



State of the Municipality Address

18 April 2015

Mayor of Sedibeng, Councillor Mahole Simon Mofokeng

Speaker & MMCs

MM and HODs

Councillors

Ward Committee Members

Members of the Community

Business representatives

Faith Based Organisations

All invited guests

It is a great privilege and honour for all of us here to be joined by a few of my special guests whom have individually and collectively contributed positively to our country. It is often the case to praise and appreciate such people when they have passed on and we have to make a eulogy, and I want to avoid this; this is why I have invited my special guests while they are still alive so we can appreciate and praise them for the great they are doing or have done.

I would like to firstly recognize the former MK military veterans, whom have contributed immensely to our country, and the freedoms and liberties that we enjoy. Some 28 years ago, this reality we enjoy in a democratic South Africa would have easily been a far fetched dream and a distant reality, but some 28 years later, as a result of many of your contributions and sacrifices a 28 year old is an executive of a municipality and a free and democratic dispensation. So I want to sincerely appreciate acknowledge and thank you for your tireless work and sacrifices. And I must also warn them that they must not retire from our society – there is still a role for them to play in our society, and be ambassadors of an era that we should never forget. They must tell more of their stories and educate our societies.

Secondly I would like to appreciate Ntsiki and her family. We are extremely proud of her achievement, and we are backing her all the way. She must not think that her achievement is small – she has given hope to many young girls. Her star must continuously shine – the values

that she embodies, encourage young people to go after their own dreams. I want to officially congratulate her on her achievement.

2015 is a significant year in South Africa's history, as it marks 15 years of the existence of democratic local government. In line with this significant occurrence, the theme for this year's National Members Assembly was "15 years of Democratic Local Government – Consolidating and Deepening Vibrant, Developmental and People Centered Local Democracy", and today I would like to reflect on how Midvaal Local Municipality has worked to build a vibrant, developmental and people-centered democracy.

2015 also marks the first year that we are holding a State of the Municipality Address, which provides us with the extremely exciting opportunity to account to our community in a new forum. We want to share with you today what it is that we have done as your government since we were elected on 18th May 2011. The residents of Midvaal showed support and faith in the Democratic Alliance, and we want to demonstrate that that faith was well placed. I also want to take a moment to pay tribute to our current party leader, Helen Zille, and acknowledge the leadership that she has provided to the party, the way in which it has grown, and most importantly, the type of government she has encouraged the DA to lead. The DA's vision for local government is captured through 6 key themes, which are:

- Opportunity
- Caring
- Safe
- Inclusive
- Well Run
- Forward Thinking

These are the themes that we have used to govern this municipality, and I will take you through how we have achieved each of these. At our last Executive Strategic Session, the Mayoral Committee and Heads of Department adopted a principle underlying the 6 themes. This principle was that of "**implementation and follow-through**". We decided that this would be the crux of everything that we do, and I will demonstrate today the areas in which we have actioned this principle.

Alignment of spheres

For the three spheres of government in this country to function effectively, it is essential that there exists alignment of their goals and action plans. In the State of the Nation Address earlier this year, our president, Jacob Zuma, highlighted a 9-point plan designed to ignite growth and create jobs across the country. Premier Makhura, in his SOPA, outlined the ten pillars which "constitute a vehicle through which we seek to transform, modernise and re-industrialise Gauteng in order build a seamlessly integrated, socially cohesive, economically inclusive City Region". At a District Level, we are aligned with the Sedibeng District Municipality's Growth and

Development Strategy, which includes the 5 “R”s, which are reinvent the economy, rener communities, revive Environment, Reintegrate region and release human potential.

Midvaal’s IDP has been carefully constructed to interpret and implement the plans set out at a national, provincial and district level,

The National Development Plan is the over-arching strategic document for the country, and stated by our President in the SONA and the Gauteng Premier in the SOPA, and all of these plans have been consolidated into the Midvaal IDP., which gave birth to a vision which is that “Midvaal will be renowned for robust economic growth and a high quality of life for all”. Our vision is underpinned by our 8 Key Performance Areas:

KPA 1: Governance and Stakeholder Participation (Caring)

KPA 2: Safety and Environment (Safe)

KPA 3: Social and Community Development (Inclusive)

KPA 4: Institutional Transformation (Well Run)

KPA 5: Financial Sustainability (Well Run)

KPA 6: Physical Infrastructure and Energy Efficiency (Forward Thinking)

KPA 7: Services and Customer Care (Caring)

KPA 8: Economic Growth and Development (Opportunity and Forward Thinking)

Using the 6 themes I discussed earlier, I would like to talk you through how we are implementing national policy at a local level, and how we are bringing the Midvaal vision to life.

Opportunity

The first theme is that of Opportunity. In Midvaal, this theme has been realized largely through out economy, and the planning which occurs in that area. In President Zuma’s nine point plan, he refers to “Encouraging private sector investment”, which is an extremely important task for all levels of government. The Premier made reference to the development of the Southern Corridor which will create new industries, new economic nodes and new cities. The municipality has attracted a variety of well-known companies in the area such as Sedibeng Brewery, BSI Steel, BHP Billiton and Everite, with plans in place to attract new investors in the coming years. Investors look for places with good track records of economic performance, growth and political stability, and Midvaal has seen positive growth in the local economy and number of job opportunities created. The dominant economic sectors include: Manufacturing (29.5%), Financial and Business Services (18.5%) and Trade (14.5%). There are however plans in place, to grow Midvaal into an agricultural hub, and develop that sector, which will be discussed later in the speech.

Investment leads to growth, which creates job opportunities, and this is what Midvaal is trying to achieve. Midvaal has experienced stable economic growth consistently over the last few years. According to projected data compiled by IHS Global Insights, in 2012, Midvaal's average economic growth over ten years was 5.6%. There is, however, not a direct correlation between economic growth and population growth as population growth (immigration) was much greater than economic growth. People move for better access to resources, so when they hear that employment figures are high in Midvaal, and that basic services are being delivered, they move into the area. The result is increased demand in housing, social infrastructure and employment, which puts pressure on the ability to keep unemployment levels low, and also grows our informal settlements. This trend of people moving into the area is forecast to continue, and so the municipality needs to emphasize the promotion of the R59 corridor development and the agritropolis in order to remain sustainable. The biggest contributors to economic growth over the past decade have been manufacturing, financial services, trade and general government services. As the population grows, the public sector has to expand to meet the needs of people, and more infrastructure has to be built – and through this provision of services and infrastructure, we have been able to create jobs in the area.

There has been a decline in youth unemployment rate from 30.4% in 2001 to 25.4% in 2011. The general unemployment rate also declined from 22.8% in 2001 to 18.8% in 2011 (broad definition). Since the beginning of 2015, the municipality has embarked on a project to establish how many Midvaal citizens are employed by companies operating in Midvaal. As part of our Community Works Programme, we have over 600 participants, the majority of whom are women, and this number also includes youth and people with disabilities. About 363 participants got permanent jobs at different companies in the area, through involvement with the programme. We have a partnership with Lulaway that came on board to assist our participants to get jobs outside CWP, as well as partnerships with Ferrero Rocher, Nature's Choice, SAPS, Fire department and others. Some participants from Ward 6 are being employed in the Savanna City Project, and companies within Pilkington Industrial Park are utilising CWP participants with the aim of employing them on permanent basis.

I think there have been a lot of opportunities created in Midvaal, but at the same time, there is no limit to how many more we can create. We will continue working in this area to bring our residents as many opportunities in as many spheres as we can.

Caring

The concept of caring in relation to local government refers to a municipality which is close to the people, and which ensures that when community members engage with it, they are heard. A caring municipality listens to their communities, is responsive to their needs and is accountable to them. In order to improve the levels of engagement and responsiveness within Midvaal, we have driven public participation in new and improved ways. We have opened new platforms for participation, through the IDP Representative Forums, and initiatives such as the Principals' Forum, Media Networking Sessions, Business Breakfasts etc, and we have also ensured that our

full leadership team is present at Budget and IDP meetings to improve the quality of the discussions and debates we are having in these gatherings. A forum like today's allows for us to be held to account, and to assess what we have achieved and where we need to improve.

Safe

The concept of safe communities is important in South Africa. Residents should trust that their municipalities keep the area safe and free from crime, provide public spaces, and that emergencies are dealt with rapidly by experienced professionals. Community safety is supported in Midvaal through our Community Policing Forums, which we sponsor and try to assist wherever possible. We have also worked on the provision of streetlights in high-crime areas to deter criminal activity. Providing safe public spaces has been one of the Municipality's focus areas, with the Parks department revamping jungle gyms, providing bins and benches, cleaning flower beds and improving the aesthetics of many parks around Midvaal. Our CWP workers assist with projects to clean public spaces, and escort children to school in areas where it may be unsafe for them to walk alone. Our municipality also just won the PMR Africa Award for "The institution doing the most to clean the environment".

Inclusive

The next theme which I want to explore is that of Inclusivity. And it is critical that I begin this theme by condemning xenophobia in the strongest terms. Much of the pride of being South African lies in the belief that we are a diverse nation, that we welcome people of different backgrounds, that we are sensitive to the struggles of other countries where people do not yet enjoy the freedoms which we have, many of which were only made possible through the support of our fellow African countries. The violence must end. The hatred must end.

As South Africans, we speak a lot about transformation. It is our commitment to build inclusive, safe towns that undermine the apartheid spatial economy and human settlement patterns, which must be changed in order to integrate economic opportunities, transport corridors and human settlements. The development of Savanna City is one such example of an integrated community that is being built in Midvaal. This will be a mixed use, mixed income development, and as opposed to building the houses first, we are building social infrastructure first, such as the current park which is already in place, because we are building with people and their needs in mind. Savanna City is in a strategic location to allow access to important transport routes such as the R82, which should start to see some big development coming through in the next few years, which should in turn create jobs. Construction has begun on Savanna City. This residential development will effectively almost double the population of Midvaal over the next 12 years and will bring with it jobs and economic opportunities. The showhouses are built, and the basic services are in the ground. The sales of the bonded and FLISP units is progressing well, and construction of the first 2 phases is underway. We expect the first 80 keys to be handed to the new owners by June of this year. This is a game changer for the municipality and for the residents and businesses of Midvaal.

It is also important that when we think about building inclusive community, we do not only think about future developments. We need to also find creative ways to address the problem in existing communities. To achieve this, Midvaal has worked on developing facilities and infrastructure within areas such as Sicelo and Lakeside, where people have traditionally been excluded from the development occurring at the centre of the town. Excellent examples of this include

- the new library in Lakeside
- the multi-purpose centre at Sicelo (library, sports stadium, open-air gym, hall)
- as well as the development of road networks in these areas to create better access for our residents.

There must be sufficient basic infrastructure in these areas for people to invest within their own areas, as this is the only way we will see growth.

Social transformation is one of the key issues linked to inclusive societies, and education plays a key role in achieving this. The improved matric results from many previously disadvantaged schools have been a feather in Gauteng's cap. In Midvaal, we see the question of education as one that cannot be tackled only at the grade 11 and matric level, as so often happens, but as one that needs attention from the word go.

We have therefore put our full support behind the establishment of ECD centres across Midvaal, with a new facility recently being constructed in Sicelo, with the aim of providing a solid foundational phase to our children, so that they enter the formal education system on a more equal footing with other learners, and don't have to play catch-up for the rest of their lives. Transformation, integration and diversity can only happen once we level the playing field. Change needs to be tangible, and not just ideological. I firmly believe that it is only through the provision of services and infrastructure to all people in this country that we will start to see the mindset changes and attitudes that we are striving towards.

Well-run

The fifth theme, which is well-run local government, relates to the quality of life of people living in an area, as well as transparency and accountability. Back to Basics is a programme launched by our President and Minister Pravin Gordhan, to promote good governance and effective administration through cutting wastage, spending public funds prudently, hiring competent staff, and ensure transparency and accountability in municipalities. As proof of our commitment to following the Back to Basics approach, we received a clean audit for the 2013/2014 financial year, and are hard at work to maintain that status in the coming years. The improvements in service delivery also pay tribute to the work that goes into maintaining the core function of local government, which is to provide basic services.

Citizens often complain that politicians are never held to account, so today, I am going to hold myself accountable in front of you. I went back to find my inauguration speech, and my budget

speech from last year, to test whether I have upheld my promises to you...and that process of reflection was an exciting one for me. As the Mayor, it is easy to get caught up in the day-to-day rush of work that needs to happen, and forget to stop and reflect on what has been achieved. So here is the score as it stands today:

- We promised to instate a capital spending committee, whose role would be to oversee the planning and expenditure of the capital budget, aligned to our cash flow, and to take a more pro-active approach to managing our budget, so that planning and reporting becomes more efficient. This committee was duly appointed, and I am proud to say that in the 2nd quarter of the current financial year, we achieved our best spending patterns to date.
- We made commitments on building or improving various infrastructure around Midvaal, and we have made excellent progress in this regard.
 - A key aspect of this is the expansion of our sewerage treatment facilities. We are pleased to report that we have, during March 2015, completed the Debottlenecking Project at the Waste Water Treatment Works in Meyerton and that our capacity has increased substantially. The debottlenecking was to deal with the backlog.
 - The good story to tell about the Sedibeng Regional Sanitation Scheme is that the legal obstacles have been overcome. This project is now gaining momentum at great speed. I am pleased to confirm that work has begun on the major expansion works at the treatment works to cater for anticipated growth going forward over the next 10 – 15 years. through the unlocking of the Sedibeng Regional Sanitation Scheme.
 - Our roads network has also seen substantial improvement, with new roads built in wards 3, 6, 8, 13, and construction is due to start on Steve Biko Road in ward 10 in the next few weeks. We have also improved many roads through our maintenance and re-sealing projects, re-built Jan Neethling Road to better specifications and upgraded intersections in wards 9 and 14 to deal with traffic volumes.
 - We promised to focus on areas with the most need, such as Sicelo and Lakeside, and managed to resolve the water situation in Lakeside, where they now have a reliable supply. Implementation is well underway with the Sicelo Reservoir which will supply water to the growing Sicelo area, reduce our reliance on Rand Water connections and address the current capacity constraints at various other Midvaal Reservoirs. The pipe replacement in Highbury and Henley-on-Klip is a part of this project to ensure that by the time the reservoir is built, our reticulation network will be able to handle increased volumes and pressures.
 - We also provided toilets in Boitumelo, Piel's Farm and Khayalitsha.
 - High mast lighting in De Deur has brought about improved safety and security and we are currently busy erecting more High mast lights in Sicelo ward 8. The Henley-

on-Klip streetlight project is progressing, with a focus on areas of higher pedestrian activity.

- I addresses the need to fix a pothole problem which we had late last year - we ran a special campaign in December 2014 on social media, asking Midvaal residents to report potholes, which they eagerly did, and we managed to repair a few hundred over a two week period.
- I committed to improving the quality of public participation within our community, since open communication is the only way to achieve the best results for the majority, and to open more platforms for our communities to vent to us. We can only correct ourselves and improve if people engage with us. Even if our people are angry, we will not be afraid, because it is our responsibility to understand their concerns, and work to correct ourselves.
- We also communicated that all contractors on capital projects were requested to use local sub-contractors and labour wherever possible, and in the 2013/2014 financial year, we employed 530 people on capital projects, and 309 people on EPWP projects, which I believe is something we can be proud of.

I think these improvements and the implementation of projects are a reflection of a well-run municipality. Our commitment to improving infrastructure continues as we see this as the key to unlocking the growth that is required to drive economic upliftment in our municipality. The coming year will see R90.7m spent on capital projects and R64.6m spent on maintenance of our existing infrastructure. The focus will remain on completing multi-year projects like the Sicelo Reservoir and the Sewer upgrades, with more roads to be built and improved and of course the bulk connections of services to our new and growing suburbs.

Forward Thinking

The most exciting theme is, I believe, the final one, which is forward-thinking. Forward thinking involves multi-generational planning that leaves a legacy for our children and for theirs.

President Zuma listed “Revitalising agriculture and the agro-processing value chain” as a point on his 9-point plan, discussing agriculture as a catalyst for growth and food security, as well as the need to focus on agro-processing. The Gauteng Premier discussed the need to “unlock the agricultural potential of Sedibeng as the food basket of the Gauteng City Region and position the region as an Agropolis”, which is exactly what Midvaal has been working on. ***What is an Agropolis?***

Agriculture is the main land use in the municipality constituting approximately 50% of the land within the entire municipal jurisdiction, yet we have noted with concern that employment within this sector and overall contribution to the local economy is very low. In strengthening our commitment towards agriculture, we are devising an agricultural policy which will see us involved in a range of agricultural projects, some of which have been completed already and some still in planning phases. There is already in place an initiative, as reported by the Premier, with the private sector to support 32 black farmers to grow barley, which will be supplied to the Heineken

Brewery just up the road from us. This project aims to create 1000 permanent jobs per annum over three years. The municipality has recently appointed a Service Provider to provide an overall Turnkey Management Solution for the Midvaal area, which will provide ways for the municipality to support small scale farmers and help them develop and create employment. The GDARD mechanisation programme and homestead food gardens will continue to be important projects for Midvaal, and the work in progress on an agro-processing plant to be established in De Deur will bring really exciting opportunities to the area. We will provide access to markets, training and a shared-use facility for agro-processing – the logistics of the business end will not be a burden for the small farmer, who can focus purely on producing the best quality crops. The success of the agri tropolis is not dependent on commercial farmers, but on small-holder land owners. We need to stop talking about economic growth at a high level only and start talking about it in everyone's own houses. We want residents to say I went from farming half a hectare to one hectare. I went from employing one person to employing 4. My household income went from eight thousand rand to ten thousand rand. If we are to feed Gauteng's projected residents by 2025, we must start growing the agriculture sector in our homes now.

The Council has also approved plans for the upgrading of Sicelo Shiceka Ext 4 & 5, where the plan is to consolidate and re-subdivide the properties into residential, business and community facility stands. The areas not developable will be allocated as Public Open Space areas. Local councilor and community has approved. The areas as per approved lay-out plan will comprise of the following:

270 RDP stands of approx. 300m²

572 Sectional Title units (Two storey walk-up's)

842 Total residential for Qualifying Beneficiaries

The land will be split into a business area, community facility area and public open space.

Currently, the subdivision and rezoning process is underway as well as the Engineering Services Designs. The Capex budget is in the process of being aligned with the IDP for next 3 years to install Bulk, Link and Internal Services to the project.

Looking forward in financial terms, the 2015/2016 financial year promises to be a year that will once again take care of our poorer communities. The total budget will exceed the R1 billion mark for the first time in the coming financial year. Special provision is made for indigent households, and we encourage all persons with a combined household income of less than R3 500 per month to register as indigents – registered indigents can qualify for a monthly subsidy on their municipal accounts of approximately R700. Every year, however, we lose out on a substantial amount of money which could have been used for service delivery, but which isn't paid by households that are not indigent. If everyone pays their municipal accounts in the coming financial year, we would have an additional R49 million to spend on services, and we urge you to all please pay accounts, for the benefit of the community, and yourself.

Capital projects of more than a R90 million will be considered in the final budget that will be presented by Council during May 2015. Much more info on the budget will be given on the budget speech by MMC finance. Funding will primarily come from government grants and the further utilisation on the external loans taken up in the previous two financial years. The Municipal Infrastructure Grant which is aimed at backlog eradication will fund approximately fourteen million rand worth of sanitation projects, five million rand for roads, four and a half million rand for sports projects to name but a few. Almost thirteen million rand of the unspent loan funding that we still have available will be spent on water reticulation projects and a further seven million towards basic infrastructure in Sicelo. The integrated national electrification programme will also contribute four million rand towards electricity infrastructure in Sicelo.

Tariff increases will be in line with the increases that we received from our bulk service providers. Electricity is proposed to increase by 14.24%, but Eskom has requested an increase of 25.3%. At present, NERSA has approved only an increase of 14.24% for Eskom and has not yet pronounced on the 25.3%. The reason for the proposed increase from Midvaal's side being 14.2% is because we need to increase our maintenance budget – some of the infrastructure in Midvaal needs to be repaired and upgraded, to ensure long-term sustainability. Rand Water will increase their tariffs with 14.5% and our water tariffs will subsequently increase with the same amount. Property rates and all other services will be increased with 8% as from the 1st July 2015. It is acknowledged that these increases are higher than current CPI levels, unfortunately, our cost drivers are not CPI linked. Eskom and Rand Water increases, labour costs, fuel prices, important content and many other cost items are increased by far higher than CPI. If our tariffs are not cost reflective, the standard of services will drop and the municipality will not be financially viable in the long run. Please remember that these tariff proposals are currently open for public comment and are not yet finalised. You can forward your comment to the municipality and Council will take your comments into consideration when the final tariffs are approved next month.

It is also important to address the present Demarcation situation. I want to reassure our residents and community at large that we are still committed to fighting the demarcation board. We are currently waiting for the Demarcation Board to submit their supplementary affidavit by the 15th June and thereafter we will approach the Judge President for a court date. We are still firm and resolute in our belief that we have a strong case, and that the demarcation board has some difficult questions to answer, and the obvious fact that the status quo will remain.

There is often a form of thinking which I have encountered in Midvaal, which irritates me. This is the thinking that Midvaal is a small municipality, with such small budgets that we cannot make any significant change. We need to stop this thinking. There is an African proverb which says "If you think you are too small to make a difference, nSeth Gordon, that said we must strive to be the purple cow amongst the brown cows. We must strive to be excellent, to stand out from the crowd, to do things differently, and to achieve huge results with our small budgets. We need to rethink how to spend our budgets in the most effective ways, so that we are punching well above our weight. We need to envision what the Midvaal of the future

will look like. We will recommit to the improvement and formalization of Sicelo, and we will resettle our communities within Savanna City and the Grace establishment, which will flourish and give opportunities and access to infrastructure which has never been experienced before. Our small-hold owners will contribute significantly to our GDP through agriculture, and we will be the full embodiment of an agri-tropolis and feed Gauteng, whilst we build our industries along the R59 and R82. This is what the Midvaal of the future will look like, because we have the plan, the buy-in from our community, we will implement, and we believe in the possibility. We are committed to a better Midvaal, because this will be the centre of growth in Gauteng.