

# 1. EXECUTIVE MAYOR'S BUDGET SPEECH

---

Mr Speaker,

The 2012/2013 Draft IDP and Budget signify the beginning of a new four year planning cycle for Midvaal. Following the Democratic Alliance's victory in the local government elections last year we embarked upon an extensive planning exercise with the aim of realising our vision of an open, opportunity society for all. Indeed this proposed budget is focused on maintaining and enhancing basic service delivery to all areas in Midvaal however there is a definite shift towards addressing the need for additional infrastructure and social facilities in poorer communities.

The latest available statistics, as contained in the IDP, show us that about 17% of our residents live beneath the poverty line. This statistic is far better than the national average, and indeed better than poverty levels in Emfuleni and Lesedi that are reported to be at 41% and 37% respectively. The latest available statistics also show that Midvaal's unemployment rate has been on a steady decline since 2002 and is currently at around 11% in comparison with the national average of 23% in terms of Statistics South Africa's narrow definition.

Indeed, we can be proud of our achievements since the DA first won control of Midvaal in December 2000. Our local economy has been growing at an average of 8% per annum and the benefits to poorer households are clear. However Mr Speaker, we cannot rest on our laurels as one family living in poverty is one too many and therefore all our efforts must be aimed at sustaining rapid economic growth which will in turn create even more jobs and opportunities for our residents.

We are proposing a draft operating budget of R738 million. This is indeed a massive increase – some 34% from the previous years' budget of R550 million. This increase can be attributed to the expected economic growth, additional depreciation on revalued assets but is also largely dependent on NERSA's final tariff determination for Midvaal.

It is proposed that employee costs will be R159 million which is 22% of the total budget. This is far below the accepted norm of 30% but is sufficient to allow for an expected 8% increase in salaries as well as the creation of about 20 additional posts.

The repairs and maintenance budget increases by 11% to R38 million with roads and bulk services making up the majority of this vote. Our proposals also include a recycling programme for Midvaal. It is envisioned that this programme will be driven by our local private sector and co-operatives. We should not see recycling as an expense but rather as an investment as it has the potential to create a reliable income stream for many poor families and it will also reduce the long term expenditure on landfill sites. Our desire is to see at least 6000 households sorting their refuse at source before the end of 2012.

The remainder of the operational budget provides for the continuation of the high levels of service delivery that Midvaalers are accustomed to.

Council will note that we are proposing a Capital Budget of more than R192 million. About R72 million of that reflects public donations of infrastructure for the Eye of Africa Development.

The remainder includes R47 million in grants and R14 million of own funding. We are proposing almost R59 million worth of loans. Midvaal has been very conservative with regards to loan finance in the past and there is much scope to increase our borrowing in anticipation of future growth.

We are proposing to purchase vehicles to the value of R14 million in the coming financial year. These range from traffic vehicles, to TLB's, Water Tankers, Tipper Trucks and an additional refuse compactor. We plan to invest about R1 million to upgrade Midvaal's IT infrastructure and equipment. We have made great strides in using technology to our advantage but our increased reliance thereon forces us to maintain a stable and reliable IT network.

Further capital budget proposals include:

- Creating informal trading sites within Sicelo, Ward 8
- The construction of a library in Lakeside Estates
- Extension of the Kookrus Cemetery in response to the greater need for burial sites
- Providing for the initial bulk infrastructure to the new Mamello Township
- Spending R30 million to enhance operations at the Meyerton Waste Water Treatment Works
- R21 million will be spent on the tarring of gravel roads, of which R6 million is MIG funding
- We will upgrade 3 busy and dangerous traffic intersections in Meyerton with traffic circles
- The commencement of the first phase of the Kidson Weir upgrade
- The continuation of the rebuilding of Jan Neethling Street in Riversdal
- We propose to build a new reservoir in the Valley Settlements area that will supply Sicelo, Daleside, Henley-on-Klip, Highbury and Valley Settlements as residents in those areas will that water pressure is extremely low and will deteriorate further with the expected growth.
- In the interim we will obtain an additional bulk water connection for Sicelo from Rand Water which will feed more stand pipes in the informal settlement.
- Almost R5 million is for the upgrading of the electrical network to ensure a reliable supply

The funding of the budget was particularly difficult to calculate as a result of NERSA's recent announcements around electricity tariff increases. We will have to wait a few more weeks to establish the exact electricity increase in the Midvaal area and this will result in material changes to this draft budget before it is presented for final approval at the end of May.

Other tariff increases reflect the fact that we are moving towards a higher rate of inflation in the coming year and increases in items such as fuel will have a dramatic effect on our operations. Furthermore, Midvaal has been very conservative with its increases in the past but we cannot continue with this practice if we are to ensure even better levels of service delivery in future.

However there are signs that the local economy is steadily recovering from the recent recession. Payment rates have risen in line with increased economic activity and the municipality's cash flow has improved dramatically. These are some of the reasons why the independent ratings agency, Ratings Afrika, recently named Midvaal as the most financially sustainable municipality in Gauteng.

Proposed tariff increases are therefore as follows:

Assessment rates:	10.0%
Basic Water:	9.0%
Basic Sewerage:	8.0%

Additional Sewerage: 8.0%  
Refuse Removal: 20.0%(attributed to fuel increases as well as the recycling programme)

Rand Water has announced a bulk tariff increase of almost 15% and this will result in Midvaal's water tariffs increasing by between 15% - 20% depending on your tariff. Indeed there is a need to manage this scarce resource more carefully but, despite the proposed increases, our water tariffs will remain lower than those of neighbouring municipalities such as Emfuleni.

Mr Speaker, this draft budget contains but one small phase of our medium-term plan for Midvaal. The outer years reflect many more projects intended to meet the needs of our growing community. We believe that the 2012/2013 draft budget lays a solid foundation for this Council's term of office. Indeed we can be proud of the fact that, together with our community, we have built a municipality that is able to propose a combined operating and capital budget of no less than R930 million.

I would like to thank the municipal manager and his team for the hard work that has gone into preparing the many schedules and reports that are legally required. We will now embark upon an extensive public participation process and I encourage Councillors and their communities to take ownership of this budget and IDP.

Finally I would like to thank Midvaal's residents for their ongoing support. There are few municipalities that enjoy such passion and commitment from local residents as we do here.

Let us appreciate:

- how community members in Sicelo have turned illegal dump sites into clean areas with benches and trees;
- or how Blitz Beton donated paving bricks to repair the pedestrian walkway next to Destinata School;
- how volunteers from Walkerville area are clearing illegal animal traps in open spaces;
- that residents of Henley-on-Klip have raised funds and pledged donations to establish a cultural centre within their library;
- the many community patrollers, neighbourhood watches, CPF members, charitable organisations and business forums that are hard at work fighting social ills such as poverty and crime.
- the donations by local businesses towards parks in Ward 14 – an initiative launched by Councillor Phil Pretorius to encourage the community to take back and use their parks.

Upon entering the Council Chamber this evening you would have heard the sounds of Bana Ba Sekhonyana, a local youth group primarily from Sicelo that recently recorded their first CD. Through sponsorships, hard work and even having to make some of their own instruments themselves these youth have been able to fulfill one of their dreams. It is only fitting that this Council should support this group which is why we've purchased CD's for all Councillors. This is a success story simply proving yet again the spirit and determination of Midvaal's people.

Mr Speaker, as I present the 2012/2013 draft budget, I mention but a few community initiatives to remind this Council of its task of maintaining the trust, passion and goodwill that has been fostered over many years. This budget and IDP is not simply a continuation of the past – it is indeed a passionate commitment to realising the Open, Opportunity Society for all the residents of Midvaal. Thank you