



State of the Municipality Address.

Waterval Community Hall

26 June 2015

Madam Speaker: Cllr Mogale .L & Chief Whip Cllr Ludere R

His Majesty Khosi-Khulu: Vho Toni Mphephu Ramabulana

The leadership of the ANC and its alliance partners

Members of Executive Council of Limpopo Government

His worship Executive Mayor of Vhembe District Cllr: T. Matibe

Mayors and Leaders in all Local Municipalities

Members of the Legislature

Chief Whips and speakers of our municipalities

Mayoral and Executive Committee members

Chairperson of Vhembe House of Traditional Leaders: Hosi Nxumalo

SALGA Limpopo

MPAC Chairperson : Cllr :T. Malange

Ward and PR Councillors

All Traditional Leaders present

Archbishop E.M.M. Mureri of the United African Apostolic Church

All Councillors Present here

Traditional Healers present here

All community leaders

Comrades and friends

Distinguished guests

Ladies and gentlemen

Ndi madekwana, Good evening, Dumelang, Goeie naand, Thobela, Ri perile

Programme Directors

It is always a privilege and a humbling experience as the Mayor of Makhado Municipality to stand in this august occasion to reflect on our performance, progress and projections towards building a better life for the people of Makhado. The state of Municipality address allows us to look ahead with hope, determination and courage as we write stories of our collective past, present and future which abound with endless possibilities for our children and generations to come. Our stories are rooted in our vision to create a National Democratic Society founded on core values of equality, freedom, human dignity, and the progressive realization of socio-economic rights.

Programme Directors

Today, we can proudly say that we are a better nation than yesterday. We need to acknowledge and applaud the foundation we have built to ensure that our future generations live as we dreamed of and fought for. Despite all our

achievements, we are under no illusion that our task to realize the objectives of the National Democratic Revolution has been achieved. A lot of hard work still lie ahead of us. Slowly, but surely our 'long walk' to freedom continues taking a shape of striving for economic freedom in the third decade of our democracy.

Programme Directors

It was on the 16th of June 1976 in Soweto where acts of heroism by young people who took on the might of the apartheid regime in pursuit of freedom, equality and human rights. Hector Petersen became a symbol of the student uprising and quest for freedom. The bravery of our youth during those difficult times pushed our country closer to freedom and democracy which we finally achieved in 1994. We owe the freedom we enjoy this day to the 1976 heroes and heroines and those who were there before them.

Programme Director

This state of Municipality's address is taking place on the 26th of June, exactly sixty years after the adoption of the Freedom Charter. The 26th of June 1955 saw the people of South Africa *congressed* at Kliptown and adopted the Charter that remains relevant in championing the National Democratic Revolution that is destined to the creation of a united, non-racial, non-sexist, democratic and prosperous society. As the principal agent of social transformation, the African National Congress remains steadfast in its pursuit of the ideals of the Freedom

Charter. The provision of free basic education, RDP houses, equal rights and equality before the law, and primary health care are just but few examples that their origins can be traced back to the Freedom Charter. The implementation of the National Health Insurance as a pilot project here in the Vhembe District will come as a major boost in terms of improving health facilities like clinics, health centers and hospitals. This also can be traced back in the Freedom Charter as it seeks to ensure that health services are affordable also to the poor majority of our country.

Programme Directors

As we celebrate the sixtieth anniversary of our Freedom Charter, we must not lose sight of the fact that the State President, His Excellency Jacob Zuma has declared 2015 the year of the Freedom Charter. To ensure that the doors of learning remain open, Makhado municipality has extended its bursary to cover the poor of the poorest and those who enroll in FET colleges, with special focus to engineering and Accounting fields to give examples. Working together in pursuit for a better life for all, the Freedom Charter must remain a guiding compass.

Programme Directors

The name Makhado has once again become a topic of controversy. We received as the municipality the shocking news in October 2014 that the name has been

reverted back to Louis Trichardt. There are those who always want to convince us that the renaming of our towns and public institutions cannot be a priority when there is still huge backlog in terms of service delivery. Little do they tell us why they continue to advocate for the name Louis Trichardt who only stayed around here for less than two years. History has it that in defense of his territory and people the warrior King Makhado Tshilwavhusiku tsha ha Ramabulana conquered those who were in the mission to advance the colonial rule. Why is it difficult to change Louis Trichardt? Why were the names of other towns changed with little difficulties? It is because King Makhado was not named the lion of the North for nothing. It is unfortunate that 21 years in our Democracy we still have people who want to take us back where our nation does not belong. We are happy to report to this gathering that together with the National Department of Arts and Culture, we have put together a legal team that is meant to challenge how the review of the name was processed. We are not going to rest until the name of the town reflects the real history of the struggle of the people. A street renaming committee was appointed to ensure that the streets names of the town also speak to the history of the liberation of our country.

Programe Directors

During the 2012/13, 2013/14 and 2014/15 financial year we continued to live to our 2012 adopted definition of *radical change*, that is “**a significant disruption of the status core for the better**”. The municipality for its past

financial year effectively and efficiently spent 100% of its Municipal Infrastructure Grant (MIG) and this Waterval Community hall is one of the living testimonies of this. Like we did it in 2013/14 financial year when the municipality was given extra R45m for good performance, we want it to become a culture. This can be achieved if Road Agency Limpopo can avoid delays in projects approval like in the case of Chabani Bungeni and Magau roads. The low expenditure of MIG for 2014/15 can be attributed this challenge, but we are sure 100% expenditure will be achieved before the cut off date and no money will be returned back or rolled over.

Programme Directors

When we celebrated the 2012/13 Qualified Audit Opinion which was achieved after more than ten years of disclaimers, it sounded too ambitious to project a better opinion for 2013/14 financial year. The projection of a better opinion has come to fruition and an **Unqualified Audit Opinion** is what we have achieved. We are looking forward for a “clean audit” for the 2014/15 financial year. SALGA Limpopo in its finance week has awarded us with a cup for improved audit opinion.

Programme Directors

The national back to basics report has Makhado Municipality placed at the top six municipalities in the province that are doing relatively well. Indeed the status core is being significantly disrupted for the better, we call this radical

change. Our attainment of clean audit will take the municipality to another level, that of **excellence** and the next level will be to attain **greatness**.

Programme Directors

Makhado Municipality in its quest to attain excellence has a functional performance management system with a credible framework that assists in monitoring the implementation of the Integrated Development Plan and the Budget. We are pleased to announce that in the 2014/2015 IDP assessment, Makhado municipality was rated high. The municipality has adopted 7 strategic objectives, namely:

- Invest in Human Capital
- Invest in Local Economy
- Promote Community Participation and Environmental Welfare
- Accessible Basic and Infrastructure Services
- Advance Spatial Planning
- Good Governance and Administrative Excellence
- Sound Financial Management and Viability

We want to urge every citizen of Makhado Municipality to support our efforts of achieving these strategic objectives since the realisation of our vision 2025 is dependent on them. Our municipality has complied with the B2B monthly and quarterly reporting to COGHSTA and COGTA. We are rated a high performing institution with low risk. Makhado Municipality has conducted Annual Performance Assessment of the Municipal Manager and all Directors for the

financial year 2013/2014. The annual assessment for 2014/2015 will be conducted by August 2015. Performance management has become a culture in our institution.

Programme Directors

The council through the accounting officer/Municipal Manager has committed Makhado Municipality to a process of enterprise risk management that is aligned to the principles of good corporate governance. Risk management is recognized as an integral part of responsible management and therefore, Makhado Municipality has adopted a comprehensive approach to the management of risk and a flawless process is clearly outlined in Risk Management strategy of the Municipality. A lot of progress has been done with respect of enterprise risk management for example, the establishment of a Risk Management Office, Risk and Anti-fraud & Corruption Committee which is chaired by an independent external person to ensure transparency. It is evident that the Committee is working efficiently, e.g. the risk management strategy and risk register of the municipality which are aligned to the IDP objectives are ready for adoption by Council.

Programme Directors

Fraud and Corruption present a significant potential risk to the Municipality's assets, service delivery efficiency and reputation. The Municipality will not tolerate corrupt or fraudulent activities, whether internal or external to the institution and will vigorously pursue and prosecute any party which engages in

such practices or attempt to do so by all legal means available. We also urge our communities to report all incidents relating to fraud and corruption to the district shared hotline. As the Municipality, we will ensure that all incidents reported are followed up and investigated. The hotline number is 0800 66 85 38 or fraud@makhado.gov.za or fraud@kpmg.co.za

Programme Directors

During the 2014/15 financial year we managed to employ 220 people (Waste Management-114, Roads and Storm water-46, and Electrical is 60) through EPWP. In the next financial year we will continue to create more jobs through this programmes.

Programme Directors

During the 2014/15 financial year we also assured our people that we shall deliver basic Services to our communities and we are proud to announce that we have managed to do that, with the exception of streets grading of which we are in the process of outsourcing graders. The first quarter of the new financial year will see dust not only when there are funerals like we were in many occasions told to improve in this regard. We promised to deliver tarred roads, electricity and grading of access roads. The commitment we made to our people was and still is in line with our vision of “A dynamic hub for socio - economic development by 2025. We have no doubt that we can become a City. The fact that National government has identified Musina as a Special Economic Zone where major infrastructural development will begin in no time, there is no way that Makhado Municipality would not get its fair share. Makhado and Musina

are inseparable bound by the rich minerals that connect them underground. With the underground connection already there, we commit as the municipality to ensure that the Makhado-Musina corridor is exploited for the benefit of our people.

Programme Directors

In the year 2014/15 we managed to invest in the following project of which some of the are still continuing in 2015/16 as reflected below

No	Project Name	Status
1	Upgrading of Tshikota Streets and Pretorius	Completed
2	Tarring of Eltivillas A and B Street	Completed
3	Upgrading of Bungeni Sports Facilities	Completed
4	Waterval Community Hall	Completed
5	Rehabilitation of town CBD and Ruh street	In Progress
6	Sereni Themba to Mashamba post office access road and bridges	In Progress
7	Chavani to Bungeni road	In Progress
8	Landfill Site Makhado	In Progress
9	Tshivhazwaulu to Rasivhetshele road	In Progress
10	Piesanghoek to Khunda road and storm water	In Progress
11	Upgrading of Vuwani Sport Facilities	In Progress

Programme Directors

Our Local Economic Development will continue to be a significant component of service delivery and it is at the heart of our mission and vision as a municipality. Amongst other things during the 15/16 financial year we shall implement the following projects and programmes:

- ❖ In ensuring investment in the local economy, the municipality has disposed portion two of erf 4296 to enable development of the Motor City by NILO TOUCH (PTY) LTD at Corner Rissik and the N1 in Makhado Town. The proposed Motor City will be implemented during 15/16 by local private developers. The municipality is working together with the developer to ensure that the proposed development is in compliance with relevant legislations prior construction. The proposed development will also pave way for the realisation of a city by 2025 and job creation for local people.
- ❖ The Local Economic Development in partnership with Limpopo Economic Development Environment and Tourism (LEDET) will support 20 Leadership students in Travel and Tourism programs aimed at empowering youth with technical skills. 60 learners were trained in plastering, 70 in brick laying, 75 in plumbing during the 14/15 financial year through a partnership between Makhado Municipality and the National Home Builders Registration Council (NHBRC). Currently 75 participants are under training for painting, a programme that will continue to run in the 15/16 financial year.
- ❖ We shall host Makhado Annual Show 2015 on the 30Th of July 2015 to the 1st of August 2015 at the Show Grounds. We appeal to all members of our community to support this event which aims to showcase the unique and diverse information and other products and services offered by SMMES, Cooperatives, Government Departments, parastatals and foremost

businesses. Members of the community are urged to book different stalls available to sell and market their diverse products. Application forms are available at the LED desk.

Programme Directors

<u>MIG PROJECTS 2015/2016</u>		
NO	DESCRIPTION	SOURCES
1	Tshikota upgrading of street to the graveyard	MIG
2	Magau road phase 1	MIG
3	Tshivhulana to Tshilaphala access road phase 2	MIG
4	ledig	MIG
5	Landfill site makhado + recycling centre	MIG
6	Mudimeli bridge	MIG
7	Tshikwarani to Zamkomste Road	MIG
8	Tshirolwe,Matsa to Manyii road	MIG
9	Tshedza to Vuvha road.	MIG
10	Sibudi to Vyeboom road	MIG
11	Gombiti,Tshivhuyuni	MIG
12	Fencing of eight graveyards	MIG
13	Hawkers facility upgrading (Dzanani)	MIG
14	Concrete Palisade Waterval Stadium	MIG
15	Waterval Stadium Ablution Facility	MIG
16	Mabedi / Valedezi Road	

Programme Directors

The slow pace we experienced in the electrification projects will soon become things of the past. For the past years the municipality was stuck with consultants who were incapacitated which caused delays in the completion of other projects like Njakanjaka phase 2, which will be energized soon. The National Department of Energy has prescribed conditions that will ensure that

we appoint consultants with the necessary capacity to deliver in line with Eskom standards. The department has also facilitated a meeting between Makhado and Eskom to ensure that a memorandum of understanding is signed for the municipality to be compensated for providing electricity in Eskom area. That will assist in the upgrading of the Ribolla substation which will unlock development in town.

We are proud to report as Makhado Municipality that electricity projects which had serious challenges were completed in 2014/15 financial year and are awaiting official opening although people are already enjoying using their electrical appliances and darkness at night is the thing of the past. The following projects were completed in 2014/15 with 566 connections in Makhado License area:

Magau, Tshikota & Tshiozwi, Ramantsha, Riversade, Gogobole, Manavhela, Madodonga Post connections: (Zamekom) and Makhitha, Sane and Mangwele, Afton/Khomele and Gombani.

We managed as Makhado municipality to provide further 1096 connections in Eskom license areas as follows:

Mufeba, Pfananani, Makhavhani, Tshifhahani (Tshirangadzi), Luvhalani, Mauluma Zone-4, Mugejwane, Vhangani, Njakanjaka Phase-2 and Mashamba

Programme Directors

We are delighted to report that in 2015/16 Eskom will electrify 2745 connections in the following villages:

Ghonyama Phase 2, Bokisi/ Chavani phase 2, Masakona phase 2, Mukhoro Thenga, Maila, Madobi, Sendedza/Manngo/Tshikota/Mamuhohi, Mulima, Mpheni D, Midoroni/Maebani, Vari, Tshino Ext, Mopani 3/ Tshituni, Zamazama , Mukondeni, Mbokota , Makungwi, Tshivhulani, Valdezia phase 2, Muungamunwe, Ndiitwani, Magulule, Manyima, Maname Paradise, Gondeni Mavhunga, Kokwane, Kurhuleni North.

The villages that are going to be electrified by Makhado Municipality in 2015/16 in Makhado license area are as follows:

Magau and Makhitha/Tshikodobo/Zamkoste, Tshiozwi and Gogobole village, Ramantsha and Riverside Village, Manavhela and Madodonga Village.

The following projects will be implemented by Makhado Municipality during 2015/16 Financial year through INEP funding in Eskom license area:

Wisagalaza phase 2 & Xitachi village, Sukani Village, Tshivhulana Zone 6, Ratombo Sections (Tshituni tsha fhasi), Mukondeni and Freedom-Lusaka sections, Mamburu and Makushu

Programme DirectorsWe present a summary Of budgeted Operational Revenue and Expenditure for 2015/2016TO 2017/2018 Financial years

Description	2013/14	2014/2015	2015/16 Medium Term Revenue & Expenditure Framework		
			Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	Audited Outcome	Adjusted Budget			
Revenue By Source					
Property rates	28,523	41,666	43,642	46,693	49,119
Service charges - electricity revenue	231,351	257,452	288,861	324,102	363,642
Service charges - refuse revenue	6,852	9,284	9,724	10,404	10,944
Rental of facilities and equipment	505	429	449	481	506
Interest earned - external investments	1,955	3,136	3,285	3,515	3,697
Interest earned - outstanding debtors	13,007	11,439	11,981	12,819	13,485
Fines	5,650	1,566	1,641	1,756	1,847
Licences and permits	11,078	10,741	11,251	12,037	12,663
Transfers recognised - operational	263,138	291,305	360,010	369,813	367,641
Other revenue	18,228	19,808	20,748	22,199	23,353
Total Revenue (excluding capital transfers and contributions)	580,286	646,826	751,592	803,818	846,895
Expenditure By Type					
Employee related costs	201,866	229,757	241,177	254,442	267,928
Remuneration of councillors	20,782	21,705	22,964	24,227	25,511
Debt impairment	12,894	20,000	10,000	10,550	11,109
Depreciation & asset impairment	123,074	145,015	153,426	161,865	170,444
Finance charges	10,302	5,901	6,181	6,613	6,957
Bulk purchases	157,754	189,898	216,939	247,831	283,122
Other expenditure	162,579	152,390	184,442	187,150	197,430
Total Expenditure	689,250	764,666	835,129	892,678	962,501
Surplus/(Deficit)	(108,964)	(117,840)	(83,538)	(88,860)	(115,606)
Transfers recognised - capital	109,578	158,872	129,264	136,892	143,831
Surplus/(Deficit) for the year	613	41,032	45,726	48,032	28,225

Capital and Operational Grants Allocations

Makhado Municipality DORA Allocation	Financial Years	
	2015/2016	2016/2017
Local Government Financial Management Grant	R1,600,000	R1,625,000
Municipal System Improvement Grant	R930,000	R957,000
Municipal Infrastructure Grant	R112,264,000	R116,892,000
Integrated National Electrification Programme Grant	R17,000,000	R20,000,000
Equitable Shares	R354,731,000	R360,778,000
Expanded Public Works Programme (EPWP)	R1,335,000	
Energy Efficiency & Demand Side Management Grant	R5,000,000	R5,000,000
TOTAL	R492,860,000	R505,252,000

Tariff Increases

SERVICE	2015/2016	2016/2017	2017/2018
Electricity	12.20%	12.20%	12.20%
Property rates	4.8%	5.9%	5.6%
Other services	4.8%	5.9%	5.6%
Sundry tariffs	4.8%	5.9%	5.6%

The above have been estimated at an increase indicated in Circular no 75 of the National Treasury.

Salaries , Wages and Allowances

The salaries and wages are budgeted for at an overall increment rate of 4.4% as guided by the National Treasury Circular no 75. The total salary bill to the amount of **R 241,177,000** includes the budgeted positions to be filled during the 2015/2016 financial year.

General Expenses

General expense has been provided for at **R 127,925,000** in 2015/2016 financial year operational estimates.

2.Budget Summary**Summarised capital budget per funding source**

Funding source	2015/2016	2016/2017	2017/2018
Internally generated funds	51,674,800.12	62,548,000.00	38,370,000.00
Municipal Infrastructure Grant	112,264,000.00	116,892,000.00	123,831,000.00
Integrated National Electrification Programme	17,000,000.00	20,000,000.00	20,000,000.00
TOTAL	163,938,800.12	204,440,000.00	192,201,000.00

Budget Related Policies

The following budget related policies and one By-law were approved by Council as part of the 2015/2016 final Estimates –

Policies

- 3.1 Virement Policy
- 3.2 Credit Control and Debt Collection Policy
- 3.3 Tariff policy free basic services

- 3.4 Borrowing policy
- 3.5 Expenditure Management Policy
- 3.6 Funding and Reserves Policy
- 3.7 Budget Policy
- 3.8 Framework for cash flow management
- 3.9 Asset management policy
- 3.10 Investment Policy
- 3.11 Subsidy for indigent household policy
- 3.12 Uniform Credit Control Policy
- 3.13 Debt write off policy
- 3.14 Property Rates Policy
- 3.15 Property Rates By-Law
- 3.16 Supply Chain Management Policy
- 3.17 Revenue Management Policy
- 3.18 Travel and Subsistence Policy

Programme Director

As we continue to deepen our democracy, we must remind ourselves of our social responsibilities which cannot be delegated. We need to work together as stakeholders to fight HIV/Aids. Recent available statistics indicate the level of HIV/AIDS infections is on the upward trend. We remain committed to fight the pandemic through our Technical and Local Aids committee. During the 2014/15 financial year our Technical and Local aids committee managed to have 9 meetings. The battle against HIV&AIDS has to be won, and therefore will be

fought tirelessly at all fronts by employing affordable, effective and sustainable strategies; including joining hands like we did when we defeated apartheid. In this regard prevention remains our vanguard, while we continue to work tirelessly to encourage people to enroll to Antiretroviral Therapy.

Programme Directors

These achievements cannot be attributed to an individual. It is a collective work of the Political Management Team composed of the mayor, speaker and the chief whip, the executive Committee, Municipal Public Account Committee, Audit Committee, councilors in general , all employees led by the Municipal Manager and committed labour unions. It is worth mentioning that a good working environment created by the political leadership, administrative leadership and union leadership has ensured political stability which is a major attribute for the success of Makhado Municipality.

Programme Directors

Allow me to thank Makhado Municipality residents for their support, energy and enthusiasm in pursuit of sustainable development in the area of Makhado. I would also like to thank them for the support they continuously give us as public representatives; and for entrusting us with the task of changing their lives for the better. We subscribe as Makhado Municipality to the notion of communities having the rights to embark on peaceful protest marches in demand of good governance and service delivery, but it should always come as a last resort after engagements. Marching for the purpose of grandstanding is

not what will assist our communities, but instead that will be advancing certain individuals ambitions. The three memoranda we received as the municipality were handed in a peaceful manner without elements of violence being reported. We are committed as the municipality to resolve challenges from our communities with the limited resources at our disposal. As this council, we have laid a very strong foundation, which will bear some fruits long after we are gone. But there is still more to be done. Working together we can move South Africa forward.

To our partners in service delivery especially the private sector, and the service providers, we applaud your contribution as you continue to render quality services to our communities.

We need not to forget the role which is being played by churches and traditional leadership. The cordial relationship that exists between Makhado and the two institutions is contributing massively in making Makhado Municipality a better place to live.

Comrades and friends : a special salute to His majesty our King Khosikhulu Vho Toni Mphephu Ramabulana and the Chairperson of the House of Traditional Leaders Hosi Nxumalo and all our Traditional Leaders for continuing to support us as we continue to deepen and advance our National Democratic Revolution to the people of Makhado Municipality.

We want to extend a word of appreciation to the political and administrative leadership of Vhembe District Municipality for their support. The various water projects in our municipality are meant to ensure that water is available 24 hours in our communities. The more than R500m injected to fast-track the construction of pipelines from Valdezia to Mooikop is well on track .

I want to convey my special thanks to the office of the Speaker , the Chief Whip, Members of the executive committee, members of the MPAC , Audit Committees, leaders of the opposition parties represented in our council, all councilors, ward committee members , civic leaders, business community and many other structures and their respective leadership. Your commitment to see Makhado Municipality becoming a City by 2025 remains uncontested as we soldier on in providing quality service to our people.

I want to thank the staff and management of the Makhado Municipality for their supreme sacrifice, commitment and hard work that is central in restoring the community confidence, dignity and pride in their own Municipality

I want to thank my family, especially my wife Peggy, friends and comrades from the ruling party the ANC and the alliance partners, SACP, COSATU and SANCO for their support and their leadership collective which continue to guide us as we walk in the path of service delivery to our people.

Finally we want to applaud all residents of Makhado Municipality for having resisted a temptation of embarking on a barbaric act of attaching foreign nationals. They understand the sacrifices offered by these nationals during the dark days of our liberation struggle. We are one people.

“Working together we can move South Africa forward ”

I Thank YOU