

STATE OF THE CITY ADDRESS DELIVERED BY HIS WORSHIP,
EXECUTIVE MAYOR OF THE CITY OF MATLOSANA, CLLR M K
KHAUOE AT THE TABLING OF THE 2016/2017 MTEF BUDGET HELD
IN THE COUNCIL CHAMBER ON 31 MAY 2016

Madam Speaker

MMC's

Single Whip

Honourable councilors

The Municipal Manager

Acting the Chief Financial Officer and Administrator

MPAC Chairperson

Directors

Officials - Finance

Sector Departments

Leaders of political parties

Business Sector

Religious leaders

NGO's & CBO's

Community

Media

Distinguished guests

Ladies and Gentlemen

INTRODUCTION

The lord almighty has been with us, thus far, through many challenges we've been through, through many trials and tribulations that have endured in the past. The Lord kept us sane, and I thank him for that.

He gave us wisdom and understanding, the will to lead despite the negative cues that has surrounded us.

We meet here today to deliver the 5th financial budget the last year of the current term of office. The budget that will be implemented by the new administration in August 2016. They will continue with the work and complete were we left off.

I must also take this opportunity to thank every one of you gathered here today in order to demonstrate our will to work with the people of Matlosana

I wish to thank those who needed the call to register in the past month, to vote in the incoming local government election on the 03rd August 2016.

I am humbled to address you as I present the budget for the financial year of 2016/2017 as well as the indicative allocations for the two outer years 2017/2016, 2018/2019.

We will reflect on our achievement and progress achieved so far. We have identified challenges which we had as a municipality in Matlosana.

Madam Speaker

Ladies and Gentlemen I raise my hands once more to thank you and at the same time to thank God to have keep us alive until today. The lord's grace has helped us to continue to lead the Municipality despite the negative cues that still surround us. He cannot bring us this far and forget us, no he won't.

Madam Speaker we have celebrated the years of the freedom charter and the freedom day celebrations in the past two months with joy.

I table before you today the 2016/2017 annual budget in compliance with the requirements of the MFMA, Act 56 of 2003 and also guided by many other policies and circular 78/82. It is our obligation as politicians or public representative's to ensure that we map out our strategies for delivering the much needed services through good governance and accountability. During the preparation of this budget we had to take tough decisions agreeing that yes our budget is constraint and it needs our actions towards improving the lives of our people. In some instance we yielded positive results but also lacked in other areas.

For the 2016/2017 financial year, we will continue our efforts to re-established ourselves and work hard with increased determination to address challenges facing our municipality.

We are aware Madam Speaker that some critics may say our budget is not credible, sustainable and cash backed. It will be correct if we go to sleep and fail our own responsibility as representatives as servants of the people.

During the preparations of this budget, we went to various communities within Matlosana during which various matters were raised and addressed and providing answers as well. Public participation has brought changes and amendments to the presentation of the budget today, and thanks our communities for their sincere understanding.

The applications of sound financial management principles for the complication of the city's 2016/2017 MTREF budget is essential and critical to ensure the city strive to be financial viable and that municipal services are provided sustainable, economically and equitably to all communities within Matlosana.

Madam Speaker priorities were reviewed as part of 2016/2017 planning. Review was emphasised and undertaken on expenditure of noncore and nice to have items as prescribed in the MFMA and circular 82. Financial challenges necessitated a very critical review and analysis of the tariffs charged for services as well as expenditure zero based approach.

The city is currently under section 139(1)(b) Administration and its intervention is to embark on implementing a range of strategies to improve service delivery and efficiency of the municipality.

The challenges during compilation of summarised as follows.

- Ongoing difficulties in the international, National and local economy
- Ageing and poorly maintained water, sewer, roads and electricity infrastructure
- The need to prioritize project include with the existing resources envelope, the cash flow realities and cash position of the municipality
- Increased water/ electricity tariffs
- Wage increase which exceed consumer inflation
- Continuous replacement of materials and equipment due to theft and vandalism

In view of the aforementioned, the following figures are consolidated overview of the proposed 2016/2017 MTREF and indicative allocations for the two outer years of 2016/2017 to 2019

Table 1 Consolidated Overview of the 2016/17 MTREF

| R ,000 | Adjustment Budget 2015/16 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year+2 2018/19 |
|---|---------------------------------|---------------------------|------------------------------|-----------------------------|
| Total Operating Revenue | (2 363 448) | (2 514 173) | (2 719 615) | (2 904 218) |
| Total Operating Expenditure | 2 714 778 | 2 818 956 | 2 952 884 | 3 086 133 |
| Total Capital | 132 360 | 134 616 | 128 141 | 130 148 |
| Surplus/(Deficit) for the year after Capital contribution | (218 970) | (170 167) | (105 128) | (51 766) |

Total operating revenue will increase by R 150.7million for the 2016/17 financial year when compared to 2015/16financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R 2. 818million and translates into a non-cash budgeted deficit after capital transfers of R 170. 1 million. When compared to the 2015/16 Budget, operational expenditure has grown by R 104.1million. The operating deficit for the two outer years steadily decrease to R 1105.1 million in 2017/18 and R 51.7 million in 2018/19.

The capital budget of R 134.6million for 2016/17 is slightly more than the R 128.9 million for 2015/16. The bulk of the capital programs will be funded from Government grants and transfers. The municipality does not intend to source more borrowing for capital expenditure in the coming financial year and provision was made for R 10 million Council funded capital in the coming financial year.

Summary of Revenue sources

- Grants 14%
- Property rates 13%
- Service charges sanitation 4%
- Basic services charges 1%
- Interest on outstanding debtors 40%
- Licences and permits service charges/electricity 32 %
- Services charges / water 20%
- Other revenue 6%
- Refuse 6%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/ deficit.

Operating Expenditure Framework

The City's expenditure framework for the 2016/17 draft budget and MTREF was informed by the following:

- The approval of an non-cash deficit adjustment budget (operating expenditure exceed operating revenue) due to the high provision for non-cash items like provision for Bad Debt and Depreciation.
- The repairs and maintenance backlogs.
- Funding of the budget over the medium-term as informed by section 18 and 19 of MFMA.
- Operational gains and efficiencies will be directed to reduce the deficit.
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

Summary of expenditure sources

- Repairs and maintenance 4%
- Contracted services 1%
- Bulk purchases 29%
- Provincial licence fees 16%
- Employee related costs 10%
- Councillors allowance 1%
- Depreciation 17%

Tariff increases

- Electricity 8%
- Sewer 6%
- Water 10% (Midvaal)
- Refuse 6%
- Other tariffs 6%
- Some increases are inflation related.

THE 2016/2017 BUDGET

The following capital projects will be implemented on 2016/2017 financial year. Construction on some of these projects has already commenced in this current financial year and they will be completed in the coming year.

They are as follows:

- Alabama Bulk water supply (phase 3) 2ml pressure tower
- Water supply from midvaal end point to Jouberton and Alabama
- Upgrading Sewer network – Khuma proper (North East)
- Upgrading of Lerato Pump station in Kanana
- Upgrading Mechanical and Electrical Equipment at Pump station: Swart Street
- Tigane paving of Taxi Routes and storm water drainage
- Alabama paving of taxi routes and storm water drainage
- Khuma paving of Taxi route and stormwater drainage
- Tigane Highmast lights (phase 4)
- Brakspruit CPA High Mast light (Phase 1)
- Alabama high mast lights (phase 2)
- Construction of an Athletic Track and field at the Matlosana Stadium Jouberton
- Upgrading of Nation fresh produce market in Klerksdorp
- Upgrading of the WWTP in Orkney BIG

POSITIVE HIGHLIGHTS

a) Private-Public-Partnership : City of Matlosana and Anglo gold Ashanti

The alternative that National Government has held forth for alleviating backlogs in service delivery is the **Public-Private-Partnership** as it will ensure the need to facilitate the delivering of a required service.

This option can be pursued on the basis of the provision of the Municipal System Act and further by the provisions of Chapter 16 of the National Treasury Regulations issued under the Public Finance Management Act.

The established and sustained working relations between the municipality and Anglo Gold Ashanti have yielded positive spin-offs for our community. The spin-offs can be summarized as follows:-

Projects initially agreed upon between Anglo Gold Ashanti and City of Matlosana were distinguished between LED Projects (14) and Income Generating Projects (4):-

LED

- Building and equipping of physical science lab in Borakanelo Secondary School in Khuma R1.9 m
- Building and equipping of physical science lab in Dirang Ka Natla Secondary School in Khuma R1.9 m
- Building of 5 classrooms, ablution facilities and computer room in Sediko Primary School R3 m
- Social Science in Tshedimosetso Secondary School in Joubeton R1.9m

Some of these projects are work-in-progress and others will be completed by June 2016.

b) Economy and jobs

Human settlement and basic services

➤ Housing

The ANC Government sent a clear message of hope to the millions of Africans who were deprived of property rights. Since 1994 the ANC government made millions of South Africans first time home owners through a large number of housing initiatives. Locally more families had a first taste of home ownership through Government Housing initiatives due to implementation of previously blocked project.

Due to the earthquake that happen in 05 August 2014, 1446 houses reported and the municipality managed to fix 1132 and the outstanding houses are found to be shacks and others were repaired by the owners.

November 2014, additional 3077 houses were reported, list was forwarded to Provincial Disaster and human settlement Department,

they are waiting for budget for assessment and repairs of the additional houses.

Eight point plan

1. Developing and sustaining our spatial and built environment
2. Creating opportunities for decent jobs
3. Financially accountable and sustainable city.
4. Creating platform for growth, empowerment and skills development
5. Become a more responsive local government
6. Creating a quality living environment
7. Fostering relations with private sector
8. Embracing our cultural diversity, art and heritage.

Challenges

We are aware of our challenges and remain committed as the ANC led government to ensuring the reduction of existing backlogs.

The following still need to be attended to:

- Provision of housing v/s the housing demand register
- Illegal invasion of land which poses pressure to provisions of basic services.
- We have given jobs to the value of over 800 million to contractors in the last four years.

Good Governance

In terms of good governance our government's endeavour is to strengthen and build efficient administration, alternate delivery mechanisms in order to ensure improved services to the communities. We believe that our city is well on its way to receive clean audit outcomes sooner than later. All the measures we have put in place to strengthen our political oversight are beginning to pay dividends.

We will continue to consolidate our gains and advance to a state where forward planning becomes a culture to ensure that we spend 100% on our grants.

The municipality has fully functional ward committees to help municipal wards develop plans and advice council on issues of community development and participation. We also held successful ward meetings and Mayoral Imbizo's throughout the years without any interruptions and would like to thank the community of Matlosana for that.

Conclusion

As we move closer towards the 3rd of August 2016 let us reflect on our 22 years journey of freedom and democracy that has not only been characterised by the attainment of political freedom but also the acceleration of service delivery, I urge all South African citizen's with identity documents and registered to vote should do so on the 3rd of August 2016 in their various wards. Having worked together with our communities, today we pride ourselves for having changed their conditions and we will continue to do so as the ANC led municipality.

Matlosana Municipality over the past 22 years has spent billions towards the betterment of our people and that is why today our people confirm that Matlosana area, like South Africa is a much better place than it was before 1994; we remain strongly committed to the principles of accountability, transparency, good governance, proper financial management and effective internal control systems.

Madam Speaker, Councillors, Citizen's of Matlosana through our individual efforts, through our collective endeavours we will build a prosperous and united future and in doing so ; we will continue the work of Oliver Tambo, Tata Mandela, Chris Hani and many more comrades who fought for our freedom.

I hereby table the budget /IDP 2016/2017 for adoption with corrections if any.

