

# **HER WORSHIP, MAYOR IVY PHAAHLA'S REPORT ON BUDGET ADJUSTMENT 2013/2014**

**26 FEBRUARY 2014**

Honourable Speaker, Chief Whip of Council, Members of Executive Committee, fellow Councillors, Magoshi a Rena, the Acting Municipal Manager and members of the Senior Management Team and officials of the Municipality, it is time of the year again where the Mayor is expected to present the mid-year budget review and budget adjustment. It is indeed my distinct pleasure today to perform that task for the year 2013/2014.

Colleagues, you will remember that the month of February on our national calendar has many activities and lots of history in making.

Twenty four years ago, in this month, we witnessed the release of the son of the soil, father of the nation, icon of our struggle, Tata, Nelson Rolihlahla Mandela from Victor Verster prison, now known as Groot Drakenstein Prison, which is now declared as a heritage site.

We are also celebrating twenty four years of the unbanning of all liberation movement and the release of the stalwarts like Ahmed Kathrada, Walter Sisulu,

Elias Motsoaledi, Govan Mbeki and Nelson Mandela, to name but a few.

We are also celebrating twenty years of freedom under the leadership of ANC-led government.

As the humble servants and elevated by the organisation, African National Congress (ANC) to address the needs of our community, we have to be leaders and serve the community with pride like Tata Nelson Mandela did. We must ensure that we better the life of the community by accelerating service delivery.

As we have been mandated by the electorate, we have to acknowledge the progress we made to close gaps of poverty and unemployment. The presented budget adjustment will update the Council and the community of Lepelle-Nkumpi about the revenue expenditure and the projections for the current fiscal year.

This Adjustment Budget document is prepared in terms of the Municipal Budget and Reporting Regulations, promulgated in the Government Gazette No. 32141, dated 17 April 2009.

Management within local government has a significant role to play in strengthening the link between the

citizen and government's overall priorities and spending plans.

The goal should be to enhance service delivery aimed at improving the quality of life for all people within the municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

Honourable Speaker, during the budget speech we have made some commitment that most of our budget be allocated to infrastructure development. We have identified priorities and you will note from your documentation that we are still using the set priorities

that were raised during our IDP/Budget consultation that included the upgrade of rural roads, electricity, community halls and many others. We believe all the projects will continue as planned.

In terms of section 34 of the Local Government Municipal Systems Act 32 of 2000 “a municipal council must review its IDP annually in accordance with an assessment of its performance measurements in terms of section 41; and the extent that changing circumstances so demand; and may amend its IDP in accordance with a prescribed process.”

The changing demands are influenced by our desire to achieve a clean audit.

It is common practice that budget adjustments are done annually, which ultimately affected the IDP and resulted to it not being aligned to the adjusted budget.

In this instance the IDP exclusively outlines the capital projects and the operational plan will be incorporated into the service delivery and budget implementation plans.

The IDP is a product of community consultation and thus based upon community aspirations and expectations. This process should therefore be

communicated to communities in terms of sections 2A and 2B of the Municipal Systems Act.

Honourable Speaker, the Mid-Year Performance Assessment Report has been submitted to me in terms of section 72 of the Municipal Finance Management Act 56 of 2000.

This report has been tabled to Council and further submitted to the National Treasury and the Provincial Treasury on the 24<sup>th</sup> January 2014 as required by legislation.

This budget is tabled before this august house Honourable Speaker in terms of section 28 of the Municipal Finance Management Act.

**The original Capital Budget has been reduced from R108 million to R98, 3 million and Operational Budget has been increased from R182, 8 to R211, 3 million. The full details of the revised budget can be found from page 366 to 415 of your adjustment documentation.**

**In a nutshell Honourable Speaker,**

**➤ On Governance and Administration**

The expenditure amongst others includes the following projects with minimal spending:

- Regarding development of municipal sites at unit H

The amount will be reduced from R12 532 400 to R923 440. We are unable to continue with the development and sale of the site due to the outstanding ROD (Record of Decision) for EIA (Environment Impact Assessment) before the laying of infrastructure (water, sewerage, electricity and roads) for sustainable human settlement.

- Regarding extension of Municipal Offices

Budgeted amount of R6 000 000 remains unspent as at 31 December 2013. We had contractual obligations that needed to be cleared with the service provider before effecting payments, and the municipality's intention is to complete the project before the end of the financial year.

- Regarding revitalisation of Municipal Building (Cultural Centre)

The amount will reduce from R28 880 000. The consultant is already appointed and we will start with

the procurement process for the appointment of the contractor.

- Regarding revitalisation of Municipal Hall (Civic Hall)

The amount of R4 325 221 remained unspent as at 31 December 2013 and will remain the same as the contractor was appointed in December 2013 and construction will resume soon.

➤ **On Community and Public Safety**

- Regarding high Mast Lights

The amount of R2 745 000 remained unspent as at 31 December 2013. R2 145 000 is from MIG and R600 000 from own funding and the amount will be spent before the end of the financial year.

- Regarding development of new cemetery at Lebowakgomo

The amount will be reduced from R3 680 000 to R2 680 000.

- Regarding construction of Community Hall

Construction could not commence due to the non issuance of PTO (Permission to Occupy) which was

issued in December 2013. The contractor was appointed and construction will commence consultation with moshate is finalised. The budget of R3 750 000 will be spent before the end of the financial year.

- Regarding refurbishment of Lebowakgomo Sports Complex

The contractor was appointed in January 2014 and the budget of R6 223 678 will be spent before the end of the financial year. The project is MIG funded.

#### ➤ **On Economic and Environmental Services**

Regarding paving of Zone A and Zone F market stall areas we have already started with the SCM processes for the appointment of the contractor and the project will be completed before the of the financial year.

The following projects are MIG funded projects:

On the upgrading of 7km road from gravel to block paving at Zone F Phase 2, the consultant and contractor were appointed on the 11<sup>th</sup> July 2012 and 15 January 2014 respectively

Lining of Storm Water Drainage in Lebowakgomo Zone B, the consultant and contractor were appointed on

the 16<sup>th</sup> October 2012 and 20 January 2014 respectively

Upgrading from gravel to block paving of street and storm water from Rockville to Tleane, the contractor and consultant were appointed on the 16<sup>th</sup> October 2012 and 15<sup>th</sup> January 2014 respectively.

On Electricity Honourable Speaker, the original budget for electrification of Klipheuwel was R3, 277 500.00 and the proposed budget adjustment is R341 250.00 as the project is implemented by Eskom.

The electrification of Maijane and Leshoaneng will be increased R735 850.00 to R2 735 850. The reason for this increase is that the contractor is already appointed and his contract amount is above the budgeted amount. The original budget was not equivalent to the number of households to be electrified.

On Special Adjustment in terms of Section 32 Honourable Speaker, there are projects that were not rolled over from previous financial year. Amongst them we are having an unauthorised expenditure of R196 678 for road and storm water at Hlakano.

The amount was not rolled over and already paid. An amount of R1 500 000.00 is needed to cater for the contractor's final certificate.

The other one is that of R2 700 000.00 for Small Access Bridges. The contractor was appointed in the 2012/2013 financial year through the Vukuphile projects. The amount were not rolled over to the current financial year.

Honourable Speaker, the 8<sup>th</sup> and 9<sup>th</sup> February 2014 provided an opportunity for residents to register for the forthcoming National and Provincial government elections.

As we celebrate twenty years of freedom, let us continue to serve our people with determination because indeed the ANC let government is having stories to tell.

Let us thank our residence, young people in particular, who registered on the 8<sup>th</sup> and 9<sup>th</sup> February 2014. This is the only opportunity to vote in this important election that will determine the future and wellbeing of our community.

Honourable Speaker, to conclude I would like to take this opportunity to express my gratitude and

appreciation to the Members of Executive Committee, the Acting Municipal Manager, Executive Managers and staff of various departments for their efforts and support in getting this complicated document ready in time.

Fellow Councillors, taking my explanations of the variances of the adjustments budget into account; I accordingly table the adjustments budget as detailed in the document with recommendations as contained on the agenda and page 377 of the budget document for final adoption by Council.

**I THANK YOU**

*MPhahla*

**CLLR. PHAAHLA V.M**

**MAYOR**