

ADJUSTMENT BUDGET SPEECH OF 2013/14 BY

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EXECUTIVE MAYOR: JOE GQABI DISTRICT MUNICIPALITY

DELIVERED DURING THE SPECIAL COUNCIL MEETING

HELD ON 25/02/2014

Honourable Speaker
Honourable Mayors and Speakers from local municipalities
Chief Whips from the District and local municipalities
Members of the Mayoral Committee
Traditional Leaders
Councillors
Municipal Manager, Directors and officials
Leaders and Members of Civil Society,
Distinguished Guests, Comrades and Friends,
Esteemed members of the Community present here today,
Ladies and Gentlemen:

Honourable Speaker, it is my pleasure to stand before you to share with you progress and developments in the past six months of the 2013/14 financial year. During the beginning of the District Municipality's financial budget, Council agreed on a budget that will focus on projects that will define our actions for this financial year.

As we gather here today, we are still mourning the loss of our two councillors whom we lost in December 2013 and January 2014 respectively. I must say the demise of former Councillor Moore left a vacuum in our hearts as a District Municipality. Moore was a man of peace with constructive criticism and was committed to a better life for all citizens in the District. However we are thanking his family for giving us an opportunity to share with us his expertise and political engagement in the efforts of Nation building. May his soul rest in peace.

The ruling ANC have not yet come to terms with the death of former Councillor Mama Nolungelo Manxeba. Former councillor

Manxeba was a strong leader, in both political and traditional affairs. She proved to be a leader when Sterkspruit Civic Association was threatening both councilors and traditional leaders to withdraw from the District and Local Municipalities. As the council we must also appreciate the support of the Manxeba family who allowed her to share with us in building our 20 year old Democracy of South Africa. We must emulate the values that made Manxeba become a unique leader.

As we celebrate 20 years of Democracy in South Africa, we also celebrate the lives of our Freedom Stalwarts such as Joe Gqabi who fought tirelessly to become who we are today. Gqabi was one of the intellectuals equal to the ANC top leaders such as Sisulu, O R Tambo, Joe Slovo, Lilian Ngoyi, Ruth First to mention but few. We also remember those heroes and heroines from the District who sacrificed their lives to see the dawn of our freedom. I salute the 16 Aliwal North Massacre freedom fighters whose blood was spilt for our freedom.

Joe Gqabi District Municipality has made its mark in terms of service delivery in housing, water, sanitation, agriculture, infrastructure development and job creation to mention but a few. All of these were achieved as a result of proper planning with available budget resources.

Madam Speaker, today it is the second month since the passing away of our International Icon Nelson Mandela. It is for us to make sure that we keep his legacy across the colour spectrum and our political diversity. The adjustment budget is to make sure that we meet some of his aspirations to fight poverty, unemployment and ensuring a better life for all.

Speaker, today I present the budget adjustment with indicators showing how much we have spent thus far.

Last year we presented the budget according to our needs and achievable priorities. In as much as we have financial challenges, we are forging ahead with our targeted projects in particular Water and Sanitation which is the District's core function. We set our targets and goals based on our available financial resources in the Joe Gqabi District Municipality.

Crafting budgets in the present economic background and drought conditions is very challenging.

CAPITAL PROJECTS

The projects funded from the Municipal Infrastructure Grant are progressing very well. They are adjusted to reflect current expenditure trends.

- Steynsburg Waterbone Sanitation was budgeted for R7,8 million. The budget has been increased to R9,9 million to enable the completion of the new waste water treatment works. The next phase of the project will be to connect houses to the system. Four contractors were appointed in January 2014. An additional budget is required to expedite the connection of sewerage system to houses.
- Jamestown Bucket Eradication was budgeted R8,7 million. There is no budget increase.
- Lady Grey: Kwezi Naledi Sanitation was originally budgeted for R455,263 . There is no budget increase.
- Ugie Sanitation Infrastructure : The project was

budgeted R1,7 million and will remain as it is. Funds will not be spent in the last quarter and can be allocated to other needy projects.

WATER PROJECTS

The Lady Grey Bulk Water infrastructure was budgeted an amount of R4,3 million rands, that remain as such.

Mount Fletcher is amongst the areas that have high water demands as a result of its large number of villages. It was budgeted for R9,2 million rands which will be increased to R18,6 million. This is due to the retention on dam construction and treatment works. These funds are to be paid to different contractors that are operating in the 3rd quarter in 2014 financial year.

The Sterkspruit Upgrading of Water was R17,5 million rands and is reduced to R13,5 million rands. This is as a result of Sterkspruit protests in the 1st and 2nd quarter of the financial year. These protests affected service delivery on the project. The funds will not be spent in the remaining 6 months. Claims were paid and the savings can be allocated to other projects.

ALIWAL NORTH WATER TREATMENT PROJECT UPGRADE

The project was originally budgeted for R877,193 and will be reduced to R212,556. The project was completed in the previous financial year and the budget made available was to pay retention claims to the contractors. Savings were realized

and can be allocated to other projects.

SENQU RURAL WATER PROGRAMME

The programme was budgeted for R7,8 million and will be reduced to R2,7 million rands, as a result of unrest at Sterkspruit during 1st and 2nd quarter of the financial year which affected the implementation phase of the project. The money allocated to the project will not be spent in the remaining 6 months. These funds be re-allocated to other projects.

STEYNSBURG BULK WATER SUPPLY

It was not budgeted for, but a provision of R260,000 has been made available in the adjustment budget. The project was completed in the 2011/12 financial year. A claim was submitted by the contractor which got lost and the Municipality was not aware of such claim. The Sheriff of the Court attached assets related to the claim after the investigation the payment was made.

ELUNDINI RURAL WATER PROGRAMME

The project was budgeted for R10,5 million and is adjusted to R4,8 million. It was expected that the project would start with the construction in the 3rd and 4th quarter of this financial year. Orio, the funder requested that the project be put on hold until a reviewed and implementation plan is in place. The

implementation plan was submitted to ORIO in November 2013. The District authorities were assured that the assessment will take only four months. This will impact on budgeted funds that will not be spent before June 2014. The remainder has to be re-allocated to other projects.

UPGRADE OF BULK WATER SERVICES - MACLEAR

The project was initially budgeted for R2,6 million rands and has increased up to R4 million. The project is in a planning stage this year and the construction was planned for 2014/15 financial year. The Department of Human Settlement has completed the Maclear 250 housing project and are requesting the District to provide water. A service provider was appointed last November to carry out the work. The additional budget is required to pay for the services rendered.

SANITATION

The Maclear Bulk Sanitation Upgrade was originally budgeted for over R7,5 million and is reduced R365,000. The budget was made available to commence the construction phase of the project in this financial year. The tender to appoint the contractor will be finalized in the 4th quarter of the financial year. The budget that was initially made for the project can be re-allocate to other projects.

Senqu VIP toilets were budgeted for over R30 million and that has increased to R32,3 million. The increase is due to re-

allocation of funds from other projects and to accelerate rural sanitation. The Sterkspruit protests delayed expenditure on the projects in the 1st and 2nd Quarters. The work rate is expected to increase in the 3rd and 4th Quarters.

Both Elundini and Senqu areas are more rural and toilets are important to be built to prevent waterborne related diseases.

The Elundini VIP toilets were originally budgeted for over R30,7m and that has been increased to R41,2m. This is due to the re-allocation of funds to other projects to expedite rural sanitation.

REVENUE

The District Municipality has adjusted for revenue increase of R544 420 as a result of an anticipated grant from LGSETA, stock received from Amatola Water and Vuna Awards from DPLG awarded to the institution. The District also received grants and subsidies to the tune of R49, 806 million. These grants include the ACIP grant of R6,7 million, RHIP worth R4 million, RBIG to the value of R3 million and R600 000 from the Department of Water Affairs in anticipation of the Emergency Drought Relief grant to an amount of R43,5 million.

Capital grants and Subsidies have increased by R258, 000 due to roll over approved by National Treasury.

GARIEP WATER TAKE OVER IMPACT

When JGDM council approved the 2013/14 final budget the plan to take over Water and Sanitation function was not finalized. The debtors was underestimated to the net of R2,131 355. The service charges for Gariep were not budgeted for. When JGDM took over these two functions the balances were over R15, million rands and R12,4m respectively which was in favour of the institution. The service charges were total of R43,5m.

Honourable Councillours, taking over Gariep has created some differences on employee costs and original budget. The adjusted budget is as a result of new employees from Gariep LM, Sintec and Amatola Water. The institution pays R963 000 to staff monthly.

The institution has made a provision of R5 million for potential Bargain Council pay-outs and R2,5 million for Leave Provision.

Madam Speaker, the monthly debt impaired is increased by the institution in relation to four local municipalities after it has been taken over. The budget did not make provision for Gariep Municipality. Currently the balances for water and sanitation is at R16,6 million and R1,13 million respectively. Adjustments were not made based on these trends.

Maletswai Municipality debt impairment is to be increase to the tune of R8 million. It is for the billing receipts which are not paid over. However contracted services were reduced by R25 million after taking over Amatola and Sintec Services. The

provision is re-allocated to chemicals and pay roll expenses.

DROUGHT

The District Municipality is currently experiencing drought; this is costing the District millions of rands. Currently over R20 million rands has been spent on carting water to Lady Grey in particular and drilling of boreholes at Burgersdorp and Jamestown.

The institution has persuaded the MEC for Local Government to declare the area as a Disaster. A business plan was submitted to the National Business Disaster Centre for an Emergency Drought Relief seeking a grant of R43,5550 million rands. This has increased our Capital Budget Expenditure by R8,377 193 and opex by R29,824 561 excluding vat.

In the original budget for 2013/14 the Bulk Purchases for DWA raw water extraction was not included. Now it is budgeted for as R4,8 million rands.

Grants and subsidies paid increased. The VIP toilets were understated in the adopted budget to the tune of R12, million. The additional items are budgeted for R3,5 million for Elundini Rural Sanitation.

OTHER COSTS

The insurance costs have increased by R341, 000 due to an increase of assets owned by the institution as we have bought new vehicles. The Audit fees increased to a total of R800 000.

SDBIP

The adjustment budget is in line with the IDP that I presented before Council in the new financial 2014/15 linked to the SDBIP of the institution.

AUDIT RESULTS

Madam Speaker, last week we received another Vuna Award as a result of our efforts in striving for a clean Audit this year.

Both political leadership and administration must work together towards achieving 2014 Clean Audit as targeted by national government. Our institutions has been identified by the Auditor General that it has a potential to become the first District to get a Clean Audit. Ladies and gentlemen we are not far to attain this accolade.

CONCLUSION

As we continue working together, let us make sure that we pull together to have a meaningful impact to the communities we serve.

Thank you.