

**SPEECH BY CLLR Z.I DUMZELA EXECUTIVE MAYOR:  
JOE GQABI DISTRICT MUNICIPALITY  
DELIVERED DURING THE ORDINARY COUNCIL MEETING  
HELD ON THE 31/03/2014.**

Honourable Speaker

Honourable Mayors and Speakers from local municipalities

Chief Whips from the District and local municipalities

Members of the Mayoral Committee

Honourable Councillors

Traditional Leaders

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:

Madam Speaker,

Today is the last month before we celebrate the life of Jesus Christ who died on the Cross for our sins for us to live in harmony.

As I stand here I also feel the atmosphere of another celebration of 20 years as a free South African in a Democratic Country. I am humbled once again to be a leader of a progressive District Municipality against all the challenges we are faced with.

Yes, with the power of our Almighty God we will pull through as we did to fight Apartheid. But this will be the outcome of us standing together to shape the future of our community members who are pinning their hopes to us as the council across our political divide.

Madam Speaker and the house at large, as we take stock of our 2013/14 financial budget, the new Financial year is accompanied by its own challenges.

This leadership handled all these with full strength to make sure people continue to get their basic needs.

We had our Sterkspruit Civic protests that have had a negative impact on both water and sanitation service delivery in the area. However, the area is gaining stability after the perpetrators were found to be accountable by the ruling ANC and Courts of Law of this country. This new development will give us an opportunity to continue with our programmes and projects of Senqu Municipality and particularly at Sterkspruit.

Madam Speaker, while taking stock of the 2013/14 budget that guided us in efforts to improve service delivery of the municipality, the draft budget is focusing on programmes and projects that the institution is able to deliver. Some of our

achievements have been witnessed by millions of South Africans on SABC2 Morning Live whilst we were celebrating Women's month last year. This focused on economic empowerment in Mount Fletcher.

Honourable Speaker, President Jacob Zuma in his state of the nation address, has emphasized that the National Development Plan is a master plan that will drive economic development and mass job creation.

This year the ANC led government has once again committed itself to fight poverty, create job opportunities as well as improve infrastructure to expedite service delivery to our communities.

As a District we are not immune to the national priorities. The Planning Commission reflected challenges relating to human and material conditions, nation building and the economy as well as governance institutions. As a District we have to adjust our plans every time we budget for our programmes and projects. These projects must be implementable and achievable within specified time frames.

## **STRATEGIC SESSION**

We had a strategic session to improve revenue collection on

water and sanitation services. The meeting resolved that pre-paid meters should be installed to all households and businesses with faulty or no meters.

The issue of a billing system has to be expedited to collect revenue through water services. The District is experiencing a huge financial setback through illegal water connections, but we have agreed that a flat rate of R64.89 be charged.

Talking about sanitation, the District is able to collect revenue if the waterborne system is in place in peri-urban areas. Meanwhile, the dilapidated infrastructure is costing the institution millions of rands in Ad-Hoc repairs, the need to cash-back on deficit will provide funds for routine maintenance.

It was resolved that fire services be taken to local municipalities after a Section 78 review. Fire services are subsidized by government through Equitable Shares for Local Municipalities.

In the Lekgotla we had early this month, we resolved to focus on mass job creation, extensive public participation programmes, internship programmes and the implementation of full package bursaries. The bursary programme which is offered to local people is another staff retention strategy

programme in the District. Currently, we are like a training institution for people who join the institution only to leave for greener pastures.

Madam Speaker, the draft budget I present to the council today is tailor made to meet the needs of the District Municipal Service Delivery in the coming financial year. It highlights the differences in Revenue identified between the approved Adjustment budget and Draft budget.

### **REVENUE SUMMARY DRAFT BUDGET 2014-2015**

The revenue summary of the draft budget is R522,938,923 for the 2014/15 financial year. The budget covers Working for Water grants, operational grants, capital grants and subsidies received, interest earned on external investments, interest earned on outstanding debtors as well as service charges.

Madam Speaker, the decrease in other revenue is R1,2 million due to reduction of sundry income which was more in the 2013/14 financial year. The government services like Working for Water/Wetlands increased by six percent. The programme for Working for Water has been renewed for six months as from the first of April 2014.

Grants and subsidies received on operational costs have decreased to the tune of R45 million. This is as a result of the Emergency Drought Relief grant that was anticipated in the Adjustment budget and is not recoverable in the 2014/15 financial year.

We have not yet received Accelerated Community Infrastructure Programme and Department of Water Affairs allocations as yet.

Capital Grants and Subsidies decreased to a net of R7,1 m. This is attributed to the reduction of the MIG allocation to an amount of R1,4 m. However, the Regional Bulk Infrastructure Grant and Municipal Water Infrastructure Grant allocations for the 2014/15 budget have increased by R7,5 million and R5 million, respectively.

Service charges have decreased to the tune of R5,597 million. This is due to balances of Gariep Municipality that was included in the 2013/14 adjustment budget. About 10 000 water meters are to be installed in an attempt to generate revenue.

The interest earned on external investments and outstanding

debtors have decreased by R917,440 compared to the adjustment budget.

## **EXPENDITURE SUMMARY**

The draft budget highlights the expenditure differences between the approved Adjustment budget and the Draft budget. The total expenditure for 2014/15 financial year is over R517 million rands. The employee related costs, that is salaries and wages will be R144 million.

Remuneration of councilors will be R5,3 million a year. Grants and subsidies will cost our municipality R88 million.

The District municipality has ageing infrastructure that needs maintenance and repairs that will cost this municipality over R36,973 million rands in the next 2014/15 financial year.

The grants include sanitation VIP toilets in Senqu and Elundini of R24.4 million and R23.6 million respectively. The expenditure for the next year has increased by six percent as per National Treasury circular 70 except for the employee related costs which has increased by R8,7 million compared with the adjustment budget.



The budget for contracted services increased by R7,8 million according to the current years' expenditure trends.

Depreciation has increased by R375 319.00 totaling a 6% increase as per circular 70 of National Treasury.

Grants and subsidies paid have decreased by R10,962 million compared to the adjustment budget.

This is due to grant allocations for the Accelerated Community Infrastructure Programme and Department of Water Affairs.

Insurance on municipal assets increased by R1.8m due to water vehicles procured .

## **CAPITAL PROJECTS**

The draft budget focuses on various projects which are the core business of the institution.

- The MIG funded projects amount to R129,358,773 VAT exclusive for the 2014/15 financial year
- The MWIG funded projects amount to R17,551,7514
- The Sterkspruit Regional Bulk Sanitation is a Regional Bulk Infrastructure Grant funded project and amounts to R8,771,990

- The Sterkspruit Water Treatment Works Refurbishment is a Water Services Operating Grant-funded project and amounts to R8,771,990

Madam speaker, we are very concerned about the MIG Allocations. In the 3 year Medium Term Revenue and Expenditure Funding period just over R460 million is allocated to the District. This is a far cry from the over R1 billion registered projects. The Council, Executive and Management will need to robustly engage with our National and Provincial counterparts to rectify this sad situation.

## **CONCLUSION**

All of us are responsible to ensure that we adhere to our commitment of continuous service delivery to our communities.

As we are celebrating 20 years in Democracy this year, we must be proud of our achievements thus far. South Africa is a better place to live in and we have good stories to tell .

I would like to appeal to all political champions to go out to encourage communities to vote in big numbers in the coming National Elections on the 7<sup>th</sup> of May 2014.

**Thank you**