

**STATE OF THE MUNICIPAL ADDRESS DELIVERED BY THE EXECUTIVE MAYOR OF METSIMAHOLO LOCAL MUNICIPALITY, CLLR.LINDIWE TSHONGWE, AT THE COUNCIL CHAMBERS, CIVIC CENTRE AT SASOLBURG ON THE 31th MAY 2021.**

The Speaker of Council, Cllr. Thabo Mabasa

The Council Whip, Cllr. Lennox Mashea

Members of the Mayoral Committee

Councillors

The administrator, Mr Tebogo Manele

The Municipal Manager, Mr. Steve Molala and his Senior Management Team

Fellow residents of Metsimaholo municipal area

Members of the Media

Distinguished guests

Ladies and Gentlemen

Mr Speaker, honourable councilors and members of the public, I am really honoured and humbled to stand before you to deliver the State of the Municipal Address under our multi-party government which allows us to account on the progress of the previous financial year and to unpack our plans to accelerate service delivery in the next financial year, 2021/2022. It is an honour and privilege that we do not take for granted. Our mandate as a multi-party government, was made crystal clear from day one; to bring change in terms of accelerating and improving service delivery and delivering it widely and quickly. In the beginning, we had to come to terms with the challenges that we would have to overcome along the way. Needless to say, the task of turning the municipality around, and overcoming the legacy left to us by previous governments, proved to be enormous and very challenging.

Mr Speaker, this is our last state of the municipal address as the council of Metsimaholo municipality as we will be heading to the polls on the 27<sup>th</sup> October this year as announced by our President, Cyril Ramaphosa.

Mr Speaker, the 2021 local government elections, takes place in the year that marks a historic remembrance of South Africa's great woman, Mother of Black Freedom, Charlotte Makgomo Mannya-Maxeke, who would be celebrating a 150 years. Charlotte Maxeke, Katie Louw, Cecilia Makiwane and others were determined to fight the pass laws in 1913. They were fighting for the freedom of women in our country, they didn't care where they or go to jail. Such was their determination and their courage. They were prepared to resist no matter the cost. They stood for what was right, not for themselves, but for their fellow man and woman of our beloved country. We remember and celebrate the invaluable contribution of these heroines to the struggle of our people.

Mbokodo, we salute you!

Honourable speaker and councilors, in less than six months from today, on the 27<sup>th</sup> October, we will be holding our sixth local government elections since the advent of democracy in 1994. Our people will be going to the polls at an immensely difficult and trying time in the life of our country. COVID-19 has radically changed our lives, not only in South Africa, but globally. This deadly pandemic has rapidly spread across the globe, reaching every continent. South Africa announced its first case of COVID-19 on March 5, 2020 and currently has one of the highest case incidences on the continent. Regardless of the situation we find ourselves in, we are humbly urging our community of the entire Metsimaholo, which includes Sasolburg, Zamdela, Deneysville, Refenggotso, Oranjeville, Metsimaholo Township, farms and surrounding areas, to participate in the upcoming 2021 Local Government Elections. Together we can strengthen our democracy by voting in the upcoming elections. We have confidence in the Electoral Commission of South Africa to ensure that these elections are conducted in a free and fair environment under this COVID-19 conditions. I am sure and confident that all political parties will subscribe and adhere to the Code of Conduct for Political Parties.

Mr Speaker and members of the public, the COVID-19 pandemic continues to have a devastating impact not only on our public health system, but on our economy.

Many of our people in Metsimaholo have lost their jobs. Businesses have been forced to close.

As the community of Metsimaholo we need to remain part of the fight to overcome COVID-19. We are still in the midst of the pandemic, and the third wave of infections have already hit our province. This means that we cannot let down our guard for a moment.

We need to continue to practice social distancing, avoiding crowds and closed spaces.

We must continue to wear our face masks whenever we are in public spaces, and we need to continue to wash our hands regularly with soap or sanitise.

If we remain vigilant, if we exercise caution, if we act responsibly, we should be able to delay a resurgence of infections and save lives in our municipal area, which has also been identified as a hotspot in our province.

Our government has already started with the second phase of our national vaccination programme, which will focus on the most vulnerable, our elders in our population. Let us actively participate in this programme intended to save lives. Save your life and the lives of others. The Coronavirus must be contained. The Coronavirus Kills. This deadly pandemic has claimed the lives of two of our managers (Mr Benny Oanyane – manager records and Mr Mduzuzi Ndaba – manager project management), in less than two weeks. MAY THEIR BEAUTIFUL SOULS REST IN PEACE.

I need to remind councilors and our community that our municipality is still under administration, Section 139 1(b) as announced by the MEC for COGTA, Thembeni Nganxisa in February 2020.

Honourable Speaker, councilors and members of the public, our 2021/2022 Budget, we are presenting today, comes against a backdrop of an increasingly dire economic situation in our country, because of the Coronavirus which has disrupted not only our lives, but also our health and economic systems, and as Metsimaholo we are not immune to this situation. The World Health Organisation indicated that we have a long way to go as the Coronavirus will be with us for a very long time. We have seen

how the pandemic is spreading like wild fire in some parts of the world, and unfortunately South Africa is not exempted. As Metsimaholo municipality, we welcome and applaud the decisive, prompt and strategic leadership provided by our government under the leadership of President Ramaphosa on this matter.

However, as Metsimaholo municipality, even under these difficult and trying times of COVID-19, we remain and continue with our commitment of ensuring that basic services such as refuse removal, water and electricity are delivered to our people.

As elected representatives of our people, our mandate is to serve and serve with humility, irrespective of our political differences and ideology, the same should apply when we deal directly with our people, we should desist from discriminating them. because some happen to be from political organizations that we don't like nor respect. It is not our task to undermine the same institution that pays our salaries and seek to render it ineffective by sabotaging every program it undertakes to consult our people on all array of issues that have to go into the Integrated Development Plan (IDP).

In spite of the many unique challenges that confront us as a municipality, we have been able to create and sustain a municipality that can proudly boast achievements that surpass those of other municipalities that are even bigger than us.

Mr. Speaker, honourable councilors and members of the public, since the inception of this council, led by a multiparty government, signposts have been passed and landmarks reached in our effort as a municipality to create a better life for all our people. Some of them include:

- We have key priority projects that we will be rolling out for the 2021/2022 financial year which includes, the construction of a 2 kilometer road in Ward 3 at Refengkgotso and upgrading the Waste Water Treatment Works in Ward 5 at Oranjeville.
- We have installed 13 high mast lights in Amelia.
- We have also upgraded the sewer pump station at Amelia.
- The water pipes in Ward 11, Zamdela will also be upgraded as part of our key projects planned for the 2021/2022 financial year.

- We have electrified 50 houses in Ward 10 Somers post, Zamdela, we've further given these residents their dignity by building 50 toilets.
- We have paid registration fees for 60 young people through the Nthute Mayoral Tertiary Funding at different tertiary institutions such as the University of the Free State and North West University, for the 2021 academic year, amounting to 500 thousand rand.

Mr Speaker and councilors, let us remind ourselves, that good governance forms the corner stone of our vision since our decisions must be made in transparent and accountable manner. We will remain resolute in ensuring that the poor in our municipal area, are subsidized on all the key services such as water and electricity, which the municipality offers while at the same time we ensure that the principle of social contract with the entire community of Metsimaholo is emphasized.

Our Operating Revenue for the 2021/2022 financial year amounts to 1,633 billion rand and it increases over the medium term to 1, 749 billion rand in 2023/2024. Based on the aforementioned figures, it is evident that our Operating Revenue has increased by 5.6 percent or 87.2 million rand for the 2021/2022 financial year compared to the 2020/2021 financial year.

Councillors and members of the public, we need to take note that our electricity and water are the primary source of our income and it stands at an average of 21 percent for electricity and an average of 31 percent for water per year over the medium term.

Our free basic services programme currently supports more than 13 thousand indigent households with 6 kiloliters free water, 50 kilowatt free electricity, free sanitation and free waste removal, as well as a 50 rand subsidy on property rates. Amongst other programmes, the equitable share allocation from the national treasury will ensure that we continue providing a basic social package to our registered indigents to guarantee poorer households at least a decent level of access to basic municipal services. We want to make an earnest and sincere appeal to our residents whose total income is 5 280 rand and less, please come and register as an indigent in order to benefit from this free basic services programme. This is a programme that has been designed specifically to help our people, especially in the situation we are currently finding ourselves in.

Our property rates contribute an average of 13 percent to our own income for the next three years.

The percentage increase in ESKOM bulk tariffs has increased to 17.8 percent compared to last year's 9 percent to municipalities and will start from the 1<sup>st</sup> of July 2021. We have submitted our application to NERSA regarding revised tariffs and we are still awaiting approval. Based on the Eskom increases, our consumer tariff will increase by 5.2 percent to offset the additional bulk purchase cost starting from the 1<sup>st</sup> of July 2021. The electricity service reflects a deficit of 59 million rand.

We are proposing an increase of 4 – 10 percent (for businesses) in the waste removal tariff for everyone in our different areas of our municipality starting from the 1<sup>st</sup> of July 2021. Our sanitation tariff for households increases with 6 percent – mainly as a result of tariff increase by SASOL. This is to have a uniform tariffs on water borne sewer. We are proposing a tariff increase of 4 percent for property rates, except for industries with effect from 1<sup>st</sup> of July 2021.

Furthermore, with regard to property rates, the municipality will enter into negotiations with light industries to adjust the ratio to 3:1 between industries and households over the next two financial years.

The cost of buying bulk water from Rand Water increase by 5.8 percent. We are all aware that water is a scarce commodity, our water tariff will increase by 4 percent. Our businesses, schools and industries will pay a flat tariff, increased by 4 percent.

I would like to indicate that in all instances the overall impact of the increases of tariffs on households' bills have been kept to an average of 3.5 percent, pending on the use of water, electricity and new property valuation.

Councillors and members of the public, our equitable share is the main grant that we receive from our government. Other operating grants and also capital grants amount to 353.1 million rand for the 2021/2022 financial year and will decrease to 329 million rand for the 2023/2024 financial year. All these grants represent an average of 21 percent of our total budgeted revenue over the next three years

Mr. Speaker, let me address the house on our total operating expenditure:

- For the 2021/2022 financial year the operating expenditure appropriation is 1.5 billion rand and translates into a budgeted surplus of 133.6 million rand, taking into account capital grant revenue amounting to 132 million rand.
- Compared to the 2020/2021 Budget, operational expenditure has increased by 23.4 percent in the 2021/2022 budget and
  - For the two outer years of the MTREF, operational expenditure has grown by 5.6 percent and 4.9 percent respectively.
- The operating surplus for the two outer years is 85.8 million rand to 85.9 million rand.

Honourable Speaker and members of our community, our budget allocation for employee cost for the 2021/2022 financial year amounts to 404.4 million rand. I think it is important to note that our employee cost equals 27 percent of the total operating expenditure as opposed to the average of 30 percent norm highlighted in the MFMA circular 71. In order to contain employee costs, a delay of five months has been made for the filling of new vacancies.

Bulk purchases of water and electricity remain the largest expenditure items on the budget. Purchases of water and electricity from Rand Water and Eskom respectively have been budgeted to 529 million rand or 35.3 percent of the total operating expenditure in the 2021/2022 financial year and will increase in 2023/2024 financial year to 587.4 million rand or 35.1 percent. As a municipality we are honouring our bulk service accounts payment and we are not owing Eskom or Rand Water.

Aligned to the priority given to preserving and maintaining the municipality's asset base and current infrastructure, the 2021/2022 budget and MTREF provide a total expenditure of the next three years of 134.25 million rand, not taking into account our labour cost and capital renewal projects.

With regard to our capital budget,

Mr Speaker, Basic, infrastructural and social services have been prioritised in our budget for this financial year.

Our total Capital Budget increases from 233.3 million rand in 2020/2021 financial year to 259 million rand in 2021/2022 financial year. For the 2022/2022 financial year our capital budget increases to 212 million rand and it reduces to 208 million rand in 2023/2024 financial year.

Members of our community, our municipality will be receiving allocations of 303.2 million rand over the next three financial years from the national fiscus, in terms of the Division of Revenue Act (DORA) as our Municipal Infrastructure Grant (MIG), Regional Bulk Infrastructure (RBIG), Water service Infrastructure grant (WSIG) and Integrated National Electrification programme's (DoE) conditional capital grants to speed up the rolling out of basic municipal infrastructure to households.

The Integrated National Electrification programme's (Department of Energy) has allocated an amount of 69.9 million rand and this allocation of money will mainly be utilized for the installation of bulk electricity supply services and also electricity connections at Themba Khubeka in Refengkgotso. The bulk electrification project has been completed at Themba Kubeka and the house electrification project in this area will be starting in June this year.

Honourable Speaker, our total budget for Municipal Infrastructure Grant over three financial years amounts to 143.2 million rand and will be spent on the following projects:

- We have budgeted an amount of 25.4 million rand for the purchase of landfill site in the 2023/2024 financial year.
- We have budgeted an amount of 10.9 million rand in the 2021/2022 financial year and 2022/2023 financial year for the installation of water meters for 2 537 residential sites at Themba Kubeka in Refengkgotso.
- We have also budgeted 5.3 million rand in the 2021/2022 financial year for the replacement of old galvanized water pipes in Zamdela.
- For the construction of roads we have budgeted an amount of 81.3 million rand in the 2021/2022, 2022/2023 and 2023/2024 financial years.
- There will be an upgrading of Zamdela cemetery and we have budgeted 6 million rand during the 2023/2024 financial year.



- We have also budgeted an amount of 9.4 million rand in 2021/2022 financial year for a new cemetery.
- For the Sports Complex in Refengkgotso, we have budgeted an amount of 4.9 million rand for the 2021/2022 to 2022/2023 financial years, which will be financed by MIG.
- We've budgeted 40 million for rehabilitation of our waste water treatment plant at Refengkgotso, funded by Regional Bulk Infrastructure Grant (RBIG)
- An amount of 49.9 million rand has been budgeted for water treatment works at Oranjeville over the medium term, funded by The Water Service Infrastructure grant (WSIG)

I would like to indicate to our community that, all these above mentioned projects will be labour intensive. Furthermore, we have budgeted 1 million rand in 2021/2022 financial year, 1.5 million rand in 2022/2023 financial year and 1.5 million rand in 2023/2024 financial year for installation of electricity in non-electrified areas.

- Our budget over the medium term amounts to 90 million rand for the upgrading of roads and will be funded from borrowing.
- We will install services at the 122 un-serviced stands at Vaalpark at a cost of 48.6 million rand in the 2022/2023 and 2023/2024 financial years.
- Provision has also been made for the upgrading for substations over the medium term.

Mr. Speaker, for the Social Services Directorate, we have made a total allocation of 91.2 million rand of the total capital budget over the next three financial years, mainly for the finalization of the landfill site, sports complexes in Refengkgotso - and Metsimaholo township, and Zamdela cemetery.

On average projects to be undertaken in both Technical Services and Social Services departments will make up approximately 97 percent of the total capital budget over the medium term.

Mr. Speaker, it is also important to emphasize that in the 2021/2022 financial year just over 51 percent of our capital budget will be financed through grants, and

decrease to 41.1 percent in 2023/2024 financial year. This shows that unlike with the operating budget, we are over-reliant on external sources for the funding of our capital budget.

Capital projects financed from External borrowing increase from 12.7 percent in 2021/2022 to 35.9 percent in 2023/2024 financial year. External borrowing(loans) amounts to 162.6 million rand over the medium term.

Mr speaker, councillors and members of the public, let us not be discouraged and stay positive. Let us remind ourselves that “Almost everything we do will seem insignificant, but it is important that we do it”.

In conclusion, Honourable speaker and councillors, the 2021/2022 budget, we are presenting today, is indeed a true reflection of our commitment to ensure that we improve the lives of ourq people in Metsimaholo and push back the frontiers of poverty within a sound and sustainable fiscal framework and our determination to deliver basic services.

- I want to thank all the Members of the Portfolio Committees, Councillors, Ward Committees for their valuable contributions and commitment.

- A special thanks to members of organized business and industry, like SASOL, RAND WATER FOUNDATION, SERITI and all other stakeholders for their valuable contributions to change the lives of our people during this period of COVID-19.

- The Municipal Manager, Mr.Steve Molala, the acting Chief Financial Officer, Keneuwe Lepesa and her staff, acting directors as well as all other officials who have managed the budget preparation process through sheer hard work and professional dedication. Furthermore, I wish to pay special tribute to our municipal officials and all our workers, under the leadership of Mr. Molala and his senior management team that have held the fort during difficult and challenging times of COVID-19 to ensure that they render excellent and effective municipal services to our people of Metsimaholo. It is through their gallant efforts, hard work and dedication that we can proclaim today, with confidence, that the vision of A BETTER LIFE FOR ALL is no more a pipe dream but a reality. We will continue to strive to be a leading municipality in delivering effective, affordable and sustainable quality services to our communities.

- Not forgetting the valuable and unwavering support we received from you, honourable speaker, Cllr Thabo Mabasa and the Council Whip, Cllr. Lennox Mashea and the Administrator, Mr Tebogo Manele, through your regular oversight over the processes of the municipality.

A special thanks to my family for their constant and unwavering support. My party and my organization the SACP and African National Congress, Coalition partners MCA, AIC and F4SD, for the confidence and trust you've had in me to represent you in the council of Metsimaholo as the executive mayor. I am really humbled and will forever be indebted to my party, who stands and fights for the rights of the working class.

Honorable Speaker, I now formally table the 2021/2022 Budget as outlined in the Council's Agenda as an Item for Council's consideration and approval, in terms of Section 24 (1) of the Municipal Finance Management Act.

I Thank You. Baie dankie. Ke a leboha. Ndiyayabulela