

**VIRTUAL BUDGET SPEECH BY HER WORSHIP; MAYOR
OF LEPELLE-NKUMPI LOCAL MUNICIPALITY; CLLR
MERIAM MOLALA ON THE OCCASION OF THE TABLING
OF 2020/21 FIRST DRAFT INTEGRATED
DEVELOPMENT PLAN, BUDGET AND BUDGET RELATED
POLICIES**

29 MAY 2019; VIRTUAL

Honourable Speaker, Cllr Barnard Ntsoane

Our Chief Whip, Cllr Tswaledi Thobejane

Colleagues in the Executive Committee

Chairpersons of Section 79 Committees

Fellow Councillors

Our Traditional leaders

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

Members of Ward Committees

Comrades and Compatriots

Good Afternoon! Re a lotsha! Lotshane! Thobela!

Thank you once again for affording me the honour to table the
2020/21 First Draft Integrated Development Plan, the Budget and
Budget Related Policies. Honourable Speaker, this draft IDP, Budget
and Budget related policies are tabled four days after marking 57 years
since the leaders of 32 independent African nations met in Addis

Ababa to establish the organisation of African Unity (OAU), the precursor to the African Union.

We mark Africa Day this year just over three months since the first case of coronavirus on the continent was confirmed. This pandemic has been a stark reminder that regardless of whether we are born into wealth or indigence, we are all mortal, and can succumb to disease.

The unprecedented nature of the pandemic caught many countries both unaware and unprepared. Much of what we witnessed in the early days of the outbreak was governments in western countries struggling with containment because so much about the virus was unknown. It was not something the world has experienced for over a century. We are happy that African countries including our country have been swift and proactive in implementing measures to flatten the coronavirus curve.

The Draft Budget we table today during Africa Month under difficult circumstances, bears testimony to the fact that as a nation we understood 26 years ago as we do now that the fruits of progress come slowly, one harvest a little richer than the last.

Honourable Speaker we are disturbed about the abusers who exploit the pandemic to extend their control over victims, using the coronavirus as a scare tactic to further isolate victims from their children, family and friends for fear of infecting them.

These abusers use misinformation about virus or withhold sanitisers to prevent the victim from seeking medical attention. This is happening in the light of the recent statistics on gender-based violence during the Covid-19 lockdown. This is the demonstration that our most vulnerable are at risk during times such as this. We call upon

our state agency to act swiftly and arrest this perpetrators of gender based violence.

Today we are tabling a draft budget that can only make our municipality a better place to live, work and play. Our people will today, like every year, hear how we are going to spend their money on turning their lives around. After all the budget, as always, is informed by their views which we acquire through the IDP and Budget consultation processes.

Honourable Councillors, we are tabling the **2020/21** First Draft IDP and Budget totalling to an amount of **R410.1 Million** for **2020/21** financial year.

OPEX of R308.1m (75%)

CAPEX of R101.9m (25%)

Summary of our budget is as follows;

	2020/21	2021/22	2022/23
Total Budget	R410.1m	R427.6m	R456.3m
OPEX	R308.2m	R321.6m	R326.1m
CAPEX	R101.9m	R106.1m	R130.3m

Total revenue including grants equals **R410.1 million**. There is a decrease of **R1 million** as compared to **2019/20** financial budget. The decrease is due to non-performance on the following conditional grants:

- ✓ MIG – **R16 million**
- ✓ FMG – **R500 000**
- ✓ INEP – **R1.9 million.**

Summary of the Total Operating Expenditure

Expenditure by Vote	2020/21 Budget
Salaries and Wages	R114.8 million
Remuneration of Councillors	R23.6 million
Debt Impairment	R29.8 million
Depreciation & asset impairment	R32.3 million
Finance charges	R141 075.00
Other materials	R9.2 million
Contracted Services	R60 million
Other expenditure	R38.4 million
TOTAL EXPENDITURE	R308.2 million

Total operating expenditure equals **R308.2 million**.

Included in the operating expenditure budget for the **2020/2021** is the provision for bad debts amounting to **R29.8 million** and depreciation amounting to **R32.2 million** and Electricity project of **R6.7 million**.

The capital budget of the municipality will be decreasing from **R115.3 million** to **R101.9 million** due to non-payment of services and non-performance on conditional grants. Out of the total capital budget of **R101.9 million**, **50.8 million** will be funded by Municipal Infrastructure Grant (MIG).

This amount will be funded through own revenue and government grants.

Own Revenue – **R86.6 million** composed of the following:

- Trading services – **R49.81 million**
- Agency Services – **R17.44**
- Sale of site – **R6.5 million**

- 80/20 Agreement for CDM and Dept. of Transport – **R13.25 million**

Government grants – **R323.6 million** composed of the following:

- Equitable share – **R265.95 million**
- MIG – **R53.72 million**
- FMG – **R2 million**
- EPWP – **R1.9 million.**

The ration between grants and own revenue is **79%** against **21%** which is evident that the municipality is still grant depend.

Fellow Councillors, the tariff structure was approved by council for **2019/2020; 2020/2021** and **2021/2022** financial years. It was implemented and the following percentages were proposed for the above financial years by National Treasury in line with the inflation rate. The following macro-economic forecasts was considered when considering the 2021 MTREF budget: **4.5%** for 2020/21 and **4.6%** for 2021/2022 and 2022/2023 respectively. However, the continuous under recovery of our assessment tariffs need closer attention. We are aware that the main course is due to water tariffs collection.

The progressive “**pro-poor**” agenda we adopted when we came into office in 2016 would be skewed if we did not continue with our noble gesture of a social package for the most vulnerable and indigent members of society. This we do because we believe in a better life for all. We will continue to make life more liveable for thousands of our people.

Our capital budget amongst others will be focussing on the following projects for implementation and those which are registered with MIG for budget purposes:

- Access roads and storm water – **R28.74 million**
- Internal streets network – **R12 million**
- Electrification of households – **R11.59 million**
- Street lights and high mast – **R4.9 million**
- Construction of grade A VTS – **R5 million**

The following projects amongst others will be implemented by other stakeholders:

Project Name	Budget	Implementing Agent
Vegetable Production	R6.5 million	CDM
Construction of Seleteng Library	R15 million	Department of Sports, Arts & Culture
Mafefe to Lekgalameetse to Ofocolaco to Lydsdorp (Feasibility Study)	R318 500.00	Public Works, Roads and Infrastructure
1030 households with sanitation projects	R8.9 million	CDM
Construction of Water Supply project	R144.6 million	CDM
Pre-Engineering Electrification	R851 000.00	ESKOM
170 Households Connection	R3.8 million	ESKOM
TOTAL	R179.97 million	

Going forward the Honourable Speaker, pro-planning for registration of MIG projects and the inclusion of operation and maintenance will be very critical. We must categorize projects per cluster and

implement them as per our mandate and budget. All pre-planned projects must get funding and our focus be on revenue enhancement.

Honourable Speaker, to successfully implement the budget, policies are critical. All budget policies need to be reviewed on an annual basis. As part of this submission, the following are key documents being tabled for your perusal and consultation:

- The Draft 2020/21 IDP;
- The Draft 2020/21 Budget;
- Draft Review Tariff Policy and tariff structure;
- Draft Review Credit Control and Debt Collection Policy;
- Draft Review Assets Management Policy;
- Draft Review SCM Policy;
- Draft Review Cash and Investment Management Policy;
- Draft Review Budget and Virement Policy;
- Draft Review Bad Debts and Write off Policy;
- Draft Review Property Rates; and
- Draft Review Indigent Policy.

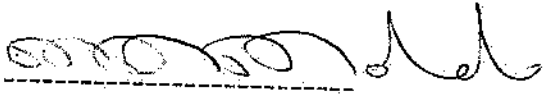
I therefore accordingly table the 2020/21 First Draft IDP, Budget, Budget related policies and tariff structure in accordance with Section 34(a) of MSA, Act 32 of 2000 and Section 16 (2) of MFMA, Act No 56 of 2003 for adoption,

- ✓ That the 2020/21 Draft IDP/Budget together with budget related policies and tariff structure, be opened for at least 21 days for comments and inputs through newspapers, municipal website and other electronic media platforms after tabling, and
- ✓ That the Accounting Officer writes to Office of the Auditor General, National and Provincial Treasury, CoGHSTA and CDM stating reasons why the municipality was unable to comply with MFMA Section 16.2 and its approved process plan when

preparing the 2020/21 Draft IDP/Budget as reflected on item 5.1.3 of the council agenda.

I accordingly move.

I thank you.

A handwritten signature in black ink, consisting of several loops and a final flourish, positioned above a dashed horizontal line.

Cllr. Molala M.M

Mayor