

**STATE OF THE MUNICIPAL ADDRESS DELIVERED BY THE EXECUTIVE
MAYOR OF METSIMAHOLO LOCAL MUNICIPALITY, HONOURABLE
CLLR.JACK MALINDI, AT THE COUNCIL CHAMBERS, CIVIC CENTRE AT
SASOLBURG ON THE 31st of MAY 2024**

The Speaker of Council, Cllr. Lucas Fisher

The Council Whip, Cllr. Fikile Msokweni

Members of the Mayoral Committee

Councillors

The Municipal Manager, Mr. Basi Motloung and his Senior Management Team

Fellow residents of Metsimaholo municipal area

Members of the Media

Distinguished guests

Ladies and Gentlemen

Residents of Metsimaholo,

As we prepared this State of Municipal Address, we were deeply saddened by the passing of Cllr Lindiwe Tshongwe, our MMC for Finance and Integrated Development Plan (IDP) and former Executive Mayor. We have lost one of the brightest political leader and a star who has been working to develop her community.

We are in serious devastation as Cllr Tshongwe was highly active in the implementation of development in the municipality, more particularly integrated planning as she was responsible and the political champion for this budget we are presenting today.

We extend our heartfelt condolences to the family, colleagues, community, her party, the ANC.

Can we please rise for a moment of silence in remembrance and honoring our late Cllr Lindiwe Tshongwe.....

MAY HER BEAUTIFUL SOUL REST IN PEACE.... AMEN...

Honorable Speaker, the 2024 National and Provincial Elections mark a significant milestone in our nation's journey, corresponding with the celebration of 30 Years of Democracy. This is a time for reflection on the progress we have made since the dawn of democracy and an opportunity to recommit ourselves to the democratic principles that have guided us. Our democratic journey began three decades ago with the first free and fair elections, a momentous event that symbolized the end of an era of oppression and the beginning of a new chapter of freedom, equality, and justice for all.

We wish well the Party that will do well in these elections.

Honorable Speaker, in the State of the Municipal Address, we reflect on the 2023/2024 financial year, because the past enables us to better understand the present and it inspires the actions. We must take to build the future for the community of Metsimaholo.

It is important to reflect on this period, as understanding our past experiences will allow us to gain a better understanding of our current situation and inspire strategic action, so that we can build a prosperous future for the community of Metsimaholo. We are better equipped to cope with the pressing needs of our municipality by looking back at last year's successes, challenges, and lessons. This reflection provides valuable information on the effectiveness of our policies and initiatives, highlights areas where we have made significant progress; identifies opportunities to improve our progress. We seek to use these insights for the purpose of informing

our decision and drawing up a roadmap that leads to sustainable development, improvements in services and better quality of life for all Metsimaholo residents.

Councilors and members of the public, the past furthermore, reminds us of the responsibilities that freedom has placed on our shoulders to forge ahead – as we have done as this new administration – to realize for all our residents in Metsimaholo, the promise of a better life for all.

We will continue to work towards transparency, accountability, and meaningful engagement with the community as we go forward. The lessons learned during the Financial Year 2023 and 2024 will serve as a starting point for developing our next strategies to ensure that we are in line with Community aspirations and needs for the 2024/2025 financial year. Together, we will work to ensure that Metsimaholo thrives and survive.

I would like to take this opportunity to thank all our councillors of Metsimaholo Local Municipality for giving me the task to lead this municipality.

Our mandate as elected representatives of our people is to serve and service with humility, regardless of political differences or ideology, the same should be applied when dealing directly with our own people. We should stop discriminating against our people because some of them are from different political organizations.

Mr. Speaker, honorable councilors, and members of the public, since the inception of this political administration seven months ago, 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 successfully appointed the Municipal Manager, Mr. Basi Motloun and Chief Financial Officer, MS Fikile Mareka, effective from 01 April 2024. The roles of the municipal manager and the CFO are integral to the effective functioning of Metsimaholo local municipality. They provide leadership, ensure operational and financial efficiency, maintain accountability and transparency, engage with

stakeholders, implement policies, and manage crises. Their combined efforts are essential in ensuring that the municipality serves its community effectively and sustainably.

- We have paid registration fees for more than 100 young people through the Mayoral Tertiary Funding at different tertiary institutions such as the University of the Free State and Northwest University, for the 2024 academic year, amounting to more than 500 thousand Rand.

Honorable Speaker and councilors, let us remind ourselves that good governance is the cornerstone of our vision, since decisions must be made in a 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 will ensure that the principle of social contract with the entire community of Metsimaholo is emphasized.

Honorable Speaker, the role of our municipality in providing basic services is foundational to building a thriving, healthy, and sustainable community. These services are essential for safeguarding public health and safety, enhancing the quality of life, driving economic growth, promoting social equity, ensuring environmental sustainability, and fostering effective governance. Municipalities, such as we do, that excel in delivering these services create vibrant, resilient communities where residents can thrive.

Our Operating Revenue for the 2024/2025 financial year amounts to R2,156 billion rand and it increases over the medium term to R2,265 billion rand in 2025/2026 and R2,367 billion in 2026/2027. Based on the figures, it is evident that our Operating Revenue has increased by 9.7 percent or R209 million rand for the 2024/2025 financial year compared to the 2023/2024 financial year.

Councilors and members of the public, it is important to note that over the medium term, electricity and water are our primary sources of income at an average rate of 25 percent for electricity and 30 percent for water per year.

Our free basic services Programme currently supports more than 7429 indigents households with six kiloliters free water, 50-kilowatt free electricity, free sanitation, and free waste removal, as well as a 50-rand subsidy on property rates and intends to increase the number to 13 000 indigents registered. Amongst other programmers, 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 R5 680 rand and less, we encourage our residents to come and register as an indigent 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.

Honorable Speaker, there's an budget allocation amounting to 1.2 million Rand for extended public works Programme for 2024/2025 financial year, it gives me a pleasure to table before you, council and members of the public that the municipality has decided to co-fund this budget with an additional 1.2 million Rand focusing on labor intensive Programme, an additional 1 million budget Rand has been allocated to a project of clearing of illegal dumping. These projects will be implemented during 2024/2025 financial year.

Our property rates contribute an average of 12 percent to our own income for the next three years.

The percentage increase in ESKOM bulk tariffs is 12.7 percent to municipalities and will start from the 1st of July 2024. The municipality has submitted the application to NERSA regarding revised tariffs and we are still awaiting approval. Based on the

Eskom increases, the proposed tariff increase according to the municipality's cost of supply is 8.6 percent and our consumer tariff will increase by 5.96 percent to offset the additional bulk purchase cost starting from the 1st of July 2024. The electricity service reflects a surplus of R155 million rand.

We are proposing an increase of 4.9 percent in the waste removal tariff for everyone in our different areas of our municipality starting from the 1st of July 2024. Our sanitation tariff for households increases by 13 percent – mainly because of tariff increase by SASOL. This is to have a uniform tariff on water borne sewers. We are proposing a tariff increase of 4.9 percent for property rates with effect from 1st of July 2024.

Since the implementation of the inclining block tariffs from the 1st of July 2014, the cost of buying bulk water from Rand Water excluding the cost of other inputs is 6.6 percent. We are all aware that water is a scarce commodity, water tariff will increase by 4.9 percent across the board. Our businesses, schools and industries will pay a flat tariff, increased by 4.9 percent.

I would like to point out that, pending the use of water, electricity and new property valuation, the overall impact of the increase in tariffs on household bills has been kept at an average of 4.9 percent in all cases.

Councilors and members of the public, our equitable share is the main grant that we receive from our government. Other operating grants and capital grants amount to 386 million Rand for the 2024/2025 financial year and will increase to 437 million Rand and 471 million Rand for the 2025/2026 and 2026/2027 financial years respectively. All these grants represent an average of 17 percent of our total budgeted revenue over the next three years.

THE OPERATING BUDGET

Mr. Speaker, our Total Operating Expenditure:

- For the 2024/2025 financial year the operating expenditure appropriation is 1.8 billion Rand and translates into a budgeted surplus of 317.5 million Rand.
- Compared to the 2023/2024 Budget, operational expenditure has increased by 3.2 percent in the 2024/2025 budget and
 - For the two outer years of the MTREF, operational expenditure has grown by 4.8 percent and 4.3 percent respectively.
- The operating surplus for the two outer years is 347.8 million Rand to 364.1 million Rand.

Honorable Speaker and members of our community, our budget allocation for employee cost for the 2024/2025 financial year amounts to 450.6 million Rand.

In my opinion, it is important to note that our staff costs are equivalent to 25 percent of the total operating expenses compared with an average of 35 percent acceptable norm set out in MFMA's 71.

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 679.3 million Rand or 36.9 percent of the total operating expenditure in the 2024/2025 financial year and will increase in 2025/2026 financial year to 737 million Rand or 38.4 percent. I would like to indicate that we are one of the municipalities in the country who is not owing Eskom or Rand Water.

Aligned to the priority given to preserving and maintaining the municipality's asset base and current infrastructure, the 2024/2025 budget and MTREF provide a total expenditure of the next three years of 200.4 million Rand, not considering our labor cost and capital renewal projects.

Honorable Speaker, councilors, and members of the public, regarding the insourcing of cleaning services, council has resolved on the matter and a budget provision has been made since 2020/2021 financial year and throughout the two outer years of the MTREF.

THE CAPITAL BUDGET

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

Our total Capital Budget decreased from 156.6 million Rand in 2023/2024 financial year to 155.4 million Rand in 2024/2025 financial year. For the 2024/2025 financial year our capital budget decreases to 144.8 million Rand and increases to 160.1 million Rand in 2025/2026 financial year.

Members of our community, our municipality will be receiving allocations of 334.1 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 programmer's (DoE) conditional capital grants to speed up the rolling out of basic municipal infrastructure to households.

The Integrated National Electrification programmer's (Department of Energy) has allocated an amount of 10.2 million Rand, and this allocation of money will mainly be utilized for the electrification in Moirai.

Honorable Speaker, our total budget for Municipal Infrastructure Grant over three financial years amounts to 156.5 million Rand and will be spent on the following projects:

- We have budgeted an amount of 14.2 Rand million for Zamdela: Upgrading of rusted galvanized water pipes to Upvc Ward 09 (MIS:422232) for the 2024/2025 financial year.
- A budget allocation of 2 million Rand has been made for Zamdela: Construction 2.1km paved roads and storm water Drainages Phase 2 (Ward 8) (MIS:422185)
- We have budgeted an amount of R5.1 million for the Refurbishment of Oranjeville Water treatment works (WTW) Abstraction point 2024/2025 financial year.
- Gortin: Construction of 2000 toilet structures Phase 1 (MIS:460855) there is a budget allocation of 25.3 million Rand for 2024/2025 financial year.

The total budget for Water Service Infrastructure Grants amounts to 77.3 million Rand from 2024/25 to 2026/2027 financial years. The grant will be allocated as follows:

- The Water service Infrastructure grant budget allocation for Deneysville Outfall Sewer project amount to 1 million Rand for 2024/2025 financial year.
- There's a budget allocation of 500 thousand Rand for conventional water meters funded internally to be implemented in 2024/2025 financial year.
- There's a budget provision amounting to 23.3 million Rand for Oranjeville water Treatment Plant Phase 2

Honorable Speaker I would like to indicate to our community that, all these above-mentioned projects will be labor intensive.

- Our budget over the medium term from 2024/2025 to 2026/2027 amounts to 58 million Rand for the upgrading of roads and will be funded from own funding.
- There's a budget allocation of 4 million Rand for new gravel roads mostly meant for new township establishment and the entire Metsimaholo municipality.

- There is a budget provision amounting to 1.1 million Rand that has also been made for the upgrading of substations at Sasolburg and Deneysville over the medium term funded internally.
- There is also a budget allocation of 5 million Rand for the streetlighting network, electrical equipment, and cables.
- There's a further budget allocation of 3.1 million Rand for the construction of high mast lights.
- 2. Million Rand for electricity prepaid meters.

Honorable Speaker, it must be noted that this item I am about to table before you and council was the most needed budget to assist acceleration of service delivery. As you would know Honorable Speaker, the municipality has been spending significant amount on rental of fleet therefore this budget is to address this challenge. It is an honor to present the following:

- There is a budget allocation of yellow plant and fleet amounting to 8.7 million Rand under the department of social services categorized as follows:
 1. One specialized waste management vehicle with a budget allocation of amount of 1 million Rand
 2. One refuse compactor truck with a budget allocation of 2.9 million Rand
 3. One tipper truck with a budget allocation of 2.1 million Rand
 4. Three single cab bakkies budget allocation amount of 815 307 Rand which will be allocated for law enforcement unit.
 5. Three Sedan vehicles budget allocation of 933 373 Rand which will be allocated for traffic safety.
 6. Three tractors with rotary machines, a budget allocation of 914 624 Rand has been made for parks.

7. A further budget allocation of 390, 000 Rand has been made for Ride on Machines and brush cutters.

Honorable Speaker, there is a budget allocation of yellow plant and fleet amounting to 16.6 million Rand under the department of technical services categorized as follows.

1. A budget allocation of one grader amounting to 2.9 million Rand.
2. One TLB budget allocation amounting to 998, 200 Rand
3. Two tipper trucks budget allocation amounting to 4.3 million Rand
4. Five single cab bakkies with a budget allocation of 1.3 million Rand
5. One Excavator with a budget allocation of 3.5 million Rand; and
6. One combination truck mounted jetting and vacuum system a budget allocation of 3.5 million Rand has been made available.

Honorable Speaker, for the Social Services Directorate, we have made a total allocation of 5 million Rand of the total capital budget in the 2024/25 financial year, mainly for the new landfill site.

On average projects to be undertaken in both Technical Services and Social Services departments will make up approximately 98 percent of the total capital budget over the medium term.

Honorable Speaker, it is also important to emphasize that in the 2024/2025 financial year just over 57 percent of our capital budget will be financed through grants, and a decrease of 4 percent as compared to 2023/2024 financial year. Over years, the municipality has decreased its percentage rate of relying on external sources for the funding of our capital budget.

Honorable Speaker, Councilors, and Members of the Public,

Let us not be discouraged and let us stay positive. Our efforts contribute to a legacy of positive change and improvements that will benefit future generations within our municipal area. Let us think of the long-term benefits of our hard work.

“Together, we have the power to create meaningful change in our community.”

Each action we take, each decision we make, contributes to the greater good. It is through our perseverance and dedication that we can effect change and make a difference in our communities.

Let us continue to work together in unity in diversity with hope and determination, knowing that our efforts are meaningful and significant.

Lastly, honourable Speaker, and Councillors, the 2024/2025 budget we are presenting today is indeed a true reflection of our commitment, to ensure that we improve the lives of our people in Metsimaholo and push back the frontiers of poverty within a sound and sustainable fiscal framework.

- Thank you to all the political parties in our council for taking this democracy into account. First and foremost, I would also like to thank my political party, AIC and all the members of this council for the opportunity to lead this municipality. I will forever remain humbled by the confidence you have shown in me.

- For their valuable contributions and commitment, I would like to thank all Members of the Mayoral Committee, Members of the Portfolio Committees, Members of our Council, and Members of the Ward Committees.

- Special thanks must be given to the members of organised business and industry, such as SASOL, SERITI and all interested parties for their valuable contribution in making life better for our people.

- The Municipal Manager, Mr. Basi Motloun, the Chief Financial Officer, Ms. Fikile Mareka, and other senior managers as well as all other officials who have managed

the budget preparation process through sheer hard work and professional dedication.

- Not forgetting the valuable and unwavering support we received from you, honourable speaker, Cllr Lucas Fisher and the Council Whip, Cllr. Fikile Msokweni, through your regular oversight over the processes of the municipality.

A special thanks to the working class of our municipality, my family for their constant and unwavering support.

Honourable Speaker, I now formally table the 2024/2025 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