

**DRAFT BUDGET SPEECH DELIVERED BY THE
EXECUTIVE MAYOR CLLR JULIA LATA MATHEBE
DURING AN EXTRA-SPECIAL COUNCIL ON
WEDNESDAY 25 MAY 2022 IN KLOPPER VILLAGE**

Honourable Speaker, **Cllr Kgwediebotse Chego**,
Members of the Provincial Legislature, **MPL Jerry
Maseko, MPL Rebeccah Sono and MPL Rodgers
Monama**

The Chief Whip of Council **Cllr Chories Phokane**,
Members of the Mayoral Committee,
Section 79 and Section 80 Committee Chairpersons,
Honourable Councillors,
Honourable Speakers of Local Municipalities,
Honourable Mayors of Local Municipalities,
Our esteemed Maapara Nkwe,
The **Secretary of the African National Congress** in
the Sekhukhune Region, **Comrade Tala Mathope**,
Leaders of the Tripartite Alliance,
Leaders of Opposition parties,
Esteemed guests,
Municipal Manager **Mme Maureen Ntshudisane** and
senior managers,
Acting CEO and Chairperson of Sekhukhune
Development Agency
Representatives of organised labour,
Employees of our municipalities,
Our friends from the media fraternity,
Fellow residents of the mighty Sekhukhune District,

Thobela

Honourable Speaker

The month of May is recognised as Africa month.

This is when as Africans we commemorate the founding of the Organisation of African Unity, a predecessor of the African Union.

It was on this day, 25 May in 1963, that the leaders of our continent established an organisation that sought to unite the people of Africa, while focusing on nation building and attaining freedom for the oppressed.

As Africans in the continent and the diaspora, we take pride in the colourful and diverse cultures, traditions, and the philosophy of Ubuntu/Botho, which is anchored on the old-age expression that says: **Motho Ke Motho Ka Batho.**

As we commemorate Africa Day, we recommit ourselves to the values and aspirations which our forebears sought to promote, for the development and collective progress for Africa and her sons and daughters. We are inspired by the words of former president Thabo Mbeki when he said and i quote, “ **I am an African.**”

I owe my being to the hills and the valleys, the mountains and the glades, the rivers, the deserts, the trees, the flowers, the seas and the ever-changing seasons that define the face of our native land. I am the grandchild of the warrior men and women that Hintsa and Sekhukhune led, the patriots that Cetshwayo and Mphephu took to battle, the

soldiers Moshoeshe and Ngungunyane taught never to dishonour the cause of freedom.” Close quotes.

Honourable Speaker,

We also meet here today to present the 2022/23 IDP/Budget, which is the most important economic policy and planning document, for the people of our district.

Great effort was made to ensure that this IDP/Budget reflects the wishes and aspirations of the people of Sekhukhune.

We are pleased to announce that, through widespread consultations, using various mediums such as community radios, social media and contact meetings, the people of our district actively participated in the IDP/Budget process.

This was not done as a box ticking exercise, but to encourage participatory democracy.

We sought to develop and ultimately adopt a policy document which the people would proudly own as theirs.

We strive to realise human rights through this IDP/Budget.

The various services that we provide to our people as municipalities, including water and sanitation infrastructure, electricity, and roads, must be based on the obligation to fulfil human rights.

During the consultation process, we solicited the views of various stakeholders and rate payers, including traditional leaders, business, and community members.

As we present this IDP/Budget 2022/23, we remain focused on ensuring that the **SIX MAYORAL PRIORITIES** guide its implementation.

The SIX MAYORAL PRIOROTIES are as follows.

- 1.Provision of water and sanitation services in a sustainable manner,
- 2.Local economic development, growth and job creation through agrarian reform, mining, tourism, and repositioning of SDA,
- 3.Good governance and sound financial management,
- 4.Sustainable land use management and spatial transformation,
- 5.Community development, social cohesion, and nation building, and
- 6.Public participation, stakeholder engagements and partnerships.

Honourable Speaker,

On February 9, when we accepted the Executive Mayoral responsibilities, we made commitments on

issues we wanted to attend to, during the first hundred days in office.

Some of the interventions we made include the **filling of senior vacancies of Director Infrastructure and Water Services, Chief Operations Officer, and Chief Financial Officer among others.**

These are crucial vacancies that will be filled with qualified candidates who will assist the municipality, in fast-tracking the provision of services to our communities.

The process to appoint suitable candidates is at an advanced stage.

The review of a **credible and implementable revenue enhancement strategy** is now underway and will be implemented in the next financial year.

This will empower us to recover the millions of rands that households, businesses, and government departments currently owe us.

But importantly, we want to recover debt owing to us, proactively and timeously, to avoid a costly accumulation.

We have developed **Draft Terms of Reference for a Mining Multi-Stakeholders engagement forum**, which will be held by the second quarter of the next financial year.

The mines operating in Sekhukhune are the mainstay of not only our district, but of the country's economy.

Their contributions are very important, but we are convinced, that an increased collaboration between government, the mines, and communities, will attain even more achievements.

One of the criticisms for the annual **Investing in Africa Mining Indaba**, held in Cape Town earlier this month, was that rural communities and traditional leaders are either under-represented or not represented all together in that annual meeting.

Why can't they bring the Mining Indaba to mining heartlands such as Sekhukhune but are hellbent of taking this important event to a place where there isn't any known mining operation?

These and other issues should be put to the captains of the industry.

Honourable Speaker,

We have also kept our commitment to provide **support to SMMEs and Co-operatives** in our district.

After we had called on eligible applicants to apply for the Inaugural **SMMEs and Cooperatives Development Fund** last month, we have since received 105 applications and adjudication will soon commence.

On this programme we have partnered with the **Sekhukhune TVET College Centre for Entrepreneurship Rapid Incubator**, to provide financial and non-financial support to emerging entrepreneurs in our district.

We have invested R2million in this empowerment programme and we will certainly continue with it in the next financial year.

We have also **reactivated the Fetakgomo Tubatse SEZ political steering committee** which comprises all mayors in our district, municipal managers, and senior government officials, and is chaired by the Executive Mayor.

About the **relocation of district municipal offices to Jane Furse**, a community resolution on land allocation was obtained from the Pedi Mamone Tribal Authority in February this year.

We also committed to doing an **audit of all bulk Water Schemes and projects and compile a list of delayed projects.**

In this regard, last week, a **Draft Turnaround Strategy for The Proposed Integrated and Aligned Delivery of Water Services**, was presented to the Mayoral Committee.

The draft strategy proposes measures we need to implement to complete the delayed and stalled water schemes and projects, among other things.

Also, it seeks to optimise the expenditure of capital grants.

The draft strategy will soon be presented to Council for approval, and we are confident that if properly implemented, it will change our trajectory.

Honourable Members,

This Budget is presented under economically challenging times, not only in our district and province, but across the country and the worldwide.

During the presentation of the **Medium-Term Budget Policy Statement (MTBPS)** in February, **Finance Minister Enoch Godongwana**, pointed out that our country has had more than a decade of economic stagnation.

This macro-economic challenge, honourable speaker, has constantly affected government's ability to allocate sufficient funding for social projects.

In the main, this negative impact is felt by the poor.

This is reflected in the insufficient allocation of conditional grants for capital projects to municipalities such as ours, which are facing historical and long-standing infrastructure backlog.

The situation is worsened by a combination of factors, including that our revenue collection base is generally small, because a lot of people in our district are battling to make ends meet.

But another problem which we must never be shy to talk about, is that there are those who, while they afford, do not pay for services they receive from our municipalities.

Our debt book by the end of April was at R335.3million.

This is the money that we are owed.

The situation requires that we all put our hands on deck as government and social partners and play our roles. As government, we have a primary responsibility to provide social services. Those who receive them, if they afford, must pay.

We are still reeling from the **devastating effects of the COVID-19 pandemic** on many fronts. Some of the businesses that went under, during the hard lockdown, have not been able to re-open.

Unemployment remains another headache for our country. A growing unemployment rate eats into tax revenue.

This hampers government's ability to broaden the scope of services to communities.

Only through a sustained economic growth can South Africa create enough jobs to reduce poverty and inequality, enabling us to reach our goal for a better life for all.

LOCAL ECONOMIC DEVELOPMENT

In pursuit of meeting their constitutional obligations to developing local economies and job creation, our municipalities must prioritise their local economic development mandates.

The **development of local economy** cannot be relegated to the periphery. Every municipality must develop a clear and deliverable LED plan.

Such LED plans must create an enabling environment through policy framework to harness the entrepreneurial capabilities available in local communities.

SOUND FINANCIAL MANAGEMENT

Honourable members,

Sound financial management practices are the cornerstone of every municipality that wants to remain sustainable and continually provide services.

A municipality that has weak financial management is open to corruption and the misdirection of financial resources.

This is a practice we should never allow.

Weak financial practices impact negatively on the planning and budgeting, revenue, expenditure management, procurement as well as reporting of the municipality.

As councillors, we have been elected to provide political guidance on the policy implementation.

We are also here to play oversight role on the administrative arm of the municipality.

We are urging this 5th term of Council, to start on a high note in this regard, as it begins this five-year journey.

Our aim is to reduce expenditure on non-priority spending including uncontrolled overtime, travelling costs, security, and fleet management.

For this municipality to remain sustainable and increase the scope of service delivery, it must reduce over-**reliance on government subsidies and grants.**

While these subsidies and grants are essential, and appreciated, we should be able to generate our own revenue.

This will not only help take services to areas where they currently do not exist, but we will be able to maintain functionality and operation of the existing infrastructure.

For the 2022/23 financial year, starting in July this year, the **water and sewer consumption tariffs will increase by 5%.**

This is a cost reflective increment, which considered the financial difficulty our ratepayers find themselves in. However, we had to strike a balance to sustain the municipality's operations.

GOOD GOVERNANCE

Honourable Speaker,

Our governance challenges in the district municipality are a matter of public knowledge.

We are working towards resolving all the issues that were raised by the Auditor-General, leading to us

attaining a **Qualified Audit opinion for the past financial year.**

To capacitate administration, we have a newly designed organisational structure.

We have identified **critical positions that are vacant**, and the process of appointing qualified personnel with expertise is well underway.

In doing so, only critical, and funded posts will be filled to manage and stabilise personnel costs and keep them to the 37% limit of total operating expenditure.

Poor governance hampers service delivery, and it is the poor among us who are compromised.

We announced in April that we are instituting a **Forensic Investigation** into the affairs of our district municipality.

Focal areas of this forensic investigation are:

- 1. Infrastructure and service delivery,**
- 2. Governance and organisational capacity, and**
- 3. Municipal finances.**

Our resolve to rooting our maladministration, corruption and attaining good governance remains fully intact.

BUDGET

Honourable Speaker,

In terms of section 153 of the Constitution, a municipality must structure and manage its administration and

budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

This highlights the centrality of the local government sphere in the developmental agenda of our state. Therefore, leading to the planning and development of this budget, our district municipality and the four local municipalities had to join forces to align our plans.

In the spirit of the **District Development Model**, this is an approach that we acknowledge still requires to be perfected to provide high quality services as a single and well-oiled machinery.

Our approach as the district municipality and the four local municipalities, at the political level, is that we must be proactive in identifying and solving service delivery problems.

We agree that this needs to be infused across all the levels in our municipalities.

Many times, while our people understand that our financial resources are limited, they are frustrated by poor and un-coordinated planning on our side as government.

This is a problem that is on our radar, and we are confident that we will get it right.

ALLOCATIONS

Honourable Speaker

I now turn my attention to the budget allocation.

The Total Revenue Budget is **R1,700billion**.

Of this, **R1,230billion** is Total Operating Revenue. The municipality has budgeted an operating surplus of **R233 thousand** in the 2022/2023 financial year.

The Total Capital Expenditure is at **R489million**. Of the total capital revenue, **R469million** is from capital grants, while **R20million** is from the Sekhukhune District Municipality's own revenue sources. The capital expenditure will be funded from the MIG, the RAMS, and own sources.

DEPARTMENTAL BUDGET ALLOCATIONS 2022/2023

The Office of the Speaker has been allocated **R48,349m** to fulfil its mandate of ensuring the legislative arm of the municipality remain functional.

To enhance the functions of the Executive Mayor, which are not limited to the monitoring of the administration and implementation of policy, **the Office of the Executive Mayor**, has been allocated **R42,821m**.

A total of **R88,662m** is allocated to the **Office of the Municipal Manager**, to enable proper implementation and supervision of the service delivery projects among many other duties.

MMC Maleke Mokganyetjie, your **Budget & Treasury Department** has a crucial role of ensuring the public funds are spend in a cost-effective way. To enable you to perform this and other important roles, your portfolio will receive **R206,871m**.

MMC Baatseba Leshaba, you have a big responsibility of growing the local economy and create income opportunities for the people of Sekhukhune. Your portfolio, the **Department of Planning of Economic Development**, has been allocated **R19,209m** to create a conducive environment for an inclusive economy in our district.

MMC Keamotseng Ramaila, your **Community Services Department** is tasked with the responsibility of providing emergency services to our communities. But this department also has a monumental responsibility of ensuring that our district adheres to the policy imperatives of mitigating against climate change. A total of **R76,902m** has been allocated to your department.

The **Cooperative Services Department** under **MMC Frank Ratau**, has been allocated **R148,550m**. A well capacitated human resource is essential to provide a proper administrative function.

MMC Bella Kupa, together with your two deputies, MMC Jan Mohlala and MMC Meriam Malatjie, your portfolio, the Infrastructure and Water Services Department is receiving the lion's share of the budget.

This is because the mandate of the IWS Department, which is primarily to provide water and sanitation services to the people of Sekhukhune, is the heartbeat of this district municipality.

You have your work cut out for you. The water related challenges faced by our communities are massive.

We have therefore allocated **R571,510m** to the IWS department. This is nearly half of the municipality's total revenue expenditure.

We are aware it is not sufficient to eradicate our historical backlog overnight. But we believe it will nevertheless make meaningful changes in our communities.

Honourable Speaker

The Sekhukhune Development Agency has potential to position our district as an investment destination. The agency, as an entity that is entirely owned by the district municipality, is currently dependent on the shareholder for its operations.

This is not ideal.

Our desire is to see the SDA that is self-sustainable, to a point where it funds capital projects of the district municipality.

However, we have decided to increase the SDA's budget allocation to **R7,7m.**

This will enable the agency to appoint key personnel such as the CEO, finance manager and company secretary on full-time basis, who must propel it to becoming an effective entity that lives up to expectations.

Honourable Speaker

I want to address these allegations that we are about to forfeit millions of rands in the Municipal Infrastructure Grant funding back to the fiscus.

Our desire is to spend every cent on projects that will give the people of our district water.

In this regard, we are in discussions with the Cogsta Department, and we hope they agree to our proposal to rollover this money, amounting to R100million, on to the next financial year.

We are showing commitment and cause to spend this money in the next financial year.

Water Schemes, Projects, and Sanitation

Lebalelo South connector pipes and reticulation

This is a multi-layered project that consists of the following work:

Construction of 90.7km bulk pipeline, package plant, valve chambers and electrification of boreholes, and progress is at 98%.

Another construction of 95.5km bulk Pipeline, erection of steel tank, package plant, valve chambers and electrification of boreholes is at 99%.

The construction of a 35km bulk pipeline, steel tank, erection of two elevated steel tanks, valve chambers and electrification of boreholes is at 97 %.

We are also constructing three reticulation networks, one for 87.6km, second one for 131.8km and third one for 15km, all include connection of metered standpipes inside households and progress at all the three reticulation projects is between 97%, 93% and 89% respectively.

The construction of eleven reservoirs is between 88% and 97%.

In Ga-Mogashoa (Senkgapudi) and Ga-Mogashoa (Manamane), we have made notable progress with the water reticulation infrastructure.

Lebalelo South Phase 3(Ga Maroga & Motlolo reticulation, bulk, and reservoir)

Overall progress of the construction of eight reservoirs is at 78 percent.

Progress for bulk reticulation into households in Motlolo is at 85% and 27% in Ga-Maroga.

68 km bulk and reticulation pipeline for Motlailana and Makgemeng Villages, the construction of two storage tanks is physically complete.

We are working with Eskom to electrify the project.

After the longstanding delays on the Moutse Bulk Water Scheme, we are beginning to make progress.

Many of the projects are either practically complete or near completion.

The upgrading of the Groblersdal Water Treatment Works and Pump station is at 90 percent, and it awaits testing.

The commissioning of the Groblersdal water treatment work, from where the Moutse Bulk Scheme will source water from, and the planned commissioning of the bulk water pipeline, will see some of the projects in the Moutse scheme receive water after the long wait.

We are in the process of appointing electro mechanic, civil contractors to test and commission the 18km Jane Furse pipeline.

Once commissioned, the pipeline will unlock several water projects in the area, which are nearing completion.

In Senkgapudi, 66.1 kilometres of pipeline construction is fully constructed, and the contractor is busy with remaining pipeline and doing yard connections.

Progress is at 90%.

In Manamane, 28.5 kilometres of pipeline is constructed. Contractor busy with construction of valve chambers, yard connections completed and pressure testing of completed pipeline sections

We are also implementing various sanitation projects in all our four local municipalities.

These sanitation projects are implemented by a group of learner contractors that we trained, with the aim of empowering locally based emerging contractors.

We further want to indicate that budget has been set aside to complete some of the stagnant or incomplete projects such as **Zaaiplaas village reticulation, GaMaphopha reservoir, Nkadimeng phase 5-10, GaMashabela water reticulation, Nkadimeng Extension 2, and Olifantspoort South Regional Water Supply phase 6**

In Conclusion

Honourable Members,

While we acknowledge that our challenges regarding the water and sanitation services are massive, one thing we must agree on is that time for talking, without action is over.

Therefore, in terms of the powers vested in me by Section 16, sub-section 2 of the Municipal Finance Management Act, I present this annual budget for 2022/23 to Council for approval.

I thank you.