



**PIXLEY ka SEME DISTRICT MUNICIPALITY**

**BUDGET SPEECH 2015/2016**

**EXECUTIVE MAYOR**

**HONOURABLE COUNCILOR JZ LOLWANA**

**26 May 2015**



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Honourable Speaker of the District Council

Honourable Chief Whip of the majority party in the District Council

Honourable Chief Whip of the opposition in the District Council

Honourable members of the Pixley ka Seme District Council

Honourable members of the Mayoral Committee

Senior Management and staff of the Pixley ka Seme District Municipality

Regional Heads of all sector – departments in the district

All Mayors of the Local Municipalities in the district

Members of the broader Pixley ka Seme community

Distinguished guests

Ladies and Gentlemen

Honourable Speaker, this budget speech takes place during the 60<sup>th</sup> anniversary of the Freedom Charter, a document adopted by the Congress of the People (The first non-racial and inclusive people's parliament) in June 1955 at Kliptown, which spelled out the aspirations of the kind of South Africa they would love to live in. The anniversary is celebrated under theme "The Year of the Freedom Charter and Unity in Action to advance Economic Freedom". This is in essence a call for the radical transformation of the economy to ensure the economic emancipation for the majority of our population.

Speaker, the Freedom Charter called for amongst other things, a non-racial and democratic state, fair distribution of wealth and land, free and quality education, the provision of quality houses, basic services, peace, and security in Africa and the rest of the world.

Speaker, the African National Congress led government has since 1994 ensured that it aggressively implement programmes, activities and interventions to ensure that the demands contained in the Freedom Charter are implemented and realised in a quest to better the quality of life of all South Africans. As the Pixley ka Seme District Municipality, we will continue to ensure that we provide quality houses and basic services for our people, as set out in the Freedom Charter.

Speaker, we are also mindful of the fact that it has been 21 years since the attainment of our democracy and freedom. It has indeed been a long and difficult road to freedom and democracy, and this fact compels us to appreciate and defend our democratic order and consolidate our gains and achievements.

Honourable Councillors, it is 25 years since the release of our international icon the late uTata Nelson Rolihlahla Mandela (May his soul rest in peace) from prison after serving more than 27 years in jail for his involvement in the struggle for freedom, democracy and peace. The release of uTata Nelson Mandela set South Africa on the road to a meaningful and successful negotiated settlement, leading to the first democratic and non-racial national elections of 27 April 1994. We should always emulate the legacy of Madiba that includes amongst many others, ubuntu, humility, selflessness, peace and international solidarity.

Speaker, on the 18<sup>th</sup> of July this year we will also be celebrating Nelson Mandela Day. As the Pixley ka Seme District Municipality we will be fully participating in programmes to ensure that we give a helping hand to the most vulnerable members of our communities.

Honourable Speaker, we also mourn the passing on of our veteran and Isithwalandwe uMama u Ruth Mompati. She contributed immensely to our struggle for freedom and democracy, and her name will be celebrated from generation to generation. May her soul rest in peace.

Honourable Speaker, this annual budget speech is also taking place during Africa month. We want to take this opportunity to condemn in the serious possible terms the recent xenophobic attacks against all our fellow African nationals. We are all Africans and Africa is our entire home continent, "roots and branches of the same tree", as one African scholar puts it, and whatever the reasons may be, nothing can justify the brutal attacks and inhuman slaughter of our fellow Africans. We also believe that programmes that are more educational should be provided to South Africans to create more awareness about Africa, their role in our liberation struggle and our link and connection to the continent. Pixley ka Seme District Municipality, through the Office of the Executive Mayor, must also ensure that we implement programmes to curb any possible future outbreaks of xenophobia in the entire district.

Speaker, we certainly support the singing of the African Union anthem by our schools in the district, province and country as resolved by the African Union to promote and support African unity and solidarity. It is long overdue and a step in right direction in building African unity and oneness.

Speaker, it is also 22 years since the brutal assassination of Chris Thembisile Martin Hani. When asked about his understanding of socialism, he did not offer long, academic and philosophical definitions, he simply said, "It is about the provision of quality basic services to the poor and the working class that is sanitation, houses, roads, quality education and health and quality job opportunities". In honouring and celebrating the legacy of Chris Hani, we should always ensure that we are committing ourselves to the delivery of basic quality services for the benefit especially of the poor and working class.

Honourable Councillors, the creation of quality job opportunities has always been the priority of our government. As local government working hand in hand with the provincial, national spheres and the private sector, we committed ourselves to create the necessary and conducive environment for the creation of quality job opportunities.

Speaker, we remain committed in our support of the delivery of quality public education in the district, province and country. The Pixley ka Seme District recorded a Senior Certificate pass rate of 74,8% in the 2014 National Senior Certificate Examination results , which was a 3,1% increase compared to the 2013 National Senior Certificate Examination results. Out of the 1178 candidates who wrote the examination, 881 passed. Pixley ka Seme is one of the three districts in the province, which recorded an improvement in the 2014 National Senior Certificate Examination results. Out of the 1178 candidates who wrote the examination, 287 passed with an admission to a B-degree. These candidates qualify to register for any Bachelor's degree in any South African university. It is an improvement of 4,1% compared to the results of 2013.

Honourable Speaker, the abovementioned is an indication that the Department of Education in the district and province took the call of President Zuma very serious when the government announced in 2009, that the provision of education is to become the number one service delivery priority for the current administration.

Honourable Councilors, Hopetown High School has received 100% in succession for the past five years. De Aar High School, Douglas Combined School and Colesburg Combined School have been identified as the best three schools in the district. De Aar High School has also been identified as one of the top schools in the Northern Cape Province. Embert van Staden from De Aar High School, who received seven distinctions has been identified as one of the top learners in the province. Thabiso Maleko from Theron High School is the top learner in isiXhosa home language in the province. Liandri Fourie from Hopetown High School is the top learner in Afrikaans home language in the province.

Speaker, we are also committed to the provision of the necessary infrastructure to our schools to ensure that we create a conducive teaching and learning environment for our children to succeed and become productive future citizens.

Speaker, boreholes were sunk at Vlugfontein Primary School, Ikhwezi Lokusa Primary School, Enoch Mthetho High School and boreholes were also fixed at Norvalspont Intermediate School. We supplied Saltlake Primary School and Saamstaan Intermediate School with water purifiers and supply. Volop Intermediate School, Melton Wold Primary School, Saamstaan Intermediate School as well as Pampoenpoort Primary School, were installed with new solar water pumps.

Speaker, in the last financial year, the Department of Education have built brand new ,fully equipped schools like Alpha Primary School, St John's Primary School, and Bongani High School as well as Philipvale Primary School which is 50% completed.

Speaker, we strongly believe that a productive and successful nation is a healthy one. The government is making good strides in ensuring that we improve the quality of health care in the district, province and country.

Honorable Councilors, health service delivery in Pixley Ka Seme District is delivered through 28 Primary Health clinics , 4 satellite clinics, 8 Community Health Centres and 3 district hospitals. A comprehensive service is delivered at all these facilities and all the services in the district are managed by the Department of Health. The Pixley Ka seme District was identified as a National Health Insurance pilot site, therefore some specific interventions were tested and implemented. The main health challenges in the District still remain HIV and TB.

Speaker,the HIV incidence in the district according to last available antenatal survey results, is at 18.3% ;that showed some increase since the previous results of the survey. The district still strive to get high coverage of HIV counselling and testing to ensure that the community knows their status and thus live responsibly. The combination antiretroviral is promoted and provided to all patients that are eligible for it and thus strengthen compliance with medication. During the last financial year, 28 450 HIV tests were conducted and 537 Male medical circumcisions were done. In the next financial year, the district, through the Department of Health, will further focus on these prevention strategies especially during the different health days and campaigns.

Speaker, TB remains a huge challenge and the highest incidence in the district is in the Emthanjeni and Siyancuma areas especially in Griekwastad and Campbell. Challenges are also experienced in Strydenburg. A number of MDR TB cases were also identified in these areas. Active case findings are done, where every household is visited and all contacts of TB patients are traced. The ward base teams which were established to serve as a community component also assist with tracing and following up these cases. The TB cure rate stands at 74.6% and the defaulter rate is under 5% and thus improvement can be confirmed.

Speaker, with regard to the implementation of the NHI, regular assessments are conducted in order to improve facilities and assist them to move to core standard compliance and ideal clinic status. Self-assessments have already been done in all the Pixley Ka Seme District Facilities and there are already some of the them that comply with these standards. A 3 year plan has been developed to improve the standards at primary health care level and a number of facilities per year have been earmarked over the next 3 years to improve the status towards 80% compliance of standards. This includes many issues from the infrastructure, staffing, reducing waiting times and ensuring the availability of medication.

Councilors, the construction of the new De Aar Hospital is also progressing well. The MDR Tuberculosis and the accommodation sections are completed. It is estimated that the main hospital section will be completed by March 2016 and the official opening will then commence . The Department of Health is also already busy with the purchasing of equipment for the entire new hospital.

Speaker, the war against crime and corruption is continuing aggressively. Seventeen (17) people were convicted and sentenced for rape in the district. They received sentences ranging from 10 years to life imprisonment. Fifteen were convicted and sentenced for stock theft. During the 16 Days of Activism in 2014, a joint programme with different departments and non-governmental organisations was held in

Britstown at the Gentle Care Centre to create awareness in the district around the abuse of women and children.

Speaker, the fight against crime is our collective effort, municipalities must in their IDP's be clear on their activities and programmes to assist the SAPS in the fight against crime, especially the fight against the abuse of women and children. All councilors must ensure that programmes on crime-prevention are implemented in their wards, and that we all create safer streets and communities. We must realise as municipalities that a high crime rate in our areas will drive away development, as business-people will not be prepared to risk their investment in unsafe areas, it is therefore in the direct interest of municipalities to actively join the fight against crime.

Speaker, during the first quarter of 2015, the South African Police Services in the Pixely ka Seme District managed to confiscate 39 grams of Tik, 130 tablets of mandrax and 1 gram of mandrax powder, with the assistance of members of the community.

Speaker and Councilors, we must all be concerned about the high levels of foetal alcohol syndrome in the district. This district is known throughout the entire country that it is home to some of the highest incidences of FAS. Our municipal and departmental programmes must also speak to this reality in our communities.

Speaker, Pixley ka Seme District Municipality welcomes the announcement by the State President during his State of the Nation Address in the National Assembly in February 2015, that as the Pixley ka Seme District we have been identified as one of the five districts in the country to benefit from the first broadband roll out in the country. We are looking forward to the roll out of this important project in the district.

Honourable Speaker, the Deputy President of the Republic of South Africa, His Excellency Cyril Ramaphosa accompanied by the National Minister of Technology and Science the Honourable Naledi Pandor and the Premier of the Northern Cape Province the Honourable Sylvia Lucas visited the Pixley ka Seme District in particular Carnavon in the

Kareeberg Municipality for the official unveiling of the Square Kilometre Array (SKA) satellites on the 28<sup>th</sup> of February this year. Amongst the international dignitaries who also attended the event was High Commissioner of Zambia, Mr. MS Chikonde.

Speaker, during her official address at the unveiling of the SKA satellites in Carnarvon, the Minister of Science and Technology Hon Naledi Pandor said that President Jacob Zuma should be commended for prioritising infrastructure in the district, province and country in a quest to better the lives of all South Africans

Speaker, we are however all faced with the responsibility to ensure that this multi-billion rand investment in the district must benefit the poor people of the district, in particular the people of Carnarvon.

Speaker, during his keynote address during the event, the Deputy President of the Republic of South Africa, His Excellency Cyril Ramaphosa said the SKA Project was indeed a world class project recognised by the rest of the world and proved that Africa was indeed alive with great opportunities.

Deputy President Ramaphosa said that the SKA Project would bring massive business opportunities in sectors such as tourism and hospitality, which could have good economic spinoffs in other areas of business.

Speaker, the Executive Mayor wrote a letter to the Minister of COGTA in April 2015, when five of the local municipalities in the district did not receive their last equitable share payment from the National Treasury. We reported the current socio-economic challenges experienced by the majority of local municipalities in the district, and the negative consequences of withholding the equitable share payments to the five local municipalities. Hopefully the Minister of COGTA will respond positively to our request, and ensure that National Treasury release the equitable share payments to the affected local municipalities. We must also advise the local municipalities to honour their financial commitments to ESKOM, in future.



Speaker, we declared Pixley ka Seme District as a “Renewable Energy Hub” in the country and province in an effort to contribute to the development of the region and to create sustainable job opportunities. That dream is now becoming a reality and we have witnessed the building of solar parks in De Aar, Philipstown, Prieska and Douglas areas. The construction of these solar parks has fundamentally changed the socio-economic landscape of the district. With renewable energy positioned to play a major role in the generation of energy mix in the province, country and world in future, the Pixley ka Seme District will remain an ideal investment destination in as far as solar energy is concerned. We need to ensure that we maximally exploit this strategic advantage for the benefit of the people of the Pixley ka Seme District.

Speaker, the Pixley ka Seme District, as part of the Karoo-region is also blessed with huge deposits of shale-gas. This can serve as a game-changer for the district, and lead to massive job-creation for the youth and unemployed. It is therefore in our interest to support initiatives by the national government to ensure that we deal with all legislative and compliance matters, before we start with the actual exploration of the shale-gas.

Honourable Speaker, we must all however be concerned about the slow pace of economic development in the district, despite the construction of the solar-parks. Some of our smaller towns are dying, whilst businesses are closing their doors in the bigger towns. Collectively, we must devise plans to ensure that the private sector plays a more active role in the economic development of our district, especially the capital town, De Aar.

Speaker, Pixley ka Seme District Municipality enjoys a very good relationship with all the local municipalities in the district. The district municipality could once again provide shared services to all the local municipalities in the district, and was very active in Renosterberg, Siyathemba, Siyancuma and Kareeberg local municipalities. We can therefore proudly announce that Pixley ka Seme District Municipality and all its local municipalities are enjoying very productive intergovernmental relations, despite the challenges experienced on a daily basis.

Speaker, we believe that communications remain a constitutional and legislative mandate to promote participatory and accountable governance. As the District Council through our “Council Meets the People Programme”, which is a public participation tool, we have expanded the programme in an attempt to interact with all our communities in the district. We need to communicate with our stakeholders, partners and communities in good and bad times to ensure that government messages and information reaches them at all times. We would also like to take this opportunity to appeal to local municipalities and government departments in the Pixley ka Seme District to appoint Communications Officers to ensure that we consolidate government communication in the municipalities and region.

Honourable Councilors, the Pixley ka Seme District Municipality, improved on its audit-opinion, in that it received an unqualified audit report with matters of emphasis, and we responded immediately with an Audit Improvement Plan to address all the outstanding issues raised by the Auditor – General. This was a collective achievement, made possible by all the internal stakeholders of Pixley ka Seme District Municipality. As the institution we committed ourselves to a clean audit for the next financial year.

Speaker, Pixley ka Seme District Municipality is proud to announce that it appointed 21 officials in the current financial year, the vast majority of them being young people. We are confident that they will assist the district municipality to increase its footprint in the district and ensure that we improve on our levels of service-delivery to the local municipalities.

Honourable Councilors, Pixley ka Seme District Municipality also appointed 134 unemployed people, mostly youth and women, in its own EPWP which was funded by the Department of Roads and Public Works, which included the renovation of the main office building.

Speaker, Pixley ka Seme District can also proudly announce that it assisted in the construction of 534 houses in the district, in different municipalities. Internal services were also completed in some projects,

including the project in Strydenburg where services for 63 houses are being finalised.

- Philipstown-100
- Keurtjieskloof-50
- Vanwyksvlei-50
- Carnarvon-81
- Victoria West-50
- Colesberg-126
- Bongani-65
- Noupoort-12

Speaker, some of these projects are still not completed, as they are completed in phases, each phase with its own budget and time-frames.

Honourable Speaker, we also wish to announce some of the projects that will be started in the 2015-2016 financial year:

- Rural Roads Asset Management project, which will be utilized to assist local municipalities to assess the local roads, for later upgrading of the same roads.
- The fencing of the Keurtjieskloof landfill-site.
- The completion of both the Philipstown and Victoria West sportsfields.
- The final phase of the renovation of the offices at the main office building.

Speaker, all the above mentioned projects will create not less than 150 temporary job-opportunities in the district. We will once again prioritise youth, females and the disabled to be employed on these projects.

Speaker, we also appreciate the announcements made by the Premier of the province, Mrs S Lucas, in the last State of the Province Address, in which she made certain announcements on future developments in Pixley ka Seme district.

The Premier made the following announcements:

- An investment of R2,4 billion over the next three years for infrastructure development in the district, which include the repairing of flood damaged roads in Petrusville and Prieska, as well as the completion of the re-sealing of the road between Philipstown and Hanover.
- The completion of water infrastructure projects in the district, eg Hopetown Water Treatment Works, Colesberg bulkwater pipeline as well as the Niekerkshoop bulkwater supply.
- The Vanderkloof Dam fisheries project, which will be started as part of the National Operation Phakisa-project.

Honourable Speaker, the MEC for Sports, Arts and Culture also announced in his budget speech the construction of two libraries in the district, in both Petrusville and Phillipstown during the 2015 – 2016 financial year.

Honourable Speaker and Councilors, allow me to present to the annual budget of Pixley ka Seme District Municipality, for the 2015-2016 financial year.

The total income budget for 2015/2016 financial year which I am tabling now amounts to R45 534 875 . At this stage the latter amount exclude the housing accreditation allocation from Coghsta for the 2015/2016 financial year. There has been an increase in the gazetted income for 2015 – 2016, although not much. Speaker, the income items or categories remain fairly the same since the previous financial year, but the main exception is in terms of Rental Income which disappeared because we sold the bulk of our buildings during the 2014/2015 financial year.

Speaker, the income to be generated from the local municipalities for Shared Services rendered to them remain a serious challenge, as some of them do not adhere to the signed agreements. The non adherence of some local municipalities to the signed agreements has landed us in serious trouble with the Auditor General, during the last auditing. The grant we received from Coghsta in terms of the NEAR and Fire Fighting did not allow us to do justice to the functions that needed to be

performed. Also the assistance towards the delivery of housing did not enable us to perform optimally.

Speaker, we will be receiving a new grant this financial year the Rural Roads Assets Management Grant to the amount R2 657 000.00 This grant is reflecting in our IDP and will be utilized throughout the entire district. Speaker, the income for the 2015/2016 financial year comprises of the following:

Equitable Share -	R 15 033 000.00
Levy Replacemen-	R 17 576 000.00
Councillor Remuneration	R 2 711 000.00
FMG	R 1 250 000.00
MSIG	R 930 000.00
EPWP	R 1 000 000.00
Rural Asset Grant -	R 2 657 000.00
NEAR-	R 350 000.00
Fire Fighting-	R 350 000.00
Interest -	R 205 000.00
Shared Services -	R 3 472 875.00

Speaker, 2014/2015 has been a very difficult financial year for the Pixley ka Seme District Municipality. We had to overcome litigation obstacles as well as arrear / outstanding mandates from office of the Auditor General. Fortunately we dealt successfully with the litigation issues - but we will unfortunately have to carry the AG as part of our financial baggage through the 2015/2016 financial year. The total debt to the AG amount to R 4.2 million, but after successful negotiations we were able to ring fenced the amount for a period of 24 months which means we will have to pay an amount of R2.1 million for the 2015/2016 to the AG with regards to the arrear account. This amount excludes the amount of R1.5 million budgeted for the 2015/2016 financial year towards the AG.

Speaker, today I will be tabling a total expenditure budget to the amount of R43 978 786.00. Even though the expenditure is less than the income it needs to be noticed that the difference is earmarked for the ring – fenced agreement with the AG. Speaker, in order to address our ailing financial position, Council and management will definitely have to sit and review the current Shared Services model of the District Municipality. We also have to engage with Provincial Government in the Northern Cape with the main aim to devolve more functions to the District Municipality.

Honourable Councilors, more functions needs to be given to the District Municipality and this will relieve the salary cost burden of the Municipality. An urgent revision of the Equitable Share formula will also assist in bringing down of salary cost percentage. It is rather sad to mention that due to our bad financial position we will be unable to implement capital related initiatives. We hope that throughout the financial year and during the revised budget, our financial position will improve and will then be able to contribute to capital issues.

Speaker, we will also engage SALGA regarding the formula used to determine the councillor’s remuneration amount payable to Municipalities. In our case will we receive R 1.1 million less than what Councillor Allowance will actually cost us.

Pixley ka Seme District Municipality will also have to engage COGHTA provincially regarding the financial assistance to Pixley namely the Housing and NEAR functions. Currently, we finance the difference from our Equitable Share allocations.

Speaker, the expenditure for 2015/2016 is allocated as follow:

Personnel Cost	R 28 138 146.00
Councillor Allowance	R 3 816 000.00
General Expenditure	R 10 959 640.00
Other Material	R 280 000.00
Contractual Agreements	R 625 000.00

Interest

R 160 000.00

Speaker, we would like to emphasise the fact that despite the bad financial position of the District Municipality we as politicians and administrators are fully committed to ensure that we fulfil our roles and responsibilities for the growth and development of the entire district. Honourable Speaker and Councilors, this is the budget we present to you for your consideration and adoption.

As the Pixley Ka Seme District Municipality, we intend to erect the statute of Dr. Pixley Ka Seme during the 2015/2016 financial year to celebrate our collective history.

We would also like to take this opportunity to congratulate Mr Thembilizwe Loko, Senior Manager for Corporate Services at the District Municipality for his appointment to the Board of Trustee of the Cape Retirement Fund for Local Government (CRF). We wish him all the best.

Special thanks to the entire management team and staff led by the Municipal Manager, Mr Rodney Pieterse, especially the finance team led by CFO Mr Bradely James for the preparation of this budget. We also thank the finance – committee led by Councilor Rhoodi Itumeleng for their support during the preparation of this budget.

Speaker, let me also thank the staff in the Office of the Executive Mayor, led by Mr M K Mfazwe, for their dedication and hard work throughout the year, for their daily support to the Executive Mayor, Speaker, Mayoral Committee and Council.

Honourable Speaker, let me also thank the entire Council for their political commitment to ensure that Council carry out its legislative and executive functions as spelled out in various laws and the constitution. We are indeed looking forward to improve our financial conditions in future.

Thank you

Baie Dankie

Enkosi

Kealeboga