

MAYOR'S BUDGET SPEECH ON 27TH MAY 2010 AT THE OCCASION OF ADOPTION OF 2010/11 BUDGET

Honourable Speaker, as we gather here today [27th May 2010], it is just 2 days after the commemoration of Africa Day and indeed Africa is in high spirits as we countdown 14 days before the kick-off of the 2010 FIFA World Cup in South Africa, **IT IS HERE!!!**

Recently I was urging the administration that the mood in our communities is not reflective of the fever elsewhere in our country because of lack of branding to mark this historic event we shall be hosting as a nation. In all our public areas – roads, shopping centres, private businesses, and government offices, the ambiance is not reflective of the World Cup mood that is reigning elsewhere in the country, and yet we claim to ourselves and the rest of the country that we are a tourist destination. We want to **FEEL IT!**

On behalf of the Council and communities of Ba-Phalaborwa Municipality, I want to extend our best wishes and message of support to our national team, Bafana Bafana, to do well in the 2010 FIFA World Cup. Make us proud Bafana Bafana.

On the same breadth, we want to assure the communities of Ba-Phalaborwa and South Africa in general, that our Police Force is doing its best to ensure that South Africa remains safe during the hosting of the World Cup and beyond. On our part, we have assured our police force that we shall cooperate with them including through our communities to ensure that the dark forces hell-bent on destabilising our country, including through terrorism activities do not find hiding space in any part of Ba-Phalaborwa municipality.

We have noted with disappointment the granting of bail to the accused in the terrorism case and we shall appeal to the National Prosecution Authority to remove the case from the roll of the Phalaborwa Magistrate to that of the High Court given the nature of the crime.

Fellow councillors,

In line with government's emphasis on the acceleration of service delivery, we are proud to announce that the IDP and Budget we tabling for approval prioritises urgent community service needs as part of our programme to reduce the service backlogs in our communities and improve access to services by the poor. At least now, we are confident that the majority of our gravel streets shall be graded to make the passable as we have just received our brand new grader and awaiting an additional one that MDM has promised us.

Our commitment to accelerated service delivery is detailed in our Turn-Around Strategy which is part of the reviewed IDP. In terms of Turn-Around Strategy, five (05) key service delivery priority areas are:

- Improving access to water
- Improving access to sanitation
- Improving access to electricity
- Improving accessibility of municipal roads, and
- Refuse removal and solid waste disposal

The reviewed IDP we are tabling for the adoption by Council and its budget has given focus to these key priority areas.

PROGRESS WITH IMPLEMENTATION OF 2009/10 APPROVED AND FUNDED PROJECTS

Honourable Speaker,

Allow me to report back on progress made to implement projects as adopted in the 2009 – 14 IDP and 2009/ 10 approved Budget.

Electricity

Through Eskom, we electrified Lulekani B1 at 200 households and Nyakelani, 1, 2 and 3 in Makhushane at 1407 households. Eskom has also commenced with the electrification of 1417 households in Benfarm and 617 households in Humulani.

Water

I must clearly indicate that the Mopani District Municipality remains a water service authority and therefore we still depend on them for the implementation of bulk water infrastructure programmes. Last year in my Budget Address, I referred Council to the commitments made by the Executive Mayor of our District to resolve the major bulk water infrastructure problems including some district roads. This is the progress in relation to those projects:

- Extension 5 Reservoir has not been done
- Kurhula reservoir has not been done
- Namakgale and Lulekani RDP water and sewer connections have not been done (I will refer to this project late in my address)
- Namakgale – Makhushane road (widening of the bell mouth) has not been done
- Maseke road phase 2 is partially complete with outstanding work correct the sinking culvert on one of the bridges
- Benfarm reservoirs have been done though some outstanding work still remains to allow the project to be commissioned
- Namakgale sewer plant has been included in MDM budget for 2010/11 and it is already on tender
- Phalaborwa Sewer plant upgrade has been included in the MDM budget for 2010/ 11 and it is at design stage

In addition, the engagements between the mine in Gravelotte and the MDM are taking longer than anticipated to resolve the situation with the Gravelotte water scheme. However, the MDM installed two boreholes to boost water supply to the communities of Gravelotte. We shall continue to seek support of the MDM to ensure that a lasting solution is found to the water shortage crisis of Gravelotte.

On their part, the MDM is completing the Boyelang Water Supply and Reticulation Project and this is due before end of June 2010.

Roads

Through the funding of the MIG, we completed the upgrade from gravel to paved streets:

- 1km of streets in Gravelotte (RDP Section);
- 3.5 km of streets in Namakgale;
- 1.5 km of streets in Lulekani;
- Constructed culverts and storm water drainage at Tipeng (Phase 2);
- Completing the construction of culverts and storm water drainage at Quagga (Phase 2) – to be completed before 30 June 2010;

Roads by the Mopani District Municipality

The Maune - Makhushane road has not yet been done but completed Phase 4 of Maseke Road.

The MDM constructed a total of 750 toilets in Ga-Selwane and Mashishimale

NDPG Projects

The following projects implemented through the funding of the Neighbourhood Development Partnership Grant (NDPG) are completed:

- Cultural village at Mashishimale
- Freedom and Memorial Precinct at Namakgale
- Flea Market and Rest Station along the R71

- Intermodal Bus & Taxi Ranks in Lulekani

Due to the downward adjustment of the NDPG funding, the implementation pace of the following projects was reduced:

- Thusong Service Centre Selwane at 95% towards its completion
- Intermodal Bus and Taxi Rank in Namakgale at construction stage
- Hawkers facilities in Namakgale at construction stage

We shall complete the above-mentioned projects with the 2010/ 11 NDPG transfers. The implementation of the following multi-year projects had to be delayed due to the NDPG downwards adjustment and they will only commence in 2010/ 11 financial year:

- Indoor Sports Centre at adjudication stage
- Sports Precinct at adjudication stage
- Solar High Masts at adjudication stage

Projects with Partner Organisations

Phalaborwa Mining Company (PMC)

PMC has partnered us to upgrade from single-phase to three– phase mini-sub (Extension 1), and the communities of Ga-Selwane have benefitted from a hydroponics agricultural project as result of this partnership. We are currently finalising plans for the Marula Oil Extraction Plant as part of harnessing our marula fruit.

Foskor

In partnership with Foskor we shall soon commence with the implementation of the following projects:

- Brick making through the Malumanama Cooperative
- rehabilitate some of the streets in Phalaborwa
- rehabilitate the closed landfill sites in Namakgale and Lulekani

DBSA

With the support of the Development Bank of Southern Africa, DBSA, we are finalising the planning phase for the development of Extension 7. We are committed to fast-tracking the development of Extension 7 because recently that open space is being used as a hunting ground by rapists to rape our children and women. As I have said earlier, we are committed to building a safe community and such a community is one that respects and protects its children and women. We therefore condemn the rapes that have been committed and appeal to the magistrates not to grant the rapists bail. Our message is clear, RAPISTS BELONG IN JAIL!!!

Fellow Councillors

We are also commencing with studies for the Waste Recycling Plant that will replace the landfill site in Phalaborwa in partnership with the DBSA. Furthermore, the DBSA has been a major contributor to our institutional capacity building initiatives through their Siyenza Manje programme.

We created a total of 456 temporary and 217 permanent jobs to date. These are jobs created within the municipal area including business. Through MIG we created 148 temporary jobs and 99 through the NDPG projects, thus a total of 247 temporary jobs were created through the municipal funded infrastructure development projects.

2010/ 11 MEDIUM-TERM SERVICE DELIVERY OBJECTIVES ASSOCIATED WITH MEDIUM-TERM FINANCIAL IMPLICATIONS

Ladies and gentleman

Our commitment to improved access to services by the poor and to ease the impact of the economic recession to our communities, the 2010/ 11 Budget and MTEF is characterised by initiatives to make services accessible and affordable.

Indigent Support

In this regard, it is my pleasure to propose to this Council to approve an increase in the threshold of those qualifying for indigent support from an income of R1050 per month to R1200 per month. The increase in the threshold will ensure that the majority of the poor including pensioners who were previously excluded from indigent support will now qualify. We however, encourage our people to apply for the indigent support as it is meant to ensure that they have access to basic services per month including:

- Free 6kl water
- Free 50kw of electricity
- Free Refuse removal
- Free Sanitation

Tariffs

In addition, we are tabling reduced tariffs for water to enable our people to afford. However, since the NERSA approval of the Eskom tariff, Council is left with no choice but to follow the Eskom lead as we cannot charge below our purchase price.

The tariffs for 2010/11 are increase on the following inflation estimates:

- Electricity, they are revised to cater for the Eskom increase and address electricity infrastructure backlogs
- Water, they are revised to accommodate the impact of recession and include additional services previously excluded
- Sanitation, they are revised to cover additional services that were previously excluded
- Rates will increase by 6%
- Refuse Removal will also increase by 6%
- Other chargeable services will also increase by 6%

We need to also remind our communities to pay for services since Council will not be able to render these services without your paying for them.

Honourable Speaker and Councillors,

Vision

We are further proposing a review of our Vision, Slogan, Mission and Values in order best describe our aspirations and framework for all strategic planning

The reviewed vision is “Best Tourist Destination in Limpopo by 2020”. This implies the municipality will work towards achieving this status by 2020.

In line with the reviewed vision, the revised slogan is:

Slogan

The Home of Marula and Wildlife Tourism

Our Mission

- 3 To ensure financial viability, sound administration and accountable governance for investor attractiveness
- 3 To render all stakeholders with quality and affordable infrastructure and services for enhancing a safe and better life for all
- 3 To manage the environment for future sustainable economic growth
- 3 To build the mining industry for economic growth
- 3 To position Ba-Phalaborwa as a tourism destination of choice

And the Values

- Efficiency and accountability
- Innovation and creativity
- Professionalism and hospitality
- Transparency and fairness
- Conservation conscious
- Continuous learning

Funded Capital/ Infrastructure Projects

Ladies and gentlemen

Through our own funding, we have set a budget totalling R38 million for following projects:

Capital, Asset Replacement/ Renewal Projects to the value of R19.4m (nineteen million and four hundred thousand Rands). This will fund amongst other projects:

Roads and Storm water

- Rehabilitation of Streets in Phalaborwa

Electrical

- Upgrading of electricity infrastructure from single to 3 phase, phase 2,3 and 4 in Phalaborwa
- Refurbishment of substations in Phalaborwa
- Electrical Infrastructure Reticulation for the new sites in Gravelotte
- Installation of ring main units Phalaborwa

Through the support of the Department of Energy, we shall electrify 833 households in Matiko-Xikaya and Biko.

Water and Sanitation

- Replacement of asbestos sewer/water network in Phalaborwa
- Purchase a water tanker to relieve the water shortages to our areas
- Construct the Matiko Xikaya Waterline
- Install water and sewer connections to Namakgale & Lulekani RDP houses

It must be noted that the Matiko Xikaya water line and Namakgale and Lulekani RDP sewer connections are unfunded mandates to this Council. This means that they are a responsibility for the water service authority to implement, however without a firm commitment by the responsible authority and the urgency of the service to these communities, Council has opted to implement them. We shall continue to engage with the responsible authority to take over their funding in order to avoid the necessary audit query.

In addition, we have set a budget of R7.6 million (seven million and six hundred thousand Rands) for **new assets** projects aimed at service delivery.

These new assets projects will include:

Cemeteries

- Cemetery Establishment in Lulekani
- Cemetery Establishment and upgrading in Namakgale
- Cemetery Fencing Phalaborwa, Lulekani & Namakgale

We shall further implement **Repairs and Maintenance Projects** for R3.6m. This will include:

- Storm water drainage and road repairs in Namakgale, Lulekani and Phalaborwa
- Impala Park upgrade fencing and fields

NDPG Funding

Through the funding of the Neighbourhood Development Partnership Grant to the value of R28.2 million (twenty eight million two hundred thousand Rands), we shall:

Complete the following multi-year projects which were started in 2008/ 9:

- Thusong Service Centre in Ga-Selwane
- Flea Market and Rest Station in Namakgale
- Cultural Village in Mashishimale
- Intermodal Bus & Taxi Rank in Namakgale and Lulekani

- Hawkers Facility in Namakgale
- Energy Saving High Mast Lights (across municipal area)
- Streets paving and storm water drainage (across municipal area)

We shall also commence the implementation of the following multi-year projects:

- Indoor Sports Centre in Namakgale to be completed in 2014
- Sports Precinct in Lulekani to be completed in 2014

MIG

As our allocation from the Municipal Infrastructure Grant (MIG) has improved, we plan to fund more infrastructure development projects in the previously disadvantaged areas. These include extending the MIG reach to rural areas from a total allocation of R14.2 million (fourteen million and two hundred thousand Rands). Some of the projects to be funded through MIG are:

- Phalaborwa Taxi Rank CDB streets rehabilitation, Bataleur Street tarring, Pick-up/drop off points facilities at Grosvenor, Steyn, Park and Kiaat Street
- Lulekani Far East street tarring Phase 3
- Namakgale/ Nyakelang street paving Phase 3
- Gravelotte streets paving Phase 2
- Makhushane streets paving (Patamedi) to be completed 2011/12 financial year
- Thepe Trust Bridge to be completed in 2011/ 12 financial year

Our total capital expenditure is estimated at R80.496 million (Eighty million and four hundred and ninety six thousand Rands. I must also inform this Council that all the MIG projects have been registered as expanded public works programme (EPWP), allowing this Council to contribute to the creation of work opportunities in a significant way.

The detailed list of the projects is in the 2010 – 2015 IDP documents that we have tabling for approval. The draft of this IDP was public participated to all our communities and inputs received from the various members during the public participation were incorporated into this final document. This document will also be made available to the public in all municipal offices, libraries and the municipal website for further comments by the public for 21 days after it is approved today.

BUDGET SUMMARY

Thu budget to fund the IDP programmes can be summarised as follows:

Operational Revenue

- Property rates estimated at R33. 212 million (thirty three million two hundred and twelve thousand Rands)
- The service charges estimated at R152. 957 million (one hundred and fifty two million, nine hundred and fifty seven thousand Rands). The major service charges are Water estimated at R71.853 million and Electricity R68.134 million
- Transfers recognised – operational at R58. 292 million (fifty eight million, two hundred and ninety two thousand Rands). This includes the equitable share, Municipal Systems Improvement Grant and Financial Management Grant)
- Other own revenue estimated at R57.866 million (fifty seven million, eight hundred and sixty six thousand Rands)

Operational Revenue is estimated R296. 587 million (two hundred and ninety six million, five hundred and eighty seven thousand Rands) and this excludes capital transfers and contributions.

I must again remind our communities that without paying for the services, this revenue shall never be realised and thus the projects I have alluded to earlier will not be implemented.

Our expenditure is estimated at follows:

- Employee costs at R82. 692 million
- Remuneration of councillors at R10.940 million
- Finance charges at R867 000
- Materials and bulk purchases at R73.175 million and
- Other expenditure at R128.913 million

Total Operational Expenditure is estimated at R296. 587 million

Capital Budget

- Capital Transfers recognised (include MIG and NDPG) will be R42.446 million
- Internally generated funds estimated at R38.050 million

The total Capital budget is estimated at R80.496 million

I have already detailed capital expenditure as funded by own revenue, MIG and NDPG.

In consultation with EXCO, I hereby table the following recommendations for this 24 Council meeting to approve: