



BUDGET CONSULTATION IN ELUNDINI LOCAL MUNICIPALITY - MACLEAR ON 02 MAY 2019

Honourable Mayor and Speaker of Elundini Local Municipality

Chief Whips

Political Leadership

Traditional Leaders

Councillors

Municipal Managers, Directors and Municipal Officials

Members of the Civil Society

Distinguished Guests

Ladies and Gentlemen

I am privileged to be here today in Elundini to consult with you on the Draft Budget proposed by Council for the 2019/20 financial year.

The annual review of the Integrated Development Plan of the District Municipality coupled with the Budget review is one of the mechanisms for effective implementation, monitoring and evaluation of the pace and the extent to which municipalities are to meet their developmental mandate. Issues considered include assessing progress in terms of achieving determined service delivery targets, socio-economic

development, environmental sustainability and alignment with land development principles.

Before I commence with the business of the day, I would like to commemorate the 1000 lives lost through cyclone Idai in Mozambique. As I stand here today, the second, more devastating cyclone Kenneth has started over the Comoros Island causing the death of three people and made landfall on the North Coast of Mozambique. Let us keep the citizens of Mozambique in our prayers.

Closer to home, heavy rains caused floods in KwaZulu Natal, the Eastern Cape and Free State. Many lives were lost and houses destroyed, not to mention the huge economic losses incurred in these areas.

On the 28th of March 2019 a draft budget and IDP for the next financial year were tabled before council. Today, I wish to inform you about the projects in the IDP and the budgets allocated towards improving services in your area during the 2019/20 financial year.

The total revenue budget for the next financial year is R787.4 m.

The revenue include funding received through the Municipal Infrastructure Grant , Water Services Infrastructure Grant and a once-off

Under the Municipal Infrastructure Grant the following projects will be implemented in the Walter Sisulu Municipal area :

- **Provision of Bulk Water Infrastructure for Ugie**

The objective of this project is to provide raw water storage to supply the town of Ugie and possibly Maclear. An amount of **R4m** has been budgeted for the 2019/20 financial year to continue

with the 2nd phase of this project. The project will create 60 job opportunities.

- **Elundini Rural Sanitation Programme is operational** .A total of 17 600 VIP toilets have been constructed under the Elundini Rural Sanitation Programme. During the 2018/19 financial year, 2741 VIP structures have been constructed. The Project has been allocated an amount of R25m for the 2019/20 financial year creating 100 job opportunities for estimated that 100 job opportunities will be created .
- **The Elundini Rural Water Programme (ORIO)** will commence with the construction of Water supply infrastructure for 107 villages in Elundini to address water historic backlog. The amount budgeted for the 2019/20 financial year amounts to R10 m . This project will create an average of 500 job opportunities.
- **Upgrading of Sanitation services for Ugie** will eradicate dilapidated communal septic tanks with waste water infrastructure. The project has been allocated R5 m and will provide for an average of 30 jobs.

On the 13th of December 2018, after receiving a positive viability process outcome from the Development Bank of Southern Africa, Council resolved to proceed with the implementation of 2 projects as part of the **MIG frontloading as follows :**

- Macear Water Upgrade to an amount of R96m of which R48m has been budgeted for the 2019/20 financial year and
- Maclear Sanitation Upgrade to an amount of R49m of which R24.5m has been budgeted for the 2019/20 financial year

This will have a significant role in the implementation of projects over a shorter period. This option is pledged to fast track the implementation of service delivery with emphasis on the challenges as highlighted by the 2017/18 Annual Report.

The District has implemented 6 projects in Elundini over the past 5 years to address water shortages :

- The areas of Tsolobeng and Mparane in Mt Fletcher to the tune of R234 m ;
- The Upper and Lower Tokwana areas in Mt Fletcher amounting to R13.6 m ;
- Addressing water shortages in the Tsekong area in Mt Fletcher amounting to R5.3 m ;
- Provision of bulk water for Dengwane and Zingonyameni and provision for future supply amounting to R8.6 m.

The Joe Gqabi Economic Development Agency has entered into a service delivery agreement with the Joe Gqabi District Municipality to manage the implementation of rural household water and sanitation programmes for the next 5 years from 2018/19 to 2022/23 financial year.

The programme entails three projects namely the Elundini MIG Rural Household Sanitation, Senqu MIG Rural Household Sanitation and Senqu MIG rural water supply. The planning process included the establishment of the Project Management Unit for JoGEDA and procurement of service providers ranging from professional service providers, contractors and suppliers.

AGEING INFRASTRUCTURE AND VANDALISM

The Development Bank of Southern Africa funded a **Water Service Master plan** which will assess the current state of the District's water and sanitation infrastructure and come up with recommended specifications and projects to deal effectively with the challenges deriving from ageing infrastructure which includes frequent pipe bursts and sanitation blockages amongst others. The consultant has already been appointed and is on site.

The cost for the replacement of stolen or **vandalised infrastructure** has escalated over time . This is a negative habit which has spread across the District. The District is attending to this serious matter by replacing its assets with vandal-proof technology.

There have been several reports of **illegal water connections** throughout the District. The District is committed to process applications from illegal connected properties in order to legalise them and replace it with our own connections.

MUNICIPAL DISASTER RELIEF GRANT

The successful application for Disaster Relief ensured a once-off **Municipal Disaster Relief Grant** to the amount of more than R60 m for the repair of damaged roads and bridges occurred through disasters in the Elundini and Senqu areas. Damages to bridges and roads in some instances caused communities to be cut off from schools, churches and shops for long periods.

TARIFFS

Apart from covering the Municipality's expenses to treat water, tariffs also acts as a means of mitigation and conservation.

For the 2019/20 financial year, households exceeding 40kl per month will pay an average of R1011.00 for water and sanitation compared to the current average amount of R873.00.

Households consuming 30 kl will incur an average water and sanitation bill of R747.00 per month compared to this year's average of R702.00.

Should consumption be constrained to 20kl or less, an average water and sanitation bill will total R656 compared to this year's average of R616.00.

Pre-paid users consuming less than 20kl of water per household per month will spend an average total of R491.00 per month on water and sanitation.

Pre-paid water remains cheaper than conventional meters and the objective is to assist consumers financially as well as to allow them to budget effectively for their water consumption.

The JGDM social package assist residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District Municipality. Only registered indigents qualify for the free basic services which includes the following packages :

- All registered indigents , including consumers in the rural areas will receive 6kl of water per month fully subsidised ;
- All registered indigents in the rural areas will only be charged a **flat rate** for water and sanitation consumption and not a step tariff. This apply for both conventional and pre-paid.

JOB CREATION AND POVERTY ALLEVIATION

- The Working for Water and Working for Wetlands projects have contributed towards the reduction of poverty and unemployment as these programmes are highly labour intensive in the District.
- A sum of R3 m is set aside for the PottRiver Working for Water project for the duration between April 2019 to March 2022. The project will create 45 temporary jobs .
- 104 jobs are created through the Working for Wetlands project with a budget of R9 m.
- 58 jobs are created through the Mt Fletcher Dam Working for Ecosystems project in Elundini with a budget of R5m.
- The Upper Tsitsana Working for Water project is budgeted for R2m over a duration of 3 years , creating 72 temporary jobs
- The Rhodes Working for Water project is budgeted for R2m over a duration of 3years with 72 temporary jobs to be created.
- 88 jobs are created through the Ntabelanga Working for Ecosystems project and 50 jobs are created through the Inxu Working for Water Project.

MAINSTREAMING PROGRAMMES

Youth

The District Municipality in partnership with the Department of Rural Development have recruited 20 unemployed and unskilled young people in the District as part of the National Rural Youth Service Corps programme.

The programme aims to develop skills of participants in different fields including construction, agriculture first aid , health and safety and welding amongst others.

This programme is vital for the upkeep of water and sanitation, tourism and hospitality, farming and agriculture programs, as they are core functions of the District Municipality and the nature of our district.

The District has budgeted an amount of R500 000 towards Youth Programmes for the 2019/20 financial year.

- **Women's Programmes** were allocated an amount of R100 000 ;
- **Disability and Elderly Programmes** were allocated R50 000 respectively ;

JOB CREATION , SMME DEVELOPMENT AND SUPPORT

To facilitate and implement job creation and poverty alleviation initiatives, and amount of **R1.5 m** has been allocated for the implementation of Expanded Public Works Programmes and the rural development and poverty alleviation programmes.

In recognition of the crucial role of SMMEs in growing the economy, the District through its Economic Agency, JoGEDA, have provided non-financial support to cooperatives and SMME's.

The Joe Gqabi Development Agency has entered into a 3 year agreement with the University of Stellenbosch to build and enhance the business skills of the emerging SMMEs in the District. Through this project, 59 small enterprise owners graduated with NQF level 5 certificates.

The 2018/19 financial year intake of 27 entrepreneurs will graduate in June 2019.

An amount of **R500 000** is allocated to the SMME support programme.

AGRICULTURE

Agriculture is one of the economic sectors with high potential for job creation and drawing investment to our area.

An amount of R4.2 m was allocated for the Rural Agro-Industries Finance Initiative. The project will focus on increasing food security, reducing input costs, increasing product output and capacity building for the agricultural activities in our District.

Under this initiative, 113 hectares maize and 88 hectares of soya beans have been planted respectively at Hlankomo and Mcambalala in Mt Fletcher

The **maize-meat hub** in Elundini Local Municipality is one of the flagship projects of the Districts Economic Development Agency. The project is allocated an amount of R4.9m to increase income and employment for beneficiaries by developing the red meat value chain in the region.

The drive towards wool processing in the District is in line with the provisions of the Agri-Parks programme and will drive job creation. There are already plans to develop the Eastern Cape Wool Corridor involving Joe Gqabi, Chris Hani and Alfred Nzo Districts in which Joe Gqabi District is earmarked as the **centre** of the hub.

PROMOTING ARTS AND CULTURE

The Sondela Youth Arts Festival showcases a variety of talents, ranging from fashion designers, filmmakers, artists and performers and provides a platform where these young talents may develop, grow and market themselves.

In partnership with the Department of Sport, Arts and Culture the total budget for the Sondela Youth Arts Festival amounts to R2.5 m .

This year, the Office of the Premier facilitated its support to the Festival for its successful continuation.

ROAD INFRASTRUCTURE

The Department of Roads aims to create a road network that supports all economic activities . In partnership with SANRAL, the rehabilitation of the R58 between Aliwal North, Lady Grey, Barkly East and Elliot was completed in this financial year.

The Service Level Agreement between the District and the Department of Roads ensures the maintenance of District roads in Mt Fletcher, for increased access to schools, health institutions, tourism entities and agricultural facilities.

For the 2018/19 financial year an amount of R31 m was allocated to Joe Gqabi by the Department of Roads and Public Works.

Finalisation for the next 3 year Service Level Agreement with the Department of Roads is in process.

In conclusion , on the 8th of May South Africans are expected to go to the polls to vote. Your vote is import for your community, your family and yourself. Refraining from voting means that you are voiceless to demand service delivery.

I thank you.