

Budget Speech delivered by His Worship the Mayor of Ugu District Municipality, Cllr MA Chiliza on the presentation of the Draft IDP and Budget for the financial year 2018/19, to the sitting of the Ugu District Municipal Council on the 24th of May 2018.

Speaker of Council, Cllr MH Gumede;

Executive Committee of Traditional Leadership led by Inkosi R.S. Shinga;

Mayors and Deputy Mayors and Speakers of Local Municipalities;

Members of the Executive Committee of UGU and EXCO members from local Municipalities

Members of Council;

Chairpersons and Board members of our entities ie UGU South Coast Tourism and UGU Development Agency

Community of the UGU District;

The Municipal manager: Mr DD Naidoo, UGU Senior officials and CEOs

Invited Guests;

Members of the media;

To all those listening live from UGU Youth Radio and Radio Sunny South;

All Protocol Observed

Thank you very much for the glorious opportunity given to me to address you this morning on the occasion of the adoption of the Draft IDP and Budget for the financial year 2018/19.

In just less than two months' time from now, the peoples of the world will unite in celebrating the 100th anniversary of the birth of former

President Nelson Rolihlahla Mandela.

It will be the day on which as South Africans, we will remember the life of one of the most remarkable leaders among many this country has produced.

In his maiden state of the nation address, President Cyril Ramaphosa said and I quote **“We will recount Madiba’s long walk to freedom, his wisdom, his unfailing humility, his actions towards building unity and his essential integrity. We have dedicated this year to his memory and we will devote our every action, every effort, every utterance to the realization of his vision of a democratic, just and equitable society,”** close-quote

In celebrating the centenary of former President Nelson Mandela we are building the future. This year, we also celebrate the centenary of another giant of our struggle, Albertina Nontsikelelo Sisulu. As we mark her centenary, we reaffirm that no liberation can be complete and no nation can be free until its women are free.

In his State of the Nation address President Ramaphosa said and I quote **“Through her remarkable life and outstanding contribution, she defined what it means to be a freedom fighter, a leader and a diligent and disciplined servant of the people. Through her leadership, she embodied the fundamental link between national liberation and gender emancipation.”** Close quote

We honour these two esteemed leaders of our beloved African soil in a year of change, renewal, hope. Let us celebrate their lives and live by their values of ubuntu, honesty integrity and hard work.

As we gather today for the adoption of this Municipal Strategic document and Budget, we look back over our shoulders the work that we have done in the financial year that will come to its knees at the end of next month. Indeed, we look back with pride that we did not disappoint our highly important communities in bringing the essential services as the constitution of our country dictates. One of the objective of Local Government is to bring services to the communities and that is what we have been doing and will always do.

In that process, the African National Congress led UGU Council has made great strides in ensuring that our communities have clean, healthy and drinkable water and dignified sanitation systems. This Council has ensured that 49 pupils from low income earning households are registered at tertiary institutions this year. Education will always be apex priority of this ANC led Municipality, so this Council will never shy away from financial assisting needy learners. We are all in agreement to the fact that a high number of educated citizens and peaceful country will result in our country being able to attract investors and create jobs especially for young people. That will eventually make our country economically stable. We must embark on **Operation Buyela eskoleni**, especially for the young people to further their education.

UGU will honour its undertaking to set aside at least 30 percent of public procurement to SMMEs, cooperatives and local businesses. We will continue to invest in small business incubation program especially owned by Women and young people.

As ANC led Municipality, we have positively responded to the call made by our Country's President Mr Cyril Ramaphosa regarding fighting poverty he we employed 386 women that clean our water services infrastructure. We were doing all that inspired by the late ANC President OR Tambo as we were celebrating the year dedicated to him last year.

When speaking of this giant which Mama Sisulu was, another giant also comes to mind, Mama Winnie Nomzamo Madikizela Mandela whose passing away left most of us shocked and emotionally touched because of her contribution to liberation struggle in our country, may her soul rest in peace, ukulwile ukulwa okuhle, makaphumule ngokuthula.

Our next financial year will begin on the 1st of July 2018, we will begin a financial year built on the foundations of these two giants Tata Madiba and Mama Sisulu. This is a very serious challenge for all of us who have so much respect for Madiba and Mama Sisulu. It says that we need to do all that we do in the manner that is true to what Madiba stood for.

This giant, Madiba once said, and I quote, **“What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead,”** close quote.

The message that I have today is a message that says we are here to make a difference as inspired by Madiba. We cannot make a difference if we do things the same way we have been doing them before. We cannot make a difference if a dripping tap, gushing water, sewer spillage is a campaign instead of reporting it through proper channels. Also, we cannot make a difference if our call centre does not respond to calls, does not capture details of people in distress, we are not going to make a difference.

Our IDP is a solid voice of poverty-stricken women of Bhewula at uMdoni Municipality and the crying voice of the young twin girl kwaJoni who said that her life is at a stand-still because she does not have an ID at the age of 25.

It is a voice of all the youth who said that they have business ideas but do not have funding. We will continue working together with young people for the realisation of their dreams of a better life.

It is the voice of those who need a water tanker in their areas as an interim measure whilst we are installing pipelines, it is a voice of those who said that it is impossible for them to wake up in the middle of the night to chase water due to our **vula vala** system that occurs at odd hours of the night. We will encourage the maintenance of access roads by local Municipalities so that we will deliver water closer to those people.

I must hasten to say that equally the voice that said “Thina baba Meyasawo amanzi ayaphuma empompini, ama truck ayafika” was just as loud.

That voice said to me that all is not doom and gloom. However, we need to accelerate with speed in delivering services to our people. A lot of effort went into planning for the new financial year. All that was said during the road shows has somehow been incorporated into this new IDP and Budget that we are about to adopt. Still inspired by Madiba who said, and I quote, **“Significant progress is always possible if we ourselves try to plan every detail of our lives and actions and allow the intervention of fate only on our own terms,”** close quote.

Indeed, our planning is coupled with action. As I said that we want to leave a mark for generations to come to see. Fate cannot drive us unless we do not plan. I agree with the adage that says proper preparation prevents poor performance. And if you do not plan it means you are planning to fail. So our strategy is to plan properly to deliver services effectively and efficiently.

As I proceed I wish to mention the fact that 3 General Managers left our municipality. This was due to the end of their contracts and others wanted to pursue other areas of interest. We have replaced General Manager Treasury with Mr Simon Dlamini who came at a financially turbulent time for our municipality. He is working tirelessly to turn things around and steer the ship towards a good direction. We are still looking to replace GM Corporate Services and GM IED.

We are directed by Section 87 sub-section (3) of the Municipal Finance Management Act No. 56 of 2003 that requires the Mayor of the district municipality to present the proposed budget of the municipal entities under it's wing at the time when the annual budget of the municipality for the relevant year is tabled. It is on this premise that, as per the prescriptions of Section 87 (3) of the Municipal Finance Management Act No 56 of 2003, I table the draft budget of the Ugu South Coast Tourism Entity together with that of the Ugu South Coast Development Agency.

Our budget speaks directly to leaving a permanent and indelible mark to the lives of our people.

2018/2019 Budget

Somlomo, our budget for 2018/2019 financial year has been informed by the performance of our economy. South Africa has experienced a period of protracted economic weaknesses which diminishes private investment across all sectors of economy due to declining in businesses and consumer confidence.

Somlomo, the prerequisite for increased revenue to expand service delivery are rapid growth, investments and job creation. These economic challenges will continue to exert pressure on municipal revenue generation and collections levels hence a conservative approach is advised for revenue projections. Therefore, as uGu District municipality,

we will have to improve our efforts to limit non-priority spending items and to implement stringent cost-containment measures.

Macroeconomic performance and projections that were taken into account when preparing our 2018/2019 budget are as follows:

- Consumer Price Index or Inflation of 5,3% in 2018/2019; 5,4% in 2019/2020 and 5,5% in 2020/2021 financial years; and
- Real Gross Domestic Product (GDP) growth of 1,5% in 2018/2019; 1,8% in 2019/2020 and 2,1% in 2020/2021 financial years.

Somlomo, however the South African Reserve Bank (SARB) has tried to contain an inflation to a target band of 3% - 6% despite economic challenges facing South Africa. The unemployment rate still remains 26.7% due to stagnant growth in the South African Economy.

Somlomo, as a legislative requirement, section 16 of the MFMA instructs us as the Council of this municipality for each financial year to approve, an annual budget for the municipality before the start of the new financial year.

The above section is read together with section 52 of the MFMA, that says, the Mayor of the municipality must provide general political guidance over the fiscal and financial affairs of the municipality. In providing such political guidance the must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.

Our total budget amounts to R 1 115 239 769. Our capital budget is R254 889 000. Our operating budget is R837 480 000. Our surplus budget is R22 870 769.

Somlomo, in the implementation of our 2018/2019 budget we shall ensure clean financial administration in the form of sound financial management governance, combating any form of fraudulent and corrupt activities and favourable audit opinion from Auditor-General.

Water and Sanitation:

Somlomo, as the provision of basic services to our community in the form of water and sanitation is our core constitutional mandate, all our four (4) local municipalities have been taken into account in our budget as follows:

Ray Nkonyeni Local Municipality

Somlomo, Ray Nkonyeni Local Municipality as economic hub of our district, the allocation has been made as follows:

- Equitable Share allocation of R146.7 million to cater for subsidy for water and sanitation for indigent or poor households living below poverty threshold. This allocation includes among other things: water provision by standpipes, water tankers in case of emergency, repairs and maintenance of water and sanitation infrastructure in those communities living below poverty threshold; and
- Municipal Infrastructure Grant (MIG) MIG Capital Projects such as follows:
 1. KwaXolo Bulk Water Supply for R10 million, to cover areas such as;
 2. Umthavuna Water Treatment Works Extension for R8 million, to cover areas such as;
 3. KwaNyuswa Water Scheme – Phase 3 for R6 million, to cover areas such as;
 4. Umzimkhulu Bulk Water Augmentation Scheme for R5 million, to cover areas such as ;

5. Msikaba Water Supply Scheme for R4 million;
6. Water Pipeline Replacement for R37.9 million;
7. Margate Sewer Pipeline Replacement for R10 million;
8. Bhobhoyi / Mkholombe Sanitation for R500,000;
9. Masinenge / uVongo Sanitation for R3 million;
10. Kwalatshoda Water and Sanitation for R550,000;
11. Hibiscus Coast Sanitation for R9.5 million;

Umdoni Local Municipality

Somlomo, the budget allocation to uMdoni Local Municipality has been made as follows:

- Equitable Share allocation of R64,5 million to cater for subsidy for water and sanitation for indigent or poor households living below poverty threshold. This allocation includes among other things: water provision by standpipes, water tankers in case of emergency, repairs and maintenance of water and sanitation infrastructure in those communities living below poverty threshold; and
- Municipal Infrastructure Grant (MIG) MIG Capital Projects such as follows:
 1. Mistake Farm Water Supply Scheme for R1.8 million;
 2. Vulamehlo Water Scheme for R1,9 million;
 3. KwaLembe Water Supply Extension for R680,000;
 4. Umzinto Waste Water Treatment Works for R8,9 million;
 5. Pennington Waterborne Sewerage for R14,4 million;
 6. Malangeni Low Cost Housing for R11,9 million;

7. Umzinto Slum Clearance: Farm Isonti Low Cost Housing Water & Sanitation Scheme for R500,000; and
8. Nkonka and Pumpstations for R4 million.

Umuziwabantu Local Municipality

Somlomo, the budget allocation to uMuziwabantu Local Municipality has been made as follows:

- Equitable Share allocation of R42,6 million to cater for subsidy for water and sanitation for indigent or poor households living below poverty threshold. This allocation includes among other things: water provision by standpipes, water tankers in case of emergency, repairs and maintenance of water and sanitation infrastructure in those communities living below poverty threshold; and
- Municipal Infrastructure Grant (MIG) MIG Capital Projects such as follows:
 1. Harding Weza Regional Bulk Water Supply for R26,5 million; and
 2. Harding Sanitation Scheme phase 3 for R1,5 million;

Umzumbe Local Municipality

Somlomo, the budget allocation to uMzumbe Local Municipality has been made as follows:

- Equitable Share allocation of R57 million to cater for subsidy for water and sanitation for indigent or poor households living below poverty threshold. This allocation includes among other things: water provision by standpipes, water tankers in case of emergency, repairs and

maintenance of water and sanitation infrastructure in those communities living below poverty threshold; and

- Municipal Infrastructure Grant (MIG) MIG Capital Projects such as:
 1. Mhlabatshana Regional Water Supply Scheme for R7 million;
 2. Mabheleni East Water Supply for R10 million;
 3. Water Pipeline Replacements for R14,1 million;
 4. Mthwalume and KwaQoloqolo Water Supply for R20 million;
 5. Assisi and Morrison Water Supply for R5 million; and
 6. KwaHlongwa Water Treatment Works Upgrade for R10 million.

RURAL WATER RELIEF PROGRAMME

Somlomo, we have set aside an amount of R4 million to deal with an immediate relief on water.

VACUUMING OF VIP TOILETS

Somlomo, we have also set aside an amount of R2,5 million to vacuum all VIP Toilets already constructed in the rural areas.

CALL CENTRE SYSTEM IMPROVEMENT

Somlomo, we have set aside an amount of R1,4 million to improve the call centre system for the community to communicate with the municipality with regards to the services.

Ugu South Coast Tourism:

In compliance with the provisions of Section 87(3) Municipal Finance Management Act, we are also tabling the budget of the Ugu South Coast

Tourism and South Coast Development Agency which has been approved by the respective Entity Board.

The total revenue for the coming financial year is R 22 105 750. This budget is made up of grants allocated from respective municipalities within our district and other conditional grants income.

Ugu South Coast Development Agency

The Agency has a total budget of R19 273 989. This budget is made up of grants from local municipalities and other government departments. We shall have a proper funding model for our entities.

We shall have a proper funding model for our entities to ensure that they are effective and efficient.

Special Programmes

The work done by this section demands that everybody involved is selfless because we deal with very sensitive issues of people who has for many nights went to bed without something to eat. As the Mayor, I understand that our core function is water and sanitation but it is also our mandate to address the triple challenges as identified by national government. These issues being poverty, unemployment and inequality. In most cases these challenges affect our youth and women. The main driver for such is lack of skills. It is on this premise that we have created programmes like women cleaning our water facilities, unemployed youth graduate development programme, community cleaning rivers in rural areas. We have youth and women who are currently part of these projects whom we have made a mark on their lives and we will continue to do so. We are working together with Public Works in creating employment through EPWP. This coming financial year we will be accurately dealing directly with the wish list of the public which was

announced by communities in budget road shows hence I have mentioned R4million for rural water relief programme.

Allocations in respect of the Special Programmes are as follows:

Youth Development Programmes

Somlomo, in order to ensure that our future generation is taken care of, the young people have been allocated an amount of R17,8 million comprises of the following:

1. Bursaries for R600,000;
2. Drugs Substance Abuse for R150,000;
3. SALGA Games for R5,7 million;
4. Internships and Unemployed Graduates Programme for R1,1 million;
5. For the first time we have Sports Development for R1,5 million;
6. Youth Development Initiatives for R2,8 million; and
7. And another first is Skills Development Programme for R5,5 million.

Gender Development Programmes

Somlomo, gender development programmes include among other things the following:

1. Women Celebration for R500,000; and
2. Gender development programmes for R200,000.

Elderly	: R 198 000
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HIV/AIDS	: R 550 000
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Rights of a Child	: R 211 000
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Disability : R 450 000

POVERTY ALLEVIATION PROGRAMME

With this program Somlomo we aim to create job opportunities even if it is at a small scale however it will make a big difference. The total budget for this programme is R14 845 000.00. This will money will go towards some projects and I will mention two below. Last year we launched a programme that employed 386 women who were responsible for cleaning our infrastructure facilities with focus to reservoirs. We will continue with it this year and we have set aside R4 632 000. This year we are launching another one that will focus on cleansing of rivers, alien species, wetlands and springs. We have set aside R4 713 000.00.

LOCAL ECONOMIC DEVELOPMENT

Though we do not have the General Manager in this department, Somlomo the work will continue in this department. This is the department that will give hope to the lives of many young people of our district. This is the department that will turn a proposal on a piece of paper into a multi-million project. Their budget is allocated as follows:

SMMEs Development Programmes R500,000.00

Cooperatives Development Programmes R500,000.00

Cultural & Heritage Development Programmes R400,000.00

Arts Development Programmes R450,000.00

Agricultural Development Programmes R550,000.00

Mining Development Programmes R300,000.00

Manufacturing Development Programmes R350,000.00

Tourism Development Programmes R1,000,000.00

TRADITIONAL LEADERSHIP

Somlomo ohloniphekile, konke esizokwenza sizokwenza ngokubambisana namaKhosi ethu ahloniphekile kuso sonke isifunda soGu. Lokhu sizokwenza ikakhulukazi uma siletha intuthuko emphakathini Kanye nokwenza isiqiniseko sokuthi ezolimo ziyathuthuka kwisifunda soGu.

As I conclude, I wish to say that we are aware of all the challenges we face as a municipality and we are doing all we can to ensure that we realise our vision and mission. We are pulling all the human and capital resources we have to touch everybody within our district.

If you think that we have not touched you with this budget in anyway, trust me when I say that siyeza nangakini. Our work is not complete yet. We look forward to a Ugu District that has hundred percent coverage of clean drinking water. We will leave a mark and we are not far from that.

I thank you.