

BUDGET SPEECH BY THE EXECUTIVE MAYOR OF WATERBERG DISTRICT MUNICIPALITY,  
HIS WORSHIP CLLR MORRIS MATABOGE  
31<sup>ST</sup> MAY 2018  
COUNCIL CHAMBER  
14H00

Madam Speaker,  
Chief Whip of the ruling party, Cllr. Tsebe,  
Members of the Mayoral Committee,  
Chairperson of MPAC, Cllr. Montane,  
Chairperson of the Local House of Traditional Leaders Kgoshi Kekana and Deputy Chairperson Kgoshi Mahlangu,  
All Councillors present,  
Acting Municipal Manager, Mr. Tloubatla,  
Senior Management Team,  
Representatives from SALGA, COGHSTA and Provincial Treasury,  
Representatives of Organised Labour,  
Media Houses present,  
Community members in the gallery,  
Distinguished guests,  
Ladies and gentlemen,

A very good afternoon to you all.

Madam Speaker, it is a great pleasure for me given this opportunity to motivate and enlighten council on the final budget for the 2018/19 financial year. This budget presentation coincides with the end of Africa month, the month that serves as a reminder for the establishment of the African Union on the 25<sup>th</sup> May 1963. It was one of the most hopeful symbols of African aspirations and determination as it sought to carve a proper place for our continent in the world. By establishing the Organisation of African Unity (OAU) in 1963, the African continent became a pioneer in being the first continent to focus on continental unity and to encourage nation building through unity and freedom from oppression.

Distinguished guests, we will be making a mistake in forgetting that the month of May is also dedicated to workers in the South African political calendar. It is described as a policy tool aimed at addressing workers concerns. It is a testimony to the hard battles that workers in the country have fought for their rights and social justice over many years. Whilst we coming to the end of the Workers Month today, it must remind us of what we can achieve as a community when we come together. It must remind us of what we achieved and the many challenges that we are yet to overcome and what as a nation will overcome.

Madam Speaker, this budget speech also takes place as we celebrate the Child Protection Week which started on the 27 May and ends on the 3<sup>rd</sup> June 2018. The 2018 Child Protection Week commemoration marks a major milestone in the history of child protection in the country as it coincides with the centenary celebration of the life of the liberation struggle icons, Tata Nelson Mandela and Mama Albertina Sisulu. Tata Madiba had tremendous love for children particularly their care, protection and development as he believed that a nation that takes care of its children flourishes. Tata Madiba at the United Nations Special Session on Children in 2002 said ( I quote) *"If we want the caring society we thought we were striving for during our fight against the inequities of apartheid, we must eradicate all traces of violence against and abuse of children. No form of violence can ever be excused in a society that wishes to call itself decent, but violence against children must surely rank as the most abominable expression of violence. It subjects the most vulnerable and the weakest to indignity, humiliation, degradation and injury"* (Unquote).

The 100 year anniversary is also an opportunity for South Africans to recommit themselves to living the legacy of Tata Madiba. Throughout his life Tata Madiba inspired people, and his legacy continues to guide South Africans on their path to move the country forward. He showed everyone that love can conquer hate and that all should help, care and protect those who are less fortunate and vulnerable in our communities including children. As the nation commemorates the centenary of the births of former President Mandela and Mama Sisulu, respectively, we

accordingly dedicate this budget speech to both these stalwarts and the founding leaders of our democratic dispensation. We also on a sad note salute our fallen heroes and acknowledge the great contribution of Mama Winnie Madikizela Mandela in particular who passed on recently.

Honourable councillors, as you know, in the previous two years we assisted Thabazimbi Local Municipality with the implementation of Municipal Infrastructure Grant projects appointed by the Department of Water and Sanitation as an implementing agent.

Progress to date is as follows:

- The upgrading of Thabazimbi Waste Water Treatment Works was completed in January 2018 and 34 jobs were created during its implementation,
- Raphuti/Leeuport Water Supply was completed in September 2017 and created 20 jobs
- Smasherblock Water Supply was completed in September 2017 and 20 jobs were created
- Thabazimbi/Regorogile Water Supply was completed in September 2017 and 20 jobs were created as well.

These projects have brought much needed water relieve to the community of Thabazimbi Local Municipality.

Madam Speaker, we have but little to talk about as highlights of the Waterberg District Municipality precisely because of our financial condition. This has been our focus even during the Strategic Planning Session held in March earlier this year. Much has to be done in knocking on the doors of various institutions with authorities to engage them on powers and functions that were embezzled off from district municipalities. These functions include amongst others, provision of bulk water, roads, bulk electricity etc. It is an open secret that if no urgent intervention is explored, our district may close shops in four to six years' time.

Madam Speaker, this literally translates that the budget that we are presenting today is not a bread and butter budget, in the sense that it does not address all the necessities of the community of Waterberg. The Waterberg District Municipality followed public and other stakeholders engagements during the public participation processes enshrined in our budget cycle. The public participation processes include all stakeholders in our local municipalities by means of IDP Representative Fora. Written comments on both the Draft IDP and Budget were invited through local newspapers and notices placed in strategic areas across the whole district. Public comments and suggestions were accommodated as much as possible in the compilation of both our IDP and Budget.

The 2018/2019 IDP Budget Process Plan was adopted by Council on 25<sup>th</sup> August 2017 followed by the 2017/2018 mid-year budget and performance assessment report which were approved by council on the 25<sup>th</sup> January 2018 which determined the 2017/2018 Adjustment Budget and formed the baseline of drafting the 2018/2019 Operating Expenditure Budget. The Income amount was based on the 2017/2018 DORA issued in March 2018, we still, however, share the same concern with most of our poor community members because our budget does not accommodate most of the basic issues that impact directly on their lives due to stringent financial resources.

Madam Speaker, in order to improve service delivery and meet the demands placed on us by the growing community; this Annual budget was prepared in terms of the National Treasury, MFMA and Municipal Budget and Reporting Regulations. The growth parameters were calculated based on the average CPIX and guided by Circular 91, being 5.3% in 2018/2019, 5.4% in 2019/2020 and 5.5% in 2020/2021 financial years.

Madam Speaker, Waterberg District Municipality does not provide bulk services as already alluded to and therefore depends only on grants in terms of the Division of Revenue Act (DORA). The total budgeted revenue for the financial year 2018/19 amounts to R138,400,900 This is an increase of 4% as compared to the 2017/2018 original budget, primarily due to an increase in equitable share grant allocation for the 2018/2019 financial period and investment income.

Council operates an Abattoir, which is a trading service. The trading service is supposed to break even, but is currently running at a loss. The Abattoir has a budgeted operating loss of R7,950,659 for 2018/2019 financial year. Tariffs increase in line with CPI has been factored for the abattoir services. An amount of R2,070,400 is provided for income from the abattoir disclosed as service charges.

The Waterberg Economic Development Agency (WEDA) is a District Municipal Entity which will be regulated by Local Government Legislation and owned by the Waterberg District Municipality. As such, WEDA was registered as a private company. According to the indicated legislation, a private company is considered to be a municipal entity if a municipality, two or more municipalities collectively, *have effective control* of the company. Each of these municipalities is referred to as the parent municipality of the municipal entity. An amount of R4,156,038 rolled over from prior year, has been allocated for 2018/2019 financial year.

Disaster Management and Fire Fighting still tops the priority list with an overall budget of R35,038,700 allocated to this functions which is a year –on-year increase of 4%. The total fire-fighting and disaster management functions thus constitute 21% of the total operating budget excluding the IDP capital expenditure portion. The fire-fighting service is presently rendered by two local municipalities, namely, Mogalakwena and Thabazimbi on behalf of the WDM and claims are submitted on a regular basis. Provisions of R7,410,100 is allocated for the two local municipalities and this represent 4.4% of the operating budget.

The provision per municipality is allocated as follows:

Mogalakwena Municipality	-	R5,790,600
Thabazimbi Municipality	-	R1,619,500

No additional Fire Fighting tariff is proposed for 2018/2019.

Ladies and gentlemen, Municipal Health is one of our core services as the district municipality. We allocated R22,489,700 which is an increase of 8%, excluding the IDP capital expenditure to municipal health service. National and Provincial Governments have stopped the funding of health services, nonetheless it was indicated that they will partly fund the service by providing an equitable share. As per the 2018/19 DORA, the equitable share does not include a portion specifically allocated to this service. Previously and for three years during 2013 to 2015 financial years, this service was funded with an average amount of R10 million per annum.

Madam Speaker, the total operating expenditure budget including the IDP portion for 2018/19 amounts to R164,362,900, excluding the IDP project expenditure portion it amounts to R 156 748 900, this is an increase of 5% as compared to the previous year`s budget. The MFMA Circular 86 only allows an increase of 5.3% and therefore the municipality is thus within the prescribed parameters.

Councillors' expenditure is based on the Government Gazette Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils published annually between December and January by the Department of Cooperative Governance and Traditional Affairs. The budget is now compiled based on a Grade 4 Municipality as determined by the MEC for COGHSTA. Provision is made for six full time councillors. The total salaries and allowances for councillors amount to R 8 559 800 and makes up 5% of the total operating expenditure, however this expenditure is subsidised by an equitable share allocation specifically for this purpose of R6,171,000, resulting in under-funding of R2,388,000 for the 2018/19 financial period. Personnel expenditure increases by an average of 5% in 2018/19 to R99,400,200 for officials including contributions to long service awards and post-retirement medical aid actuarial valuations.

Provision is made for a general increase of 6.3% for all employees. The Salary and Wage Collective Agreement for the period 1<sup>st</sup> July 2015 to 30 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council (SALGBC), the outcome will be communicated at later stage. The preparation of the 2018/19 Budget is based on the proposed inflation linked salary increases as per SALGBC negotiations around salaries and wages, the wage curve and the pension fund restructuring, as well as CPI rate as per MFMA Budget Circular No. 91 as follows:

- ❖ 2018/19 Financial Year – average CPI-X (Estimate) + 1%
- ❖ 2019/20 Financial year-average CPI-X (Forecast) + 1%
- ❖ 2020/2021 Financial year-average CPI-X (Forecast) + 1%

The total employee related costs amounts to R95,722,400 when including long-term provisions for 2018/19, which is a 5% increase on the 2018/19 personnel budget. Performance bonuses for S57 managers is budgeted for all managers who are anticipated to be employed at the WDM for at least one year as at 30 June 2019, thus now including only 5 managers, which has resulted in the 24% year on year decrease in performance bonus budget. Budget is still provided for provision for leave and for officials' bonuses due to the GRAP disclosure requirement for leave and officials' bonuses

### Expenditure per Vote

A department constitute a vote as per the MFMA definition. The following provisions were made per department:

Budget & Treasury	R21,463,800
Office of Municipal Manager	R10,633,200
Corporate Services	R21,162,400 including capital projects
Planning & Economic Development	R7,281,500
Infrastructure Development	R7,241,100
Executive Support Office	R26,353,100
Social Development & Community Services	R3,682,400
Disaster Management & Fire Fighting	R35,038,700
Municipal Environmental Health	R22,489,700 including capital projects
Abattoir	R10,021,000
<b>TOTAL</b>	<b>R164,362,900</b>

Madam Speaker, we strongly believe that this is a fair distribution of limited resources of the municipality and aligned to the key thrusts of local government. In terms of Section 539 (c) of the Municipal Finance Management Act, *"The Mayor of the municipality must take all reasonable steps to ensure that the municipality's Service Delivery and Budget Implementation Plan (SDBIP) is approved 28 days after the approval of the budget."* Same has been developed and part of your packages to ensure effective implementation of the budget and projects that we are approving today. We once again believe that our ability to strengthen the cohesion and partnerships that we have already built is fundamental to the sustainability of the achievements made thus far in our district.

Ladies and gentlemen, we owe maximum words of thanks to the following stakeholders who are tirelessly contributing to the success of the Waterberg District Municipality:

- ✓ Local municipalities who are always very frank and cooperative during the joint community consultation sessions and integration of plans.
- ✓ The Waterberg Community who responded positively to our public participation processes and contributed towards the drafting of the budget and IDP.
- ✓ Mayoral Committee Members and councillors from both the ruling and opposition parties for working together during this financial year.
- ✓ The Management and all officials for having worked hard to ensure that the aspirations and wishes of our community get the necessary attention.
- ✓ The support and role played by our Limpopo Provincial Government, National Government, SALGA, Business partners, Mining Houses, Media Houses, Traditional leaders, Traditional Health Practitioners, Youth and all stakeholders in local government is also acknowledged and appreciated.

The former and late President of South Africa, Nelson Mandela once said: (I quote) *"A real leader uses every issue, no matter how serious and sensitive; to ensure that at the end of the debate we should emerge stronger and more united than ever before."*(Un-quote) As leaders from both the opposition and the ruling party, let us work together and unite to deliver quality services to all communities.

Honourable Speaker, it is with great pleasure for me to present to you the Waterberg District Municipality `s 2018/2019 Integrated Development Plan and Budget for consideration and approval by this august house.

I THANK YOU, BAIE DANKIE, KE A LEBOGA!!!!