

## 2017/18 BUDGET SPEECH PRESENTED BY HIS WORSHIP MAYOR OF BLOUBERG LOCAL MUNICIPALITY, COUNCILOR MASEKA SOLOMON PHEEDI

Madam Speaker

Magoshi

Members of the Executive Committee

The Chief Whip of Council and other Whips

Chairperson of the Municipal Public Accounts Committee

Fellow Councillors

Acting Municipal Manager and Senior Managers

Representatives of political parties and civic organizations

Members of the Ward Committees and Community Development Workers

Officials from organs of state and sister municipalities

Members of the business community

Distinguished guests

Ladies and Gentlemen

### Honourable Speaker

Ke Mo-Afrika

I'm one of those proud citizens of this local municipality who cherish the beauty of our very own Makgabeng plateau as well as the breeze that sweep through from the Mogalakwena River. Ke ka fao re ikgantshago ka go ja mabilo, malangwa le dimupudu. Ke gona kgweding ye moo re ketekago setšo sa rena, moo re boelago mašopeng a gaborena gore ditaola tše, re se ye le tšona badimong.

Madame Speaker, we are meeting here today at a time when the entire Africa celebrates Africa month. This month will forever remain entrenched in our minds as it is of cardinal importance to the African diaspora as it further serves to remind us of the adage, "in order for one to know where one is going then one has to know one comes". As we celebrate this month under the theme, "***The year of OR Tambo: Building a Better Africa and a Better World***", it becomes abundantly how influential and highly regarded our struggle icons are throughout the continent if not the globe. The theme reaffirms the support for African Union's agenda 2063. One of the founding fathers of African liberation Kwame Nkrumah was once said, I quote "***Freedom is not something that one people can bestow on another as a gift, they claim it as their own and none can keep it from them.***" There is therefore, the dire need for us to jealously guard and uproot anyone and anything that threatens to erode our hard earned freedom.

Madam Speaker, our country is teetering on the brink of moral collapse as the abuse and brutal killings of women and children are becoming fashionable. Ironically the most recent spates of such dastardly act took place during the self same Africa month which in essence puts more emphasis to freedom and respect for human life. We condemn all these heinous acts and how we wish that South Africa retain its long held position as the African haven and safest place. We need to regain our status as a country where potential tourists fell all over themselves in an effort to get a glimpse of how hosts of the 2010 Soccer World Cup and other international events look like. We appeal to all Bloubergers to refrain from such acts and have the audacity to reports any such signs to the authorities as a matter of priority.

Madam Speaker we further condemn the scourge of attacks on foreign nationals by the local people as it defeats the freedom we attained through blood and sweats. Let us be reminded that our freedom fighters had sought refuge in respective African countries in order for them to regroup and launch onslaughts on the repressive Apartheid government. The least we can do is show them humility and respect. We also deplore the abrupt and mysterious missing of people in the Blouberg area and this is definitely a cause for concern. Lest we forget the sudden disappearance without trace of the following: Tukishi Lebepe from Witten, Maboko Madibana of Desmond Park, Edward Kobe of Ga-Kobe village and the Moitsi and Morapedi children who went missing about a decade ago. The Nkoadi family from Avon was also brutally attacked by heartless people who robbed them of their belongings and killed Mr Piet Nkoadi from the same family. A lady from Borkum by the name Mantseba Makgabo was also killed in her driveway. It is a really alarming situation that needs to be condemned in the strongest possible terms. For those who unceremoniously passed on, May their souls rest in peace!!!

In an effort to deter the hitherto referred acts, our Community Safety Strategy needs to be applied to the latter and street committees need to be revived. So far the municipality has installed high mast lights at hot spots such as Desmond Park, Senwabarwana, Taaibosch, Letswatla and Inveraan.

### **Getting back to the nitty gritty of Tabling the 2017/18 Draft IDP/Budget**

#### **Madam Speaker**

The fourth council of Blouberg local municipality was constituted after the 2016 August local government elections. The council had the African National Congress as the ruling party and others with the Economic Freedom Fighters (8 representatives) as official opposition are the Democratic Alliance (2 representatives) and the Congress of the People (1 representative). The African Christian Democratic Party, which has been a prominent feature over the previous two council terms was unseated and replaced by the Economic Freedom Fighters.

The council committees were established and the IDP/Budget 2017/2018 process plan was approved by council to review the IDP/Budget of the newly established council. The first task of the new council was to develop the short, medium and long term objectives of the fourth council.

The short term objectives were necessary as measures were to be put in place to integrate personnel inherited from the disestablished Aganang Local Municipality, to engage with the communities from the municipality regarding the projects and programs in the pipeline as spelt out in the IDP and source inputs relating to the service delivery state from respective communities. That was done through the public participation process to integrate the referred to projects and programs as well as the budget from the disestablished municipality.

The other objectives were that the municipality had to make sure that the services in the incorporated wards were not discontinued. The plant and machinery from the municipality was not operational in that it had broken down for some

time and that the decentralization plan of the municipality had become dormant in that satellite offices in place were continually becoming white elephants while communities were travelling long distances to access municipal services. Satellite offices operational plans were developed. The service point development process was put in place to render services for wards 21 and 22 from the former Aganang Local Municipality as the head office was a distance away from the communities. The projects and programs from the municipality had to be implemented to avoid the roll overs.

The long term objective was for the new council to review the objectives, the vision and mission, the targets, the priorities of the former council to align such to the National Development Plan, the Limpopo Development Plan, the Manifesto of the ruling party, the State of the Nation Address, the State of the Province Address and the community needs in line with the public participation report in the current IDP document.

The objectives and the targets for the next five years were crafted along the local government six strategic agenda, the Back to Basics policy and the Municipal Turnaround Strategy. The six KPAS were therefore used to elaborate on how the objectives, targets and strategies of the council would unfold going forward.

### **SPATIAL RATIONAL AND DEVELOPMENT**

Madam Speaker, realizing that the municipality is land logged and that large parcels of land is privately owned, owned by traditional authorities, Provincial and National governments therefore Council will approach the above stakeholders to donate and/or alternatively sell some piece of land to the municipality for both business and residential development. The municipality has thus far secured 300 hectares of land in Alldays for residential and business development. R4m has been set aside for purchase of the aforementioned land in the 2017/18 financial year.

We further note with consternation the eviction of the Selomo family from farm Pennyslavia in the Baltimore area by one of the white farmers in the area. We strongly condemn such atrocities to our people as they deserve to be treated fairly. We also welcome the ruling of the Constitutional Court of December 2016 that issues of farm eviction appeals shall no longer be the prerogative of the Land Claims Court but by the Supreme Court of Appeal. This decision will come as relief to the farm dwellers.

### **LOCAL ECONOMIC DEVELOPMENT AND JOB CREATION**

Madam Speaker, allow me to indicate to this august house that the municipality is very serious about local economic development and growth. On the same breath the Blouberg Council prioritised Local Economic Development, Job Creation and Partnerships on the service delivery agenda for 2017/18 financial year. This priority is also in line with Section 152 of the Constitution of the Republic Act 108 of 1996 which states that Municipalities have to promote socio-economic development and further encourage local communities to participate in the affairs of the local government.

On that note the municipality forged partnerships with Venetia Mine on a number of programmes and National Skills Fund on learnership programme for the unemployed youth. By the same token the municipality managed to secure R55m over three financial years to enlist the unemployed youth in the Skills Development Programme. 1200 youths will benefit out of the programme. So far some 600 youths comprise the first intake for the period of twelve months and the second intake for 2017/18 will also cater a further 600 learners. Learners for the programme receive monthly stipends and will at the end of the day also receive accredited certificates.

To further address these unemployment challenges, the municipality has set aside R4.5m to employ more EPWP workers in waste collection and alien plants eradication. For the 2016/17 FY, the municipality managed to create 260 jobs through Capital Works Programmes. 50 youths are part of NARYSAC programme which will proceed to the 2017/18 financial year. The CWP programme has created 1154 sustainable jobs in various wards.

Madam Speaker, this record goes to show that the municipality is indeed serious about local economic development and job creation and we still need to do more as there is high rate of unemployment that needs to be addressed in a radical manner. The emergence of the mining activities taking place in the southern part of the municipality will come in handy in respect of boosting our local economy and create more job opportunities for the unemployed people.

Therefore, the council will focus but will not be limited to the following areas:

- Securing available land for residential and business developments;
- Supporting Poverty Alleviation Projects;
- Development and implementation of the Blouberg Growth Strategy 2040 vision.
- Forging partnerships with private sectors, spheres of government, business fraternity and farmers to improve economic growth and development.
- Conducting of Blouberg Youth Summit wherein various SETAS across the country will be invited to talk to the youth about their programmes.

Madam Speaker, let me also indicate that the municipality has a competitive advantage in terms of tourism. So far the municipality has appointed the service provider to develop tourism composite guide inclusive of the tourism route so that Blouberg becomes a destination of choice. We need to operationalize the Senwabarwana Tourism Information Centre as an entry point for tourists. The municipality has a lot of tourism attractions such as Makgabeng Heritage Sites, Lipzig Mission station and Maleboho-Boer War battleground.

## **MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

The National Development Plan (NDP) emphasizes the need for building a capable state and it is our responsibility as council to ensure that we comply with Outcome 09 that calls for a responsive, effective and efficient local government.

The municipality looks forward to strengthening implementation of the decentralization plan as the communities look forward to accessing the services within walking distance. All the six satellite offices shall be well equipped and personnel shall be deployed to the offices to assist with the required services.

Council has been utilizing acting personnel at senior management level for quite some time. To date, Council has appointed the Director : Economic Development and Planning, the Chief Financial Officer (CFO) who was employed by the former Aganang Municipality and has been seconded to the municipality until September 2017. Let me indicate that all key vacant positions would be filled by Council come 2017/18 Financial Year.

Madam Speaker for the council to have a smooth running administration, we propose that Council extends the Acting tenure of Mr Machaba MJ for a period not exceeding three months pending the appointment of the Municipal Manager, whichever comes first. We also request council to approve advertisement of the CFO position as guided by legislation.

Madam Speaker, in line with our priorities, council has revised the organizational structure to create new positions to fast track the delivery of services to our communities. We therefore table the organisational structure to the council for approval.

## **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Madam Speaker, the focus of this fourth council shall be on the improvement of audit performance as that has been the municipality's drawback over the years. It should be recalled that the national target for clean audit was 2014 and had passed without the goal been achieved. It is worrisome that there is a recurrence of certain queries and that calls for more commitment on the part of everyone involved. We therefore need to double our efforts to realise clean audit objective going forward.

We intend to reinforce and capacitate the internal audit unit to curb unnecessary findings raised by Auditor General. Equal to that an Audit Action plan has been developed to address the referred to findings. The municipality has an effective audit performance committee charged with responsibilities to deal with financial performance of the municipality

We are proud to say that our municipality is still counted amongst the best municipalities in respect of public participation programmes. We will continue with our programmes of encouraging local communities and key stakeholders to partake in affairs of the municipality to have sound relations thereon.

## **BASIC SERVICE DELIVERY**

Madam Speaker the mandate of the local municipalities is to render good and quality services to the communities they serve. As one of the spheres of government, our municipality delivers services to the communities. We also acknowledge challenges related to basic services such as water, roads, and electricity and RDP houses. To this end the Council will for the next five years focus on the following to address service delivery bottlenecks:

- Upgrading of access and internal streets from gravel to tar at the following settlements, Senwabarwana (R13.3m) Avon, Indermark and Kroemhoek. The last three settlements will be funded to the tune of R6.5m.
- Maintenance of municipal roads has been budgeted at **R1.7m**
- Purchasing of plant and equipment.
- Construction of Cooperspark with **R2.5m**
- Construction of Early Childhood Development Centres to Mokhurumela, Mamehlabe, Inveraan and Puraspan. Each has a budget **R2m**.
- Completion of Senwabarwana Sports Facility and Sports maintenance in general to Senwabarwana (**R6m**) and Ben Seraki (**R4.4m**).
- Electricity projects have a budget of **R7m** for the following villages; Addney, Mochemi, Milton-duff, Ga-Hlako, Mokhurumela, Genoa, Essauringa, Makgari, The-Grange, kgatla, Witten, Raweshi, Cracouw and Earlydawn
- Maintenance for electricity infrastructure has been budgeted for **R600 000** while **R787 500** has been put aside for purchase of transformers.

#### **. FINANCIAL VIABILITY**

The machinery of a responsive, accountable and transparent local government requires a financially viable municipality to be sustained. We commit to implement credit control and debt management policies fully and recoup all monies due to us. For the municipality to be sustainable, the financial systems need to be perfected. We have over the years failed to produce credible accounts, reports and statements because of the financial system currently in place. The municipality has been inundated with a number of complaints from the customers in respect of the credibility of bills and accounts and the on same breath our financial system has to be upgraded to address the impasse and by getting the systems right as that will also lead to sound financial management.

All our revenue sources will be strengthened and targets set for all the departments will be attained in the 2017/18 financial year. We need to have a positive budget adjustment because of revenue generated. The municipalities are called upon to implement the new structure of accounting known as mSCOA short for the Municipal Standard Chart of Accounts. All municipalities are compelled to be mSCOA compliant come the beginning of July 2017 and failure to do so will negatively impact on the equitable shares or have them withheld by National Treasury. The council will therefore pay more attention to the following:

- Upgrading of the financial system that will integrate all functionalities and comply with mSCOA;
- Strengthen revenue generation;
- Collect all the monies due to the municipality;
- Attainment of improved audit opinion from 2017/2018 onwards; and
- Compliance with mSCOA and SCM regulations

For the 2017/2018 Medium Term Revenue and Expenditure Framework (MTREF) as in the previous financial years, a major effort has been put towards aligning our strategic objectives with the budget and the IDP, as well as the maintenance of sound fiscal discipline.

Madam Speaker, we therefore present to council the Annual 2017\18 budget revenue which amounts to **R 318,988,496**. That is a decrease from the previous budget of **R337, 711, 933** and also represents a decrease of **R 18,723,437**. The decrease was precipitated by the non availability of the **additional R24 million** from the 2016/17 financial year and the non-increment of the assessment rates. For the outer years of 2018\19 and 2019\20 we present a budget of **R293,363,282** and **R303,492,588** respectively.

Madam Speaker, we present to this council the Annual 2017\18 budget expenditure which amounts to **R 364,088,496**. This is a decrease from the previous budget of **R373, 814, 065** and represents a decrease of **R 9,725,569**. This has been caused by the earlier alluded to **additional R24 million** from the 2016/17 financial year and the increment on non-cash items. For the 2018\19 and 2019\20 financial years we present a budget of **R 335,763,282** and **R352,492,588** respectively.

#### SUMMARYBUDGET:

	MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK			
Revenue	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Grant Income	276 841 058	244 988 343	244193 000	230 290 000
Own Income	60 870 875	74 000 153	69 224 282	72 202 588
<b>Total</b>	<b>337 711 933</b>	<b>318 988 496</b>	<b>293 363 282</b>	<b>303 492 588</b>
Expenditure				
Operational Budget	279 791 069	294 519 996	273 472 632	290 713 053
Capital Budget	94 022 996	69 568 500	62 290 650	61 779 535
<b>Total</b>	<b>373 814 065</b>	<b>365 088,496</b>	<b>335 763 282</b>	<b>352 492 588</b>
<b>Deficit/surplus</b>	<b>-36 102 132</b>	<b>-45 100 000</b>	<b>- 42 400 000</b>	<b>-49 000 000</b>

The allocation of grants comes from National Treasury as per DORA and comprises Equitable Shares, Municipal Infrastructure Grant, Municipal Demarcation Grant, Financial Management Grant, EPWP grant and Integrated National Electrification Programme.

From own revenue generated sources the municipality relies mainly on Assessment Rates , Development Fund, Sale of Electricity , Waste Management Services, Traffic Services, Sale of sites, and other related revenue sources.

Our own revenue amounts to **R 74,000,153** which constitutes less than **30%** of the total municipal budget. Madam Speaker, this means that from a financial viability point of view a lot still needs to be done.

**THE ANNUAL BUDGET FOR THE 2017\18 WILL BE APPORTIONED AS FOLLOWS:**

An amount of **R 364,088,496** for 2017/18 has been budgeted for operating expenditure; the budget we present today has increased by **R 9,725,569** from the current budget and out of this amount **34%** will cover employees' costs and the councilors' costs are **7%**.

An amount of **R 69,568,500** will fund our capital budget programme, the percentage of our capital budget to the overall budget is **19%**.

We also table this budget speech and the following revised budget-related policies for adoption:

- Budget Policy
- Credit Control and Debt Management Policy
- Asset Management Policy
- Property rates policy
- Supply Chain Management Policy
- Indigent Support Policy
- Tariffs Structure and Policy
- Cash Management Policy
- Investment Policy
- Fund Reserve Policy
- Unauthorized, Irregular, Fruitless and Wasteful expenditure Policy
- Property Rates and By-Law Policy

From the above policies we want to put more emphasis on the following policies and want council to resolve as follows:

**Indigent policy:**

For the 2017\18 the indigent policy threshold be revised to **R 3,400** per household. We need to emphasize that the indigent status is not automatically granted but must be applied for. It depends upon application by legible indigents with valid proof of their indigent status.

We once more emphasize the need to develop a credible customer service database which will be premised upon the mapping of all our households.



## **The Tariff Policy:**

### Property Rates,

In terms of section 3 Municipal Property Rates Act, the municipality must adopt a rates policy. In terms of the rates increase relating to property rates, it is proposed that 0 per cent increase be effected to ensure that the communities are able to absorb the increment in rates during the 2016/17 financial year and a phase in rebase and exemptions be looked into.

### Sale of Electricity,

The consultation with NERSA in terms of Electricity tariffs has been concluded and the average increase is at a minimum of 6%, starting from residential, and 7 to 8 for commercial. The increase is in line with National Treasury circular and the NERSA Guidelines.

### Refuse and Other Revenue sources

In terms MFMA Circular 86, National Treasury encourages municipalities to maintain tariff increase at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPIX) inflation has however, breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to justify all increases in excess of the 6.4 percent projected inflation target in their budget narratives.

A 6 per cent increase is therefore proposed for the services that we offer to communities.

Madam Speaker, I would like to thank all those who put their tireless efforts towards making this day possible. My sincere gratitude goes to:

- My family
- Municipal staff, in particular, the management team led by Acting Municipal Manager, Mr. Machaba M.J.
- The PMT and the Executive Committee's contribution to the report.

***The social activist and former first lady Eleanor Roosevelt once said "Great minds discuss ideas; average minds discuss events and small minds discuss people".*** We therefore take this opportunity to wish you all the best and we hope and believe that your meaningful contribution will add more value towards service delivery to better the lives of communities.

**Ke a leboga.**

**AMANDLA!!!!**