

**2018/19 BUDGET SPEECH BY EXECUTIVE MAYOR OF POLOKWANE  
MUNICIPALITY CLLR TP NKADIMENG, NEW COUNCIL CHAMBER, 30  
MAY 2018**

Honorable Speaker of Council, Cllr Mariri Ralefatane

The Chief Whip of Council, Cllr Mamedupi Teffo

Members of the Mayoral Committee

Chairpersons of Council Committees, Fellow Councillors

Leadership of the ruling party and other parties present today

Leadership of Labour

Fellow residents

Members of the Media

A beautiful Wednesday to you all

Mr Speaker,

Once again I stand before this honorable Council that represents the aspirations of the people of Polokwane. I stand here with the greatest sense of appreciation and humility for the opportunity afforded to me to present the second year of term Integrated Development Plan (IDP) and Medium Term Revenue and Expenditure Framework (MTREF) for the period 2018-2021.

Being led by the ANC, this municipality's programme of development is aligned to the clear mandate that we received from the people – to deliver sustainable services.

This year we celebrate the 100 years of President Nelson's life and legacy. This is the ANC and the world's icon who strived for the freedom and liberation of the people of this country. It is his life ideals and ethos that we are celebrating and that must find expression in everything we do as Council to bring development in Polokwane and to improve the living conditions of our communities.

In the same spirit we celebrate the life and contribution of the late Mama Albertina Sisulu who contributed immensely to the struggle and liberation of women in this country.

Again as we will be adopting this budget, we do so mindful of the loss of another stalwart of the movement that we have recently suffered as a country – the loss of Mama Winnie Madikizela Mandela. May her soul rest in peace!

Many years ago, President Mandela said to us: "To deny people their human rights, is to challenge their very humanity." It may be years ago but this message remains relevant to this day.

To this day we aspire to put our energy in pursuit of the challenge that President Mandela gave us as a nation – to build a South Africa in which all people have a decent standard of living, access to economic opportunities and opportunity to pursue their dreams.

We continue to be encouraged and inspired by the call made by President Ramaphosa during his inaugural speech that a new dawn was upon us and urged us to renew our nation's promise to become a better people.

We have an obligation as Council, to see this challenge become a reality for the people of Polokwane and it must resonate in every decision that we take and make sure that the people of Polokwane enjoy better living conditions. This we can achieve by allowing ourselves to be subjected to public scrutiny and restoring the confidence of all stakeholders.

We must remain resolute on our decision to ensure that the poor in the municipality are subsidized on all the key services which municipality offers while at the same time our communities are encouraged to live up to the principle of social contract.

We have to continue on this drive by ensuring that we deliver basic services to all communities. It is therefore imperative on our part as Council that we maximize financial efficiency and embrace the principle of value for money. We have to ensure that the Municipality remains financially sustainable as we are under constant pressure to maintain our level of service-delivery to the fast growing population of our area.

This budget is a product of a very robust and intense programme of the Integrated Development Plan consultation with our communities and other stakeholders during April and May 2018.

As previously, our budget has ensured that it covers the following key basic service delivery such as water, electricity, sanitation and roads. We will

ensure that we radicalize our local economy by empowering the SMME's through procurement systems.

In order to ensure that we are able to heighten the pace of service delivery and to provide sustainable services, we continue on the path of sourcing alternative approaches on funding.

We have to continue with creating a conducive environment for investors' confidence that will in turn support job creation.

## **Revenue Budget**

Mr Speaker

This budget we propose here will drive the IDP and assist us in attaining our objectives. In order to keep up with the demand for sustainable services, we have proposed tariff increase on our big five revenue streams, which are Electricity, Water, Sanitation, Refuse Removal and Assessment Rates. As we are all aware, our communities cannot afford sharp increases on rates and tariffs. We have consulted all the stakeholders on our proposed tariff increases for 2018-2019 and we have taken their inputs into consideration. We have also considered the economic, social, and financial factors in determining the increases.

The budget and IDP processes strengthened our decision to safely persuade Council to adopt the following increases: **Electricity by 8.5%, Water by 10.5% while Sanitation, refuse removal, assessment rates and all other tariffs by 6%.**

The total operating revenue of **R3.6 billion** has grown by 8.4 per cent for the 2018/19 financial year when compared to the 2017/18 Adjustment Budget.

### **Indigent Management.**

We have presented the proposed tariff increases mindful of our indigent households. Let me reiterate that the municipality will continue in the financial year 2018/19 to provide our pensioners earning monthly income of **R 8 300** and above the indigent threshold of **R3 500** per household to get rebates of 80% on assessment rates.

In addition to the supply of basic services to rural areas, The Urban Indigent package will include the following:

- **R100 000** of the Market value of the property excluded from Assessment Rates.
- 6kl – Free Water
- 100kWh – Free Electricity
- 100% rebate on Sanitation
- 100% rebate on Refuse removal
- 100% rebate on Electricity basic charge

**Operational Budget** according to its significance.

Employee related cost is expected to increase in line with SALGA bargaining Agreement which is CPIX+1. Employee related costs will increase at **6.2%**

Bulk Purchases of water to increase by average **6.0%**

Bulk Purchases of electricity to increase by average of **6.0%**

Debt collection rate is expected to reach **89.5%**.

I must emphasise that bulk purchases remains material cost driver to this council, purchases of water and electricity from Lepelle Northern Water and Eskom has been budgeted at **R915 Million** in the 2018/19.

I want to indicate to the house that as a parent Municipality to PHA, we have recapitalised the entity by repaying their existing loan in order for the entity to be independent and financially sustainable. We budgeted **R11 million** per annum for operational expenditure and **R90 million for Ga-Rena Phase 2 in the next three years** in order for PHA to be self-sustainable

### **Capital Expenditure Budget**

Mr. Speaker, we have prioritised our budget into both basic and social services. The total operating expenditure for the 2018/19 financial year has been appropriated at almost **R3.4 billion**. When compared to the 2017/18 adjustment budget, the operating expenditure has grown by **6.3 per cent.** .

Capital projects will be funded from grants to the amount of **R1.25 billion** whilst **R670 million** will be funded from own funds and borrowings.

The capital budget includes **R33.3 million** for Sport & Recreation, **R492.2 million** for BRT infrastructure, **R311.9 million** for roads and storm water, **R300 million** for water supply and reticulation, **R392 million** for sewer reticulation and **R69 million** for electricity infrastructure.

The major breakdown of this budget will be provided in the State of the City Report campaign by the Executive Mayor.

It is through this budget that our yearning for economic development would translate to the expansion of economic activities that will in turn create jobs that will give many people within our communities an opportunity to earn a living.

Through this budget, we will make sure that our goal of developing our communities through sustainable services is realized. We believe that all our communities deserve to be treated as equal citizens. Ours is to live up to their expectations and spend this budget in a focused and impact-based manner.

For us to achieve this, we need a stabilized, modernized and operational service delivery environment.

### **Water Conservation**

South Africa is a water-scarce country, and our climate is changing in ways that make rainfall patterns far less predictable than in the past. We need to conserve water – all of us. We have as a country, among the highest levels of daily domestic water consumption levels in the world. We will heighten our water conservation campaign and continue to work with the provincial and national government on measures to effectively respond to sustainable water provision.

## Conclusion

Mr. Speaker, let me take this opportunity to thank the Municipal Manager, the CFO, Deputy CFO, Budget and Treasury and the IDP team for spending sleepless nights making sure that we present a credible budget and IDP.

We thank the Budget Steering Committee, Members of Joined Portfolios on Finance & LED and Administration & Governance for ensuring that this budget is prepared, aligned with the national priorities agenda and is funded. We thank all the employees of Polokwane who continue to perform with excellence and dedication.

Special thanks goes to our traditional leaders who have always backed us and provide the necessary support.

It is because of this dedication and support from all of us in this house that this city continues to be the backbone of the Limpopo Province.

Like Nelson Mandela said: "It always seem impossible until it is done!" I call upon everyone in this chambers and all the people of Polokwane to join hands with us as we continue in our endeavour to build as a better and smatter Polokwane. We have started. We are focused on the goal. We are building Polokwane. *Re aga Polokwane! Pula!*

I Thank You