

**BUDGET SPEECH BY THE EXECUTIVE MAYOR OF  
WATERBERG DISTRICT MUNICIPALITY, HIS WORSHIP  
CLLR MORRIS MATABOGE**

**30 MAY 2019**

**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,**

**Municipal Manager Mr. Maluleka**

**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!**

It is a great pleasure and honour for me to present to this august house the budget for 2019/2020 financial year.

Madam Speaker this budget vote speech takes place as we close the celebration of Workers`and Africa Month. South Africa marks Africa Month under the theme: ***“Celebrating 25 Years of Democracy: Building a Better Africa and a Better World.”***

The month is an opportunity to promote African unity, deeper regional integration and recommit Africa to a common destiny. The annual commemoration of Africa Day on the 25<sup>th</sup> May marked the founding of the Organisation of African Unity (OAU) in 1963.

Today, known as the Africa Union (AU), the organisation promotes greater unity and solidarity between African countries. The AU is at the forefront of peace, security and stability on the continent.

South Africa plays an active role in the organisation as an integral part of the African continent. The country’s national interest is intrinsically linked to continental stability, unity and prosperity of Africa.

Madam Speaker, a focal point of this year’s Africa Month programme is to promote and support the preservation and revival of indigenous languages, and to create discussion platforms for South Africans, in particular local communities, to engage in conversations on Africa’s past, present and future, to foster solidarity and to build unity.

This year’s celebration coincides with the commemoration of 25 Years of Democracy and 23 years of existence of the Constitution, and will be used to reflect on the achievements of the past 25 years.

Our achievements since the dawn of democracy are a demonstration of our commitment to succeed against all odds. South Africa has made significant progress in transforming from an apartheid state into a democratic one.

We must continue to address the triple threat of poverty, inequality and unemployment. Our transformation initiatives are helping us deracialise the economy and ensure the majority of South Africans enjoy the economic gains from our democracy.

Our country's transformation is about positive change that is guided by the constitution to create a society that has equal opportunities across all areas.

Madam Speaker, Africa Month reminds us that our freedom was not free. Our road to democracy required untold sacrifice, and many paid the ultimate price for us to be free. It is incumbent on each generation to safeguard and extend it.

We must continue to build on the significant progress made in the past 25 years of freedom and democracy. Let us work together to build a South Africa that works for everyone.

The Bill of Rights promotes our linguistic diversity and encourages respect for language rights. As a nation we must promote and support the preservation and revival of indigenous languages.

It is every citizen's right to use their language and to celebrate their culture as it happened during the inauguration of President Ramaphosa. Protecting our indigenous languages will ensure everyone in our country is free to fully communicate and express themselves effectively.

Our indigenous languages have the potential to promote equality, understanding and greater human dignity. Our country's history of division, injustice and suffering should inspire us to be a better and more united nation.

This budget speech also takes place as we celebrate the victory of our glorious movement, the African National Congress (ANC) during the Provincial and National Elections held on the 8<sup>th</sup> May 2019.

The ANC has been given a fresh mandate to create a better life for the South African people. During the election campaign our communities complained about service delivery.

We accepted the mistakes that have happened and promised to speed up service delivery and deal with corruption. The people of South Africa have listened and spoken through the ballot.

As we celebrate the victory of the ANC, we on a sad note mourn the passing on of one of the daughters of the District, the former Executive Mayor of the Waterberg District, Mme Rosina Tlotlanang Mogotlane in March 2019.

Madam Speaker, without offending anyone in this house, I take this opportunity to dedicate this victory to Mme Mogotlane for the sterling work she did as a leader and Executive Mayor respectively.

We call upon all political parties to join hands so that together we can fight against the triple challenges of poverty, inequality and unemployment like what Mme Rosina Mogotlane did.

Honourable Members, the Integrated Development Plan (IDP) is a management tool for assisting municipalities in achieving their developmental mandates. Every municipality is required to develop and adopt its IDP following the legal framework documents as provided in various pieces of legislation.

Section 51 of the Constitution of the Republic of South Africa, provides for developmental local government to make provision for a democratic and accountable government for communities.

It also encourages municipalities to ensure the provision of services to communities in a sustained manner in order to promote social and economic development.

Our IDP should take into account the existing conditions, problems and resources available for development. It must set out a framework of how land must be used, what infrastructure and services are needed and how the environment should be protected.

In compliance with the Municipal Systems Act, and as part of the annual IDP review, municipalities are further required to prepare Strategic Planning Sessions to reflect on the vision, mission and values of the institution and further verify if they are still relevant given the current socio and economic dynamics within the district.

The Waterberg District Municipality held this important session from the 6<sup>th</sup> to 8<sup>th</sup> March 2019, and we were able to vigorously reflect on the Vision, Mission and Values of the institution.

The Strategic Planning Session also reflected on strategies. Strategy is about choice, which affects outcomes. The nature of the strategy adopted and implemented emerges from a combination of the structure of the organization, the type of resources available and the strategic priorities being pursued.

There is strategic consistency when the actions of an organization are consistent with the expectations of the community. It is therefore critical that the identified strategies be linked to the different KPAs governing local government institutions.

Madam Speaker, our management should be able to deal with these issues to meet the expectations of our community district wide to address their basic needs and services.

Honourable Councillors, as you know, we are bestowed with the responsibility of assisting Thabazimbi Local Municipality with Municipal Infrastructure Grant projects as an implementing agent for 2018/2019 financial year.

Progress to date is as follows::

- Northam Ext.16 -High Mast Lights Phase 1 and the project is at 75% construction stage.
- Northam Ext.16 -High Mast Lights Phase 2 and the project is at 80% construction stage
- Raphuti High Mast Lights and the project is at 70% construction stage.

- Raphuti paving of internal streets designs and the project is completed.
- Northam Ext,7- Paving of Internal Streets Designs Phase 1 and the project is completed
- Northern Ext,7 -Paving of Internal Streets Designs Phase 2 and the project is completed
- Upgrading of Sports Facility Designs and the project is completed

Honourable Councillors, due to limited resources as a District, we do not have funds for infrastructure development. There are only two projects namely:

- Road Asset Management System- the project is at implementation stage in all five Local Municipalities. Data collection is completed in Thabazimbi and Bela-Bela Local Municipalities respectively.
- EPWP project is completed and funded by the Department of Public Works.

On Planning and Local Economic Development the following programmes were undertaken:

- SMME Development- The department coordinated the participation of four SMMEs from the District at the Provincial Annual Marula Festival SMME Exhibitions
- Tourism Indaba-The department coordinated the participation of 4 SMMEs from the hospitality industry to participate at the Durban Tourism Indaba from 2<sup>nd</sup> -4<sup>th</sup> May 2019
- Coordination of SPLUMA- The department is reviewing the agreements on modalities and restructuring the tribunal membership following the lapsing of the term of office. The project is at 75%.

Madam Speaker, on Good Governance and Public Participation the following are some of the programmes which were undertaken in the 2018/2019 financial year.

- District Public Participation Programme was held on the 20<sup>th</sup> April 2018 at Ga-Chokwe Village in Mogalakwena Local Municipality;

- District Public Participation Programme was held on the 30<sup>th</sup> November 2018 at Marulaneng Village in Mogalakwena Local Municipality
- District Golden games were held in Lephhalale on the 16<sup>th</sup> August 2018
- District Older Persons` Parliament was held on the 12<sup>th</sup> September 2018 in the District Council Chamber
- Executive Mayor`s Marathon was held on the 10<sup>th</sup> November 2018 in BelaBela Local Municipality
- Waterberg District Municipality Shaping Futures Golf Challenge was held on the 3<sup>rd</sup> August 2018 at Euphoria Golf Estate in Modimolle Mookgophong Local Municipality
- Waterberg District Matric Awards Ceremony was held on the 10<sup>th</sup> January 2019 in Beal Bela Local Municipality and the last
- District Public Participation Programme was held on the 24<sup>th</sup> May 2019 in Lephhalale Local Municipality.

Madam Speaker, some of the challenges still facing the district include:

- Shortage of human capacity in certain functional areas, especially in Disaster management and fire-fighting
- Retaining the clean audit
- Unemployment and Lack of skills especially the youth.
- Reducing the prevalence of HIV/AIDS T.B.
- Resuscitation of Intergovernmental Relations forums. We only convened two IGR forum meeting instead of four Let us make sure that in the 2019/2020 financial year all these structures are functional in terms of Intergovernmental Relations Framework Act no 13 of 2005
- Slow implementation of Spatial Planning & Land Use Management Act (SPLUMA)

The President of the Republic of South Africa, Cyril Ramaphosa, during his inauguration on Africa Day said: **(I quote)“The challenges our country faces are huge and real, but they are not insurmountable and they can be solved. And I am here to say they can be solved”**

**(Unquote).** Let us work hard and together we can make sure these district challenges are solved.

Honourable Councillors, the Waterberg District Municipality followed public and other stakeholders engagement during the public participation processes as enshrined in our budget cycle.

The budget and IDP preparation process ran consecutively and joint IDP/Budget Steering Committee meetings and Representative Forum hearings were held during the year.

The adoption of the 2019/20 IDP/Budget/PMS Framework/Process plan by council was done on the 23 August 2018. The consultation process was done through the IDP Representative forums which were held on the following dates, 17 August 2018, 22 November 2018, 26 March 2019 and 21 May 2019.

The draft 2019/20 IDP document was tabled on 28<sup>th</sup> March 2019. The public notice to invite the comments and presentation on the Draft IDP was issued on the 3<sup>rd</sup> of April 2019 and it was closed on the 3<sup>rd</sup> of May 2019.

The main priorities of the IDP projects are listed below and were considered during the project prioritisation phase for inclusions of projects into the budget:

1. Fire Fighting Services
2. Municipal Environmental Health & Environmental Management
3. Disaster Management
4. Abattoir
5. Local Economic Development & Tourism
6. Roads & Storm Water
7. Municipal Support & Institutional Development
8. Community Participation & Good Governance
9. Land



10. Sports, Arts & Culture
11. Water & Sanitation
12. Electricity
13. Transport

Due to budget constraints all priority areas could not be accommodated in the 2019/20 budget.

Madam Speaker,

In terms of the Municipal Finance Management Act No. 56 of 2003, *‘The Municipal council must at least 30-days before the start of the budget year consider approval of the Annual Budget’*

It is from this legislated mandate that we are converged here today, exactly 31 days before the end of the financial year, to present to council and the community of Waterberg our 2019/2020 Integrated Development Plan and Budget.

This Budget was prepared in terms of National Treasury MFMA Municipal Budget and Reporting Regulations. The growth parameters were calculated based on the average CPI and guidance of Circular 94, being 5.2% in 2019/20, 5.4% in 2020/21 and 5.4% in 2021/22. Income amounts are based on the 2019/20 DORA issued in March 2019.

The total budgeted revenue amounts to **R 143 871 158** from **R 138 400 800** in 2018/2019 financial year. This is an increase of 4% as compared to the 2018/19 original budget, primarily due to an increase in equitable share grant allocation for the 2019/20 financial period.

Personnel expenditure increases in 2019/20 to **R 105 474 702** from **R 98 443 643** in 2018/2019, for officials including contributions to long service awards and post-retirement medical aid actuarial valuations.

Provision is made for a general increase of 6.7% for all employees. The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 has come into effect. The preparation of the 2019/20 is based on the concluded 3 year SALGA Circular No.6/2018 - Salary and Wage Collective

Agreement dated 15 August 2018 and linked to inflation rate as per **MFMA Budget Circular No. 94**.

- 2019/20 Financial Year – average CPI 5.2% + 1%
- 2020/21 Financial Year - average CPI 5.4% + 1%
- 2021/22 Financial Year - average CPI 5.4% + 1%

The Environmental Health Services salaries amounts to R 20 131 386 (2018/19 - R 20 222 177) which makes up 19% (20% in 2018/19) of the total salaries.

The Fire Fighting Services salaries amounts to **R 20 172 710** which contributes 20% of the total salaries – minimal year on year increase due to relocation of 2 fire-fighters from Thabazimbi local municipality to the district. This excludes the salaries budgeted in Mogalakwena local municipality for fire-fighting staff appointed by the local municipality.

The District Municipality is currently in the process of relocating staff allocated to Mogalakwena local municipality to the head office. The process is planned to be finalised by the end of 2019/20 financial period.

The year on year increase is due to an amount of provision for leave for the relocation of the said staff which was not catered for in the last financial period, and cost of additional junior fire-fighters.

The Abattoir salaries amounts to **R 5 320 675** from **R 5 818 940** in 2018/2019 financial year, which makes up 5% of the total salaries – 9% year on year decrease. The year on year decrease is due to the exclusion of five slaughters which are not budgeted for in the 2019/20 financial period.

Travel allowances were budgeted for all Divisional Managers as well as other extensive travellers in terms of the WDM approved Travel Allowance Policy. There are 74 travel allowances budgeted for in comparison to a total staff complement of 159 permanent employees (41%). No new travel allowance has been added for the 2019/20 financial year.

Performance bonuses for S57 managers is not budgeted for all managers due to the financial challenges being experienced by the municipality.

Budget is still provided for Provision for Leave and Provision for Officials' Bonuses due to the GRAP disclosure requirements for annual leave and officials' bonuses.

The total employee related costs amounts to **R 105 474 702** from **R 98 443 643** in 2018/2019 financial year, when including long term provisions for 2019/2020 which is a 6.7% increase on 2019/20 personnel budget.

Councillors' salaries and allowances are based on the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: 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.

The total operating expenditure amounts to:

Including the IDP projects expenditure portion: **R 180 062 514**

Excluding the IDP projects expenditure portion : **R 161 630 174**

Excluding IDP project expenditure, this is a decrease of 4% as compared to the previous financial year's budgets. The MFMA Circular 94 allows an increase of 5.2% and therefore municipality is thus within the prescribed parameters.

Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned. The budget is now compiled on a Grade 4. Provision is made for six full time councillors.

The total salaries and allowances for councillors amounts to **R 8 898 155**. However this expenditure is subsidised by an equitable share allocation specifically for this purpose of **R 6 418 000**, resulting in under-funding of **R2 480 155** for the 2019/20 financial period .

General expenditure has been increased by an inflation rate of 5.3% with the exception of operating project expenditure. However, to support austerity measures as well as considering financial constraints faced by the municipality, no budget increases has been granted for catering and some expenditure votes have not been increased while other have been reduced.

The major general expenses are audit fees, subsistence & travel, depreciation, municipal services, annual insurance, financial system costs and security for WDM premises, Abattoir, Modimolle, Mogalakwena and Lephalale disaster centres. General expenditure also includes allocations to all the Waterberg Local Municipalities' Disaster Centres for the operation thereof.

For repairs and maintenance an amount of **R 4 310 097** is budgeted and constitutes 3% of the total operating budget. The provision is low due to the fact that we do not have infrastructure assets. This provision is mainly for buildings, vehicles and equipment.

Contracted services refer to the fire-fighting service which is rendered on behalf of Council by the Mogalakwena and Thabazimbi Local Municipalities. Claims are submitted by the local municipalities on a regular basis.

Provision of **R 6 163 290** is made for the Mogalakwena local municipality in total and this represents 4% of the operating budget. The reason for the lower year-on-year increase is due to a detailed inspection of local municipal payslips resulting in a more accurate projection of salaries per local municipality. The provision for firefighting per municipality is as follows:

Mogalakwena Municipality **R 6 163 290**.

The budget for the whole Disaster Department (including contracted services for fire-fighting) is **R 37 081 212** which is a year-on-year decrease of 9%. The total fire-fighting/disaster function thus constitutes 20% of the total operating budget. This is excluding the IDP capital expenditure portion, if any.

A Budget of **R 22 444 194** is made for Municipal Health, which is a year-on-year decrease of 6%. The year on year decrease is due to an anticipated decrease in S & T claims by the officials. This includes personnel costs for 31 officials, which consist of a divisional manager, 6 environmental health heads and 24 environmental health practitioners, however it excludes IDP projects if any.

National and Provincial Government has 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 2019/20 DORA, the equitable share does not include a portion specifically allocated to this service. Previously and for three years during 2013 to 2015, this service was funded with an average amount of **R11 million** per annum.

### **Madam Speaker**

The total operating expenditure amounts to:

Including the IDP projects expenditure portion: **R 180 062 514**

Excluding the IDP projects expenditure portion : **R 161 630 174**

Excluding IDP project expenditure, this is a decrease of 4% as compared to the previous financial year's budgets. The MFMA Circular 94 allows an increase of 5.2% and therefore municipality is thus within the prescribed parameters.

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

	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
Budget & Treasury	R 21 163 924	R -	R 21 163 924 <b>(5)</b>
Municipal Manager	R 10 925 436	R -	R 10 925 436 <b>(6)</b>
Corporate Services	R 25 180 490	R 6 750 000	R 31 930 490 <b>(3)</b>
Planning & Econ Development	R 8 185 044	R -	R 8 185 044 <b>(8)</b>
Infrastructure Development	R 7 057 698	R 1 028 000	R 8 085 698 <b>(9)</b>
Office of Executive Mayor	R 26 732 381	R -	R 26 732 381 <b>(2)</b>
Social Dev & Community Service	R 3 334 168	R -	R 3 334 168 <b>(10)</b>
Disaster (Fire Fighting)	R 35 331 212	R 1 750 000	R 37 081 212 <b>(1)</b>
Municipal Environmental Health	R 22 444 194	R 800 000	R 23 244 194 <b>(4)</b>
Abattoir	R 9 379 968	R -	R 9 379 968 <b>(7)</b>
<b>Total</b>	<b>R 169 734 514</b>	<b>R 10 328 000</b>	<b>R 180 062 514</b>

In 2018/19 the top 3 expenditure budget departments were Fire Fighting (#1), Executive Support (#2) and Municipal Environmental Health (#3). This has slightly changed in 2019/20 to Fire Fighting (#1), Executive Support (#2), Corporate Services (#3) and Municipal Environmental Health (#4).

Projects are being identified in terms of Council's priorities and will be subjected to community participation processes.

The total budget allocation for projects is as follows:

2019/20	<b>R 18 432 340</b>
2020/21	<b>R 4 300 000</b>
2021/22	<b>R 3 521 000</b>

The IDP MTEF total is **R 17 632 340** of which the funding sources can be summarized as follows:

WDM Reserves	<b>R 10 328 000</b>
RRAMS Grant	<b>R 2 259 000</b>
FMG & MSIG	<b>R 1 000 000</b>

Investment Income **R 8 420 800**

The projects on the IDP are divided into operating and capital projects for the 2019/20 budget year, and are as follows:

IDP Capital **R 10 328 000**

IDP Operating **R 8 104 340**

**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*”

Our Management Team will ensure that same is developed and presented to Executive Support office to ensure effective implementation of the budget and projects that we are approving today.

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 these budget and IDP.
- ✓ Mayoral Committee Members and councillors from both the ruling and opposition parties who were always there to respond to the questions raised by our electorates.
- ✓ Management and Staff under the leadership of our Municipal Manager Mr. Maluleka, 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 Healers, Youth and all stakeholders in local government is also acknowledged and appreciated.

**Madam Speaker,** it is with great pleasure for me to present to you the Waterberg District Municipality `s 2019/2020 Integrated Development Plan and Budget for consideration and approval by council.

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