

NXUBA MUNICIPALITY 2009/2010 BUDGET SPEECH

DELIVERED BY THE MAYOR, CLLR MAKHAYA SMUTS MHANA

ON WEDNESDAY,

27 MAY 2009

TIME: 10:00

Honourable Councillors,
Municipal Manager and Officials
Community leaders and business leaders,
Comrades, Leadership of the ANC and other political organizations,
Stalwarts and Veterans of our struggle,
Leadership of various denominations, Women, and Youth,
Friends, ladies and gentlemen,

***Sir Winston Churchill wrote: “We shall not fail or falter, we shall not weaken or tire
..... Give us the tools and we will finish the job”.***

These words, ladies and gentlemen, were said and are relevant to us to inspire us so that we can move with vigour and determination, as this budget is the tool for us to realize our dreams for better life to our people. When the democratic government came into power in 1994, it took a resolution to change the complexion of this country. To that end, there was a resolve to improve the lives of the poor not only supplying them with sustenance but also by changing their living conditions. This budget is drawn up with challenges, in mind, that the Municipality faces.

Amilcar Cabral, one of the greatest African revolutionary and freedom fighter says in his book, Materialist Theory and Practice of Culture and Ethnicity, that :

“Always bear in mind that people are not fighting for ideas, for the things in anyone’s head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children”

The main purpose of this budget is to extend it to reach areas that were marginalized in the past, without neglecting those that were well looked after. In other words we intend striking a balance between the two with a slight bias towards taking the previously disadvantaged communities out of the quagmire that they find themselves in.

The presentation of this year's budget happens at a time when we are just away thirty five days (35) from the National Elections. This has many implications because the ruling party, which is the ANC in this case, on the ANC manifesto where serious decisions were taken and promises were made on policy matters which will directly have an impact on our budget and that of the country as a whole.

Honorable Councilors, the world is facing an enormous challenge of rocketing food and fuel prices which is mostly affecting the poor and the working class. I want to urge all of us to respond to the National call that we must encourage our people to practice small scale farming to counteract the soaring food and fuel prices. Let us energize our communities to revive the practice of subsistence farming, taking cognizance of the backlog challenges on our land reform programmes.

Honorable Councilors, I cannot overemphasize the need for us to save on electricity consumption. It is indicated that we are responding to this call as Municipalities, but we need to intensify the campaign, especially during this winter season. Let us begin this year with a firm undertaking by our National Government to speed up change in socio – economic rights, among other areas, so as to improve the lives of South Africans sooner than later.

The President of the Republic Honorable Jacob Gedleyihlekisa Zuma in his inaugural speech mentioned that a nation filled with a hope born of the knowledge that if we work together, we will achieve our dreams.

INTEGRATED DEVELOPMENT PLAN REVIEW

Chapter five of the Municipal Systems Act, No 32 of 2000 requires all the Municipalities to undertake developmentally – oriented planning so as to ensure that each municipality strives to achieve the objects of local government as set out in Section 152 of the Constitution. Section 25 of the Municipal Systems Act provides that each Municipal Council must within a prescribed period after the start of its term of office, adopt a single, inclusive and strategic plan for the development of the Municipality, which is to guide development for the next 5 years while in office. The Ward Councilors, together with community stakeholders in their respective Wards have collected and submitted their priority needs from the communities and these needs form the basis of our Integrated Development planning (IDP) process over the 5 years period.

Different stakeholders such as Sector Departments, Parastatals, Private Sectors and Non Governmental Organizations (NGO's), Community Based Organizations will together with Municipalities mobilize resources to address priority needs and service backlogs that have been identified and included in the Municipal Integrated Development Plan (IDP).

We have consulted with our community stakeholders, sector departments and parastatals on the 2009/10 IDP and Budget Review process.

Honorable Councilors, ladies and gentlemen, in compliance with the Municipal Structures Act, No. 117 of 1998 and Municipal Financial Management Act No 56 of 2003 our Municipal budget is informed and aligned to the IDP objectives. Let me remind honorable members, that this Council like other municipalities in the country is required to develop 5 year Municipal Action Plans on how we are to address the 5 Key Performance Areas (KPA's) in line with the Department of Provincial and Local Government (DPLG) strategic agenda which are as follows:

- Municipal Transformation and Organizational Development
- Basic Service Delivery and Infrastructure Development
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance

These action plans should depict how our Municipality will address the 2014 Millennium Development goals targets as pronounced by our National Government, which are outlined as follows:

- Eradication of the Bucket System. (As a municipality we are at 80%)
- All outstanding land claims are to be settled by 2008.
- All houses have access to electricity by 2012.
- Eradicate Informal Settlements by 2014.
- Reduction of unemployment by half by 2014.
- Transfer of 30% of Agricultural land to blacks by 2015.
- There is universal provision of Free Basic Services.

PARTICIPATORY BUDGETARY MECHANISM

When we talk about participative governance – we are talking about letting the people govern. This demands that residents be consulted and be allowed to have input in mapping out their future in line with the government service “Batho Pele” principles. This is in keeping with the Constitution of this country, Chapter 4 of the Municipal Systems Act, and of course the Freedom Charter. Several public hearings were held and people made their inputs while others decided to take an indirect route like writing articles in newspapers criticizing the Municipality. The municipality is appreciative of all the constructive criticisms irrespective of the channel of communication used.

The budget has been informed by the key objectives as expressed in the Integrated Development plan (IDP) with emphasis again being on expediting delivery of basic services. This is not an easy task to do especially since we are dealing with people who have different needs. We appreciate all the inputs and recommendations received during this consultative period.

LEVEL OF RATES, SERVICE CHARGES AND OTHER FEES

Honorable Councilors, in order to remain financially viable and sustainable, sufficient resources must be generated. The determining of tariffs is the responsibility of Council, as per provision of the Local Government Municipal Systems Act. Tariff – setting plays a major role in ensuring desired levels of revenue by assisting in the compilation of a credible and balanced budget to accommodate the acceleration of basic services to our people. There has to be alignment between the resources of Municipalities, level of service and customer expectations.

The levying of rates in terms of the Municipal Property Rates Act will have an impact on the rates that individual property owners are to pay. Last year in our budget speech, we raised the fact that rates of individual properties will have changes as from 1st July 2009, and let me indicate that the process has been finalized.

GRANTS AND SUBSIDIES FROM NATIONAL GOVERNMENT AND OTHER SECTORS

In terms of the Division of Revenue Act of 2007, Council will receive the following grants during 2009/10:

Funding source Budget 2009/2010

Equitable share	12 780 000
Finance Management Grant (FMG)	750 000
Municipal Systems Improvement Grant	735 000
Municipal Infrastructure Grant (MIG)	7 289 000
Primary Health	3 336 218
Library	639 000
TOTAL	

FINANCIAL VIABILITY

We are however, in the process of reviewing the organizational structure of the Finance Department so that suitable employees should be appointed in those key positions in order to improve our financial management.

STREETS, ROADS AND BRIDGES MAINTENANCE

Council has received an amount of R 7 289 000 for Municipal Infrastructure Grant (MIG) for the 2009/10 financial year.

MIG PROJECTS 2009/2010 BUDGET

- 1. Adelaide Roads**
- 2. Bedford Roads**

The allocation of the funds per project still has to be done by the council in consultation with our communities.

PROVISION OF FREE BASIC ELECTRICITY AND FREE BASIC REFUSE

The total amount budgeted for 2009/10 financial year indigent subsidy is R3 195 000. I therefore still appeal to all households who are earning less than R1100 per month and those who are unemployed to apply and register on the Municipality register. Those who registered or those who have now got employment should come forward and deregister so as not to disadvantage others who qualify for the benefit.

It is the policy of the municipality that poor communities must benefit from this process.

LOCAL ECONOMIC DEVELOPMENT (LED)

Honorable Councilors, Nxuba Municipality is faced with a challenge to assist in reducing the rate of unemployment through the coordination of LED projects. An amount of R110 000.00 is allocated for 2009/10 to further alleviate poverty in our communities. These will positively contribute to the improvement of our local economy.

HIV AND AIDS

As a municipality we view the scourge of HIV and AIDS seriously as this adversely affects our socio-economic development as a country. We are committed to play a meaningful role in the fight against this pandemic.

We are in the process of reviving of our Local Aids Council that will work very closely with all stakeholders so that we continue to preach and promote healthy lifestyles, more especially to our youth.

SPU

The women population for the Nxuba Municipality comprises 51, 61% , it is with that reason the municipality has budget R20 000 for the woman empowerment and R20 000 youth development. The amount of R20 000 has budgeted for the people with disability.

The amount of R85 000 has been budget for public participation and ward committees to enhance effectiveness of the council and access to information.

Nxuba Local Municipality and Nelson Mandela Bay Metropolitan Municipality (NMBMM) Twinning Partnership

Nxuba Local Municipality which is a category “B” municipality and Nelson Mandela Bay Metropolitan Municipality which is a category “A” municipality established in terms of section 12 notice of the Local Government Municipal Systems Act No.117/98 entered into negotiations with the view of the principle of co-operative governance in the year 2005. Both municipalities acted in accordance with a resolution of the Council of the NMBMM and aspiring to enhance co-operation between them to agree on establishing an inter municipal forum wherein both mayors are responsible for co-ordination.

Purpose of the forum

The purpose of the forum was amongst other things be:

1. The promotion & facilitation of intergovernmental relation between the municipalities
2. To serve as a consultative forum to discuss and consult each other on matters of mutual interest, including information sharing, best practice and capacity building and more particular in the following areas:
 - Human Resources Development
 - Economic Development & Agriculture
 - Infrastructure & Engineering
 - Sport, Recreation & Culture
 - Environment & Health Services
 - Legal & Corporate Affairs
 - Any matter of strategic importance

The Memorandum of Understanding was then signed in 2006 by both parties. Subsequent to that both parties have had numerous meetings since the signing of the MOU and the last meeting was held during this financial in February 2009 at the Nxuba Municipal offices.

VW Partnership

The municipality together with VW has forged a partnership on skills development and rural development. As the part of the agreement to take 10 students per year with Maths and Physical Science for training at their plants.

EP Rugby Union

EP has display some commitment in upgrading the Wandaras Sports field and to bring and market the stadium for high profile matches.

Lovedale

Councilors, Lovedale College CEO, Mr. Nceba Stofile together department of Agriculture will visiting us, to advance the issue that is on the National agenda i.e Rural Development.

I would like urge all councilors , officials and communities to take advantage of these opportunities and used to advance our people for better.

REVIEW OF THE 2009/2010 BUDGET ESTIMATES

In terms of the Local Government Municipal Finance Management Act, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Fellow Councilors, Distinguished guests, ladies and gentlemen, please allow me to give a short overview of the most important aspects contained in the Estimates that will be tabled today.

REVENUE

INCOME

The projected income for 2009/10 financial year is R 48 727 340. The tariff increment has been provided for as per guidelines received on the predicted trends in the Inflation Forecast (CPIX) and the guidelines on electricity issued by National Electricity Regulator (NERSA).

EXPENDITURE

The projected expenditure for 2008/9 financial year is R 48 727 340.

SALARIES, WAGES AND ALLOWANCES

The salaries and wages are budgeted for at an overall increment rate of 10%. The salaries and wages bill for the next financial year will be R20 736 895 which is 52.1% of the operational budget.

The breakdown of the Salaries is as follows

Councilors allowance	R 1 643 688
Vacant post	R 4 140 003
Old post	R 14 953 204

CAPITAL CONTRIBUTION

This is Capital Expenditure that is funded by the Operational income in respect of Capital budget. The amount that has been provided for is R 8 993 000.

FUND CONTRIBUTION

Fund contribution has been provided for at R10 832 100. This is mainly consisting of Provision of Bad Debts.

BULK PURCHASES

Bulk purchases has been provided for at R9 381 734, there is a substantial increase on this expenditure provision as Bulk purchases of electricity has been provided for at 25%, as per guideline received from National Electricity Regulator(NER).

OPERATIONAL BUDGET

Honorable Councilors, the operational estimates for 2009/2010 stands at an amount of R41 440 016.

Honorable Councilors, provision has been made for the following activities or programmes under council's general expenditure.

ITEM AMOUNT

HIV/AIDS	R 50 000
Tourism	R 165 000
IDP	R 60 000
LED	R 110 000
Fire Services	R 220 000
Ward Committees	R 60 000

CONCLUSION

Honorable Councilors, in conclusion I would like to thank the Almighty God for guiding us through the challenging and difficult situations during our daily activities. To my fellow Councilors, this budget would not have been possible if it was not for your contribution-I thank you.

To our Municipal Manager, Mr. Mlamli Bongco, with all Heads of Departments and officials, in your own way you have contributed immensely in making this budget possible – I thank you.

A special word of thanks to my secretary Ms Sandiswa Shayi, for your support, understanding and sacrificing times – I thank you.

Honorable Councilors, I therefore submit that Council considers and adopt the 2009/2010 IDP and Budget Estimates for the coming financial year.

I THANK YOU ALL!!!!!!