



DA MANGAUNG

Tel: +27 51 405 8975

Email: mangaung@da.org.za

www.da.org.za

Facebook: DA Mangaung

Twitter: @damangaung

Office 18, Ground Floor, City Hall,
President Brand Street, Bloemfontein Central

1. **Process and public participation deficiencies:** The draft 2020/21 budget was tabled two months late in terms of the process plan approved by council, as has become normal practice in recent years, albeit this time with the comfortable excuse of the Covid 19 epidemic and lockdown from 26 March.

This has left less than a month for public comment and scrutinisation by opposition parties, who are totally excluded from the budget steering committee. Many public participation meetings scheduled for November and February/March never took place (even before the Covid 19 state of disaster was announced), while most recently the speaker announced a host of online Zoom public meetings that were again cancelled the next day.

Considering the limited time for public comments, and with the knowledge that the ANC will push through the budget with their 58% majority, a petition was created to record the fierce opposition of residents against the proposed rates and tariff increases in the current economic situation. Within two weeks 8400 supporters have signed the petition, and over 700 comments were made through this platform. The petition, supporter list and list of comments are being submitted today together with this document detailing the DA analysis, comments and proposals on the draft budget and IDP on behalf of the petition supporters and residents who are severely affected by the fallout of covid 19.

The DA has written to the speaker to demand that the council meeting to approve the budget must at least be live streamed in full in order to allow the public access to the meeting. It must furthermore be managed to ensure that each speaker is allowed to deliver their speech without interruption, failure to do this will result in an illegal budget starting 1 July 2020.

In terms of section 20 of the Systems Act, "meetings of the Council and those of its committees are open to the public, including the media, and the Council or such committee may not exclude the public, including the media, from a meeting" Except in certain circumstances that are not applicable here.

It further states that "Council or a committee of the Council, MAY NOT exclude the public, including the media, when considering, voting or noting any of the following matters:"

"(b) a budget tabled in the Council;

(c) The municipality's integrated development plan or any amendment of the plan tabled in the Council;"

In light of the above, we have requested a written response, at least 96 hours before the meeting indicating what measures are being implemented to notify and or inform the members of the public of the meeting and what mediums of communication, will be provided for their participation in observing the meeting.



DA MANGAUNG

Tel: +27 51 405 8975

Email: mangaung@da.org.za

www.da.org.za

Facebook: DA Mangaung

Twitter: @damangaung

Office 18, Ground Floor, City Hall,
President Brand Street, Bloemfontein Central

2. **Credibility of the budget:** The DA is of the opinion that the credibility of the budget will be seriously affected if the following issues are not properly addressed: Plans to counter and reverse the Downgrading to Junk Status, COVID-19 impact on the 2019/20, 2020/21 and further budgets, plans to ensure implementation of the Financial Recovery Plan, plans to rectify the lack of a Long term Financial Strategy and the financial implications of Cost Containment Measures and plans to ensure that the projects contained in the capital budget are executed within time and budgets.
3. **The DA shows that it is possible to reduce the tariff increases for Rates and Sanitation to zero:** This document shows that it is possible to balance this budget while providing much needed rates and tariffs relief and economic stimulus by not increasing property rates and sanitation tariffs. This can be done without impacting on the delivery of basic services, by “cutting the fat” from a number of votes and line items that do not relate directly to service delivery and improving efficiency. Mangaung metro must, amongst others:
 - a. Employee costs
 - i. Table a concrete plan on how to rectify the very high allocation to employee related cost. This increased with R640m from 2016 to a total of R2 bn
 - ii. Correct the zero allocation of budget resources to overtime with a plan on how to manage it. There are unavoidable emergencies like burst pipes that need to be attended to, but the current actual expenditure of R150m on overtime is expedient. To date the executive mayor has spent R5.4 million on overtime and Waste and Fleet R53 million.
 - iii. Issues that need to be taken into account include:
 1. The perception that political offices have inflated staff compliments especially since 2016.
 2. Alleged excessive overtime claims for any non-service delivery, non-core or managerial posts.
 3. The salary bill provides for: A R3, 09 million salary package for the municipal manager R2, 743 million for the chief of Finance. Between R2, 5 million and R3, 09 million for the heads of departments. R1, 604 million and R1, 305 million for the mayor and speaker. A further R1, 232 million for the chief whip and R1, 35 million for the deputy mayor. While these salaries might be warranted in a well-functioning metro with a solid revenue base, proper debt collection and cash flow management, the current state of the metro does not warrant the current office bearers to get these salaries.
 4. The salaries of the administrators and their support staff are not indicated in the budget.

FREEDOM. FAIRNESS. OPPORTUNITY. DIVERSITY.



DA MANGAUNG

Tel: +27 51 405 8975

Email: mangaung@da.org.za

www.da.org.za

Facebook: DA Mangaung

Twitter: @damangaung

Office 18, Ground Floor, City Hall,
President Brand Street, Bloemfontein Central

b. Debt management

- i. The loss of about R163 million from zero rates and sanitation tariff increases can be recovered by reducing the provision for debt impairment with the same amount
- ii. This can be countered by making a decision to collect all outstanding Government debtors in the 2020/21 financial year. (R1.53billion)
- iii. Revisiting the use of inefficient Debt Collection contractors (costing R36m) to collect outstanding debtors. This can be done more successfully in-house at a lower cost.
- iv. Replacing all rotating water meters with pre-paid meters to reduce the growing water debt

c. Other costs

- i. Reconsider the allocation of budget resources to Votes using the Vote of the Executive Mayor as a starting point
- ii. Give clarity on the value of the list of Cost Containment measures by releasing details of savings envisaged.
- iii. Develop a plan how to reduce water losses. It doesn't help to say we are going to reduce it, submit a plan that can be monitored.
- iv. Non-core spending: All funding for non-core municipal programs such as mayoral and speaker legacy/prestige programs, event sponsorships, the habitual millions of rands tenders for voter education just before the elections and catering should be cancelled.
- v. Travel: All funding for extensive international travel for public office bearers and officials should be cancelled

d. Maximizing revenue:

- i. Social services, metro police and planning departments must pull up their socks and with immediate effect ensure they start cover more of their departmental expenditure by issuing and collecting fines and penalties for traffic, law enforcement, building, dumping and planning violations. This could potentially earn the city more than R100m in revenue. If the mayor, City Manager and heads of department continue to prove they are not up to the task, they must leave. In 2019/20 council illegally attempted to write off R200 m in uncollected traffic fines due to departmental failures. Not only is this illegal, but it shows the continued lost opportunities for raising revenue if the department functions.



DA MANGAUNG

Tel: +27 51 405 8975

Email: mangaung@da.org.za

www.da.org.za

Facebook: DA Mangaung

Twitter: @damangaung

Office 18, Ground Floor, City Hall,
President Brand Street, Bloemfontein Central

4. **Service delivery failures must be addressed to reduce the risk of taxpayer revolt and boost economic recovery.**

- a. A major issue for businesses and residents alike is the lacking basic service delivery such as water, electricity, streetlights, sanitation, refuse removal, grass cutting, tree cutting, fixing of potholes and opening blocked storm water pipes and inlets.
- b. The city has been failing residents in the provision of all these services, while the call centers do not function properly. The risk of a rates revolt by residents is growing continually as service delivery becomes more erratic.
- c. Mangaung must, amongst others: Submit a waste removal plan detailing how this service will be rendered on a sustainable basis. The erratic and crisis based management at the moment is creating a massive risk for rates revolt which could ultimately lead to the inability to pay salaries of all workers.

5. **Capital Budget:** Develop a greater urgency to execute the capital budget with measurable progress parameters. With 1 month left, less than 40% of the capital budget has been spent. This while the mayor has conceded in the NCOP that Mangaung uses capital grants to pay salaries.

Vehicles: The budget provides for R87m in capital expenditure for “other vehicles” through lease financing of the same amount, the biggest single expense. Any funding for the purchase of official vehicles for political office bearers such as Executive Mayors/MMCs/Speakers as well as for the personal use of Municipal Managers and Directors should be prohibited. The only vehicle purchases to be considered should be for the support of service delivery, such as refuse collection compactor trucks, tractors, Fire, Sanitation, Water and roads team trucks and only if absolutely required.

Furthermore, the structure of this massive tender is designed to limit the number of possible companies that can tender, as it combines a number of different industries. This tender could rather be split up so that competitive bidding can ensure efficient use of resources. I.e. refuse compactor trucks, trucks for service delivery, vehicle lease agreements, smaller vehicles etc.

The same goes for massive IPTN projects that should be broken up in order to allow local businesses to directly compete for smaller parts of the work. IPTN tenders and sub tenders should also be advertised and fairly awarded.

6. **Centlec and Bloemwater tariffs** should not be increased in excess of the increase of the bulk cost from Eskom and Bloemwater:

Indicate what steps will be taken for non-compliance regarding the Centlec Budget