



BUDGET SPEECH 2016 - 2017

FRANCES BAARD DISTRICT MUNICIPALITY

Honourable Speaker,
Honourable MECs,
Honourable Mayors and Speakers of our local municipalities,
Honourable Councillors,
Municipal Managers,
Partners in local government,
Members of the media,
Distinguished guests,
Ladies and gentlemen,

Mr Speaker,

Today marks the fifth year in office for the current Council, and what a remarkable journey it has been! Indeed, this budget today is the pinnacle of everything that we as a Council have achieved over the past five years.

This budget comes at a time when the country is facing financial tough times. Every day we are bombarded by news casts that paints a very bleak picture for the next couple of years. In his budget speech, the Finance Minister, Mr Pravin Gordhan, said that we are strong enough, resilient enough and creative enough to manage and overcome our economic challenges. Never have these sentiments been truer than right now.

In his provincial budget speech MEC for Finance, Tourism and Economic Development in the Northern Cape, Mr Mac Jack, said that the provincial budget is fully aligned with the overall plans of government to reduce wasteful expenditure. As a municipality we have already put cost containment measures in place to curb excessive and wasteful expenditure. At its meeting in April of this year, Council noted the important prescripts as set out in the MFMA Circular no. 82 and have adopted a stance that everything needs to be done to ensure that the municipality adheres to the circular.

Mr Speaker, the budget presented today have undergone stringent cost cutting measures to ensure that we only focus on those items that would ensure that we provide the best services to our community. Departments have been instructed to ensure that every effort is made to cut down costs that are not entirely crucial for the completion of projects. Day-to-day operational costs have been narrowed down to the bare essentials and the motto “low cost but high quality” is definitely the buzz words in the municipality.

Mr Speaker, I would be remiss if I did not reflect back on the journey over the last five years of the current Council.

As we all know the Frances Baard District Municipality has four local municipalities i.e.: Sol Plaatje, Phokwane, Magareng and Dikgatlong. With an exception of Sol Plaatje, the other three local municipalities have very limited capacity. Frances Baard District Municipality therefore adopted an outward looking approach since the inception of local government in December 2000. The FBDM funds capital projects as well as operational and maintenance activities in the local municipalities for the last 15 years of local government. The district municipality has dedicated engineering technicians to assist with infrastructure projects in three local municipalities to assist with the identification of IDP projects, provide technical support to projects under construction, support the procurement of service providers and assist with relevant sector plans such as the Transport Plan. The district municipality provides internal audit functions to Dikgatlong and Magareng municipalities and the audit committee of the district municipality undertakes audit committee functions in these municipalities.

Through the LED unit we render dedicated assistance to local municipalities with regards to local economic development and tourism. We have facilitated the preparation of LED strategies for all local municipalities, the establishment of appropriate structures for the development of local economies, the establishment and registration of cooperatives and capacity building of SMME's. In terms of tourism we have developed tourism information centres in all the local municipalities. Currently we are rolling out a project which involves the development of the N18 national road as a tourism route. The development of the route has been identified as a significant opportunity for the district as routes play a strategic role in linking different regions and products and facilitates movement of tourists through an area. The N18 has been identified as a potential tourism route for development due to the attractions it offers such as game farms; birding; agriculture and diamond mining. Another tourism project involves the development of the river banks close to the Gong-Gong waterfall in Dikgatlong municipality as a safe, attractive and durable tourism attraction. The aim of the project is to spread the economic benefits more widely through local tourist spending which will encourage further development of tourist facilities, activities and services in the area.

The district municipality provides the following services for sustainable human settlement development:

- Project initiation, planning and design;
- Project management and contract administration;
- Subsidy administration;
- Quality assurance;
- Housing backlog identification and quantification; and
- Capacity development.

The district municipality also provides municipal health services to local municipalities which includes water quality monitoring, food safety monitoring (formal and informal), waste management, pollution control and infectious disease control.

Under the Disaster Management Act, 2002 the district municipality is responsible for disaster management in Phokwane, Magareng and Dikgatlong local municipalities. To that effect the district municipality has undertaken the following functions:

- Facilitated the preparation of disaster management plans for all the local municipalities;
- Appointed disaster management practitioners for the three local municipalities (excluding Sol Plaatje);
- Established disaster volunteer units in all the local municipalities; and
- Established a contingency fund to assist destitute families in case of any disaster.

In terms of municipal financial viability the district municipality established a unified financial management system for the district with diligent processes, procedures and control systems. We assisted local municipalities with the development of comprehensive, simplified and implementable audit action plans and we are continuing to assist the municipalities to become fully GRAP compliant as per approved accounting standards. We also assist the local municipalities with supply chain management in terms of the evaluation and adjudication of bids.

During its first strategic planning process in 2011 Council had to consider the medium term strategic framework (MTSF) for 2009-2014 which put emphasis on the importance of economic growth. This along with economic and social infrastructure, rural development and land security and land reform formed the top tier of the MTSF priorities. In her State of the Province Address, Premier Sylvia Lucas outlined the following objectives of radical economic transformation, namely:

- To accelerate economic growth in an inclusive and sustainable path;
- To achieve much higher levels of employment creation and decent work opportunities;
- To reduce inequality substantially; and
- To ensure meaningful black participation in ownership, control and management of the economy.

These priorities have also found manifestation in the National Development Plan which emphasises inclusive growth in terms of our social programmes, industrial action plan, promotion of agriculture and rural development, skills and training initiatives, investment in housing and municipal services and opportunities for all in order to broaden economic participation.

As always the main focus of the district municipality, in the past and over the last five years, has been to assist its category B municipalities in the delivery of quality services to the communities in the Frances Baard District. In the 2011/12 financial year it was identified that existing infrastructure at local municipalities were poorly maintained because of the poor economic base of these municipalities, especially the smaller municipalities in the district. In the 2011/12 financial year an amount of R7.7m has been allocated to support the O&M at the local municipalities. Also in 2011/12 we experienced structural changes when the roads function was transferred to the Department of Roads and Public Works and the district management area (DMA) was handed over to local municipalities within the district. This meant that the contributions to the district municipality was substantially reduced and had a negative impact on the cash flows of the municipality. The abolishment of district management areas directly influenced grant funding from national government to the extent that the municipality's allocation for equitable share decreased by R2.88m and MIG funding to the amount of R6.45 in 2011 was stopped totally. The MIG funds are now allocated directly to the local municipalities. Notwithstanding this the district municipality still managed to allocate almost R17.3m to its local municipalities.

In 2012/13 Council took a strong stance with regard to public participation and making sure that we build stronger relations with our major stakeholders. A public participation plan was adopted by Council to actively involve stakeholders in the areas such as planning and budgeting. This plan was rolled out throughout the district with full collaboration between us and our local municipalities. In this year the district also established a support unit to provide dedicated financial support, as per request from the local municipalities. In the 2012 State of the Nation Address the President indicated that there will be a massive infrastructure development drive. The district municipality embraced this drive and narrowed down its budget to focus more strongly on infrastructure development.

In the 2012/13 financial year an amount of R28.4m has been allocated to support infrastructure development (R8.3m), operations and maintenance (R21.76m) and reduction of unemployment (EPWP) at the local municipalities. In this year we created more than 500 job opportunities through our infrastructure projects alone.

Mr Speaker, please allow me the opportunity to boast a little.

In 2012 the Frances Baard District Municipality was selected for the prestigious Special Achievement Award for GIS Technology at the ESRI International User Conference in San Diego, USA. Only one organisation per country was selected for this award, indeed a very unique achievement. The district municipality managed to establish a GIS shared service centre and implement an integrated web-based land viewing application and a fully operational GIS website. The district municipality also embarked on a pilot project to validate and capture water meters in Warrenton. The objective was to establish suitable technology for the meter readers to improve the accurate capture of monthly water meter readings and ensure the sending of the data into the billing system, whilst also assessing the state of the existing meter reading information. This led to the implementation of similar projects for Phokwane and Dikgatlong local municipalities.

In 2012/13 LG: SETA and FBDM entered into a memorandum of understanding to be the lead municipality for the provision of learnerships in local economic development (LED); water and sanitation; financial management; electricity reticulation and road maintenance. In 2012 the process to capacitate municipalities for the assignment of human settlement functions to local government gained momentum. Municipalities had to demonstrate their capacity to plan, implement, and maintain both projects and programs that are well integrated within IDPs and within the 3 year rolling capital investment programs mandated by the Municipal Finance Management Act (MFMA). To date the district municipality have achieved level 1 & 2 accreditation. This was a major accomplishment, not only for the district, but for the Province as a whole as we became one of the only two districts in the country, at the time, to attain level 2 accreditation. In August 2014 we won the national award for the best level 2 accredited district municipality in South Africa at the National Govan Mbeki Awards.

Mr Speaker, in 2013/14 the FBDM rolled out local economic development projects to diversify the district economy which focussed on the establishment of the Cape Malt Plant for malt processing in Ritchie and to capacitate emerging farmers to produce and supply barley to the plant; the establishment of an oil processing plant in Phokwane; training of small and emerging miners; formalization of 20 woman contractors and exposing and training of graduates on local economic development and entrepreneurship. The Youth Entrepreneurial Development Programme is growing from strength-to-strength and we continue to develop LED practitioners and SMMEs out of young graduates who studied Commerce. In 2014/15 twelve SMMEs were trained through the New Venture Training programme.

The 2013/14 financial year was also the year when the current Council achieved its fourth consecutive unqualified audit opinion from the Auditor-General. The 2013/14 and 2014/15 financial years were also the years that the municipality received no matters of emphasis at all.

Although we are very proud and excited about these achievements, it is diminished slightly by the struggles of our local municipalities to ensure that they comply with the MFMA regulations to achieve the same results as the district municipality. However, things have been changing as the Sol Plaatje local municipality received an unqualified audit opinion with matters, for the 2014/15 financial year. After years of disclaimers this is indeed a wonderful achievement and we celebrate it with them. The other municipalities have been struggling, Phokwane, Magareng and Dikgatlong have all received disclaimers but have shown improvement and we are working steadily towards ensuring that their financial audits will change to a positive. According to the Provincial Auditor-General these municipalities have challenges with instability or vacancies in key positions such as the municipal manager and the chief financial officer. This inadvertently led to non-compliance with the MFMA to meet key deadlines. In 2014/15 we have set aside R1,5m to support our local municipalities with financial service related matters including requests received and to ensuring that their financial systems are Standard Charts of Account (SCOA) compliant by 2017.

In the 2014/15 financial year the municipality upgraded the municipal website and received a bronze award from the South African Website Association for a website with good functionality, layout, aesthetics, content and overall appeal.

Mr Speaker, in 2014 we went to the polling stations to elect a new National Assembly and new provincial legislatures. The poll results reaffirmed the confidence of the nation in the ANC led government and we are determined not to lose that trust when we go to the polls again this year to elect the local councils for the next five years. The medium term budget policy statement (MTSF) for 2014 indicated that municipalities had to adopt a conservative approach when projecting their expected revenues and cash receipts. It also stated that municipalities should pay particular attention to managing revenue effectively and carefully evaluate all spending decisions.

So you can see that the approach to curb spending already started two years ago and today we saw it intensify even further with the introduction of Circular 82 of the MFMA.

In the 2015/16 financial year the emphasis was on addressing the apartheid legacy of spatial patterns and injustice, especially in the human settlements environment by commencing with the implementation of the objectives of the Spatial Planning and Land Use Management Development Act (SPLUMA), 2013. The spatial development framework of the municipality was prepared as well as for both Magareng and Dikgatlong local municipalities. The required environmental studies (EIA) for township establishment in Dikgatlong local municipality and cadastral survey, pegging and registration with the Surveyor-General has also commenced in this year.

The 2015/16 financial year also came with the introduction of a rural roads asset management system (RRAMS) which is meant to gather data that is intended to promote efficiency and effective investment in municipal streets and associated infrastructure information. This system will improve planning in maintenance and development of rural roads infrastructure and is set for implementation in the 2016/17 financial year.

Mr Speaker, the mayoral bursary fund, an initiative that started in 2014/15, gained momentum in 2015/16 when the amount budgeted was increased from R 400,000 to R 600,000. To date we have assisted 24 students to study in various institutions of higher learning. In light of the afore-mentioned, I think we need to acknowledge the Sol Plaatje University. The building of the university in Kimberley is an economic boost for not only the district but the entire Northern Cape Province. Just last month the university held their first graduation ceremony and I take this opportunity to congratulate our very first graduates to be produced from the capital of the Province.

In terms of supporting entrepreneurship, the district municipality developed a policy in 2015/16 to support sustainable SMME development in the district. The main objective of the FBDM SMME Development and Support Policy is to provide a framework for SMME development in the district through an integrated system of business support facilities. The local economic development strategy is also based on the identified development needs, opportunities, competitive and comparative advantages to inform and guide Frances Baard District Municipality and its local municipalities to facilitate development.

Mr Speaker, in terms of the “back to basics” approach the district municipality is on track with the five pillars as identified by the approach. The district municipality is well within the acceptable levels regarding areas such as the delivery of basic services as we support our local municipalities both financially as well as technically.

Mr Speaker, our district has been one of the hardest hit areas when we experienced the recent drought. To date the impact of the drought is still felt in many areas of the Northern Cape Province and other areas across the country. Especially our farming community paid a heavy price during this difficult time. At our meeting in November 2015 this Council resolved that the Frances Baard district be declared a drought disaster area and we took a firm decision to play our part in assisting the affected farmers and communities.

Mr Speaker, with your permission, I would now like to take you through a more detailed presentation of how we propose to invest the funds that have been entrusted to us.

The total budget for the 2016/17 financial year is R177.03m. The operational budget is R158.03m (of which R10m goes towards operation and maintenance, R30m for capital expenditure of our local municipalities. Of this amount R3.8m are roll-overs as well as R15.4m for special projects for both the district and its local municipalities. The capital budget for the district municipality is R19.04m. The anticipated deficit is R38.62m, which is mainly as a result of R30m budgeted for the capital projects as well as R10m budgeted for operation and maintenance. The largest portion of the budget is allocated to the Planning & Development and Infrastructure Services Departments. Allocations to these departments amounts to R67.49m and is directly linked towards the improvement of the quality of life of communities in the district. This includes R43.80m for infrastructure development and repairs and maintenance at local municipalities.

The extent of our support and investment in service delivery to our communities can be seen in the allocations made to our local municipalities. For the 2016/17 financial year we will be allocating an amount of R5m each to Magareng, Phokwane and Sol Plaatje and R10m to Dikgatlong local municipalities for infrastructure development and a further R2.5m each for operation and maintenance. A further R5m has been allocated for FBDM projects. Of the operation and maintenance budget R1m is ring-fenced for maintenance of gravel roads in local municipalities.

The above allocation will include the following major infrastructure projects:

- In Dikgatlong: Improving water reticulation in the town of Barkly West through the replacement of steel/asbestos pipes. Co-funding of the Windsorton/Holpan RBIG project, procurement of two tractors, procurement of two bakkies for electrical maintenance team and water maintenance team;
- In Magareng: Co-funding of the upgrading of water treatment works project;

- In Phokwane: Refurbishment of old system and fencing in Jan Kempdorp waste water treatment works and water and sanitation for 608 stands at Guldenskat; and
- In Sol Plaatje the main focus will be on resealing of roads and upgrades.

For local economic development and tourism an amount of R2.83m and R4.27m has been allocated respectively. A further R9.06m has been allocated to special projects in other divisions such as finance, human resource, disaster management, environmental health and GIS.

A large portion on the usage of motor vehicles is to service our local municipalities through our different functions. Vehicles that have reached disposal stage are donated to our local municipalities in terms of our supply chain management policy. An amount of R 1.72m was set aside for the replacement of vehicles that reached the end of its useful life. Other capital expenditure includes R12m for the building of new offices and R3.8m for purchasing of a fire truck.

Mr Speaker, grants and subsidies are still our biggest source of income and we are at R112.43m for 2016/2017. This dependency on grants and subsidies influences our expenditure. The major grant funding that the district municipality is receiving from national government is as follows:

- Equitable Share: R105.42m
- Finance Management Grant: R1.25m
- Rural Road Asset Management Systems: R2.43m

Mr Speaker, as you can see we continue to be a district municipality which focusses most of its resources towards the support of our local municipalities and we will continue to do so in order to ensure that we improve the lives and living conditions of the communities that we were elected to serve.

In closing I want to share with you the following quote from our beloved Tata Mandela and I quote: “A fundamental concern for others in our individual and community lives would go a long way in making the world the better place we so passionately dreamt of.” – close quote. Tata Mandela believed that one can only achieve success if you are dedicated to and passionate about what you do. At Frances Baard District Municipality we have lived up to this motto and I know that when we leave the administration, under the leadership of the municipal manager and the executive management, will continue to build on this proud legacy.

Mr Speaker, I want to sincerely thank all Councillors, the Municipal Manager, the Heads of Departments, managers, officials, stakeholders and members of the public who gave input to this process. We can only achieve great things if we work together and I believe that this was a team effort. The credit is shared by all who played a part in tabling this final product today. On behalf of Council I want to thank each and every one for their hard work and dedication.

I thank you