

**2017/2018 IDP/BUDGET SPEECH BY HER WORSHIP;
MAYOR OF LEPELLE-NKUMPI LOCAL MUNICIPALITY;
CLLR NAKEDI SIBANDA-KEKANA**

30 MAY 2017; MAKOWENG COMMUNITY HALL

Honourable Speaker, Cllr. Barnard Ntsoane;

Our Chief Whip, Cllr. Tswaledi Thobejane;

Colleagues in the Executive Committee;

Fellow Councillors;

Our Fellow Councillors;

Magoshi a rena ao a hlomphegago;

Acting Municipal Manager, Ntate Mashiane, Executive Managers and
Officials of our Municipality;

Chairperson of the Audit Committee, and the team

Members of Ward Committees and CDWs;

Friends, Distinguished Guests, Comrades;

Ladies and Gentlemen;

GOOD MORNING;

Thobela, Dumelang, Re a lotsha, Lotshane, A bo shene.

**2017/18 BUDGET SPEECH: RADICAL SOCIO-ECONOMIC
TRANSFORMATION AND 20TH ANNIVERSARY CELEBRATION OF THE
CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA**

Honourable Speaker, the life and legacy of Oliver Reginald Tambo, who selflessly fought the liberation of our country, remains an inspiration to the people of Lepelle_Nkumpi as we forge ahead with the implementation of radical economic transformation programmes anchored on our Spatial Development Framework, in pursuant to the attainment of the National Development Plan (NDP) objectives.

His contribution to the creation of a united, democratic, non-sexist, non-racial and prosperous South Africa inspires us to use the 2017/18 Medium-Term and Revenue Expenditure Framework (MTREF) budgets to radically transform the lives of our people by accelerating the delivery of services in addressing the triple challenges of poverty, inequality and unemployment.

In celebrating the Year of Oliver Reginald Tambo, the Year of Unity in Action, let us embrace the profound call by the people's teacher and lawyer to increase the pace of radically transforming the economy of our municipality, as we believe that, I Quote: **“South African transformation will be built through economic participation and mobilisation of all our capacities and that without transformation growth will reinforce inequality, without growth, transformation will be distorted by patronage”**. Close quote.

Honourable Speaker and honourable house, irrespective of our political affiliation, we should all thank the people's movement, the African National Congress for dedicating the year 2017 to honour, remember and celebrate the life of OR Tambo as an inspiration by increasing the speed at which we construct the second transition of our national democratic revolution through the implementation of Lepelle-Nkumpi Spatial Development Framework.

As the municipality, we agree with our President that radical socio-economic transformation represents, I quote: **“Fundamental change**

in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female, as defined by the governing party, which makes policy of our democratic government.” Close quote.

Honourable Speaker and august house, in recognition of those who have worked hard to develop and build our country, like OR Tambo, Sefako Mapogo Makgatho, Walter Sisulu, Nelson Mandela and many others, this budget speech is also dedicated to the 20th anniversary celebration of the Constitution of the Republic of South Africa.

As we celebrate the 20th anniversary of our Constitution, we must always remember that the African National Congress together with progressive forces in our broader alliance and society in general, believe that this Constitution is the most progressive and revolutionary document to be used to effect fundamental change in this country.

Honourable house, our municipality is predominantly rural and under-developed, therefore our plans, programmes and budgets must address the socio-economic challenges by our people.

As we table the **2017/2018** Medium-Term Revenue and Expenditure Framework, we are mindful of the uncertain and complex global economic environment within which we operate. This unpredictable volatile outlook has not stopped us from funding programmes that ensures the attainment of NDP goals and Limpopo Development Plan goals through our Spatial Development Framework because we put our people at the centre of our business.

Honourable Speaker, the limited at our disposal amounting to **R545 million for 2017/18** increasing to **R498.44 million for 2019/2020**

financial year provide us with an opportunity to build meaningful partnerships by working with both private sector and civil society in providing services to our people, and most importantly accelerate the delivery of services in a cost effective manner.

Guided by the commitment to continue dismantling the legacy of apartheid, through this budget, we will be increasing the pace of investing in programmes that will accelerate radical economic transformation and the **2017/18 MTREF** budget proposal sets a solid framework for implementation of such programmes.

Honourable Speaker, the budget proposals for the **2017/18** financial year are premised on strengthening, reinforcing and ensuring collaborative efforts and consolidation of resources towards the implementation of radical economic transformation initiatives in the context of Rebranding, Repositioning and Renewal anchored on our Spatial Development Plan, in pursuant of achieving the cardinal objectives espoused in the Limpopo Development Plan and National Development Plan.

The negative inheritance of the past, namely: drought, slow spending on infrastructure and conditional grants, narrow own revenue base, non-compliance to the MFMA provisions, irregular and fruitless expenditure and negative audit outcomes have had a huge negative bearing on how this Administration had to start with the implementation of Outcome 9 and Lepelle-Nkumpi Spatial Development Framework.

Apart from the costs associated with clearing many of the past inheritances, this Administration will ensure that the allocation of last year caters for prior and current debt including future programmes.

It is through the implementation of cost containment measures and MSCOA that we will be able to deliver services with the limited resources in the context of outcome 9 of Developmental Local Government, without any bail-out from the provincial government. The municipality is on a sound financial footing and we are confident that we will close the **2016/17** books without any liquidity challenges.

Honourable Speaker, this has been made possible due to the oversight role played by Section 79 Committees, our internal audit and the audit steering committee chaired by the Mayor. Visionary leadership is the ability to use lessons of the past to act in the present such that there is broad convergence of thought and action in determining the future.

In determining the future and having learnt from the lesson of the past, the following must be implemented as part of forward planning and I hope the Accounting Officer, Executive Managers, Managers and all municipal officials are listening attentively:

- ✓ All supply chain management processes including awarding of contracts for **2017/18** should be concluded before the end of **September 2017**;
- ✓ With regard to **2018/19** financial year, all SCM processes should be concluded by **February 2018** for implementation effective from **August 2018**;
- ✓ The final infrastructure projects lists should be finalized by end of the second quarter of **2017/18** financial year;
- ✓ The **2018/19** Conditional grant business plans should be finalized by the end of **January 2018**;
- ✓ Any changes to the project list and business plans beyond **January 2018** should be subjected to approval by Executive Committee or the municipal council; and

- ✓ All **2018/19** projects should be implemented effective from August **2018**.

Honourable Speaker, orders are clear and unambiguous, and as such it should be business unusual. Time for deviation is over. The Executive Committee remains focused and determined to achieve targets despite the constrained fiscal envelope.

Consistent with MFMA and Treasury Regulations, the three quotations system for sourcing of goods and services from compliant service providers should be implemented effective from **August 2017** and Treasury Instruction in this regard has already been issued for implementation. This will open up participation to SMMEs and will also enable us to sustainably grow our SMMEs and Co-operatives base.

Honourable Speaker and the august house, despite the difficult and unpredictable economic environment within which our municipality has had to implement the adjusted and special **2016/17 of R474.95** and **R460.89** million respectively, the following amongst others have been achieved:

- ✓ Supported two farming projects for aged with seeds;
- ✓ Managed to do effective waste management services in Lebowakgomo households, Government offices, businesses and 4 villages, namely: Makoweng, Matome, Rakgwatha and Mathibela;
- ✓ Appointed service provider for Landfill site;
- ✓ Indigent beneficiaries have renewed their forms;
- ✓ Work in collaboration with Provincial Traffic to reduce road carnages by joint road blocks and operations with SAPS;
- ✓ Qualified opinion by the Auditor General and Audit Action is in place;

- ✓ In partnership with CoGHSTA geotechnical investigation and servicing of 300 sites in Lebowakgomo Township Extension C;
- ✓ Updated SMMEs and Co-operatives database for **2016/17** financial year;
- ✓ Linked 70 SMMEs and Co-operatives to LEDET Entrepreneurship Boot camp, Segogong (Dithabaneng) linked to Sunedison financing, Reafihla Co-operative (Lenting) linked to Zebediela Bricks water tanker support and potential Sunedison financial support, 32 hawkers linked to Small Business Informal Micro Enterprise Development Programme;
- ✓ Constructing Lehlokwaneng/Tswaing Small Access Bridge, Makadikadi/Ireland Bridge, Madisha Ditoro Small Access Bridge and Magatle/Mapatjakeng Small Access Bridge;
- ✓ Upgrading of Internal streets in Rakgwatha from gravel to tar and storm water control, Upgrading of internal streets in Ga-Mathabatha from gravel to tar and storm water control and tarring of Main Roads from Zone S to Q in Lebowakgomo;
- ✓ Electrification of all villages, the remainder being new stands.

Honourable Speaker, we have provided this august house with some of the key highlights achieved to date and challenges as a way of acknowledging our weakness as well as excellent performance areas for improvement and sustainability.

Having noted these challenges and our determination to address such, allow me to state that the past is an important platform from which to use the present in order to shape the unknown future.

As we table the **2017/18 MTREF** which support the attainment of our Spatial Development Plan, we have to once more remind the people of Lepelle-Nkumpi that we have learnt from the past, which

constitutes a solid foundation for implementation of remedial plans, which have already started.

Honourable Speaker, it will be disingenuous if I don't quote the former President Mandela at the first anniversary of South Africa's non-racial elections when he said, I quote: **"As dawn ushered in this day, the 27th of April 1994, few of us could suppress the welling of emotion, as we were reminded of the terrible past from which we come as a nation, the great possibilities that we now have, and the bright future that beckons us. Whenever South Africans are across the globe, our hearts beats as one, as we renew our common loyalty to our country and our commitment to its future."** Close quote.

Looking back at the past few weeks and months, it is easy to be discouraged by the images have seen and the stories we have read. Incidents of racism, violence, killing of women and children and the uncertain economic environment are but some of the terrible realities that have come to characterise our time.

However, like a phoenix out the ashes, we have seen South Africans of all hues and creeds join hands, take charge of the situation, imbued with spirit of patriotism and Ubuntu.

We are therefore convinced that the clouds that have gathered shall, indeed clear and the sun shall again forever shine on the land of our fore bearers. We are saying **"No to Children and Women Killings and No to Racism and Tribalism"**.

Honourable Speaker, the **2017/18 MTREF** proposals are presented in the context of uncertain global economic environment which compels us to be vigilant and focused in implementing the programme of action for our municipality.

Honourable Speaker, the **2017/18** Budget indicates the following:

- ✓ Total revenue including grants equals **R536m, R498m and R498m** for the **2017/2018, 2018/2019 and 2019/2020** financial years respectively;
- ✓ The total grants equal **R284m, R282m and R292m** for the **2017/18, 2018/19 and 2019/20** financial years respectively. The budget indicates that the municipality is grant dependant as the highest contributor is income received from National Treasury for Grants and Subsidies at **52.92%** for the **2017/18, 56.65%** for **2018/19 and 58.51%** for **2019/20** financial years. The Grant allocation is as per the DoRA bill;
- ✓ Revenue from Trading Services (property rates and refuse removal) including interest charged from overdue accounts for the **2017/18** is at **R34m i.e. 6.34%**, **2018/19** is at **R36m i.e. 7.21%** and **2019/20** is at **R38m i.e. 6.53%**, and which **7.61%** of the overall budget ;
- ✓ The agency services include **30%** commission from sale of water and sanitation of an amount of **R4.3m, R4.6m and R4.8m** respectively and agency fees for Dept. of Roads and Transport in line with the 80/20 agreement and the Capricorn District Municipality service level agreements.
- ✓ Income accumulated surplus for the **2017/18** financial year to cater for capital expenditure amounts to **R165m** which will be used to cater for capital expenditure outlined in the package before council;
- ✓ Total operating expenditure equals **R326m, R330m and R337m** for the **2017/18, 2018/19 and 2019/20** financial years respectively. Included in the operating expenditure budget for the **2017/18** is provision for bad debts amounting **R23.6m** and Depreciation amounting to **R33m** and Electricity projects of **R13.8m**. Total Electricity projects are also included in your packages before council;

- ✓ Other materials include the employee's allowances for maintenance staff and other repairs and maintenance materials;
- ✓ Out of the capital budget of **R219m, R168m and R160m** for the **2017/18, 2018/19 and 2019/20** financial years, **R57m, R55m and R58m** of the total budget of **2017/18, 2018/19 and 2019/20** financial years will be funded by Municipal Infrastructure Grant (MIG), which is **26.01%, 32.80% and 36.27%** of the total budget. Attached in your council package are the MIG funded projects which are to be implemented in the **2017/18 to 2019/20** financial years.

Honourable Speaker, the **2017/18** IDP/Budget we are placing before Council today, represents the product of a truly collective effort by the Executive Committee, all councillors, directorates of this Council, and most significantly, the fellow citizens of Lepelle-Nkumpi.

By these projections, we seek to give full account and/or accordingly to the needs of the people of Lepelle-Nkumpi.

We fully understand that for our democracy to grow and for our people to continue their faith in the democratic project, there is a need for congruence between the formal and substantive entitlements to the majority of our people.

Unless the periodic casting translates into demonstrable improvements in the social and material circumstances of our people, there is a real danger of our people losing faith in democracy and thus marking the death knell to the entire democratic project itself.

Unfortunately such eventuality is not what the drafters of our Constitution and founders of our democratic dispensation had in mind when they called upon the state to respect, protect, promote and fulfil all the rights enshrined in the Bill of Rights and the Freedom Charter.

We remain persuaded that the measures spelled in the National Development Plan, Limpopo Development Plan Lepelle-Nkumpi Spatial Framework are necessary and viable. Whether or not they are successful in nudging us closer to our ideal of a better life will be tested to by the dynamics of the cycle ahead of us.

This budget is a demonstration of our solemn pledge to the people of Lepelle-Nkumpi that we will not deviate from the trust they have shown in us to build a municipality that all of us can continue to be proud of.

We have a choice to work together and flourish or perish as individuals who are fascinated by the idea of being the most correct one or being one with the brightest idea. As one of Aesop's Fables teaches us, **“it is easier to break one stick in half than to break a bundle of sticks”**.

Therefore, let us join hands in order to ensure that we break the vice grip of poverty that our people find themselves in. A people united can never be defeated.

Honourable Speaker, I therefore propose that the budget we table today for the financial year **2017/18** as in Tables **A1-A10**, and an indicative for the two projected outer years **2018/19** and **2019/20** together with the table tariffs and charges as reflected in the **2017/18** Tariff Structure and the following budget related policies with amendments be adopted:

- ✓ Supply Chain Management Policy;
- ✓ Asset Management Policy;
- ✓ Bad debts and write off Policy
- ✓ Credit Control and Debt Collection Policy;
- ✓ Tariff Policy;
- ✓ Budget and Virement Policy; and

- ✓ Cash and Investment Policy; and
- ✓ Indigent Policy.

I accordingly move.

I thank you.



Cllr. Sibanda N.G

Mayor

30 MAY 2015