



**MEC Fenny Gaolaolwe**

**05 May 2016**

**Department of Local Government  
& Human Settlements**

# **BUDGET SPEECH 2016**



**dlg&hs**

Department:  
Local Government & Human Settlements  
North West Provincial Government  
REPUBLIC OF SOUTH AFRICA





**ACTING MEC FOR THE  
DEPARTMENT OF LOCAL GOVERNMENT & HUMAN SETTLEMENTS**

**FENNY GAOLALWE**



**ADDRESS BY HON. ACTING MEC FENNY GAOLAOLWE ON OCCASION OF  
2016/17 BUDGET VOTE 09 FOR DEPARTMENT OF LOCAL GOVERNMENT  
AND HUMAN SETTLEMENTS  
BOKONE BOPHIRIMA PROVINCIAL LEGISLATURE, MAHIKENG, 05 MAY  
2016**

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HON SPEAKER OF BOKONE BOPHIRIMA PROVINCIAL LEGISLATURE  
HONOURABLE PREMIER OF BOKONE BOPHIRIMA PROVINCE SOR MAHUMAPELO  
HON MEMBERS IN THE EXECUTIVE COUNCIL  
HON MEMBERS OF THE BOKONE BOPHIRIMA PROVINCIAL LEGISLATURE  
EXECUTIVE MAYORS AND MAYORS  
SPEAKERS OF MUNICIPALITIES  
COUNCILLORS PRESENT HERE  
MAGOSI A RONA AA TLOTLEGANG  
DIRECTOR GENERAL OF BOKONE BOPHIRIMA ADMINISTRATION  
HEAD OF DEPARTMENT OF LOCAL GOVERNMENT AND HUMAN SETTLEMENTS  
MUNICIPAL MANAGERS AND MUNICIPAL OFFICIALS  
EXECUTIVES FROM BUSINESS FRATENITY  
MANAGERS OF PUBLIC ENTITIES  
CIVIL SOCIETY  
GOVERNMENT OFFICIALS  
CITIZENS OF BOKONE BOPHIRIMA  
DISTINGUISHED GUESTS

It is a great honour and privilege for me to stand before the House to present the Budget Vote for the Department of Local Government and Human Settlements for the 2016/17 financial year.

I am grateful to the ruling party, the ANC, for giving me the opportunity to serve the people of Bokone Bophirima with all diligence in the current decade of democracy. As people, we have every reason to be proud of our historic gains during the twenty-two years of Democracy. Central to these achievements is our success in advancing our country away from its divided past, towards the realisation of the vision contained in the Freedom Charter, that "South Arica belongs to all who live in it, black and white".

Honourable Speaker, our achievements as a Department were not made during the year under review only. They were made during our twenty-two years of Freedom. During this period, we have laid a firm foundation for the new advances that we must and will continue to make as a collective to ensure that the people of Bokone Bophirima have access to quality life.

We remain committed to ensure transformation of Local Government to improve the living conditions of the people in our Province, working in partnership with communities.

This partnership remains critical to the provision of the basket of services which include water, electricity, waste and refuse collection, street lighting, recreational facilities, stands on which to build houses, rezoning of land business purposes and town planning for integrated developments.

We are continuing with our intervention to support municipalities, particularly around issues of capacity development, financial management, infrastructure development, revenue collection and debt management, billing, clean audits and scarce skills.

We are doing these interventions within the context of the ruling party, the AFRICAN NATIONAL CONGRESS (ANC), which made a commitment during its Provincial Lekgotla, to ensure the enhancement of the existing skills in our municipalities; recruiting officials with requisite technical skills, administrative knowledge, experience and further build capacity to undertake long term planning with a view of ensuring coordination and integration of strategies for growth and development.

Currently Honourable Members, the Department is compiling verification profiles of senior managers in all the municipalities and to date we have completed 11 profiles. This shows our commitment to strengthen good governance in municipalities.

Honourable Speaker, allow me to share with the House key milestones that the Department has registered in the reporting period and new plans for the current financial year.

## **REVENUE ENHANCEMENT**

Honourable Speaker, our Department in collaboration with Finance, Economy and Enterprise Development (FEED) took a decision to assist municipalities in the Province to develop and implement their own revenue enhancement strategies within the context of Villages, Township and Small Dorpies (VTSD).

To date, we can confirm that 12 municipalities have revenue strategies. These municipalities include Dr Kenneth Kaunda district, Tlokwe, Moretele, Madibeng, Kgetlengrivier, Lekwa Teemane, Greater Taung, Naledi, Tswaing, Ramotshere Moiloa, Mamusa and Mahikeng.

We will further review revenue plans for those municipalities which collect below the expected norm in order to improve their revenue collection and we will pay



special attention to conduct data cleansing exercise.

We are also hard at work with planning the launch of Rates and Taxes Payment Campaign in May 2016 as pronounced by Honourable Premier during his State of the Province address.

### **MUNICIPAL PUBLIC ACCOUNTS COMMITTEES**

Honourable Speaker, since 2011, the Department has ensured that all 23 municipalities establish functional Municipal Public Accounts Committees. We continue to build the required capacity in these committees to the extent that, much improvements is noticeable in the municipal audit outcomes due to the oversight role performed by the committees.

The Bokone Bophirima MPAC Model is recognized nationally as the best practice, whereby other provinces continue to learn from us. We acknowledge that there are those committees that are not fully functional, and they are receiving continuous support to bring them up to speed. Furthermore, we are ready to re-establish, induct and orientate new MPAC members post 2016 elections to ensure that we retain the best practice and performance.

### **CLEARING ALL DEBT OWED TO MUNICIPALITIES**

Honorable Members, and people of Bokone Bophirima; municipalities remain hard pressed with regard to money owed to them, as a result, it becomes very difficult for them to continue with provision of services which are not paid for, include some State own entities and Government Departments.

In partnership with FEED, we have engaged Government Departments owing municipalities to reduce outstanding debt. This exercise yielded payments to the value of R210 million which was paid to fifteen (15) municipalities in the Province.

### **MUNICIPAL PROPERTY RATES ACT**

Honourable Speaker, we wish to confirm that, all nineteen (19) local municipalities have been supported with the review and implementation of Policies and Bylaws that give effect to the levying of property rates and taxes, and 14 local municipalities are currently successfully implementing their second generation valuation roll. However, there are 3 local municipalities namely Mahikeng, Ditsobotla and Lekwa-Teemane which are currently receiving intensified hands on support to ensure that they too comply to the requirements of the Act.

## MUNICIPAL AUDIT OUTCOMES 2014/15

We are pleased to recognize improvements registered in the 2014/15 municipal audit outcomes because of joint support initiatives undertaken between our Department and FEED. Out of twenty three (23) municipalities, only six (6) were disclaimed and one (1) audit report is still outstanding. Six (6) municipalities received Unqualified audit reports, whilst ten 10 municipalities received Qualified audit reports.

## THE DISTRICT SHARED SERVICES MODEL

Honourable Speaker, the Bokone Bophirima Executive Council has approved the implementation of District Shared Services and IGR Model. The shared services model provides support to all municipalities in the province to ensure that, there is coordinated and integrated support to municipalities to deliver quality services to the communities.

The shared services model is also an enabler for implementation of VTSD that is made up of 6 Focus Areas which include:

- Sound Financial Management; Good Governance; Infrastructure Services and Town Planning; ICT; Legal Services and Local Economic Development.

All 23 municipalities are expected to finalize their Council Resolutions by end of May 2016 to ensure that, they fully participate and benefit from the shared services model.

## SECTION 139 INTERVENTIONS

Honourable Members, the Provincial Executive has invoked Section 139[1][b] of the Constitution of the Republic in five (5) municipalities [Madibeng for Water and Sanitation, Matlosana, Tswaing, Ventersdorp and Ngaka Modiri Molema DM] during the year under review. I am confident to report to this august house that significant progress has been attained. The service



delivery challenges that were experienced in these municipalities have abated. The Department acknowledges that there are still challenges which are being addressed

decisively so. The interventions will remain until the 2016 local government elections in August 2016.

## 2016 LOCAL GOVERNMENT ELECTIONS



Local Government is a sphere of government that is very close to the people. We call on the people of Bokone Bophirima to keep this hard earned democracy vibrant by voting wisely in the forth local government elections. These elections are a platform to advance the people's power in every community. The Department will conduct awareness campaigns on the importance of voting to encourage young people to participate fully in these elections. I wish to thank all our people who took time to register and take their names on the votes roll in the past open registration weekends and encourage those who have not done so, to do so.

## PUBLIC PARTICIPATION

Honourable Speaker, through the intervention of the Department, we are pleased to announce that, we have registered 40% to 60% of improvement in the monthly community meetings convened by councillors. Furthermore, starting from May 2016, we are going to ensure that municipal councils across the province take a resolution on schedules of monthly community meetings to become items for audit purposes in future. The Member of the Executive Council responsible for Local Government and Human Settlements will monitor progress and report to this august house regularly. The Department will not only ensure that meetings take place but issues raised in those meetings receive necessary attention.

## TLOKWE-VENTERSDORP MERGER



The Department is on the ground to ensure a seamless merger of the Ventersdorp and Tlokwe local municipalities post the 2016 local government elections. Fully functional Transitional Change Management Committees, at Political and administrative level were established in September 2015. The

administrative committee has established 8 work Streams and they meet on a weekly basis to measure progress. We are proud to announce that the work done by the committee has been applauded by the National Municipal Demarcation Transitional Committee, and that on the 3rd August 2016 the province will be ready to deliver a new institution within the Dr. Kenneth Kaunda District.

## SECOND PHASE: GOING BACK TO BASICS IMPLEMENTATION

Honorable Members, in the previous budget speech 2015/16 of the Department, we made a commitment to accelerate the implementation of back to basics (B2B) approach in our municipalities with the aim of improving service delivery to our people.

The 2016/17 financial year remains critical to the implementation of the second phase of the B2B Programme. The Department commits to continue with coordination of the implementation of the Back to Basics program to respond to the 10 Point Plan of Priority Actions. We will do so by amongst others:

Mobilising multi-Departmental teams to support dysfunctional municipalities; Strengthening community engagement and local government accountability to citizens through Setsokotsane and Bua le Puso programme; Accelerating the hands-on approach; Prioritising the programmes and projects that have high visibility, and impactful on delivery of core B2B objectives through the implementation of Provincial Infrastructure Programme; Strengthening communication and feedback on good stories and good progress on B2B implementation.

We also wish to welcome and support the pronouncement made by our President of the Republic of South Africa during his State of the Nation Address Honourable Jacob Gedleyihlekisa Zuma, when he said and I quote "national government will engage in more active monitoring and accountability measures. This includes unannounced municipal visits, spot checks of supply chain management processes,



the implementation of recommendations of forensic reports, site visits of Municipal Infrastructure Grant funded projects, and increased interventions to assist struggling municipalities” close quote.

We therefore commit to create a conducive environment to make sure that such intervention happens in our province of Bokone Bophirima without fail.

## **INTEGRATED DEVELOPMENT PLANNING (IDP)**

Honourable Speaker, Honourable Members, integrated development planning remains fundamental exercise which ensures participation of all affected stakeholders for local development. Within the context of SAAMTREK-SAAMWERK approach, the Department is assisting all twenty three (23) Municipalities with development of the fourth generations Integrated Development Plans (IDPs) and will ensure that municipal IDPs and the Departmental Annual Performance Plans (APPs) are informed by Village Development plans.

## **LOCAL ECONOMIC DEVELOPMENT**

Honourable Speaker, Our local economic development units at municipal level remain central in making sure that this vision becomes a reality. We therefore, commit to execute the following in support of the VTSD approach;

- To support municipalities and ensure implementation of programmes to strengthen local economic development (LED) for the financial year 2016/17.
- To commit municipalities in utilising their 5% of Municipal Infrastructure Grant (MIG) allocation for LED infrastructure projects biased to VTSD;

In this regard, we will ensure that we strengthen Local Economic Development units in our municipalities to make sure that they contribute meaningfully to economic development and create opportunities for economic growth.

Each municipality will be expected to come up with a plan which indicate how it intends to attract investors and create jobs and how it will support small and emerging business.

## **WORK OPPORTUNITIES**

Honourable Speaker, the Department commits to continue with the implementation of Community Workers Programme (CWP) as part of job creation in the financial year 2016/17; the CWP has been implemented in seventeen (17) Local Municipalities namely; Moretele, Madibeng, Rustenburg, Moses Kotane, Ratlou, Mafikeng,

Ramotshere Moiloa, Tswaing, Naledi, Greater-Taung, Kagisano–Molopo, Ventersdorp, Maquassi Hill, Ditsobotla, Lekwa-Te mane, Mamusa and Kgetleng Rivier and created 17 500 work opportunities.



The primary purpose of the CWP is to create access to a minimum level of regular and predictable work opportunities for those who need it, targeting areas of high unemployment, where sustainable alternatives are likely to remain limited for the foreseeable future.

### **SPATIAL PLANNING & LAND USE MANAGEMENT (SPLUMA)**

Honourable Members, the Department has a mandate to continuously support nineteen (19) municipalities with the implementation of SPLUMA by creating spatial inclusion and creating sustainable Human Settlements. As a matter of fact, we will be introducing an enabling legislation in this house to ensure sustainable land use.

### **MUNICIPAL INFRASTRUCTURE GRANT (MIG)**

2015/16 financial year was the 12th year of Municipal Infrastructure Grant funding. The total amount of allocation for 2015/16 is one billion, six hundred and thirty nine million, four hundred and thirty one thousand (R 1 639 431 000.00). The expenditure on projects by end of March 2016 was at 63% translating to (R976 101 348).

In 2016/17 an amount of One Billion Six Hundred and Fifty Four Million, Three Hundred and Forty Nine Thousand Rand(R1 654 349 000.00) of MIG funding has been allocated for municipalities to implement projects. We want to assure this august house that, we are determined to ensure hundred percent expenditure.

Honourable Speaker, we also noted with great concern the challenges we continue to face and appreciate lessons we have learnt from interactions with MIG under spending municipalities during the 2015/16 financial year. To this end, the Department has taken a hands on approach on planning jointly with municipalities in respect of MIG. This has assisted municipalities in adopting a needs based approach in their planning process and ensured that municipalities procure within a given period to meet their implementation targets; thereby spending the budget as required.

### **PROVINCIAL INFRASTRUCTURE GRANT (PIG)**

Honourable Speaker, the infrastructure remains a serious challenge in Bokone Bophirima Province to accelerate integrated infrastructure development, to this end, we are pleased to announce that, the Department has supported municipalities with PIG funding for 2015/16 with sixty five million rand (R65m) and all of it has been spent.

The Department will support the municipalities with Hundred and fourteen million, two hundred and thirty nine thousand rand (R114,239m) in the 2016/17 financial year. The allocation is for new and multi-year projects which are to be completed in the current financial year. The following municipalities are to benefit in the current financial year namely; Ramotshere Moiloa [khunotswane water reticulation], Ventersdorp LM- [replacement of asbestos pipes], Mahikeng[revitalisation of roads], GreaterTaung[Rural VIP Toilets], Tswaing[bulk water reticulation] Maquassie-Hills[sewer reticulation]Moretele[Mogogelo community hall].

### **PROVINCIAL DISASTER MANAGEMENT**

Honourable Speaker, Honorable Members, the Province of Bokone Bophirima is one of the provinces which was affected by disaster as a result of drought. To this end, the Department is urging all municipalities to encourage communities to use water sparingly. We further urge municipalities to take council resolutions that will assist in mitigating the effects of drought using their own funds.

The Department supported the following municipalities: Matlosana, Kgetleng, Moses Kotane, Moretele and Ventersdorp with fire-fighting vehicles and equipment with the total amount of R10.1m. This support resulted in effective and efficient



response to emergency situations in Bokone Bophirima.



The Greater Taung, Naledi, Tswaing and Mahikeng local Municipalities were supported to the tune of R11m for fire-fighting and rescue vehicles and R3m for capacity building for disaster management.

Honourable Members, Citizens of the Bokone Bophirima, we remain cautious of the fact that disaster can be very unpredictable, and therefore we commit to coordinate the integrated implementation of disaster management plans in order to improve our response across the province in the 2016/17 financial year.

## **HOUSING DEVELOPMENT**

Honourable Speaker, we want to commit to part ways, and completely abandon the notion that housing delivery is about mortar and brick, but move to a level where humanity is embraced in all the planning by all different spheres of government, particularly local government. The fact remains, our people have been deprived of their dignity for a long time, and one way of restoring their dignity is through decent integrated Human Settlements.

We are proud to announce to the people of Bokone Bophirima that, since the implementation of "SETSOKOTSANE" we have recorded significant progress in housing opportunities in the financial year 2015/16; and of course, we have also identified some challenges we came across i.e. blocked projects and we will definitely come with clear plan to overcome them.

We managed to achieve the implementation of 17,551 housing opportunities comprising of 10,997 units and 6,554 serviced sites out of a target of 15080 opportunities. The Mining towns overall achievements are at 4,876 units in the 2015/16 financial year, out of a target of 4,188 units.

We continue to implement our special programme initiatives in support of women and youth contractors. To this end, 12 women contractors have been appointed to build 1400 units through the 1956 women's build programme. We want to confirm that, the contractors are currently on site in Itsoseng, Mahikeng, Glaudina and Lethabong.



With regard to the Marikana rental stock, we have achieved the entire target of 252 units within the 2015/16 financial year. Our Breaking New Ground units (BNGs) are now illegally invaded which causes a serious threat to the completion of the project to the extent that as Department we are working with Office of the Premier, National Department of Human Settlements and Rustenburg Local Municipality on the intervention. We wish to encourage our people to respect the law and property of others. All people who need houses they should make an application. We are confident that those who meet the criterion will be given houses.

With regard to the Rooigrond development, we are proud to announce that the first phase of feasibility studies and installation of internal services have been completed.

On the Ottoshoop project, 207 houses have been built out of 528 planned in the 2015/16 financial year and the balance is planned for the 2016/17 financial year for completion.

The Naledi Precinct, 2223 units have been completed out of 3000 units planned over three years (MTEF). The balance will be completed in the current financial year 2016/17.

On the Flamwood Social Housing project, we planned to build 1168 units at an amount of One Hundred and Fifty Four Million, Nine Hundred and Ninety Nine, One Hundred and Seventy Five (R154 999 175) in Matlosana Dr. Kenneth Kaunda District. We are pleased to announced that, already we have spent R18 250 000 on designs, internal services, land and foundations. For the 2016/17 financial year, 296 units are planned to be built with a budget of R40 406 000.

Honourable Speaker, the issue of beneficiary list was also identified as problematic area during the "Setsokotsane" implementation, and therefore, in addressing this problem, we are focusing on the housing beneficiary list clean-up; the Department working together with the National Department of Human Settlements, will roll out the electronic housing needs register to create a single provincial list which will contribute to the national housing demand list. The housing needs register will assist in planning properly and support the village based planning initiative as pronounced by the Honourable Premier.

Honourable Speaker, we continue to strive towards our Medium Term Strategic Framework (MTSF) targets. We envisage delivering a total of 7680 sites and 12581 housing units totalling 20261 housing opportunities in the 2016/17 financial year across Villages, Townships and Small Dorpies.

Through Bietjie-bietjie-maak-meer approach, we will ensure that areas that never befitted from housing delivery programmes are allocated housing opportunities.

Hube ga a Tshwane le setlhe.

We will also strengthen our contract management system to ensure that projects are completed within the stipulated time-frames. Our contracts will also contain the punitive clause to ensure consequence management for non performance.

In this way, we will do away with the top-up requests that are normally the results of contractors staying for extended period on site.

As pronounced in SOPA, the Department will be hosting the Housing Infrastructure Lekgotla later this year to assess the state of Human Settlements and to coordinate infrastructure development and map out ways of upgrading housing infrastructure economic opportunities to our villages, townships and small dorpies.

Honourable Speaker, in the financial 2016/17, we commit to deliver the following sub programmes;

- 142 military veterans houses to be constructed
- 9,882 housing opportunities to be implemented around mining towns with a budget of R931 million (Madibeng, Rustenburg , Kgetlengrivier , Moses Kotane



and Matlosana).

- 6,817 title deeds to be transferred to new home owners and,
- 15,079 title deeds will be processed to address the backlog of 64,414.

The total amount of Human Settlements Development Grant allocated to the province is R2,1 billion.

### **THE NORTH WEST HOUSING CORPORATION (NWHC)**

Honourable Speaker, 2015/2016 financial registered significant progress on the implementation of the resuscitation process of the North West Housing Corporation (NWHC). To date, we have appointed five (5) Board Members to serve as the NWHC Board for a three year period effectively from the 1st August 2015.

The regularization process of all the NWHC Assets has started which is intended to; Legitimize occupancy and confirm all existing rental debtors; Negotiate with clients to agree on current outstanding balances for rates, taxes and other Municipal services and for rent payable by debit order going forward; Sell all rental stock to legitimate tenants/occupants at market related prices and do conveyancing of all the sold properties; Valuation of all rental stock in all the regions to ensure that valued properties are disposed of at market related prices; Attention will also be given to the issue of unauthorized occupants through a process of temporary occupation leasing rights with the view to be re-allocated into more suitable social housing solutions in the near future and management of all NWHC flats.

We commit to brief this august house and members of the public about the developments going forward and urge all our communities to work with us to ensure smooth consolidation of assets.

In conclusion, I wish to take this opportunity to thank the ruling party African National Congress to bestow trust in me to serve the people of Bokone Bophirima in



this Portfolio of Local Government and Human Settlements as the acting Executing Authority.

The Premier of Bokone Bophirima Ntate Supra Obakeng Ramoetsi Mahumapelo for his astute leadership in taking Bokone Bophirima in the right direction.

My Colleagues in the Executive Council for your advice and support during EXCO meetings and Honourable Members of this August house for your honest engagements;

Honourable Chairperson and entire Portfolio Committee responsible for Local Government and Human Settlements for robust engagements during Portfolio meetings in pursuit to operation clean audit.

Media houses present today for your support in sharing what we do with the entire nation.

The Head of Department Rre Ephraim Motoko for your support in the short period of time since your arrival in the Department, and the committed staff of the Department.

My family for your undivided support as always.

Honourable Speaker, we therefore table before in this august house, the 2016/17 Budget Vote, number 09 for the Department of Local Government and Human Settlements as follows;

**PROGRAMME 1. ADMINISTRATION**

TWO HUNDRED AND SIX MILLION AND FORTY EIGHT THOUSAND RAND  
(R206 048 000)

**PROGRAMME 2. LOCAL GOVERNANCE**

FIFTY ONE MILLION, ONE HUNDRED AND NINE THOUSAND RAND  
(R51 109 000)

**PROGRAMME 3. DEVELOPMENT AND PLANNING**

ONE HUNDRED AND SIXTY FIVE MILLION AND FORTY ONE THOUSAND RAND  
(R165 041 000)

**PROGRAMME 4. HOUSING NEEDS PLANNING AND RESEARCH**

TWENTY FOUR MILLION EIGHT HUNDRED AND SIX THOUSAND RAND  
(R24 806 000)

**PROGRAMME 5. HOUSING DEVELOPMENT**

TWO BILLION, ONE HUNDRED AND NINETY EIGHT MILLION, SIX HUNDRED AND SEVENTY ONE THOUSAND RAND

(R2 198 671 000)

**TOTAL:**

**TWO BILLION, SIX HUNDRED AND FORTY FIVE MILLION, SIX HUNDRED AND SEVENTY FIVE THOUSAND RAND**

**R2 645 675 000**

**Pula!!!**



COMMUNITIES ARE ENCOURAGED TO LIKE THE DEPARTMENTAL FACEBOOK PAGE AND ALSO FOLLOW US ON TWITTER AND INSTAGRAM TO GET THE LATEST ON ACTIVITIES THE DEPARTMENT IS UNDERTAKING.



North West Department of Local Government and Human Settlements



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