

2015/2016 DRAFT IDP/BUDGET ADJUSTMENT SPEECH BY HER WORSHIP; MAYOR OF LEPELLE- NKUMPI LOCAL MUNICIPALITY; CLLR IVY MODILE PHAAHLA

31 MARCH 2015; MAHLATJANE COMMUNITY HALL

Honourable Speaker, Mme Nakedi Sibanda-Kekana

Our Chief Whip, Ntate Veteran Molaba

District Municipality Representatives

Colleagues in the Executive Committee

Our Traditional leaders

Fellow Councillors

Acting Municipal Manager, Ntate Ramothwala, Executive Managers
and Officials of our Municipality

Chairperson of the Audit Committee, Ntate Legodi and his team

Office of the Auditor General

Members of Ward Committees

Friends, Distinguished Guests, Comrades,

Ladies and Gentlemen

GOOD MORNING

During the past few weeks of the present almanac, important events took place, which have a bearing upon us, the people of Lepelle-Nkumpi.

In no order of preference, the first event relates to the celebration of the life and times of Moses Mauane Kotane on the 14th March 2015, John Beaver Marks on the 21st March 2015 and that of Ohm Collins Chabane on the 21st March 2015.

Honourable Speaker, it is this development that we wish to implore this august assembly to pay particular attention. This involves the consultative processes undertaken by the municipality between the months of September 2014 and November 2014 to canvas the inputs of the community for incorporation into the municipal Integrated Plan for the 2015/2016 financial year.

Our presence here this morning is a culmination of a long and arduous journey of consultation, a process reminiscent of participatory democracy.

Indeed an umbrella concept characterizing both the IDP and Budget processes is public participation. Thus, a critical question may be asked:

“To what extent is this IDP and Budget based on the will of people?”

The Freedom Charter states that: “Only a democratic state based on the will of the people, can secure to all their birth right with regard to colour, race, sex and belief ...All people shall be entitled to take part in the administration of the country.....”

By this phrase, the 1955 Congress of the People envisioned the people’s government to explore participatory democracy beyond the slogan “The People Shall Govern”.

Today we are here to reaffirm the resolute commitment of this Council to always give precedence to the will of every citizen of this municipality.

As a matter of fact, throughout twenty one years of democracy, the budget of the ANC-led government has never been about figures but a reflection on the needs of the people. It has been about provision of democratic and accountable government to communities. And, it will always be!

In his articulation of a relationship between budgets, values and visions, Bhikkhu Bodhi examined that:

“The progressive vision flows from a different set of insights than its two rivals. Central to this vision is the understanding that people are essential social beings whose own good is ultimately tied to the good of others. Society, from this perspective, is not a chance of assemblage of discrete individuals, thrown together in a brute struggle for dominance. It is, rather, a vital organism in which people are living, breathing cells. Like any organism, the social body comprises cells of diverse types, with their own functions and capacities, but it invariably thrives best when all thrive together. Greed and selfishness may be deeply rooted in human nature, but they do not define us, nor does their persistence require that we use them as the guidelines to budget priorities and policies. Rather, in this vision, greed and selfishness are seen as deviations from our finer inclinations”.

In the same vein, particularly in the spirit of celebrating twenty one years of democracy and freedom, and approaching 2016 local government elections, we have thus drafted our budget in a manner that:

- Reaffirms a people centred budget;
- Seeks to restore the confidence of local communities in their municipality;

- Rebuilds and improve the basic requirements for a functional, responsive, accountable, effective, and efficient developmental municipality; and
- Going back to the basics.

Honourable Speaker, perhaps it is important at this stage to interpolate briefly to share with this august house about the developmental challenges identified during the consultative process.

Catalogued in a descending order of priorities, the developmental challenges identified included:

- a) Water and Sanitation;
- b) Roads and Storm water;
- c) Housing;
- d) Electricity; and
- e) Health.

Honourable Speaker, all of these developmental challenges from the consultative engagements are not new. For an elaborate response and our contribution towards eradicating these, our quarterly reports of the municipality provide a detailed account of its performance since 2011.

These reports should be perused against the backdrop of the approved development priorities and constitute sign-post in our path towards the attainment of the developmental goals.

As we respond to the clarion call of our people as espoused in the IDP, we have not lost sight of the ball, but we remain committed in delivering on our developmental priorities as adopted by Council during 2011. Also inspired by the wise-sayings of Bikkhu Bodhi who argued that:

“To translate its insights into policies, the progressive vision entails values that guide the design of a budget. A budget consonant with this vision would be one that combines compassionate policies for the less fortunate with an endeavour to provide everyone with maximum opportunities for personal development at multiple levels. A truly progressive budget should have the potential to initiate the kind of social transformation necessary for this more expansive vision of human life to flourish”.

Ours too, is a progressive Budget that indicates a social transformation according to the dictates of our developmental priorities which are:

- 1) Bringing stability to the institution;
- 2) Improving the financial position of the municipality;
- 3) Promoting a Clean and Green Environment;
- 4) Enhancing Economic Development;
- 5) Promoting Land Development; and
- 6) Promoting Rural Development.

Honourable Speaker,

In terms of section 16 of the Municipal Finance Management Act, No. 56 of 2003, the Council must for each year financial year approve an annual budget for the municipality before the start of the financial year.

In order to comply with the above subsection, the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the financial year.

The 2015/2016 Draft budget has been laid out in the prescribed format outlined by the enabling act.

It is therefore in accordance to the legislative requirements that the Draft Budget of 2015/16 is submitted to council for tabling. The Budget summary, budget documents and related resolutions are thus outlined in the document before the council.

The Draft budget indicates the following:

- Total revenue including grants equals **R393m, R399m and R409m** for the **2015/2016, 2016/2017** and **2017/2018** financial years respectively;
- The Draft budget indicates that the municipality is grant dependant as the highest contributor is income received from National Treasury for Grants and Subsidies at **69.82%** for the **2015/2016** financial year;
- The use of the census and the new equitable share formula resulted in an increase of the municipality's equitable share from **R161.2m** to **R204.8m** which is **78.73%**;
- Revenue from Trading Services (property rates and refuse removal) including interest charged from overdue accounts for the **2015/2016** is at **R32.9m**;
- Income from accumulated surplus for the **2015/2016** financial year to cater for capital expenditure amounts to **R61m**;
- Total operating expenditure equals **R285m, R285m and R300m** for the **2015/2016, 2016/2017** and **2017/2018** financial years respectively;
- Included in the operating expenditure budget for the **2015/2016** is provision for bad debts amounting **R29.5m** and depreciation amounting to **R35.2m** and electricity projects amounting to **R22.4m** out of it **R10m** is from Integrated Electrification Programme (INEP).

Honourable Speaker, out of the total capital project of **R108m, R128m and R124m** for the **2015/2016, 2016/2017** and **R2017/2018** financial years, **R49.4m, R51.7m and R53.5m** for the **2015/2016, 2016/2017** and **2017/2018** financial years will be funded by Municipal Infrastructure Grant (MIG), which is **45.8%, 40.23%** and **42.95%**. The MIG funded projects to be implemented in the **2015/2016** financial are also reflected in your package.

Out of the total capital budget of **R108m, R128m and R124m** for the **2015/2016, 2016/2017** and **R2017/2018** financial years, **R10m, R10m and R15m** for the **2015/2016, 2016/2017** and **2017/2018** financial years will be funded by Integrated Electrification Programme (INEP), which is **9.25%, 7.79%** and **12.04%** and the INEP funded projects to be implemented in the **2015/2016** financial year are included in your package. **39.93%** of the infrastructure budget is from own funding. Included in the budget is an amount of **R15m** for institutional Development.

Honourable Speaker, the Draft IDP/Budget we are placing before Council today, represents the product of a truly collective effort by the Executive Committee, all councillors, directorates of this Council, and most significantly, the fellow citizens of Lepelle-Nkumpi.

By these projections, we seek to give full account and/or accordingly to the needs of the people of Lepelle-Nkumpi.

Honourable Speaker, I hereby accordingly table the Draft IDP/Budget of Lepelle-Nkumpi municipality for the financial 2015/2016; and indicative for the two projected outer years 2016/2017 and 2017/2018 together with table tariffs and charges as reflected in the Draft 2015/2016 Tariff Structure and the following budget related policies with amendments for further consultation:

- Supply Chain Management Policy;
- Asset Management Policy;
- Credit Control and Debt Management Policy;
- Tariff Policy;
- Budget Policy;
- Virement Policy;
- Cash and Investment Policy;
- Indigent Policy;
- Property Rates Policy;
- Subsistence and Travelling Allowance Policy; and
- Car Allowance Policy.

I accordingly move.

I thank you.

PHAAHLA V.M.

MAYOR