

## Introduction

Madam Speaker,

Chief Whip,

Members of the executive Committee,

Councillors and;

Municipal Manager, Senior Managers and the entire staff members.

Ladies and Gentlemen

The development of IDP is a legislative requirement in terms of the Municipal Systems Act, 32 of 2000. In terms of section 34(i) of the Municipal Systems Act, an IDP adopted by the council of a municipality is the strategic planning instrument which must guide and inform all planning and development and all decisions with regard to planning, management and development in the municipality. The Constitution of the Republic of South Africa, Act 108 of 1996, Section 152(1) confers a developmental mandate to municipalities. Our municipality is striving to achieve the objects of local government set out in Section 152(1)(a),(b),(c),(d) and (e) of the Constitution, Act No 108 of 1996 and to meet the developmental duties demanded by Section 153 of the same Act which states that:

A municipality must-

- (a) Structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community.

Municipal Finance Management Act, (Act No.56 of 2003), Section 16(1) states that a municipal Council must approve an annual budget for the municipality before the start of that financial year. Section 16 (2) thereof directs the Mayor to table the annual budget at least ninety (90) days before the start of the financial year.

As a municipality we need to improve on our financial management hence Minister Pravin Gordhan in his 2012 Budget Speech put more emphasis on strengthening Financial Management in the Public Sector and pursuing value for money with the greatest possible vigour and to ensure that tax payers' money is well utilized.

The MEC for Treasury, Honourable David Masedo in his Provincial Budget Speech made a commitment that COGHSTA will support municipalities to realize the basic needs of the people. COGHSTA will also focus on operation "Clean Audit" and Municipal Financial Systems.

Madam Speaker, we have put together a multi-year IDP so as to meet our basic needs in line with the Presidential Outcome 9 which states that we should have a responsive, accountable, effective and efficient Local Government System. An IDP is a dynamic process that is reviewed annually as required by the Municipal Systems Act. There are five Key Performance Areas that are found within the IDP. IDP integrates the programmes of the six KPA'S and each KPA gets its slice based on its commitments and basic needs of the community. The five KPA'S are:

- KPA 1: Municipal Transformation and Organizational Development
- KPA 2: Basic Service Delivery
- KPA 3: Local Economic Development and Planning
- KPA 4: Municipal Financial Viability
- KPA 5: Good governance and Public Participation
- KPA 6: Spatial Planning and Land Use

The key performance areas extrapolated above have their own programmes. Madam Speaker as a municipality we experience challenges when we implement our programmes in various key performance areas. The most common challenges are:

- **Under collection of revenue** – resistance towards payment of municipal rates by residents.
- **Lack of proper Contract Management** – the quality of services that we provide to communities and in turn the services that we receive from service providers is usually poor.
- **Non-availability of water in some areas** – this is mainly due to the following:
  - ✓ Inadequate operations and maintenance plans
  - ✓ Poor quality projects
  - ✓ Total dependence on ground water

Madam Speaker as a proactive municipality we have set out strategic interventions to deal with our challenges. We have to face these challenges. ANC struggle legend Tata Walter Sisulu wrote from his prison cell on Robben Island "In certain sense, the story of our struggle is a story of problems arising and problems being overcome. It is understandable that many of the problems should generate much controversy and emotion. However cool and detached we may strive to be in our analysis, the fact remains that we are deeply involved and interested parties and the solutions we adopt are solutions we ourselves have to implement."

Some of steps taken to address the issues are.

- We are meeting with the community to address their grievances and to encourage them to pay rates and services.
- We have also put up responses to their memorandum which was submitted to us on the 23<sup>rd</sup> of March 2012.
- We are progressively replacing our old water meters with new ones and monitoring our meter readings regularly.
- We are improving planning, costing and project management so that projects are completed on time and on budget.
- The municipality is in the process of implementing Performance Management System and performance contracts to all employees.
- We are tightening our contract and closing loopholes such as absence of Service Level Agreements.

Madam Speaker, allow me to take this opportunity and thank the administration under the stewardship of the Municipal Manager, Mr. David Nkoana for having prepared this draft IDP/Budget 2012/13-2014/2015 of Molemole Local Municipality. My special thanks to our Magoshi, Ward Committees and the entire community that participated during the Imbizos towards the drafting of this IDP.

The budget I am about to table has been prepared in such a way that it addresses the fundamentals of our people. It is driven by the inputs of our people during imbizo's and our collateral consultations with our key stakeholders such as Magoshi, business, farmers, religious leaders, educators, sports people and others. This pie has been sliced in such a way that each of the basic needs will get a share. We have also taken into consideration sentiments of Circulars 58 and 59 from the National treasury into consideration.

Madam Speaker it is also my pleasure that we are moving towards 60:40 ratio of Capex:Opex. We may not have arrived but every little step in the right direction brings our destination closer. We are hopeful that with all remedial actions put together by the management we shall, in implementing this budget and subsequent ones achieve a more positive audit opinion.

Madam Speaker it is my privilege to present our draft Budget for 2012/13 which is our first as this Council. Our 2012/13 budget indicates an increase of 23% from 2011/2012 financial year. This increase means the municipality has more to deliver on basic services.

Our 2012/2013 budget is summarized as follows: our projected total revenue is R 154 967 764, only R 36 749 777 is from own generated revenue and R 118 217 986 is from grants and subsidies and that gives us a 3:1 ratio. Our projected total expenditure is R 154 566 487, of which R 103 395 092 is operational expenditure and R 51 171 396 is capital expenditure. This translates to a ratio percentage of 67:33. However, this is an improvement from the previous year's 75:25 percentage ratio.

Madam Speaker, we are also determined to massively improve service delivery to all and sundry within the leaps and bounds of our municipality. While the ratio of our budget stands at 67:33 operational and capital, respectively, we are committed to increase our investment in our deserving communities through rigorous prioritization engagement with all our key stakeholders. Being a low capacity and grant dependent municipality cannot be an excuse for below average levels of services, hence we are redoubling our efforts to improve our road network infrastructure, provision of water services, electricity and all related municipal services.

I am extending an open invitation to all councilors and officials to be readily available to meaningfully participate in the planned community and stakeholder engagements scheduled to take place during April/May 2012. This will truly give meaning to our collective resolve of ensuring that we are a people-centred municipality. Our core mandate is to respond strategically to the needs and aspirations of our communities in an accountable and transparent manner.

In conclusion I wish to heartily congratulate the Dendron Secondary School 2011 grade 12 learners for again proudly putting our municipality in the spotlight in terms of their successive 100% pass rate achievements. We similarly congratulate George Tladi Technical College for being the most improved school.

Lastly, I acknowledge and appreciate the efforts made by management and the entire staff of Molemole that lead to our municipality being pronounced at Executive Council Lekgotla in November 2011 as the most improved municipality in the province.