

BUDGET SPEECH

Madam Speaker, Cllr Monica Zulu,
Chief Whip of Council, Cllr Vusi Mkhathshwa,
Members of the Mayoral Committee here present,
Honorable Councillors of Umjindi,
Municipal Manager, Miss Sibongile Mnisi,
Senior Management and staff of Umjindi Municipality,
Leadership of SAMWU and IMATU,
Members of the Media,
Community members present here:

1. Today marks just 14 days until the official kick off to the 2010 FIFA Soccer World Cup. Umjindi is ready to experience this spectacular event and share it with the world.
2. As an influx of tourists from all walks of life step onto African soil – many for the very first time, will be welcomed by a true African spirit that is comprised of cultural diversity, beautiful surroundings, solid traditions and the hospitality of South Africans that are proud to be sharing this memorable time with them.
3. This year also marks the 20th anniversary of Nelson Mandela's historic release from prison. On 11 February 1990 Nelson Mandela walked out of the Victor Verster Prison after 27 and a half years in prison.
4. Madam Speaker, only yesterday we sat in this very Council Chambers listening to a presentation by the Umjindi University Task Team Forum spearheaded by Dr Vawda, the intention of this forum being to lobby extensively and intensively for the establishment of the University in Barberton. I therefore call upon all stakeholders to rally behind this task team to provide them with the necessary support and resources to make this a success. May I also take this opportunity to comment and congratulate the University task team forum for the enormous amount of work that they have done.

5. It would be amiss not to congratulate SA Rugby when history was made last Saturday. The Bulls took on the Crusaders in their Super 14 Semi-final at Orlando Stadium. This of course being the first major rugby event in Soweto. This weekend on Saturday the 29th May 2010, we will witness the first Vodacom Super 14 finals between the Bulls and Stormers being played at Orlando Stadium in Soweto. Soweto's blood may turn blue yet again.
6. Madam Speaker we are acutely aware that we gather here today against the backdrop of a global financial crisis that has sent the world economy into a tailspin. Brendan Boyle, a journalist with the Sunday Times, once wrote that : "We are in a dreadful mess, the magnitude of which is driven home each day by new record lows for the major stock markets, new record highs for unemployment and a global business going backwards as factories close.....
Whatever may have been its origin, the crash was no way the fault of the developing world, but the poor in the emerging markets are among its hardest hit victims"
7. Madam Speaker, we are confronted by food prices spiraling out of control on a daily basis with dire consequences for all, especially the poor. Fuel prices are up, down and up again, forcing input costs across the economy to go up relentlessly again with dire consequences for working people and the poor as thousands of jobs are put on the line, and household income threatened.
8. Madam Speaker, our intention is not to diagnose the problems of the poor beyond recognition. The rich can temporarily borrow the robe of poverty and tell us that they are a few million rands poorer this year. They can still survive and live happily ever after. For the poor, poverty is the state of nature that assails them daily from all quarters. It is for this reason that we want to put our situation into proper perspective as we march forward in creating a better life for all. We are required to take decisive, not frenzied but measured yet imaginative steps to traverse what is poised to be our most challenging period since Transitional Local Government. We are commanded by history to rise to the occasion.
9. We were also advised by the Treasurer-General of the ruling African National Congress, Matthews Phosa that "In a democracy as young as ours, and in such challenging global circumstances as we have, we cannot afford cheap politics that threaten to fracture our nation."

10. Madam Speaker, the budget we present today is informed by our political priorities as outlined in the IDP. It is also based on the valuable inputs that we received when the Draft Budget went through vigorous statutory public participation process that took place in April and May this year. The Budget will be remembered for the sacrifices and the creativity that was required to compile a viable financial plan for the forthcoming three years in spite of the real financial challenges as indicated above.

11. One of the areas we want to improve on is the issue of Local Economic Development through the establishment of the Umjindi Development Agency, the objective of which amongst others are:

To address issue of high unemployment and to promote and develop economic potential on a local basis.

12. We listened to the numerous community concerns regarding the state of basic infrastructure within our Municipal jurisdiction especially on road maintenance and grass cutting. To address the concerns we have looked at adopting an approach that will seek to ensure proper maintenance of our infrastructure.

13. The 2010/2011 Budget being tabled was compiled with a greater emphasis on investment in our infrastructure network. It is intended to significantly improve service delivery to our communities through focused attention on adequately maintaining and expanding our infrastructure network. A total of R42 458 million of Capital Budget has been set aside in this regard. The amount is made up of R3 879 million in our Roads Infrastructure Network, R20 139 million in our Water Network, R14 738 million in our Electricity Network as well as R3 702million in our own facilities.

14. We are also giving full attention to the maintenance of our infrastructure network. In that respect we have allocated an amount of R7 million in respect of the maintenance of our infrastructure networks as well as our facilities.

15. Madam Speaker, our long standing priority of rural development has not progressed as envisioned especially our quest to formalize Lindukuhle, Phola Park and Sheba Siding in order to provide the

minimum basic services to these areas to achieve amongst others the set millennium development goals. We are however currently in the process of finalizing, the formalization of these areas.

16. HIGHLIGHTS OF THE BUDGET:

16.1 An amount of R3 million budgeted for the subsidization of the Indigent households.

16.2 R5.6 million has been budget for provision of free basic services to other residents

16.3 R220 000.00 has been set aside with regard to our HIV and AIDS Programmes.

16.4 An amount of R42 million has been budgeted for infrastructure and institutional development.

17. OPERATIONAL BUDGET:

17.1 The total Operational Expenditure Budget for Umjindi as balanced to the total Revenue forecasted for 2010/2011 is R190 million. This budget is R3.7 million (or 2%) less than the approved Adjustment Budget for the current Financial Year (2009/2010). The original budget as approved by Council for the 2009/2010 Financial Year was R173 million, which is R7 million (or 10%) lesser than this proposed budget.

17.2 The Operational Expenditure per vote allocation is made as follows:

Executive and Council	6%	R12 million
Financial Services	42%	R79 million
Civil Services	10%	R19 million
Electrical Services	19%	R37 million
Community Services	13%	R24 million
Corporate Services	4%	R7 million
Developmental Planning	6%	R12 million
TOTAL EXPENDITURE		R190 million

17.3 The Operational Budget per Expenditure Type is made up as follows:

Employee related costs	29%	R55 million
Remuneration of Councillors	2%	R4 million
Electricity bulk purchases	16%	R30 million
Repairs & Maintenance	4%	R7 million
Redemption of external loans & interest	0.5%	R1 million
Depreciation	26%	R50 million
Lease and landfill site provision	0.5%	R1 million
General Expenses	22%	R42 million

18. CAPITAL BUDGET:

18.1 The Capital Budget for Umjindi Municipality for the 2010/2011 is R42 458 million. This is R7 million above the 2009/2010 approved Adjustment Budget (20% above), and R5 million less than the current year's original budget (10% less).

18.2 The details of funding confirmed to date are as follows:

18.2.1 R16 million from our own funding

18.2.3 R26 million from external grants.

18.3 The Capital Budget Expenditure will be distributed as follows:-

Executive and Council	1%	R150 000.00
Financial Services	2%	R1 015 million
Civil Services	58%	R24 805 million
Electrical Services	37%	R15 558 million
Community Services	1%	R610 000.00
Corporate Services	1%	R340 000.00

18.4 The National Treasury issued the MFMA Circular 51 that requires Municipalities to prepare their budgets in the context of the economic crisis we are facing. Our proposal on tariffs is informed exactly by the local economic conditions, unemployment and poverty levels. We have been careful to create a balance between Municipal Financial Viability and not creating unnecessary additional financial burden on the residents. The increases being proposed for the 2010/2011 are as follows:

Property Rates	0
Electricity	31%
Water	6%
Sanitation	6%
Refuse Removal	8%
Other user charges	6%

19. **CONCLUSION:**

20. Madam Speaker, as I present my last Budget, there will be a new Administration in place next year, and there will no doubt be new insights on which to draw in framing the next budget and medium term expenditure framework. But the office of the Chief Financial Officer as a source of financial expertise will still be in place, and I want to commend to this Council the constructive role that the office of the Chief Financial Officer plays in absorbing and synthesizing a vast tapestry of economic and financial statistics, policy documents and departmental information as part of the process of preparing the Municipal Budget.
21. This budget does not address all our wants and needs, however gives an indication of the extent we will go to as a caring Municipality at the forefront of building a caring society.
22. In a recession in South Africa, money speaks more than the official languages we have. However, it is important for us to emphasize that our developmental agenda remains the primary point of departure in the allocation of resources. It is something that is guided by our vision to provide quality service delivery for all communities in Umjindi.
23. We will ensure prudent use of Municipal resources.
24. Madam Speaker, ours is not a programme to simply take away the initiative from poverty and reinvigorate the town's economy. The general thrust is also to ensure that we do not slacken the pace of service delivery we committed to in our IDP. For the people of Umjindi, this is their Municipality, their vision and their future. We dare not fail.
25. I therefore move that this budget of Umjindi Local Municipality for the 2010/2011 to 2012/2013 Financial Years be approved as recommended in the Budget Report.

I thank you.