

SPEECH BY CLLR Z.I DUMZELA

EXECUTIVE MAYOR:

JOE GQABI DISTRICT MUNICIPALITY

DELIVERED DURING THE ORDINARY COUNCIL MEETING

HELD ON THE 31/03/2015

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 in order for us to live in harmony. God again will make sure we come back to continue with the work that we have been tasked to perform for our people.

As I stand here I also feel the spirit of SALGA celebrating its 15 years of Local Government post 1994 democratic South Africa. I stand here as a proud political leader of Joe Gqabi after we have achieved unqualified Audit Opinion report from Auditor General in 2013/14 financial year. But also I am pleased that as a District we are leading in this regard in the Province. This means that public funds are in safe hands

and administered responsibly by political and administrative leadership.

Madam Speaker , as we approach the 2015/16 financial year, we will be faced with more challenges. However we will overcome these and continue to deliver community basic needs.

In the past years the District experienced some protests and received petitions complaining about water and sanitation. These actions are subsiding because we attended to the people's concerns.

As we celebrate 60 years of Freedom Charter we are focusing on its guiding, founded principles. Amongst them, the land of this country will be shared amongst all people who work in it. People are equal regardless of their colour or creed. Its wealth will also be shared equally to fight poverty and unemployment. Our ANC led government is committed to changing the lives of the people for better but this cannot be done overnight. It is a process and we must be patient.

Madam Speaker, last year President Jacob Zuma summoned Mayors and Municipal Managers to launch the Back to Basics programme after it was discovered that the municipalities are

not performing to their expectations. It was discovered that all of them have refrained from these key, basic elements :

- Batho Pele
- Service delivery
- Good governance
- Financial Management
- Institutional capacity

Madam Speaker, I must say it is our responsibility to adhere to these issues for our people to realize their dreams of a better life for all. Some of their aspirations are in the National Development Plan which also focuses on a master plan that will drive economic development and mass job creation.

As a District we are not immune to these priorities. It is of importance that as we adjust our plans. Our budget is based on implementable programmes and projects which are achievable within specified time frames.

STRATEGIC SESSION

We had a strategic session earlier this month to look at how to improve revenue collection on water and sanitation services. The session resolved that water services must be operated as a business and that billing should be used as a means to assist the District to become financially independent in future. The Council should strive to leave behind a legacy for future

leaders in this institution.

The session also identified the installation of pre-paid meters as means of collecting revenue in the rural areas.

It was also resolved that the appointment of service providers should be phased out. The District should do things in-house with capable staff members who will undergo training in their respective fields. The District is looking at appointing qualified engineers in the field of water and sanitation.

Madam Speaker, a service provider was appointed to assist the District with its billing system and payment offices have been opened at Senqu and Maletswai. The District has continued to experience huge financial setback through illegal water connections. But we have agreed that these should be legalised and a flat rate be charged, both in rural and newly developed areas.

Madam Speaker, the 2015/16 budget has been drafted with requirements of the District Municipality taking into account the financial environment in the National Sphere. It also looked at the eminent exorbitant Eskom Tariff increases, the weak Rand, slow economic growth, high rates of unemployment and fluctuating fuel prices. The draft budget also attempts to

squeeze , cut costs and set revenue targets that need to be achieved to ensure a financially sustainable institution.

I present to the council today a tailor made draft budget to meet the needs of the District Municipality 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 2015/2016

The revenue summary of the draft budget is R632,893,572 for the 2015/16 financial year. This includes amongst others, the equitable share which has been increased by R14m, the R112 000 which is to be received for Municipal Health Services and the grants and subsidies received for capital which have increased by R22m.

The Province allocated R100m for drought relief infrastructure in the District of which R50m is already included in the 2014/15 adjustment budget.

A grant of R11.5m has been allocated by Human Settlement for the Barkly East bulk water upgrade.

As we spent the total MIG budget in 2014/15, the District was granted an additional R18m for the 2014/15 financial year.

The Water Services Operating Subsidy Grant was decreased by R9.6m in comparison to the adjustment budget amount.

Service Charges have increased by R2m. It is expected that these will increase collection to an amount of R3m in the 2015/16 budget after the appointment of a credit controller.

Debt impairment has been budgeted for R58m in order to provide for bad debts.

The deficit of the 2015/16 draft budget is R3.6m in comparison to the R54.1m 2014/15 adjustment budget.

EXPENDITURE SUMMARY

The draft budget highlights the expenditure differences between the approved Adjustment budget and the Draft budget.

The total expenditure for the 2015/16 financial year is R520,949,503 million. This includes amongst others, employee related costs, that is salaries and wages, to the amount of R145 million. Included under the employee costs is

an amount of R200,000 allocated to the Water Rangers pilot project .

The budget for remuneration of councilors will be R5,4 million .

Contracted services for repairs and maintenance have been reduced from R5.5m in the adjustment budget to R1.3m as part of the municipality's turnaround strategy – most services will be done in house.

Contracted services for billing has been reduced from R7.8m in the adjustment budget to R5.3m.

Drought relief water carting has been reduced from R7m in the adjustment budget to R1.2m.

The grants and subsidies for Maletswai and Gariep LM's will be R15m each. This R30m will come from the R100m that was allocated by the Province for drought relief.

CAPITAL PROJECTS

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

- The MIG capital funded projects amount to R98,7m

- The MIG operational funded projects amount to R154,9m
- The Municipal Water Infrastructure Grant funded projects amounts to R25m
- The Sterkspruit Water Treatment Works Refurbishment - a Water Services Operating Grant-funded project - amounts to R5m.
- Human Settlement grant for the upgrade of Barkly East amounts to R11.5m.

TARIFFS

It has been proved that the cost of providing clean water exceeds R11 per kiloliter. The tariff increase for 2014/15 was far in excess of inflation but still short of R11.61.

In an attempt to keep tariffs as low as possible, the District has undertaken the following:

- To quantify the number of broken meters and replace them;
- To quantify unbilled customers and install water meters
Currently a sum of R5m has been secured for meters, whilst a further R7.5m is envisaged for meters in the 2015/16 budget.
- IN the 2015/16 budget, R20m has been put aside for Water Conservation Demand Management

Madam speaker, the proposed tariff increase for water in the 2015/16 financial year is **6%** and the Rural Area Basic Charge

is set at **R113.64 per household** which will be implemented over a 3 year period.

It is also proposed that a Waste Water Charge be introduced. The tariff is introduced to cover the costs of treating and handling waste water.

For Sanitation and Waste Water it is proposed that the basic charges are increased by **6%**.

CONCLUSION

All of us are responsible for Back to Basics to build a responsive, caring and accountable local government for now and in the future.

Enjoy your Easter Weekend.

Thank you