



**BUDGET SPEECH 2014/15 FINANCIAL YEAR**  
**COUNCILLOR RAHAB MAPEU MASEKWAMENG**  
**CHAIRPERSON, BUDGET AND TREASURY**  
**BLOUBERG MUNICIPALITY**



**TIGERS SPORTS GROUND**  
**KGWALE**

Madam Speaker

Magoshi,

Chief Whip of the Council and other Whips

Representatives of the Auditor-General of South Africa

Representatives of the Audit Committee

Chairperson of the Municipal Public Accounts Committee

Members of the Executive Committee

Fellow Councillors

Representatives of political parties and civic organizations

Members of the ward committees and community development workers

Municipal Manager and Senior Managers

Officials from organs of state and sister municipalities

Members of the business community

Members of the interim Youth structure responsible for youth skills development and employment,

The media houses

Distinguished guests

Ladies and Gentlemen



Madame Speaker, last year on the 31<sup>st</sup> May at Harriswhich, the Honourable Mayor, Councillor Serite Sekgoloane, reminded this house of our constitutional mandates as municipal leaders when he said: “The local sphere of government has a huge role to play in the realization of outcome 9 which mandates municipalities to provide a responsive, accountable, efficient and effective local government system.” Nothing has changed from what was said then, and the tabling of this budget speech is a fulfillment of that mandate

It is a great honour for me to be standing in this august house to deliver this budget speech for our communities to serve as a torch to brighten the lives of our beloved countrymen and women of Blouberg.

I am proud, privileged and honoured to be delivering this speech after a resounding election victory by the ruling party in the recent national and provincial elections to give us a mandate to lead this great nation for the next five years and beyond. We should convey our sincere gratitude to men and women who still have confidence in our capacity and capability as the African National Congress to lead this nation to greener pastures. Our mandate is very clear: Eradicate the triple challenges that bedevil our society, that is, unemployment, poverty and inequality.

We must also commend the Independent Electoral Commission of South Africa for delivering these free and fair elections. At home we must commend the leadership demonstrated by our Municipal Electoral Office led by Mr Machaba MJ for the peaceful manner in which these elections were conducted.

This revised plan that we are presenting today is a consolidated effort by all major key stakeholders of the Municipality to ensure that a better life for all is realized. It is against this background that we are proud to say that the compilation and revision of this Integrated Development Plan resonates well with the dictates of the National Development Plan which emphasizes that active citizenry is a prerequisite for creating sustainable growth and development in the country over the next two decades.

As precursors to the involvement of our citizenry in the revision of this IDP the Municipality successfully hosted the Mayor’s Indaba on Youth Employment and Skills Development. The Indaba was initiated to seek common solutions to skills development and employment for Blouberg citizens, in general and youth, in particular.



Further, the Mayor hosted a special ward committees' session to arrive at a consolidated effort to strengthen community participation as a vehicle for growth and employment and the eradication of the triple challenges facing the South African society, viz, poverty, unemployment and inequality.

We must commend the political leadership of this Municipality for the maintenance of sound and harmonious relationship with our traditional leaders (re ra bona maaparankwe). The active participation of our traditional leaders through quarterly Mayor-Magoshi meetings has given our stakeholders relations a boost and has further helped the Municipality in governing and implementing its programmes in a better way. Re re go maaparankwe a rena le lese la lahla gobane lesako la go hloka **Thobela ke mo mojano**.

The revision of this plan comes at a time when the country celebrates its 20 years of this young and vibrant democracy and also ushers in the fifth administration of the national and provincial governments in the country. Looking back at the strides made in the fight against the frontiers of poverty, inequality and unemployment we can put smiles on our faces and collectively declare that 'ours is a good story to tell'.

Today we can stand up tall and boast about these good stories that indicate that we are in the right direction towards the realization of the National Development Plan goals and the total economic emancipation of our people. In our twenty years of democracy and thirteen years of existence of inclusive municipalities we have proudly attained some of the following milestones:

- Blouberg Municipality is the 1<sup>st</sup> Municipality in the province, if not in the country, with a license to electrify all rural areas and to date all settlements with **39 969** households electrified (Millennium Development Goal surpassed).
- 1<sup>st</sup> Municipality to implement the **Breaking New Ground housing** (inclusionary housing development) development in the province and over 5000 low cost housing units constructed.
- Over **29** kilometers of internal streets have been upgraded from gravel to tar or paving in settlements such as **Senwabarwana, Alldays, Taaibosch (Ga-Mamadi), Devrede, Witten, Dilaeneng, Indermark and Puraspan**.
- Over **116** kilometers of provincial and district new roads have been upgraded from gravel to tar with new 48 bus shelters along **D1200, D1598** and **3327**
- Decentralization plan developed and implemented and culminated in the establishment of new satellite offices at **Eldorado, Tolwe, Witten and Hariet's**



**Wish alongside Alldays and Senwabarwana** bringing the total to **six**. New Multi-Purpose Community Centre is currently being **constructed** at Laanglagte while the other one is planned for **Inveraan** in the 2014\15 financial year.

- A standard and state of the art sports complex constructed at Eldorado
- Economic growth and job creation were created and sustained by both the public and private sectors through the Community Work Programme, implementation of the Expanded Public Works Programme and municipal capital works programme, the construction of the Soutpan solar project, as well as the establishment and operation of two shopping centres in Senwabarwana bringing, in total, over **6000** job opportunities for our communities.
- Over **32 early childhood daycare centres** preschools have been constructed
- On good governance and public participation the Municipality maintained its record of sound **community participation model** and such model received recognition from the national Department of Cooperative Governance and Traditional Affairs. All ward committees are fully functional.

The list of this proud legacy is endless and we commit to continue with this journey to offer long lasting solutions to the triple challenges facing our municipality.

## **LED AND SPATIAL RATIONALE**

Madame Speaker, the priority of this council is economic development which will, in turn, serve as a catalyst for the sustainability of this Municipality.

## **FORWARD PLANNING (VISION 2030)**

Madame Speaker, forward planning remains a critical instrument towards to the total economic freedom of our people. Forward planning will align our plans and strategies to the National Development Plan (Vision 2030). This IDP aims to radicalize our approach to Economic Development and new cities development concepts which will culminate in the establishment of well planned and sustainable towns alongside the models used by our BRICS counterparts in the far eastern part of the world –China. It is against this background that we have started with initiatives to enter into twinning agreements with the City of Nanning and the District of Chongzhou in China. Another twinning agreement should be entered into with one municipality in South Korea. From such twinning agreements we stand to benefit in aspects such as socio-economic development, infrastructural and cultural development. We will be able to benefit out of exchange programmes with such developed states, especially on the development of city master planning and infrastructure



development as those cities are more advanced than most of their counterparts in Africa. We still need to pursue the MMA technology used in South Korea as an alternative to the current asphalt used to tar our streets.

This will resonate well with what one African leader, **Ibrahim Babangida**, who once said: “Our approach to economic development must be modern, focused and in tune with global trends”. The current priority of this administration will be on economic development, job creation and partnerships.

Madame Speaker, recently we hosted the Minister of Rural Development and Land Reform, **Honourable Gugile Nkwinti**. We are confident that the Minister will, through his intervention, transform our communities through programmes such as Animal Veld Management Programme and Comprehensive Rural Development Programme. We have submitted the village of Schoongezicht for this Comprehensive Rural Development Programme and the department has commenced with studies and needs assessments for the village.

The expansion of Venetia mine’s underground project, with an investment of over **R16 billion**, has started to create the much needed jobs to our people and stimulate our economy. The expansion will, further, have a direct impact on the growth and expansion of Alldays town, our diamond town. Major contractors Murray and Roberts, and Basil Read are expected to create short to medium term jobs for local people.

Today we are pleased with the progress made with the potential investment by Ironveld through the eminent construction of an open cast mine at Haccra mine to be established at Harriswhich, Aurora and Cracouw. That the prospecting results are positive is a step in the right direction for the triggering of the economy of Blouberg, in general, and the surrounding settlements of ward 1, in particular. Our sincere gratitude is expressed to Ironveld for their generosity in allocating ten (10%) percent shareholding of the mine to the local communities of Harriet’s Wish, Cracouw and Aurora. This ten percent stake was negotiated by the Municipality on behalf of the affected communities and we will continue to engage other investors to show the same gesture. This mining initiatives, coupled with the positive prospecting results of the Platinum Group Metals for platinum prospecting positively confirms that we were right as a municipality to confirm and activate the implementation of the Blouberg decentralization plan which culminated in the purchase of land parcels on a portion of **Harriet’s Wish** farm and the construction of a multi-purpose community centre at **Harriet’s Wish**.



As highlighted above our good story of job creation has culminated in the creation of over 6000 job opportunities from both private and public sector investments in the form of Community Work Programme, Expanded Public Works Programme, implementation of municipal capital works programme and private sector initiatives such as the construction of the Soutpan solar project, Venetia mine underground expansion, and retail development in Senwabarwana.

It is our hope that the construction of the Haccra mine and continued implementation of the CWP and EPWP will go a long way towards the reduction of our unemployment statistics which today sits at 39%.

We will pursue the skills development of our youth to prepare them for the opportunities in the mines that will be operated in Blouberg. We will further negotiate with these mines for the recruitment of local labour, as well as supplier development for local SMMEs.

### **BASIC SERVICE DELIVERY**

Madame Speaker, as our good story continues we need to mention that a better life for our communities was realized through the implementation of our current IDP which saw us completing the Harriet's Wish MPCC, constructing four preschools which are now nearing completion at Pax, Edwinsdale, Cracouw and Lethaleng. Phase 1 and 2 of the traffic station in Senwabarwana is complete and currently only the snag list is being attended. The station will be opened during the month of June.

We are pleased with the completion of our state of the art sports complex at Eldorado and contrary to prophets of doom who predicted that the complex will become a white elephant our local communities, as well as our soccer team-Dolphins, make adequate use of the facility as their home ground. We must send our sincere gratitude to the Chairman, **Mr. Mmabi Hebert**, for the good gesture. Two internal streets were upgraded at Dilaeneng and Senwabarwana and this has done our urbanization strides a good service as the clock is ticking faster for the eradication of gravel streets. The journey continues, and we will not stop until all settlements have access to paved streets, including motse wa geso wa Raweshi.



The budget allocation for the 2014\15 financial year will focus on the construction of five preschools at **Berseba, Motlana, De Villiersdale, Bogna farm and Slaaphoek** at a combined budget allocation of **R8, 6 million**. An allocation of **R14 million** has been set aside for the upgrading of internal streets and storm water control at **Dilaeneng, Indermark and Senwabarwana** while **R6.7 million** has been allocated for the construction of the **Inveraan MPCC**.

Management and the leadership of this Municipality should look at a better approach for the implementation of this major project as it will not be operated in the same way as Hariet`s Wish and Laanglagte due to its proximity to Senwabarwana office, Bahananwa traditional office and Laanglagte MPCC.

Our Electrification programme coined ‘Operation leswiswi o kotsing’ saw over nine settlements benefitting from post connection electrification by both the Municipality and Eskom. Such settlements include, inter alia, **Thorpe, De Vrede, Kromhoek, Witten, Avon, Mosehleng, Kgokonyane, Milbank, Addney, Hlako, Miltonduff, Hariet`s Wish, Silvermyn, Witten Ext and Springfield**. Blouberg accounted for **636** connections with a budget of **R8 million** sourced from the Department of Energy (**R7 m**) and Capricorn District Municipality (**R1 m**).

This revised plan and budget that we present today makes provision for an allocation of **R3 million** for the post connection of electricity to **250** households by the Municipality. Villages to benefit from this injection include **Arrie, Sias, Simpson, Grootpan, Berseba (Motadi), Gideon, Mongalo, Diepsloot and Silvermyn**. With an amount of **R18,9 million** Eskom will provide post connection electricity to **900** households. Villages that will benefit from this initiative are **Thalane, Indermark, Kobe, Madibeng, Sesalong, Bogna farm, Vergelegeng, Ditatsu, Wegdraai, Machoana, Matoana, Lethaleng, Papegaaai, Bergendaal, Mamoleka, Towerfontein and Bosehla**.



Our biggest infrastructure challenge remains the provision of sustainable water and quality roads to our communities. This matter is raised from time to time in all stakeholders' engagement process. We still maintain that we need to challenge the current Water Service Authority arrangements and have the authority located at the local municipality not at the district as is the current arrangements. The challenge of roads infrastructure has been raised with the provincial government many times. We are pleased that there is a commitment by the Limpopo Provincial government to upgrade the **D1468 road** (Indermark to Puraspan road from gravel to tar. Our submission will be for the completion of all **'Bermuda'** roads.

On waste management we commit to roll out the service to settlements such as **Harriet's Wish, Witten, Dilaeneng, Puraspan, Avon, Indermark, Kromhoek, De Vrede, Burgerught, Motlana and Edwinsdale**. Management must develop an operational strategy and also come up with ways to develop a credible database of recipients of the service. Service Level Agreements must be signed with all users.

## **MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

Madame Speaker, when we tabled the budget and IDP last year at Harrisburg we acknowledged capacity challenges that are experienced by rural municipalities such as Bloubaai in their inability to attract and retain scarce skills in Finance, Engineering, Planning and Health. We also tabled the budget with serious vacancies in the top management structure where the positions of Senior Managers in Safety and Security, and Corporate services were occupied by personnel in acting capacities. Today we are proud to mention that all vacancies in the senior management echelons have been filled, save for that of senior manager, Infrastructure Development. We hope to fill this position very soon. At Rawlins we gave marching orders to this management team that roles be clarified between the unions and the management and leadership of this institution and today we can safely report to this house that we seem to be getting our things right. The functionality of our Local Labour Forum has been revived, thanks to our Senior Manager for Corporate Services, TG Magabane. We hope this will go a long way in stabilizing employer-employee relations at our Municipality.



Madame Speaker, we hereby present the revised Organizational Structure for this council to adopt. The structure is about value add given our need to optimize and decentralize personnel to Satellite Offices as part of bringing services closer to our communities. As part of our quest for efficiency we redesign our organizational structure to beef up the traffic and licensing unit, the PMS office and further relocate satellite offices from the Municipal Manager's office to the Safety and Security department. We also present to this house a proposal to revert titles of Senior Managers to those of Directors as the new organizational structure necessitate the creation of new levels to include that of Deputy Directors.

It is in the interest of the council to build capacity in order to reduce over reliance on the usage of consultants hence the usage of inhouse capacity on the design and implementation of five preschools for the 2014\15 financial year. This house is assured that no consultants will be used for the construction of the preschools and this has made huge savings for us enabling the municipality to build five preschools instead of the annual baseline of four. Our Annual Financial Statements will from now on be prepared inhouse while only quality assurance for such AFS will be done by external parties.

### **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Madame Speaker, we reiterate our self praise of being among the best municipalities that have perfected their public participation model and we want to consolidate and sustain the good record. It is against this background that we introduce an extended arm of public participation by including ward councillors' meetings with head men on a bi-monthly basis. The terms of reference for such sessions will be the same as those of Mayor-Magoshi meetings.

Internally we have attained a good percentage on the functionality of our structures. The Risk Management Committee, Audit Committee, Audit Steering Committee and Municipal Public Accounts Committee are properly functioning and thanks to the commitments and capacity of the Chairpersons responsible for such committees. We have managed to turn the tide on our audit opinion for the 2012\13 financial year from a disclaimer to a qualified opinion and we are confident that if we follow the Audit Action plan to the letter we will achieve a clean audit opinion from the Auditor-General's assessment of our financial statement and predetermined objectives. Our quest for a clean audit will not diminish. We will implement what one British leader, Winston Churchill once said: "Success is going from failure to failure without loss of enthusiasm." The implementation of our audit action plan



has resulted in a reduction on the number of queries raised by the Auditor-General to three and with greater enthusiasm we shall overcome audit failures.

## **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. As a result we have enlisted the services of a debt collector to collect all money due to us. All defaulters, including farmers, have been handed over and we anticipate increased revenue for the municipality.

Madame Speaker, On the expenditure part this revised IDP/ Budget proposes the implementation of austerity measures to curb any possible non-priority spending in line with MFMA Circular no 66 and compliance to applicable legislations. Management has been directed to plug all leakages that drain our financial coffers unnecessary. Great attention should be prioritized for detecting and curbing illegal usage of electricity, prudent use of stationary and a move towards electronic document management. We have activated the release of a monthly allowance of R300 per month for each councillor and it is our firm belief that going forward documents will be emailed to them instead of printing large volumes of documents and transporting them at a cost to each individual councillor.

We need to commend and thank our State President, Cde Jacob Zuma for having appointed Minister Pravin Gordhan (formerly Minister of Finance) to the Ministry of Cooperative Governance and Traditional Affairs. It is our firm belief that given his experience and acumen from the Treasury Ministry local government will be given a huge, but positive, overall to become a vibrant, efficient and effective machinery.

## **THE 2014/2015 BUDGET**

For the 2014/2015 Medium Term Revenue and Expenditure Framework, as in the previous financial years, a considerate effort has been put to align our strategic objectives with the budget and the IDP, as well as the maintenance of sound fiscal discipline for the attainment of efficiency, effectiveness and value for money.

Madam Speaker, I present to this council the 2014\15 budget which amounts to **R206, 365,911**. This budget has increased by **R22, 422,711** from to the 2013\134 budget of **R183, 943,200**. For the 2014\15 and 2015\16 financial years we present a budget of **R237, 717,448** and **R250, 239,721** respectively.



The main cause for increase comes from annual increase in the allocation of grants from the National Treasury as per DORA and comprises of equitable shares, Municipal Infrastructure Grant, Municipal Systems Improvement Grant, Financial Management 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 land development applications amounting to **R43,449,911**. Our own revenue constitutes **21%** of the total municipal budget. This means we must pull our socks in order to be financial self sustainable.

**The budget for the 2014/15 will be apportioned as follows:**

An amount of **R159, 569,079** for 2014/2015 has been budgeted for operating expenditure; and out of this amount **R79,1 million** will cover employees costs while **R12,3 million** will accommodate councilors' allowance. This translates into a combined percentage of **44%** for employees and councilors costs on the total municipal budget. The increase in employee related costs is justified by the filling of existing vacant positions and the implementation of the decentralization plan which will necessitate the employment of personnel at satellite offices. The rest of the operational expenditure is apportioned to general expenses (**R46.3m**), bulk purchases and Free Basic Electricity (**R16, 4m**), contracted services (**R3,0m**), and repairs and maintenance (**R2, 1m**). This **R2, 1m** allocated to repairs and maintenance will also be distributed proportionally to satellite offices.

**R46, 89 million** will fund our capital budget programme;

We also table this budget speech and the following 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
- Funding and reserve policy
- Investment policy
- Cash management policy



- Customer care policy
- Payroll policy
- Revenue enhancement strategy
- Financial plan
- Policy on fruitless, wasteful, and irregular expenditure

From the above policies we want to make an emphasis on the indigent policy and want council to resolve as follows:

- For the 2014\15 the indigent policy threshold will be revised from **R2400** per household per month to **R2800** per month. We need to emphasize that the indigent is not automatically granted but must be applied for. It depends upon an 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.

We also table for adoption the following:

- Revised Performance Management Policy
- Revised organogram

Madame Speaker, we also table the following from the executive committee:

- Monthly SDBIP reports

Madame 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, Municipal Manager, Mr T.M.P Kgoale, CFO Raganya Conny, COO Kgorane Johnny and the entire management team,
- The Executive Committee for giving the IDP\Budget processes the much needed political direction,
- Our magoshi for their continuous support to the municipality and its programmes,
- Ward committees and CDWs, and
- Our communities for their valuable inputs and their deepest understanding during the review processes.



## Tributes

Madame Speaker, in conclusion allow us to pay tribute to the world Icon, Tata Nelson Rolihlahla Mandela, who passed on in December last year. Madiba's loss is not a national loss but a loss to the entire world. We will always remember him for his guidance, humility and wisdom. When we are faced with difficult situations in leading this municipality we always get strength and courage from his wisdom like when he said:” **It always seems impossible until it is done.**”

We also pay tribute to our fallen heroine and fellow colleague attached to the District as a PR Councillor, Comrade Racheke Mosibudi Rebecca (commonly known as MmaNathi) from Machaba village who passed on this week due to illness. Before becoming a councillor she was a member of the ward committee in ward 11. She was a soldier fighting in the frontline against the scourge of poverty, unemployment and inequality.

We also pay our tributes to headman Sekuba Alpheus of Kibi Traditional Authority attached to Ramotsho village, ward 17'

Our tributes are also paid to our fallen ward committee member from ward 11 attached to Pickum No 2, Chuene Juliet Mokgomme who passed on in March 2014.

May their souls rest in peace!

**Let us pick their spears and continue with the journey towards the total emancipation of our people from the country's triple challenges**

**Amandla!**

