

Budget Speech by the Mayor of Siyathemba Local Municipality, Mr. Piet Papier: 31
MAY 2012 at the Municipal Council Chambers in Marydale

Honorable Councilors

Government officials

Members of the Marydale community

Fellow citizens of Siyathemba municipal area

Ladies and Gentlemen

I stand before you today filled with emotion, excitement and great optimism. Ladies and gentlemen take note that it's for the first time since democracy that Council consist only of members from the previous disadvantaged communities. We need to thank our people and our parties for the level of trust they put in us and we should make every effort not to fail them. We also need to be aware of it that not all sections of the community is represented in Council, but I trust that we do ensure that we develop ways and means suitable to Council to ensure that the priorities, plans and programmes of Siyathemba Local Municipality reach all homes in our Municipal area.

Also take note that I stand before you as a humble representative of Government and as a loyal deployee of the African National Congress under the leadership of our President, Mr. Jacob Zuma. Also note that this budget is also presented to you in line with the Northern Cape Provincial Legislature priorities presented by the Acting Premier, Ms. G. Cjiekella, also a loyal deployee of the African National Congress. Thus Siyathemba Local Municipality must be in accordance with the other two spheres of government for the purpose of development and cohesion.

We also need to indicate that Mr. GJ Bessies left the organization at 30 April 2012 after almost 10 years serving as Municipal Manager. We note his contribution and wish him well in his future endeavours.

Together with our seniors and this Municipal Collective we continue on the journey to a democratic Siyathemba, free from racism, class divide and gender inequality. Considering the past of South Africa, inclusive of Siyathemba municipal area, this has never been an easy task. The vision and ideals of the Ruling Party inspire us not to rest, until we achieve a society free of poverty and deprivation. In this regard, we are obliged to continue to pursue the ideal of a democratic and free society, in which all persons live together in harmony and with equal opportunities.

Ladies and gentlemen, as we progress to change and impact the lives of our people, we realize on a daily basis that, indeed, much still needs to be done. We still need to ensure that local government services reach everybody on an equitable basis and to improve on the level of services rendered.

One is also very much aware that the conditions and outlook and specifically the actions and contributions of others will not change by itself. From experience and trends elsewhere change is broad about by interventions of government. Council should be aware of this and increase the level of legislation to bring about the necessary changes in our society. Simply put we will have to have more by-laws with the intention to create a win-win situation for everybody in our area. Areas for by-laws must include the environment, our commonage, RDP housing, ways of doing business in Siyathemba LM and places of business and job creation to fight unemployment and poverty.

Today Siyathemba Local Municipality continue to exist as a grade 2 municipality (which is a factor of population size and income levels, we fall in the bracket of R50m to R200m of which our current budget is only R99mil and intend to serve all the people of our Municipal area with a strong bias towards the poorest of the poor. The responsibility to take special care of the opportunity to serve is set out in legislation in terms of the budget process which starts from 01 July and ends 30 June annually. As part of the review processes all municipalities in South Africa are annually by January provided the opportunity to relook the budget situation and the possibility to make adjustments for unforeseen occurrences. Next time around may it be because we have too much money as a result of a drastic change in the culture of payment for services.

We appreciate the attendance of the individuals who attended the participation sessions and the two written submissions received.

Your ideas, plans and criticism are welcome and thank you for the effort made to write them and forwarded it to us.

We are about to conclude the budget and IDP process after taking into consideration the inputs from our communities. These very important inputs vary from:

- the way we service (lack of professionalism, respect, work ethics, absence from work and meetings)
- requests for improve levels of service (flush toilets instead of bucket or VIP's)
- use of RDP houses
- incentives for payment of services
- fears of excessive increase in tariffs for water services of 15%
- Asbestos roofs and water quality and prevention of loss of purified water, as a way of saving

- job creation
- housing need (instances were mentioned of 90 year old mother staying in plakkers)
- Skills development and development of SMME's
- Abuse of municipal assets and wasteful expenditure with reference to overtime and fuel costs
- Sport facilities
- Appearance of neighborhoods (not only the dirt, also street names, road signs and obstacles along the roads)
- The need to be consulted
- Allegations of fraud, no arrests, with reference to safety of cash in the possession of the municipality
- Assistance to emerging farmers
- Visible developments in communities (build houses on open plots)
- Disclaimers for audit outcomes
- Alternative income streams to improve sustainability
- Switch to paving of roads as a means of labour intensive programmes and to improve road quality
- Disaster funding
- A sense that charity begins at home
- Transfer of houses to home owners after building
- Service closer to the people (municipal offices only in town)

After this consulting and listening process we present a total income budget of R85.1mil and a total expenditure budget of R99.0mil., consisting of grant funding from national and provincial government to the amount of R39.4million and own funding to the amount of R45.7mil. To arrive at this point we have taken into account price considerations and change in activity in our service delivery process.

Note that the own funding will come from property rates, service charges for water, electricity and sanitation, rental income from the commonage, buildings, and dog tax and from the sale or disposal of assets, no longer needed in the service delivery process. Major changes include the switch to the block tariff for business and 50% discount against real cost for installation of pre-paid electricity meter, where it has not existed before.

We also make provision for income from the collection of outstanding accounts for services (outstanding debtors at R30m as at 30 April 2012 note that the by-law to enhance this action is currently at a point where community inputs are with the service provider for consideration and thereafter it will be gazette. Of concern is the increasing trend of our debtors on a monthly basis.

In order to make the above income possible we have to increase our tariffs for water services with 15% (above the national guideline of Treasury of 5.6%). This is done

because of price changes in the cost of chemicals for water treatment, awareness that water quality compliance will be legislated in future and increased salary, fuel cost and repairs and maintenance and aging infrastructure as indicated by investigation done by Aurecon.

Honorable Councilors, staff and members of the public we are obliged to inform that spending against this budget, as has always been, is dependent on cash reserves available and our own experience inform us that to achieve the plans and programmes planned for our payment rate for services has to increase. Otherwise the ideals and development will have to be postponed for years to come.

In terms of expenditure we continue to ensure that the most vulnerable of society, the poorest of the poor is taken care of in terms of the provision of services at subsidized levels. In order to qualify it is expected of one to register as an indigent with household income not exceeding two government grants ($R1200 \times 2 = R2400$) and great effort will be made to provide subsidized basic services to the 2483 households who registered to receive subsidies. One needs to indicate that this is a continuous process and does not stop throughout the year.

Salary cost at R30.5m as a percentage of total income at R80.1mil. currently remains our biggest operational cost. However, at our organogram of the previous cycle the positions of Municipal Manager and Corporate Services Manager are vacant and are in the process to be advertised. We thank Mr. HEE Nieuwenhuizen for taking the challenge to act as Municipal Manager and we further applaud him for doing so at no extra cost to the municipality not now and/or in the future. All of us can learn from this gesture and follow suite. In order to close the skills gap to meet the requirements of Operation Clean Audit a combination of approaches will be followed. Two Financial Interns funded by Financial Management Grant will be advertised, use of consultants for annual financial statements and use of local fixed term contracts.

The Local Government sphere is in the process of harmonizing after the amendment of the Systems Act which makes it compulsory for Managers reporting to the Municipal Manager to be appointed on a permanent basis at prescribed remuneration levels. Currently we have a mix of some Managers on fixed term contracts and some on permanent appointment which come about as a result of agreed negotiations and appointment by Council. Our Managers are in the process to undergo competency level tests for compliance purposes.

Councilor's remuneration, including that of the full time Speaker/Mayor, is gazette annually and by means of Council resolution approved and only after written permission by the MEC of COGHSTA is granted. The remuneration of Councilors is an all-inclusive package, added to it cellphone allowance (also gazette) and additional travel allowance for kilometers travelled only in the event the allowance has been structured to make provision for travel allowance of up to 25% of total package.

The purpose and intend of the budget for Mayoral Programmes is (as has always been) to strengthen and broaden the safety net in our communities. Preference will be given to Ward Base Programmes, Education, Sport, Health, Youth Development and Financial Assistance to needy and deserving students for study purposes at a registered institution in South Africa.

Furthermore we cater for bulk supplies of electricity and water to the amount of R... m. Included in general expenses is budgeted for fuel cost and chemicals as the main cost drivers. The structure of the financial reporting system is going to be changed to record fuel cost on a separate vote to improve monitoring and performance.

Ladies and gentlemen our funded capital programmer in terms of Municipal Infrastructure Grant is at R12.2m which will be used in Marydale and Prieska to upgrade solid waste areas and grave yards.

From the Equitable of R20.1m an amount of R9.7m will be used for the subsidization of basic services and the rest for operational expenditure.

An amount of R1.2m is budgeted for the electrification of the 203 low cost houses to be built in this financial year.

The Municipal Systems Improvement Grant (R800 000) will mainly be used to cover the cost of systems (Computerized and other) in the municipality.

In terms of EPWP an amount of R1m has been allocated to create jobs. At this stage policy amendments is envisage to make it possible that 40% is paid upfront and the rest later after reporting in batches of 30% each.

Unfunded developments include the RDP Houses, establishment of alternative energy hub (6500 hectares of commonage land set aside), learner's driver's license testing centers at Niekerkshoop and Marydale.

Of notice are also the identification of Pixley ka Seme District as a pilot for National Health Insurance (NHI) and the announcement of the University for the Northern Cape, with Colesberg the preferred location as suggested by Pixley ka Seme District Municipality and Umsobomvu Local Municipality and support by all local municipalities in Pixley ka Seme District.

Honorable Councilors we must believe in a Supernatural Power, in our instance God Almighty and history.

In God Almighty for strength and assurance because what God says, He will ALWAYS do. God's focus is and has always been a better, whole and complete future.

In history to get the lessons learnt and to be aware of its impact in order to lead our own homes, staff and society to make adjustments in time. One such lesson is that prices

double every 15 years (Dr. John F Martini). As much as what one wants to keep cost constant and stable, it is not wise to do. The impact of not increasing cost as the years go by will harshly be felt by future generations which might have devastating consequences for human life.

The account of the Auditor General of R3.6m must be fully paid within this financial period.

Councilors and community the greatest saving opportunities for us lies in serving our customers with greater appreciation, the way we do business and the increase of our supplier base.

Further savings can be realized by drastic introduction of Information Technology in our operations and our community.

In moving forward let us be mindful of our achievements and challenges and our connectedness to such an extent of our municipality, our town, our district, our province, our country, our Africa and our world.

I THANK YOU.