

## LETSEMENG RAAD/COUNCIL



**BUDGET SPEECH BY MAYOR CLLR MOLAHLEHI ABRAM LEBAKA DURING A COUNCIL MEETING ON MONDY 28 JUNE 2021 IN LETSEMENG COUNCIL CHAMBERS**



**Honourable Chief Whip**

**Honourable Chairpersons of Committees**

**Honourable Councillors**

**Municipal Manager**

**Senior Managers**

**ALL Municipal Staff**

**Members of the community**

**Ladies and Gentlemen**

Dumelang

**Honourable Councillors**, It is a privilege and honour to deliver this Budget for the 2021/22 financial year to the people of Letsemeng Local Municipality

Sadly, as the Municipality we are not doing well in terms of COVID19 protocols. The Letsemeng Local Municipality has become epicentre in the Xhariep district

**Honourable Councillors**

We remind our people to continue observing health protocols to protect themselves and their loved ones from this virus.

The government has begun with phase two of the vaccination rollout that seeks to vaccinate both healthcare workers and the elderly over the age of 60.

Public and private school teachers are finally receiving their COVID-19 vaccines across the country amid the third wave.

Although registration to be vaccinated is entirely voluntary, we encourage our senior citizens to use this opportunity and register.

Council salute the healthcare workers and municipal employees who continued to serve our people with distinction when the virus first broke out in our country and municipality.

### **Honourable Councillors,**

By law, the mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies.

This aims to ensure that the tabled budget and any reviews of the integrated development plan and budget-related policies are mutually consistent and credible.

This particular budget is tabled under very tough economic conditions.

Millions of South Africans have lost their jobs and business activity remains unresponsive. Unemployment in South Africa has risen with a staggering percentage of which our Municipality is not immune to this harsh reality. Letsemeng municipality is marred by unemployment, poverty and inequality, with an alarming increase of drug and substance abuse.

Honourable Councillors; in order to reduce unemployment in the municipality and at the same time speed up service delivery. The Municipality has taken a decision to fill all critical post on the organogram. This will be done in phases, starting with the budgeted posts, which are all post that are vacant as a result of people who resigned, on pension, dismissed, including the general workers positions as reflected on the organogram.

Despite the tight budget allocated to municipalities, we must use it optimally to provide infrastructure needed to provide sustainable services in our communities.

We reassure the residents of Letsemeng Local Municipality that despite this challenge, uninterrupted service delivery remains our top priority as we strive to build a municipality that belongs to all who live in it.

To speed up service delivery the municipality has committed a budget to increase the response capacity of our yellow-fleet with a lease to own arrangements.

### **Honourable Councillors**

The challenges we face today compel us to come together and fight them in unison.

To this effect; the District, in collaboration with the Provincial Cogta, are currently embarking on the Economic Recovery Plan, which is intended to compliment the LED strategy that the municipality is intending to implement.

This initiative is solely intended to support the municipality in terms of bankable projects so as to inject the economy by prioritising bulk infrastructure projects.

The budget we are presenting to this council today, continues to build on a solid foundation laid by the ANC led government over the past 27 years.

We have made many great strides in more ways than one since the dawn of democracy, considering many decades of disregard by previous regimes.

As indicated by the Honourable Premier in the State of the Province Address; she said, as the province, through our economic reconstruction and recovery interventions, we want to revitalise the economy and bring long-lasting solutions to our challenges.

### **Honourable Councillors**

We admit that much still needs to be done for a better life for all. We can only realise this if we join hands and work together to address the triple challenges of poverty, unemployment, and inequality.

In-line with the government's mission to fast-track economic development in the country, DESTEA through its agency Free State Development Corporation (FDC) has identified a need to establish a container park for SMMEs in Koffiefontein. This will be a collaborative effort between Letsemeng Local Municipality, DESTEA and Petra Diamonds.

This is one of the projects that are earmarked to kick-start this financial year as it was contained in the recent State of the Province address by Premier Hon S Ntombela.

The Government realized that SMMEs need development and support, as job creation will be realized by supporting these small players to create the much needed employment opportunities.

Small and medium enterprises are the growth drivers of our economy. COVID-19 relief funding to the value of R778 thousand has been disbursed to the beneficiaries in the first phase. These are small and medium businesses, mainly in all towns of letsemeng.

### **Therefore; Honourable Councillors**

It is also of cardinal importance that members of letsemeng to be duly reminded that the SLP allocated amount from Petra Diamonds is R 10 000 000.00 (Ten Million Rand) of which council has resolved that all our 5 towns will equally be allocated R 2 000 000.00 each that will be implemented through projects identified by our communities.

If all goes as planned, Implementation is expected to commence from 01 July 2021.

### **Honourable Councillors, on Human Settlement**

The Human Settlements Department has prioritize the following Infrastructure projects in Letsemeng local Municipality to be implemented in the 2021/2022 financial year

(Jacobsdal - Ratanang): Design and supervision of water and sewer networks 500 Erven in Letsemeng Local Municipality

(Luckhoff - Relebohile): Design and supervision of water and sewer networks 450 Erven in Letsemeng Local Municipality

(Koffiefontein - Dithlake): Design and supervision of water and sewer networks 1250 Ervens in Luckhoff for 527 sites as well as approval for township establishment. Jacobsdal for 538 sites.

There's a water and sanitation project for 1300 sites that is currently being implemented by the Department of Human Settlements in Koffiefontein.

The Department of Human Settlements is also working with the Municipality on the verification and provision of housing in all towns in Letsemeng.

In order to limit the shortage of sites, the Municipality is currently in the process of subdividing the following land portions:

577 in Koffiefontein which has been donated to the Municipality by Petra Diamonds. 1651 in Dithlake, Koffiefontein.

**Honourable Councillors;** we have commenced with our programme to distribute land to our people

The Municipality has applied for the transfer of the following land portions to the Municipality for the provision of sustainable Human Settlements

Portion 11 of 12 of Kalkfontein farm in Jacobsdal as well as Phambili Settlement area.

Negotiations for the transfer of Senwes and Transnet land portions will also be followed up in 2021/2022 financial year.

The formalization of business sites between Dithlake and Koffiefontein is currently underway and will be concluded in the 2021/ 2022 financial year

### **Honourable Councillors**

Letsemeng Local Municipality received qualified audit opinion, even though the audit opinion is the same as the one received in 2018/2019 financial year, there was a huge improvement, as Municipality reduced the qualification paragraphs from 12 to 4, and our aim for 2020/2021 audit is to improve our audit opinion to unqualified audit opinion, this can be achieved through hard work and dedication from both Councillors and Municipal staff,

There is an urgent need to accelerate the provision of quality services for our people to create a conducive environment for growth and employment in the municipality

During the preparation process of this budget, we with our communities and other stakeholders.

In putting this budget together, we sought to maintain fiscal discipline, while catering for the basic and pressing needs of our people.

This budget, therefore belongs to the people of letsemeng and we ought to utilize it for their benefit. We must therefore work toward ensuring the people of this Municipality, derive value for money from this budget.

### **Honourable Councillors,**

Collection on own revenue sources has remained a serious challenge over the years with various revenue enhancement strategies currently being implemented to ensure that the municipality remains financially sustainable in the near future and beyond.

Letsemeng Local Municipality is a small municipality which is grant depended, MFMA circular 71 indicates that for a municipality to provide services in a sustainable manner, it must have a collection rate of atleast 95%, Letsemeng Local Municipality payment rate is currently just over 50%, and the non-payment of services by those that can afford to pay for services makes it hard for Municipality to provide sustainable services as mandated by our Constitution, I urge all residents who do not have means to pay for services, and are earning less than R 3 780 combined household income to register as indigents.

The number of households registered on our indigent register are low and are not corresponding with the demographic profile of the Municipality and the official stats as released by Statistics South Africa

Seeing the impact of COVID-19 on businesses, local economic development was our primary focus in the procurement of Personal Protective Equipment. A total of R 651 000 was allocated to Letsemeng Local Municipality by National Government, of this amount, 96% was used to procure personal protective equipment and to fumigate public areas from LOCAL SMMEs, we continue to procure from our local SMMEs using our own funds for personal protective equipment.

All contractors appointed by Letsemeng Local Municipality are requested to subcontract a portion of their contract to local contract in order to develop them.

The total annual revenue budget for our municipality in the 2021/2022 financial year amounts to **R 170 million** (Hundred and seventy Million)

It should be noted honourable Councillors that our budget is an anticipated budget, and in order for us to realise the revenue of R 170 million For the 2021/22 financial year, tariffs needed to be increased in line with the inflation rate, and such the tariffs for all services excluding electricity will increase by 3.9%, and Electricity will increase by 14.9% in line with guideline tariff increases as issued by NERSA..

Honourable Councillors; The following grants will be received from National government:

Equitable Share	R 70 million (Seventy Million)
Water Services Infrastructure Grant	R 25.5 million (Twenty five and a Half Million)
Municipal Infrastructure Grant	R 17.8 million (Seventeen point eight Million)
Expanded Public Works Programme	R 1.1 million. (One point one Million)
Integrated National Electrification Grant	R 5.8 million (five point eight million)
Financial Management Grant	R 2.8 million (two point eight million)

The municipality's own revenue source is R 96 million.

The annual expenditure budget of our Municipality in the 2021/22 financial year also amounts to R 149 million excluding non-cash items of R 73.9 million. (Seventy three point nine million)

The total Capital Budget for 2021/2022 financial year is R 51.2 million (fifty one point two million), details hereof are as follows:

- Internally generated funds amounts to R **2.8 Million** (two point eight million)
- **Municipal Water System Infrastructure Grant is allocated at (twenty five million five hundred and thirty two thousand) R 25 532 000 below are the planned projects for the coming financial year:**
- Refurbishment of the Koffiefontein WTW and construction of new 4.7ml reservoir **R14 332 000**(fourteen million three hundred thirty two thousand)
- Jacobsdal 4.2ml WTW **R11 200 000** (eleven million and two hundred thousand)
- **Municipal Infrastructure Grant amounting to R 17 894 000** (seventeen million eight Hundred and Ninety four thousand), **part of this amount will be funding the Project Management Unit related costs. Below are planned projects for the coming financial year:**
- Project Management Unit **R 894 thousand** (eight hundred and ninety four thousand)
- Koffiefontein: Upgrading of existing Waste Disposal Site **R 3.7 million** (three point seven million)
- Koffiefontein/Sonwabile: Upgrading of sports facility (Phase 2) **R805 thousand** (eight hundred and five thousand)

- Luckhoff: Closure of existing solid waste site and construction of a new solid waste facility **R 5.6 million**(five point six million)
- Petrusburg: Refurbishment of waste water treatment works **R 6.8 million**(six point eight million)
- **Integrated National Electrification Programme is allocated R5 882 000.** (five million, eight hundred and eighty two thousand)
- The following are the budgeted projects for Integrated National Electrification Programme:
  - Electrification of Jacobsdal 148 Households Phase 2 **R 3.2 million** (three point two million)
  - Electrification of Diamandhoogte 152 Households Phase 2 **R 2.5 million** (two point five million)

### **Honourable Councillors**

In preparation of the annual operational expenditure budget, consideration was given to the current and changing economic climate conditions as well as the cost containment regulations applicable to the local government sector.

### **ON CAPITAL EXPENDITURE FROM OTHER SPHERES OF GOVERNMENT.**

#### **Honourable Councillors,**

The Department of Police, Roads and Transport will be rolling out the following projects during this financial year.

1. Rietriver Bridge (Koffiefontein) Phase 1
2. Rietriver Bridge (Koffiefontein) Phase 2
3. Oppermans Access Route, this one is already in the process
4. Jacobsdal Transport Route
5. Verification of 10% of Consulting Services
6. Automated Traffic Counts
7. Vegetation Control at Testing Stations
8. Re-gravelling-Xhariep
9. Road Markings Contract

## **In conclusion, Honourable Councillors,**

We would like to remind our people that the corona virus still remains a threat to our existence. Let us continue to observe adjusted alert level regulations and health protocols.

Act now to minimize the spread of COVID-19.

Be vigilant whenever we leave our home; avoid super spreader events to save lives.

Do not let your guard down at home, school, or in the workplace.

The fight against the pandemic is not yet over - continue social distancing, washing hands frequently, and wearing a mask.

Over 60's and Teachers: Mask Up, Wash Up and Sign Up! Register for the Vaccination and Make sure you get your jab! We are in this together.

I hereby table the 2021/2022 Medium Term Revenue & Expenditure Framework for adoption by the Council.

Lastly let me thank my wife for supporting me through these difficult times, you have been a pillar of my strength, let me also thank my entire family, the residents of letsemeng, the leadership of the provincial leadership of the African Nation Congress, the district and the branches for your guidance and support during my tenure as the Mayor of Letsemeng.

Let me also express my appreciation and thanks to the Councillors of the African National Congress, the opposition in council, the Municipal Manager Mr Mkhwane and senior management, not forgetting the municipal employees for your sterling support.

Finally, I want to thank the community members of letsemeng local municipality for your undivided support and proposals to the municipality. I would also like to encourage all members of to go and verify your status with IEC on the weekend of the 17<sup>th</sup> and 18 July so that you make sure you all vote on the 27<sup>th</sup> October 2021.

I thank you.