

BUDGET SPEECH 2012/2013 TO 2015

SPEAKER

MUNICIPAL MANAGER

COUNCILLORS

OFFICIALS

AND MEMBERS OF THE COMMUNITY

IT IS MY PLEASURE TO BE ABLE TO SUBMIT TO YOU THE INTEGRATED DEVELOPMENT PLAN FOR THE NEXT 5 YEARS AS WELL AS THE MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2012 THROUGH 2015 FOR THE EMALAHLENI MUNICIPAL COUNCIL.

THE ECONOMIC ENVIRONMENT IN WHICH WE AS EMALAHLENI MUNICIPALITY FUNCTION IS NOT EASY CONSIDERING OUR HIGH RATE OF UNEMPLOYMENT AND POOR REVENUE BASE MADE WORSE, OVER THE PAST FEW YEARS, BY THE DOWNTURN IN THE ECONOMY CAUSED BY THE WORLD ECONOMIC RECESSION RESULTING IN SUCH NEGATIVE ECONOMIC CONTRIBUTORS AS SKY ROCKETING FUEL AND FOOD PRICES.

IN THE LIGHT OF THESE FACTORS OVER WHICH WE HAVE LITTLE OR NO CONTROL WE ARE FACED AS A MUNICIPALITY WITH A DAUNTING TASK AND THE CHALLENGE OF

- A HUGE BACKLOGS IN SERVICE DELIVERY,
- THE SOCIO-ECONOMIC PROBLEMS OF HIGH UNEMPLOYMENT AND POVERTY LEVELS.

AND THE REALISATION THAT SOLUTIONS TO THESE CHALLENGES CAN

POTENTIALLY BE IN CONFLICT WITH OR COMPLEMENT EACH OTHER.

TODAY I AM ABLE TO REPORT TO YOU ON THE PROGRESS MADE IN IMPLEMENTING FINANCIAL CONTROLS, PROCESSES AND PROCEDURES RESULTING IN THE DRAFTING OF A CREDIBLE IDP AND A CREDIBLE BUDGET LINKED AND DRIVEN BY OUR IDP AND THE NATIONAL OBJECTIVES OF

- SERVICE DELIVERY
- FINANCIAL VIABILITY AND MANAGEMENT
- LOCAL ECONOMIC DEVELOPMENT
- MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.
- GOOD GOVERNANCE AND PUBLIC PARTICIPATION

WE AS THE NEWLY ELECTED COUNCIL COMMITTED OURSELVES TO LEAD BY EXAMPLE IN ENSURING STRICT FINANCIAL OVERSIGHT AND COMPLIANCE WITH THE GUIDELINES OF NATIONAL TREASURY AS SET OUT IN CIRCULAR 51 OF THE MFMA.

IN ORDER TO ACHIEVE THIS WE AS THE COUNCIL AND EXCO COMMITTED OURSELVES TO PROVIDING LEADERSHIP BASED ON A CULTURE OF HONESTY, ETHICAL BUSINESS PRACTICES AND GOOD GOVERNANCE BY EXERCISING OUR OVERSIGHT RESPONSIBILITY REGARDING FINANCIAL AND PERFORMANCE REPORTING AS WELL AS ADHERENCE TO COMPLIANCE AND IMPLEMENTATION OF INTERNAL CONTROLS.

AS COUNCIL WE MUST ACCEPT THAT WE ARE ULTIMATELY RESPONSIBLE AND I ASK THAT YOU LISTEN CAREFULLY TO WHAT **ALVIN TOFFLER STATED:**

“HUMAN BEINGS WERE HELD ACCOUNTABLE LONG BEFORE THERE WERE CORPORATE BUREAUCRACIES. IF THE KNIGHT DIDN'T DELIVER, THE KING CUT OFF HIS HEAD.”

WE AS COUNCIL CANNOT ALLOW OUR HEADS TO BE CUT OFF AND HAVE TAKEN DECISIVE ACTION TO ADDRESS THE FINANCIAL MANAGEMENT OF THE INSTITUTION.

WE IDENTIFIED THE NEED TO SUPPORT THE ACCOUNTING OFFICER AND ADDRESS THE MANAGEMENT OF THE FINANCIAL AFFAIRS OF THE MUNICIPALITY AS A MATTER OF URGENCY.

TO THIS END A FINANCE RESOURCE PERSON WAS APPOINTED AS A CONSULTANT AND THE CHIEF ACCOUNTANT WAS APPOINTED FROM DECEMBER 2011. THE RESIGNATION OF THE CFO TOGETHER WITH THE WORK DONE BY THE NEW APPOINTMENTS HIGHLIGHTED AND CONFIRMED THE CONCERNS RAISED BY THE ACCOUNTING OFFICER. WE HAVE APPOINTED A CHIEF FINANCIAL OFFICER WHO TOOK UP HIS POST ON 01 MAY 2012. IN DOING SO WE HAVE ENSURED THAT INTERNAL CONTROLS HAVE BEEN ESTABLISHED TO ADDRESS DEFICIENCIES IN THE SYSTEM.

ARISING FROM AND BASED ON OUR STATED GOAL WE HAVE FOCUSED ON THE FINANCIAL MANAGEMENT AND HAVE OVERSEEN THE IMPLEMENTATION OF PROPER RECORD KEEPING IN A TIMELY MANNER TO ENSURE THAT COMPLETE, RELEVANT AND ACCURATE INFORMATION IS ACCESSIBLE AND AVAILABLE TO SUPPORT FINANCIAL AND PERFORMANCE REPORTING BASED ON

DAILY AND MONTHLY CONTROLS THUS ENSURING ACCURATE AND RELIABLE INFORMATION BEING AVAILABLE TO THE COUNCIL SO AS TO ACHIEVE OUR SERVICE DELIVERY TARGETS. WE AS A COUNCIL HAVE ENSURED THAT WE HAVE PROVIDED MANAGEMENT WITH THE SUPPORT REQUIRED TO ENSURE PRUDENT AND PROPER FINANCIAL MANAGEMENT OF THE INSTITUTION.

IN THE BUDGET 2011 2012 WE PROJECTED A <DEFICIT> OF TWO MILLION THREE HUNDRED AND NINETY RAND. (R 2 390 000.00) WHICH WAS TO BE COVERED BY AN ACCRUED SURPLUS. THE PROCESS FOLLOWED AND IMPLEMENTATION OF THE BUDGET 2011/2012 HAVE BEEN FOUND TO BE FLAWED AND THE ACCRUED SURPLUS NON- EXISTENT WHICH RESULTED IN THE COUNCIL HAVING TO TABLE A MAJOR ADJUSTMENT BUDGET FOLLOWING INTENSIVE INTERROGATION, ASSESSMENT AND REALIGNMENT OF THE BUDGET. THIS WAS A CRITICAL STEP TO ENSURE THAT THE NEW BUDGET PROCESS WOULD BE BASED ON A CREDIBLE FOUNDATION.

IT IS IN THESE CIRCUMSTANCES THAT I AM PROUD TO BE ABLE TO PRESENT THE BUDGET TO THE COUNCIL.

THIS BUDGET WILL BE A CONSOLIDATING BUDGET FOR 2012 /2013 WITH WHICH WE LAY THE FOUNDATION STONE FROM WHICH WE WILL CONSOLIDATE OUR FINANCIAL CONTROL AND MOVE FORWARD IN THE OUTER YEARS CONFIDENTLY BUILDING ON A REALISTIC, SOUND, SECURE AND CREDIBLE FINANCIAL BASE.

THE IDP FORMS THE FOUNDATION STONE AND THE BUDGET IS THE TOOL TO ALLOCATE THE FINANCIAL RESOURCES TO ENSURE SERVICE DELIVERY TO THE COMMUNITY WE SERVE.

FOR IT WAS MAHATMA GANDHI WHO SAID AND I QUOTE

“THE BEST WAY TO FIND YOURSELF IS TO LOSE YOURSELF IN THE SERVICE OF OTHERS.”

GUIDED BY THE EXAMPLE OF OUR BELOVED MADIBA - PRESIDENT NELSON ROLIHLEHLA MANDELA, WE HAVE FOCUSED OUR WORK TOWARDS ACHIEVING THE MOST CRITICAL REASON FOR THE STRUGGLE – TO ENSURE A BETTER FUTURE AND QUALITY OF LIFE FOR ALL.

AS WE CONSOLIDATE OUR FINANCIAL BASIS IN THE TABLED IDP & BUDGET WE DO SO WITH THE FOCUS ON ENHANCING AND GROWING OUR REVENUE BASE BALANCED WITH STRICT CONTROLS OVER OUR EXPENDITURE TO ENSURE THAT WE ARE ABLE TO ACHIEVE THE IDEALS FOUND IN THE WORDS OF MANDELA AND GANDHI.

ALLOW ME NOW TO HIGHLIGHT AREAS OF FOCUS WITHIN OUR DEPARTMENTS

STRATEGIC MANAGEMENT

OUR PUBLIC PARTICIPATION AND COMMUNITY INVOLVEMENT IS AN AREA IN WHICH WE PRIDE OURSELF ON OUR ACHIEVEMENTS.

IN THE NEW FINANCIAL YEAR OUR FOCUS WILL BE ON BUILDING ON OUR ACHIEVEMENTS IN THIS AREA AND BUILDING ON THE CO OPERATION BETWEEN THE OFFICE OF THE MAYOR AND THE OFFICE OF THE SPEAKER THROUGH THE STRATEGIC MANAGER TO ENSURE WE ARE A LEADER IN THE FIELD OF PUBLIC AND COMMUNITY PARTICIPATION.

THE STRATEGIC PLAN THAT WE HAVE DEVELOPED ALIGNS TO THE IDP AND BUSGET AND WE WILL IN THE YEAR AHEAD ENSURE THE STRATEGIC PLAN IS THE BASIS ON WHICH WE IMPLEMENT ALL PROJECTS.

CORPORATE SERVICES

OUR ORGANOGRAM HAS BEEN DEVELOPED TO ENSURE THAT IT IS CONSISTENT WITH THE NEEDS OF THE ORGANISATION.

THE EFFECTIVENESS OF THE GOVERNANCE SYSTEMS IS BEING ASSESSED AND STAFF WITHIN THE INSTITUTION MUST WORK IN AN INTEGRATED AND FOCUSSED MANNER DRIVEN BY THE IDP.

WE HAVE ALLOCATED THE SUM OF R 1, 230 MILLION TOWARD CAPITAL PROJECTS

WE ARE STRIVING THAT EMALAHLENI MUNICIPALITY BECOMES AN EMPLOYER OF CHOICE THAT CAPACITATES BOTH THE COUNCILLORS AND STAFF

COMMUNITY SERVICES

THE AREAS I WISH TO HIGHLIGHT WITHIN THE COMMUNITY SERVICES DEPARTMENT RELATE TO REVENUE ENHANCEMENT AND SOLID WASTE SITES.

THE DEVELOPMENT AND ESTABLISHMENT OF A TRAFFIC SECTION WITHIN EMALAHLENI MUNICIPALITY HAS BEEN IDENTIFIED AS A SOURCE OF REVENUE ENHANCEMENT COUPLED TO ENSURING THE SAFETY OF OUR COMMUNITY AND TO THIS END WE WILL BE STARTING THE PROCESS TO ESTABLISH SUCH A DEPARTMENT IN THE NEW FINANCIAL YEAR.

THE SOLID WASTE SITE AND ITS COMPLETION REMAIN A PRIORITY AND WE WILL CONTINUE IN THE NEW FINANCIAL YEAR TO ACCESS AND ALLOCATE FUNDS TO THIS CRITICAL AREA WITHIN COMMUNITY SERVICES.

WE HAVE ALLOCATED R 8 550 MILLION TO CAPITAL PROJECTS

IPED

THE 5 YEAR ID P WHICH HAS BEEN DEVELOPED AND IS TABLED FOR ADOPTION TODAY IS A REFLECTION OF COMMUNITY, SECTORAL AND STAKEHOLDER INPUT AND INVOLVEMENT AND WILL BE OUR GUIDE OVER THE REMAINDER OF OUR TERM OF OFFICE.

LOCAL ECONOMIC DEVELOPMENT is a crosscutting function WHICH REQUIRES THE INVOLVEMENT OF ALL WITHIN THE INSTITUTION.

OUR LED FOCUS WILL BE FURTHER ENHANCED BY THE INCLUSION OF EMALAHLENI MUNICIPALITY INTO THE SMALL TOWN REVITALISATION PROJECT WITH THE SOLE AIM OF REVITALISING AND STIMULATING ECONOMIC GROWTH WITHIN OUR TOWNS.

THE ELITHINI COAL MINE DEVELOPMENT WILL HAVE A POSITIVE ECONOMIC EFFECT ON OUR ECONOMY WITH A HOPED FOR IMPACT ON OUR LEVEL OF UNEMPLOYMENT AND A MAJOR CONTRIBUTION TOWARD OUR REVENUE BASE.

WE HAVE WITHIN THE SPATIAL DEVELOPMENT FRAMEWORK OF OUR IDP FOCUSSED ON POTENTIAL AREAS OF GROWTH AND DESPITE OUR LIMITED RESOURCES HAVE ACCESSED RESOURCES TO DEVELOP THESE POTENTIAL AREAS OF ECONOMIC GROWTH THROUGH LED PROJECTS.

WE PLAN TO UTILISE OUR INTERACTIONS WITH BUSINESS FORUMS TO ASSIST THEM TO BRING TOGETHER ESTABLISHED AND EMERGING BUSINESSES TO SHARE EXPERIENCE AND IDEAS.

INFRASTRUCTURE

THE FOCUS OF MIG FUNDING WILL BE TO ENSURE THAT PROJECTS ARE IDENTIFIED WITHIN IPED, COMMUNITY AND INFRASTRUCTURE TO ENSURE THE MAXIMUM IMPACT ON OUR COMMUNITY.

THE EMPHASIS WILL BE ON FINALISING OUR ROAD PROJECTS AND CONTINUING ON THE ELECTRIFICATION OF OUR VILLAGES.

AN AREA WE WILL FOCUS ON IN THE NEW YEAR WILL BE TO ADDRESS THE OFFICE SPACE OF THE INSTITUTION.

WE HAVE ALLOCATED R 14 170 MILLION TOWARD INFRASTRUCTURE, ECONOMIC AND ENVIRONMENTAL SERVICES

FINANCE

THE PROCESS IS ONGOING TO ENSURE CREDIBLE DATA FORMS THE BASIS OF OUR FINANCIAL REPORTING AND TO THIS END WE WILL ENSURE THAT THE SEBATA SYSTEM IS IMPLEMENTED AND USED AS A MANAGEMENT TOOL.

AS A MUNICIPALITY WE ARE GRANT DEPENDANT AND TO THIS END IT IS NECESSARY TO DEVELOP PLAN FOR REVENUE ENHANCEMENT TO REDUCE OUR DEPENDANCE AND IMPROVE OUR FINANCIAL VIABILITY.

IN THE NEW FINANCIAL YEAR WE WILL LOOK TO WARD COUNCILLORS AND COMMITTEES ASSISTING US WITH OUR DEBT MANAGEMENT AND WILL FURTHER TABLE TO COUNCIL STRATGEIES AND PLANS TO IMPROVE OUR CURRENT COLLECTION AND PAYMENT RATE OF 15%.

BUDGET FIGURES

THE BUDGET WE TABLE TODAY PROJECTS THE FOLLOWING:

INCREASES

THE TARIFF INCREASES ON SERVICES WILL BE AN AVERAGE OF 5.4%

THE ELECTRICITY INCREASE OF 11.03% IS CURRENTLY PENDING NERSA APPROVAL.

THE INCREASE WILL BE TABLED TO COUNCIL BY 30 JUNE 2012

BY LAWS – POLICIES

COUNCIL HAS BY LAWS AND POLICIES IN PLACE WHICH WILL BE SUBJECTED TO A REVIEW PROCESS IN JUNE 2012 FOR TABLING TO COUNCIL BY 30 JUNE 2012

INCOME AND EXPENDITURE

OPERATING BUDGET

TOTAL REVENUE: R 120 508 MILLION

TOTAL EXPENDITURE: R120 504 MILLION

PROJECTED SURPLUS: R 4 THOUSAND

THE IMPLICATION OF THIS IS TO ALERT US TO THE NEED FOR STRICT BUDGET IMPLEMENTATION AND CONTROL DURING THE FINANCIAL YEAR.

CAPITAL BUDGET:

GRANT FUNDING: R 22 145 MILLION

OWN FUNDS: R 1 805 MILLION

TOTAL CAPITAL EXPENDITURE: R 23 950 MILLION

I HEREBY TABLE THE MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2012 THROUGH 2015 FOR ADOPTIION BY THE EMALAHLENI COUNCIL.