

**2017 BUDGET SPEECH BY EXECUTIVE MAYOR OF POLOKWANE MUNICIPALITY  
CLLR T NKADIMENG, NEW COUNCIL CHAMBER, 29 MAY 2017**

**Theme**

**“POLOKWANE AT WORK – RE AGA POLOKWANE”**

Honorable Speaker of Council, Cllr M J Ralefatane

Her Worship, Executive Mayor of Polokwane Municipality, Cllr Thembi Nkadimeng  
(Mmago rena, Mahlako – A- Modipadi)

The Chief Whip of Council, Cllr M K Teffo

Members of the Mayoral Committee

Chairpersons of Council Committees,

Fellow Councillors

Municipal Manager, Mr D H Makobe

Executive Management of the Municipality and Chairperson and Board of Directors of  
PHA

Leadership of the ruling party and other parties present today

Leadership of business and Labour

Fellow residents

Members of the Media

A beautiful Thursday to you all

Mr Speaker

I stand before this august house and the people of Polokwane, with a great sense of appreciation for the opportunity afforded to me to present the new five years Integrated

## Development Plan (IDP) and Medium Term Revenue and Expenditure Framework (MTREF) for the term of 2017-2020

As the ANC led government, we went to elections with a mandate on our manifesto and we were given clear mandate by the community to deliver sustainable services in constitutionally compliant manner.

2017 is the year of Oliver Tambo. We celebrate the spirit of this ANC stalwart and what he strived for. He was a fighter for human rights. Those acquainted to him described him as a hard-worker, unifier, strategist and one to sacrifice. We dedicate this budget to his ideals and ethos. We are motivated by the sacrifice he made. Had he not sacrificed, we will still be in the doldrums. We will still be languishing in poverty, inequality and hopelessness.

Guided by the Ministry of Treasury, Polokwane Municipality is not excluded from the notion of disciplined financial management. This Council embrace MFMA circular 82 which seeks to address spending on non-priorities. This will form part of oversight by council in monitoring cost containment measures. It is therefore imperative on our part that we utilize each and every cent in an efficient manner and to ensure that the principle of value for money is embraced.

As the people of Polokwane renewed our term office in government, we will ensure that we deliver basic services as highlighted in our elections manifesto.

Our budget has ensured that it covers the following key basic service delivery such as water, electricity, sanitation and roads. We will ensure that we radicalise our local economy by empowering the SMME's through procurement systems since the municipality is spending more R1.3 billion on services delivery budget. We will continue to spend more billions on service delivery in the next five years as articulated by both MTREF Budget and long term financial plan.

As institution we believe in diversifying our funding of budget through taxpayer base and investor base mechanisms and this is attested by the fact the municipality has embarked

on alternative strategic approach on funding sustainable projects through Private Public Partnership mechanisms and other forms in order to fast track service delivery.

It must also be emphasized that good governance forms 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 the municipality are subsidized on all the key services which municipality offers while at the same time we will in ensure that the principle of social contract with the entire community of Polokwane is emphasized.

Mr Speaker

Fellow Councilors

Our world icon, the late President Nelson Mandela once said “To deny people their human rights is to challenge their very humanity.” It may be years ago but is still relevant today.

It is therefore, appropriate to state that the African National Congress, working together with the people of South Africa, led the struggle against apartheid and this resulted in the birth of democracy and restoration of human dignity.

As a result of his statement today we are walking tall because our collective efforts culminated in the realization of a free society and a democratic South Africa. We are now a Country that is progressive striving to build a non-racial, non-sexist, united society and a great sense of hope and prosperity.

Our Budget for 2017/18 Honorable Councilors is as follows

### **Revenue Budget**

Mr Speaker we have proposed our big five revenue streams which are **Electricity** at 4% **and Water, Refuse removal, Sanitation** at an increase of **10%** in 2017/18 as well as the two outer years. Our increase is based on the tariff modelling exercise which will enable the Municipality to render services in a sustainable manner and to fulfil the local government mandate.

National treasury circular 78 and 79 leaves no stone unturned on tariff settings compliance. It is also imperative that other revenue sources including assessment rates be increased above the CPIX over the MTREF period. The total revenue in rand value is **R 3.9 Billion** in 2017/18 while in the outer years it amounts to **R 9 Billion** respectively.

Honorable Speaker

The budget and IDP processes strengthened our decision to safely persuade Council to adopt the following increases:

Assessment Rates will increase by only **8.5%**.

Our consistent engagement with the community made it possible to reduce some of the tariffs like use of halls, while some where increased to be cost reflective like sundry charges.

### **Indigent Management.**

Honorable Speaker,

We are presenting the proposed tariff increases mindful of our indigent households. Just over **R55 Million** was invested in funding over **13,500** urban indigent's household and over **17,000** Rural households for free basic electricity.

Let me reiterate that the municipality will continue in the financial year 2017/18 to provide **R100 Thousand** of the Market value of Residential property as rebate from Property rates.

Our pensioners earning monthly income of **R 8 300** and above the indigent threshold of **R3 500** per household will get rebates of 80% on assessment rates.

In addition to the supply of basic services to rural areas, The Urban Indigent package will includes the following Mr Speaker:

- R100 000 of the Market value of the property excluded from Assessment Rates, as mentioned above

- 6kl – Free Water
- 100kWh – Free Electricity
- 100% rebate on Sanitation
- 100% rebate on Refuse removal
- 100% rebate on Electricity basic charge

Mr. Speaker,

Mr. Speaker, allow me to break down **operational budget** according to its significance.

### 1. Employee Cost

Employee cost is budgeted at **R 743 Million**. It must be noted that this budget spending is at **25%** of the total budget as opposed to **45%** norm highlighted in the National Treasury MFMA circular 71. This indicates that as Council we are complying with the National Treasury. The remuneration of councillors in 2017/18 is budgeted at **R38 Million**.

### 2. Bulk Purchases

I must emphasise that bulk purchases remains material cost driver to this council, purchases of water and electricity from Lepelle Northern Water and Eskom has been budgeted at **R854 Million** in the 2017/18 while **R 1.9 Billion** will be spent in the outer years.

### 3. Other Materials

In order to sustain the municipality in a sustainable manner, we have budgeted **R204 Million** in 2017/18 while **R 435 Million** will be spent in the outer years. This will address the deterioration of the existing assets in order to protect the future income generation of this council.

#### 4. Expenditure

The municipality is budgeting **R735 Million** on goods and services including contracted services, sanitation, electrification and transportation related programs while it will spend **R 1.3 Billion** in the outer years.

Mr. Speaker,

I want to indicate to the house that as a parent Municipality to PHA, we have recapitalised the entity by repaying their existing loan in order for the entity to be independent and financially sustainable. We budgeted **R5 million** for PHA, and **R30 million** in the outer years. Municipality will support PHA to implement revenue generating rental stock programmes.

#### 5. Capital Expenditure Budget

Honourable Speaker, we have prioritised our budget into both basic and social services. Allow me to indicate that in the history of this Municipality, council has made own contribution to service delivery budget at the total amount of **R340 Million** while we will continue to spend **R926 Million** in the outer years. This is an indication that this Municipality is moving away from being grants dependent on capital allocation.

The total budget for MIG for 2017/18 is **R293 Million** while the MIG budget allocation will increase to **R655 Million** in the outer years.

The Neighbourhood development Grant is budgeted at **R26 Million** in 2017/18 while **R74 Million** has been budgeted for respectively in the outer years.

Public Infrastructure Grant is budgeted at **R122 Million** while the PTIG budget allocation will decrease to **R56 Million** in the outer years, **R105 Million** will be received this year as part of frontloading. We will receive **R209 Million** in Regional Bulk Infrastructure Grants in 2017/18 while **R 933 Million** will be received in the outer years from the same grant.

Fellow Councillors

The major breakdown of this budget will be tabled during the State of the City Report.

1. The municipality will spend **R416 Million** on water during 2017/18 and **R1.69 Billion** in the outer years.
2. We will however spend **R132 Million** in 2017/18 on Sanitation which include building of new Regional Waste Water Treatment Plant and **R523 Million** in the outer years, furthermore municipality will cover the remaining balance with the PPP funding as recommended by National Treasury.
3. It must be emphasised that the municipality will spend **R33 Million** on Rural Electrification and **R90 Million** on Urban infrastructure while at the same time **R487 Million** will be spent in the outer years.
4. Road transport which includes Integrated Rapid Public Transport System has been allocated **R216 million** and **R96 million** will be spent in the outer years.
5. Municipality will spend **R187 Million** on roads in 2017/2018 financial year as part of asset renewal programme while **R612 Million** will be spent in the outer years. Furthermore **R110 Million** has been budgeted to address roads challenges on a **concession basis** as part of accelerated road infrastructure improvement.
6. Sport and Recreation has been allocated **R50million** for 2017/18 and **R143 million** will be spent in the outer years.

Fellow Councillors

I want to share with this house that this budget is compliant with the Municipal Finance Management Act, read together with Municipal Budget Regulation and Reporting.

It is through this budget that our yearning for economic development would translate to the expansion of economic activities that will in turn create jobs that will give many people within our communities an opportunity to earn a living.

Mr. Speaker,

In conclusion, let me take this opportunity to welcome the new Municipal Manager (Mr D.H Makobe to Polokwane Municipality. To congratulate Directors, the Acting CFO, DCFO and his BTO and the IDP team who spent sleepless nights dedicated to their work. We thank the Budget Steering Committee, Members of Joined Portfolios on Finance & LED and Administration & Governance for ensuring that this budget is prepared, aligned with the national priorities agenda and is funded. We thank all the employees of Polokwane who continue to perform with excellence and dedication.

Special thanks goes to our traditional leaders who have always backed us and provide the necessary support.

It is because of this dedication and support from all of us in this house that this city continues to be the backbone of the Limpopo Province.

Like Oliver Tambo said: "The fight for freedom must go on until it is won; until our country is free and happy and peaceful as part of the community of man, we cannot rest." – We cannot rest until the fight to strive for freedom and peace is attained. The communities have given us a mandate to continue in our fight to build Polokwane to become a great place where everyone can feel proud to call home and that mandate we shall fulfil. I call on everyone in this chambers and all the people of Polokwane to join hands with us as we build Polokwane.

We have started. We are busy. We are building Polokwane. *Re aga Polokwane! Pula!*

I Thank You