



**Budget Speech by MMC FINANCE & LED, Cllr Charles Molepo on the TABLING and ADOPTION of the multi- year Budget for Polokwane Municipality on 29 May 2014, 14:00 in the New Council Chamber**

Honorable Speaker of Council, Cllr Caiphus Mathiba

Your Excellency, EM Cllr Freddy Greaver

Chief Whip, Cllr Ouma Mashiane

Members of Mayoral Committee

Honorable Councilors

Maapara nkwe a rena

Chairpersons of Section 79 committees

Acting Municipal Manager, CFO, Directors and all officials

Distinguished Guests

Our special guests from City of Queens and Kings (Bulawayo) Zimbabwe

Members of the media houses

Badudi ba Mmasepala wa rena wa Polokwane

Ladies and Gentlemen

Honorable Speaker allow me 1st to congratulate the ANC for winning the 5th National/provincial democratic elections as well as all parties that seats in parliament and legislatures, also congratulate President Zuma for his second term and all appointed Ministers, Deputy Ministers and MPs and lastly to our Premier Stanley Mathabatha good luck on his responsibilities as the no1 of this Province including Newly appointed MEC and all MPLs.

I also like to welcome the new Minister and MEC for CoGTA and CoGHSTA respectively in their new endeavors. Good luck!!!

It is my singular honor to the EM to be given this opportunity to be part of making History in Polokwane Municipality by being the first MMC to present to this august house the Medium-Term Revenue and Expenditure Framework for the 2014/15, 2015/16 and 2016/17 financial years.

Honorable Speaker what the EM did today coincide with what the President did on Sunday when he appointed the first African Minister of Finance Nhlanhla Nene, isn't that naturally progressive?

Honorable Speaker, I am presenting this MTREF on behalf of the Executive Mayor and therefore want to put it on record that it is tabled in terms of the Municipal Finance Management Act, No 56 of 2003 and the Municipal Budget and Reporting Regulations.

Chapter 4 of the MFMA sec16, subsection 2 requires that the budget be tabled at least 90 days before the start of the budget year and Sec 24 subsection 1 requires that council must consider the approval of its annual budget 30 days before the start of the budget year. The purpose of tabling this MTREF is to comply with the requirements as alluded to.

We will continue to remain vigilant in the monitoring and implementation of the approved cash flow strategy to curtail expenditure on non-service delivery projects or programmes until the economic meltdown ends. It is crucial to be responsive to all the consequences that arise from the global economic meltdown.

Honorable Speaker, we have taken into consideration the inputs made from the IDP/Budgets consultations we made with our communities and key stakeholders from 1 April to middle May 2014.

Through our continued and strengthened Public Participation we received positive feedback which in turn enabled us to better understand their priorities. Ours is to live up to their expectations and spend this budget in a focused and impact-based manner as opposed to a piece meal approach. It therefore remains key that we remind ourselves that in order to achieve this, we need a capacitated, stabilised, modernized and operational service delivery environment.

During this process we managed to include the following amongst our list of key stakeholders: Farmers, Business and Traditional Leaders.

As a body that serves local communities, we as the Municipality have to align our projects and budget to address the mandate set out by National Government. This must happen in the spirit of true co-operative governance with an emphasis on closer co-operation between all spheres of government. We all know that job creation is one of the five priorities set by National Government, including education, healthcare, fight against crime and rural development. This budget process begins to address these priorities

Honorable Speaker, the total budgeted operating revenue increased from R2.062 billion in the 2013/14 financial year to **R2.228 billion** in the **2014/15** financial year whilst the capital budget amounts to **R519.1 million** for the **2014/15** financial year. Capital projects in the amount of **R82 million** will be funded from our own funds. The operating budget will increase to **R2.38 billion** and **R2.55 billion** in the outer years of the MTREF respectively. The capital budget will increase to **R544 million** and **R610 million** respectively for the two outer years.

The following tariff increases are recommended to Council for approval: Electricity 7%, Water 7% Sanitation 7% and refuse removal 6%. Eskom has increased the increase in the bulk purchases by 8% but municipalities are only allowed to increase their tariffs by 7% as per the guideline increase in MFMA Circulars 70 & 72 from National Treasury.

The municipality will implement a new General Valuation Roll from 1 July 2014. The roll was open for inspection/objections from 7 April 2014 to 30 May 2014 and after further consultation with stakeholders this date was extended till 23 June 2014. The extension was granted to give owners more time to inspect and/or object to any entry in the valuation roll. A supplementary valuation roll will be submitted on 29 May 2014 to correct entries in the general valuation roll and to include possible omissions. The draft rates policy was also open for inspection and the community was invited to submit representations on the policy and the final rates policy will be submitted to Council in June 2014 for adoption. Due to the increase in the total valuations the tariffs will be adjusted to realize the rates revenue increase from R279 million to R302 million which equates to 8% including growth of 2%. A report will be submitted to Council early in June 2014 to determine the assessment rates tariffs applicable for the 2014/15 financial year.

Honorable Speaker; our revenue base remain insufficient and needs to continuously improve over time if we are to realize our developmental SMART CITY path.

The capital budget includes R40.4 million for sport & recreation, roads & transport R303.7 million, electricity R19.8 million and water R122 million. The budget for sanitation amounts to R4.1 million, R6 million and R6 million for the MTREF on the capital side, however on the operating budget provision has been made for expenditure of R66.1 million, R70 million and R74.1 million for the MTREF. The increase in the capital budget amounts to 23.8% for roads and 130.8% for sport & recreation compared to the approved budget for the 2013/14 financial year. The budget for electricity decreases from R51.5 million to R19.8 million (62%) whilst the provision for water remains at R122 million.

HS, of the R40.4 Million for Sport and Recreation R2 million will be spend for the upgrading the upgrading of Ga-Manamela sports ground in Moletji Cluster, R7 Million (R15 Million) will be utilised for the upgrading of Seshego Stadium, a further R7 Million (R31 Million MTREF cycle) will be spend for the Construction of Molepo/Maja Sports Complex and R13.6 Million (R53.6 Million MTREF cycle) will be Spend for the Construction of Mankweng Sports Complex. We are doing developing this rural areas and township in order to reduce the influx of sports fanatics from this areas to the City and making all the residents of Polokwane to be active and healthy because a healthy mind is found in a healthy body especially our youth. Yesterday our EM was handing out sports attire to the team to represent Polokwane at the international marathon in Durban.

Our second highest Capex is on water, of the R122 Million ,R6 Million (R10 Million MTREF cycle) will be spend in the city while R103 Million will be spend in the rural areas to address the serious backlogs we have whereby our communities are still fetching water far from the RDP levels.

HS, for the First time Roads and Transportation budget has surpassed Water because during the consultation process majority of our residents complained about the bad state of the roads to an extent that some could not even access their houses, we therefore put R303.7 Million, of which R5 Million (R11 Million MTREF cycle) will be spend of rehabilitation and upgrading of storm water in Mankweng and R87 Million (R146 Million MTREF cycle) will be spend across the rural areas of our municipality, this is a clear indication that we listen and respond to the needs of our residents. Indeed we are Pro Poor/Pro Rural so we can open the path towards a Metro

HS, in as far as Electricity is concern we are still in engagements with DBSA and National Treasury on the front loading of additional funds in order to roll out the electricity to our rural communities.

The amount provided for repairs and maintenance increased from R124 million to R170 million (37%) to ensure that the maintenance of our infrastructure is catered for.

It is befitting that we express our sincere gratitude to all individual residents and businesses who continue to pay their municipal accounts. It is out of these contributions that we are able to expand and sustain service delivery. To those who are neglecting their responsibility of paying, we will intensify the application of credit control measures as well as legal action. Such strong measures are required if we are to manage bad debts and enhance revenue collection.

Our message is unambiguous; all those that can afford to pay must pay and continue to do so. For those who cannot afford please note that no one will be assumed to be an indigent until such time they are registered. Therefore those household who qualify for indigent support must take it upon themselves to come forward and register.

Improving and updating our billing system. The municipality is on a continuous basis cleaning the debtor's data base to ensure accounts are submitted correctly and timeously to all residents. The Customer Care section has also been capacitated to ensure that efficient and effective services are rendered to our residents and a Customer Care Policy has also been developed to improve the dealings with the community. Allow me Honorable Speaker to thank the EM and the TEAM for the Monday engagements with residents to address the problems/challenges faced by our residents as it has yielded positive results, because of this engagement we are definitely sure that the increasing Debt Book is not a true reflection of what we thought of. Residents are urged to continue to come forward and update their information in an attempt to be a smart city, we recently introduced e-statements. In another attempt to increase the collection rate, the re-introduction of the debtor payment scheme was undertaken such as interest waiver scheme.

As a municipality we acknowledge the increasing and important role played by grandparents in family structures. Grandparents often look after grandchildren in families that have been affected by unemployment and HIV and AIDS and other mortalities. Thank you Grandmas and Grandpas, for this sacrifice. In turn we have made available the basic social package

Honorable Speaker, we made provision to render free basic services to the indigents which include 6 kiloliters of water per month, 100 units of electricity per month, free sanitation and refuse removal services and also exempted the first R100 000 of the valuation of their properties from the payment of rates. The total revenue cost to provide free basic services to the indigents amounts to R57.2 million.

Provision has been made to register 15000 indigent households and the number of households in informal settlements that receive free services and the cost of these services (for example the provision of water through standpipes) is not taken into account in the above amount. The cost (revenue forgone) of the social package of the registered indigent households is offset by the equitable share received in terms of the Division of Revenue Act.

Certain key posts cannot be filled due to financial constraints but provision was made to establish an Asset Management Unit in the Budget & Treasury Office to address the concerns raised by the Auditor-General with regard to asset management. Further to this provision was made to fill key positions in Supply Chain Management, Pool Attendants, Librarian, Fireman and Rangers.

The total salary budget amounts to R504 million for the 2014/15 financial year which equates to 23.4% of the total expenditure budget and is well within the norm of 30 to 35% as required by National Treasury. The salary budget increases to R535.7 million and R569.9 million in the outer years to cater for additional staff requirements. The organogram of the municipality is currently under review and is benchmarked with other municipalities to ensure our employees are remunerated correctly.

The outflow of scarce positions such as artisans and electricians is a concern to us as we lose these skills to neighboring municipalities and the unions are engaged on this matter.

Honorable Speaker, provision was made on the operating budget to capacitate the Transport Directorate to ensure qualified personnel be appointed to implement and drive the Integrated Rapid Transport System or BRT as known by some.

The cost associated with the remuneration of Councillors is directly informed by the remuneration of the Public Office-bearers Act.

The contract for the On-street parking expires in November this year and management is investigating the in-sourcing of this activity after the expiry of this agreement.

Moving towards our Smart City Vision the upgrading of our IT network and staff is currently receiving serious attention to achieve the goals that we set for ourselves in this regard.

I bow to the BTO officials, IDP/Budget Steering Committee and everybody who made it a point that we don't cross night at the Traffic Centre like previous years. Keep the Good Work Honorable Speaker, As we have walk the 20 years of a good strong story to tell together as residents of Polokwane let me invite all to holds our hands together as we start the new journey of the second transition.

His Excellency will deliver a detailed breakdown of this budget in his State of the City Address.

Executive Mayor ke lebogile sebaka se le nkwishitšeng go tla mo podium, Thank You for a Once in a lifetime opportunity.

Finally Hourounable Speaker, I would like to take this moment to wish our Speaker and Municipal Manager a speedy recovery as she lies on her hospital bed.

Ke ya Leboga ka moka - Thank You All, God Bless