

**OFFICE OF THE MAYOR
MID-YEAR BUDGET REPORT
23 FEBRUARY 2010**

HONOURABLE SPEAKER
COUNCILLORS
ACTING MUNICIPAL MANAGER
MANAGEMENT TEAM
COLLEAGUES
LADIES AND GENTLEMEN

Good afternoon

HONOURABLE SPEAKER

Once again at this time of year, allow me to present the mid-year budget review and budget adjustment for the year 2009/2010. Colleagues, you will remember that February in our calendar has many activities and lots of history in making. Twenty years ago, in this month, we witnessed the release of the son of the soil, father of the nation, Tata, Madiba Nelson Rolihlahla Mandela from Victor Verster prison, now known as Groot Drakenstein Prison which is now declared as a heritage site.

We are also celebrating 20 years of the unbanning of all liberation movement and the release of the stalwards like Ahmed Kathrada, Walter Sisulu, Govan Mbeki and Nelson Mandela, to name but a few.

As the humble servants and elevated by the organisation African National Congress (ANC) to address the needs of our community, we have to be leaders and serve the community with pride like Tata Nelson Mandela did. We must ensure that we better the life of the community by accelerating service delivery.

As we have been mandated by the electorate for the past 4 years, we have to acknowledge the progress we made to close gaps of poverty and employment. We are pleased to see the economic indicators progressing very well, which shows positive economic growth.

The presented budget adjustment will update the Council and the community of Modimolle about the revenue expenditure and the projections for the current fiscal year.

Mister Speaker

During the budget speech we have made some commitment that most of our budget be allocated to infrastructure development to support provision of water and sanitation in Modimolle. We are still using the set priorities that were raised during our IDP budget road show of which water, roads and human settlement were the most and important aspects to be looked at in the budget. We are pleased to announce in this Council that we had a strategic workshop of which outcome was, of course, the progress we are witnessing about the drastic changes of our finances. We should also acknowledge the contribution

made by the National Treasury for seconding Mr Kgatla to this Municipality to act as Financial Advisor.

When we were given the mandate by our organisation to implement the manifesto we outline five key priorities that is:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development, food security and land reform
- The fight against crime and corruption.

Our municipality should be directed by the 14 (fourteen) key action programmes of the Limpopo Employment Growth and Development Plan. As the Municipality we are fully behind our business community of which we contributed and commit funds for the establishment of CCTV cameras which show that as government we are ready to fight crime in any form within the municipality.

Mister speaker

In his state of the nation address the President of the country and of the ruling party(the ANC)Mr Jacob Zuma has declared the year 2010 a year of action of which was emphasised by the state of the province address by the Premier of Limpopo Mr Cassel Mathale .We witness the commitment of the government by establishing the Monitoring and Evaluation Department in the Presidency which will be looking as to whether we are able to deliver services to the community as per our mandate given by our electorates. Allow me to congratulate the Grade 12 learners in our municipality who have made us proud as the district and local municipalities by producing good results, we also congratulate Thomas Nkuna and Matjeke Joseph from Phagameng High and other learners from our High Schools who obtain distinction and be the best learner in the province in English second language.

Fellow Councillors

We are now faced with the tariffs hike of Eskom which might affect the community that we are serving negatively .You will remember that when we presented the budget of 09/10 we proposed 37 percent of which 34 percent was the advise we received from National Electricity Regulator of South Africa (NERSA) and 3 percent was for the maintenance and renewal of electricity infrastructure. NERSA approved a lower increase of 31.3 percent which resulted in the municipality to adjust the operation budget by 3 percent for its own increase.

We are now faced with the challenge of upgrading our electricity capacity which we have to build the 20mva substation, which as the municipality we have to pay an amount for the erection of the substation .We has given the management direction to energise Phagameng extension 8 and 9 which we want to complete that project. The resolution taken by the Council has to be implemented to prevent us from losing part of the revenue from electricity

The impact of the NERSA resolution on our budget has shown a decrease in the total operating budget surplus from R94 032 .00 to R81 041.00, a decrease of R12 991.00

Mister Speaker

On budget performance

For the first six months of the year, the municipality`s own revenue collected amount to R33.9 million compared to six month billing of R42.9 million. This amounts to collection rate of 79.0 percent, including prepaid electricity. The operating budget increase from R133.3 million to R145.7 million, an increase of R12.4 million which is 9.3 percent.

The increase is due to the following:

- An amount of 9.3 million for the electricity substation upgrade in Modimolle
- An amount of R1.2 million for electricity normalisation in Vaalwater and
- An additional amount of R1.1 million to settle previous disputes.

We had anticipated loan for capital expenditure of R32.0 million for the upgrade of the substation against the budget of R55.7 million. We are not going to take a loan for the capital expenditure of R32.0 million because the upgrade is not our asset ,will belong to ESKOM.

Instead the upgrading of the power station by additional 40 MVA will be from internal sources. This will be a two year project and an appropriation of R9.3 million is made in this adjustment budget.

Overall, the operating budget is in a deficit of R13.3 million. This deficit will be funded from cash backed reserves and surpluses of previous years not committed to other purposes and investments.

Consolidated adjustment budget (capital and operating) expenditure is now expected to be R180.3 million, which is lower than the approved budget of R189.1million a decrease of 4.6 percent.

❖ Capital Expenditure for 09/10 Approved Budget	Adjusted	%change
▪ 55 735	34 608	-37.9
❖ Operating expenditure	133 347	145 708 9.3
❖ Total	189 082	180 316 -4.6

On Revenue Collection

We are currently developing the revenue enhancement strategy that will assist the municipality to identify other sources of revenue from service rendered. The provision of

basic services which ensures the access to water, sanitation and electricity cannot be compromised. The 3 046 indigent that are captured does not reflect the statistics that the SASSA is having of our population which receive the social grants .We have to update the indigent register as a matter of urgency.

On the 21st to 22nd of January we attended Local Government Lekgotla of which as a municipality we are expected to complete the development of Municipal Turnaround Strategies between now and 31st March 2010. The MTAS Task Team will visit our municipality on the 03rd and 04th of March2010 to assist the Municipality with the development of the Turn around Strategy.

The operating budget has the deficit of R7.3 million which will be funded from the previous year surpluses which are cash backed by investments. The salient features of the consolidated budget are as follows:

- o An additional allocation of R722 000.00 is made from the equitable share,
- o An additional allocation of R3.3 million is made from the Municipal Infrastructure Grant (MIG)
- o Expected income from property rates decline by 13.5 percent from R14.1 million to R12.2million

The operating expenditure is increase by 9.3 percent from R133.3 million to R145.7 million. The operating revenue is R138.4, leaving the deficit of R7.3 million which will be funded from the previous year surpluses which are cash backed by investments.

On the audit report

We made the commitment that we will improve our audit report from the disclaimer to qualified report .There is great improvement which needs our effort to receive the clean audit by 2011 as the government targeted 2014.I am mentioning 2011 because it will be our end of term in office of which history will judge us by the great achievement we have registered.

Let me acknowledge the sterling job done by the Audit Committee, Oversight Committee, and the Council Committee on finance and staff on this achievement.

Together we can do more.

On Human Settlement

We are proud to announce the completion of Vaalwater extension 4 and Phagameng extention10 houses although there are some challenges of people occupying the houses without authorisation of the municipality. We want to thank the DPLG for appointing the contractor for installation of sewer pipe which will be completed in two weeks. As the municipality we are counted in the provincial number of 16 433 houses handed to the community of Limpopo. Colleagues will take note that people will occupy Phagameng Extention 10 even if we still have a challenge to provide electricity to this area.

Working together Mister Speaker we can better the lives of our communities

As the municipality we heard the call of the President to create job opportunities for the unemployed and provide work experience and training .Through the Expanded Public Works Programme we managed to employ 300 (three hundred) people with the inclusion of sector departments and the Green and Clean program.

Roads

We managed to pave the roads of Vaalwater and Phagameng. Speed humps we erected to reduce speeding in residential areas.

Speaker

During our visit to the LRAD projects we witnessed the contribution of department of Agriculture to transfer skills to the former farm labourers to contribute to the economy by producing vegetables and farming. We had to finalise the process of having stalls for our SMME`S that are increasing daily in our town relocating them to Braamfisher street as proposed.MIG has approved the amount of R2 m for stalls in M Modimolle and R1 m for Vaalwater stalls. We are also announcing the erection of a taxi rank in Leseding of R1 790 000.

Education is key

In my introduction I mentioned a grade 12 learner who achieved 7 distinctions in last year's matric result who is now in WITS University studying medicine. As the Municipality we have to recruit or start to develop learners who have done well to choose faculties of engineering and also water quality and give them bursaries. We should also consider them to work in this institution. Skills transfer and recognition of prior learning should help our employees and they should be encouraged to utilise the bursaries given to them to acquire knowledge. We have seen the great improvement of councillors and personnel from various level attending courses at different institution accredited by LGSETA.

SPEAKER

On Public Institutions

We have seen the completion of the government institution in our municipality like

- SASSA Building
- Disaster Management Centre
- Lekkerbreek School (the outstanding challenge is the sewer connection to the school)

Challenges

- Non-payment of services

- Strategies of Revenue collection
 - Unemployment rates
 - High number of orphans.
 - Success
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- May we also thank the Sakekamer for the contribution they made for donating the building to Dira O Direlwe Drop in Centre in Phagameng extension 7?

World Cup is here: KE NAKO

Lets support the magnitude event which will bring the whole continent to a stand still for a month to watch football that Africa is hosting.

We are suppose to launch the FOOTBALL FRIDAY however we pledge to the staff and Councillors to wear the soccer jersey of Bafana Bafana until we lift the trophy up. These won't be a surprise if we win, the Rugby team (Springbok) won the world cup, Cricket Team brought the glory and Bafana Bafana can make it.

Mister Speaker

In my conclusion

This is the year of Action. Projects must be implemented now and service be delivered to our people.

Let me thank the community of Modimolle for paying their rates and taxes regularly.

I thank you

I thank you