70.9 million and R125 million, respectively.

Honourable Speaker, of the total operational expenditure, R4,5million was allocated to the Sekhukhune Development Agency (SDA).

SDA, under the stewardship of acting CEO, Kgopelo Phasha, is a special purpose vehicle established by the municipality in line with the Companies Act to attract investors with the aim to create jobs and grow the district's economy.

The agency has embarked on a number of catalytic projects that include, among others, the signing of a Memorandum of Agreement with Eisowave Limited.

This is to initiate an investment to establish the green automotive manufacturing hub under a province-wide programme named Limpopo 6000.

Also, the SDA is championing the Agang Cotton project in collaboration with the Marlou Group and Affluence 12 private partners, to plant cotton on 2000 hectares of land, in Marble Hall, targeting small-holding, emerging businesses and previously disadvantaged farmers.

These projects will stimulate our social economy and revive growth and employment for our people.

MMC Orginia Mafefe and her team in the Planning and Economic Development Department have been allocated R16.6 million in order to work along with the SDA to create a conducive environment for economic growth in the district.

The operational expenditure, among other things includes the bulk purchase of R130 million for operations and maintenance, R40 million payment to Eskom, R61.1 million for repairs and maintenance of our water infrastructure, and R100.1 million for depreciation and impairment on project that are vandalised and destroyed by some in our communities.

R6.8 million has been allocated for the legal expenses, while just over a million rand was allocated for both the external and internal bursaries.

Honourable Speaker

As per Treasury regulation and standard and norms, we need to maintain the employee costs percentage at less than 40% of the total operational expenditure.

The current total allocated funds for salaries are at 42% of total operational cost.

We have proposed different measures that will assist in curbing our expenditure within the required range.

Measures include sourcing other skills from within the institution, sacrificing other vacant posts that are not critical and to control and supervise our spending on overtime and travelling and subsistence.

Council also took a resolution to repeal the Unifix policy, which was not in line with South African local government collective bargaining council.

ON CAPITAL EXPENDITURE

Honourable Speaker,

The total annual capital budget for our district is R 424 million for the 2021/22 financial year.

The annual capital expenditure is funded through the R 413 million in Municipal Infrastructure Grant, R2.3 million in Rural Road Asset Management Systems Grant and R8.1 million in own revenue funds.

This expenditure includes allocation of R3.9 million on water carts, R 2.2 million on the purchase of offices in Elias Motsoaledi and R 1 million on computer equipment.

Overall total capital expenditure from conditional grants decreased from R 505 million to R 424 million in the 2021/2022 and 2020/2021 financial years respectively.

WSIG allocation has decreased from R 53.4 million to R 50 million in-kind, while MIG and RRAMS are allocated R 413.6 million and R 2.4 million in the 2021/2022 financial year.

MIG is estimated to increase by 20% while RRAMS by 5% in the 2023/2024 financial year.

The municipality has budgeted, for the 2021/22 financial year, an operational surplus of R 1.4 million.

The operational surpluses in both the 2022/23 and 2034/24 financial years are both budgeted as R 1.6 million and R 400 thousand respectively.

Honourable Speaker,

Of the R424 million total capital grants, an amount of R413.6 million is set aside for the Municipal Infrastructure Grant.

This allocation will go toward both the completion of numerous water infrastructure projects that are underway already and starting new projects.

Honourable Speaker,

We have previously said we want to change the way we implement water reticulation projects in our district.

To this effect, we have decided that going forward, we will gradually do away with the communal system wherein our people get water from standpipes in the street.

Instead, in several areas we have already begun with the connections of standpipes inside yards.

An amount of R63 million is set aside for to complete the construction of reservoirs, bulk pipeline and reticulation in Ga-Maroga and Motlolo villages.

The yards connection projects in these two villages are well underway. We have also set aside R29.4 million to complete the yards connection project in Motlailana, wherein work is at 45 percent and to start new separate yards connection projects in Makgemeng and Taung.

A total of R32.7 million is budgeted to complete construction of reservoirs, bulk line and yards connections in Driekop, Ga-Riba, Frans, Ga-Madiseng and Mandela.

For the villages of Makgeru, Ratau and Matekane, we have set aside R85 million for the continuation of the reticulation network, which will also connect into yards.

R28.6 million will go toward completing the bulk line and service reservoirs in Schonoord, Sengapudi, Manamane and another parts of Ga Ratau.

For Ga-Mogashoa (Sengapudi) and Ga-Mogashoa (Manamane), we have set aside R4.7 million for a reticulation network projects, which will also connect into yards.

Honourable Speaker, we have also set aside R8 million to complete the construction of a 3.8 mega litre reservoir in Dindela.

Furthermore, we will be investing R121 million over a two year period, in the upgrading of Malekana Water Treatment Plant.

The upgrading of the existing plant will complement water supply to the Jane Furse Cluster and the rest of Nebo Plateau.

Refurbishment and commissioning of Malekana to Jane Furse bulk pipeline to unlock water supply from the De Hoop dam will be conducted in the 2021/22 financial year.

In addition to this, a phased approach in terms of refurbishment and commissioning of the Moutse Bulk Pipeline will be implemented in the 2021/22 financial year.

Discussions are underway with the Department of Water and Sanitation to secure funding for refurbishment and commissioning.

The successful completion of this project will relief the people of Moutse East and West.

In conclusion, Honourable Speaker,

We would like to remind our people that the corona virus still remains a threat to our existence.

Let us continue to observe adjusted alert level regulations and health protocols.

We are in this together.

I hereby table the 2021/2022 Medium Term Revenue & Expenditure Framework for adoption by the Council.

I thank you.