

2018/2019 BUDGET ADJUSTMENT REPORT BY HER WORSHIP; MAYOR OF LEPELLE-NKUMPI LOCAL MUNICIPALITY; CLLR MOKGAETSI MARIA RAMOKOLO

27 FEBRUARY 2019; LEBOWAKGOMO CIVIC HALL

Honourable Speaker, Cllr. Barnard Ntsoane;

Chief Whip of Council, Cllr. Tswaledi Thobejane;

Colleagues in the Executive Committee;

Chairpersons of Section 79 Committees;

Leaders of Political Parties in Council;

Fellow Councillors;

Our Traditional Leaders;

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

Members of Ward Committees

Friends, Distinguished Guests, Comrades,

Ladies and Gentlemen

GOOD MORNING

Honourable Speaker and honourable house, once again it is that time of the year where the Mayor is expected to table the budget adjustment to this august house. It is indeed my distinct pleasure today to perform that task for the year 2018/2019.

It reflects, to the best of my judgement, the municipality's financial situation. It is in the interest of our people to safeguard the sound

financial status of the municipality. I do this in my role as the Mayor in terms of Section 28 (4) of the Local Government: Municipal Finance Management Act, performing my fiduciary responsibility as the guardian of the municipality's finances.

Honourable Speaker, it is much appreciated that the masses of this municipality gave us a note through their vote so that we continue with the high pace of service delivery.

As mandated by the electorate, we have to acknowledge the progress we have made to close the gaps of poverty, unemployment and inequality.

Under the ANC-led government, more and more of our people are beginning to participate in the mainstream economy. However, we don't doubt the enormity of the task that lay ahead.

This budget adjustment happens exactly two months before national and provincial government elections where our people will give us another authority to change their lives to the better.

In this regards, we call upon all the people of Lepelle-Nkumpi, particularly our young people, to participate in the coming National General Elections. The duty to grow South Africa is in our hands. Let us go out on the 08th of May to renew the mandate of our public representatives at national and provincial spheres of government.

Honourable Speaker

As municipality we are expected to contribute towards meeting targets set by the National Development Plan (NDP) of creating 11 million jobs by 2030 by facilitation of small and medium sized enterprises that will create a greater portion of job opportunities.

As we appreciate the work done by the previous administration going forward, we must strengthen and complement what they did. The budget adjustment is not correcting anything but to shift funds where necessary and allocate funds accumulated during the past six months' period from our savings.

We are tabling this budget adjustment during February month where on our national calendar we have many activities and lots of history in making.

This month also mark 29 years since the release of President Nelson Mandela from prison, and since the unbanning of liberation movements.

The release of Madiba marked a giant leap in the long walk to freedom for the people of South Africa as a whole and dealt a fatal blow to apartheid colonialism.

We continue to be inspired by Madiba and draw lessons from his legacy as we build our municipality.

Honourable Speaker,

For more than a century, millions of our people led by the African National Congress (ANC) pursued relentless and heroic struggles against the dehumanising system of colonialism and apartheid.

They devoted their lives and were always ready to pay the ultimate price for the cause of building a more humane South Africa, underpinned by a better life for all.

It is now almost twenty five years since we started the radical transition from Colonialism of a special type to a National Democratic Society, founded on the strategic vision of the Freedom Charter. Since then we have never looked back.

Our strategic focus remains that of rebuilding and developing our municipality for the benefit of all Lepelle-Nkumpians, regardless of who they voted for during the elections.

We are on course to build a united, non-racial, non-sexist, democratic and prosperous society, as expressed in the Freedom Charter and in the Constitution of the Republic.

Amilcar Cabral once said: **I Quote:**

“Always bear in mind that the people are not fighting for ideas, for the thing in anyone’s head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children.” Close Quote

Therefore, our people look to us to provide answers and the difficulties they face.

They look up to us to assure them that the municipality is on track and that the mission of building a united and prosperous society continues and that life will get better each day.

Honourable Speaker, having said that, I wish to present an overview of the adjustment budget for 2018/2019 budget 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.

With the tabling and approval of the 2018/2019 budget, a strong focus was placed on infrastructure development and fighting poverty within Lepelle-Nkumpi Municipality.

It is imperative to state that focus of the adjustment budget was on the result of the mid-year review where the concentration was on the

Performance Management of each department looking at the mid-year expenditure against the budget.

It is again important to note that expenditure required to address the challenges facing the municipality and our communities as a whole will always exceed available funding hence difficult choices have been made in balancing expenditure against realistically anticipated revenue as stipulated in section 18 of the Municipal Finance Management Act.

Honourable Speaker and Honourable House,

Observations were made during the budget assessment report that was tabled to this august house and later submitted to Provincial and National Treasury that the investment of R150 million into VBS Mutual has affected our municipality negatively.

TOTAL BUDGET

It provides for a downward revision of budget from **R578.6million** to **R459.1million** which is a decrease of **R119.6million** as reflected on agenda documents before council and hereunder follows the highlights of 2018/19 budget estimates.

An amount of R7.6 million will be adjusted downwards to R7.3 million due over projection on landfill revenue

Due to over projection again an amount of R1.09 million will be adjusted to R982 000 on rental facilities and equipment

The municipality was expecting R10 millions of interest from VBS investment which will not materialise as such an amount of R14.76 million will be adjusted downwards to R4.76 million due to over projection. Interest earned will be adjusted upwards from R4.69

million to R9.69 million as the municipality had anticipated implementation of credit control strategies through the appointed service provider with the aim of increasing the payment rate.

The budget for traffic fines is at R1.44 million and is in line with GRAP standards where fines are disclosed on accrual basis and not on cash basis. The provision of R450 000.00 is made for unpaid traffic fines. Electronic fine management system contract expired on the 12th February 2018 to date.

The new service provider is not yet appointed and the issuing of traffic fines are suspended until the appointment of new service provider as a result there will be a downwards adjustment from R1.44 million to R534 904.

Honourable House, included in the budget for agency services is water agency services and income from licensing totalling to an amount of R10.23 million.

The operating grant includes all operating grants and they were received as per the Division of Revenue Act (DoRA) transfer schedule. The total operating grants received are at 71.53%. R7.1million is withheld by National Treasury. R500 000.00 was from Finance Management Grant and R6.5million from Integrated Electrification programme for 2017/2018 unspent grant.

Honourable Speaker, other revenue budget includes accumulated surplus of an amount of R198.7million from the savings of the previous financial year. R19.2 million for sale of sites and R4.4 million revenue from other sources excluding grants and subsidies.

The actual receipts from other revenue for month under review is R64.6million. The accumulated surplus will be reduced by R150million due to non-recovery of VBS investment.

The sale of site will increase from R19million to R55million due to projected revenue of selling of 931 sites at R60 000.00 each at Unit H, R to Q.

Honourable Speaker, after consideration of inputs made by the Audit Committee the budget then had a deficit of R4.8 million as such the following budget line items amongst others were revised to cater the deficit:

- High mast were reduced with R1.1million for 2018/19
- An amount of R1million for Extension of Municipal Offices will be catered for in the financial year 2019/20
- Protective Clothing will be reduced by R280 000.00
- An amount of R632.100 will be reduced because of the savings of R631 100.00 in the 1st year. The contractor was appointed for R34.2million for S to BA road project and was overstated/budgeted by R632 100.00

Honourable Speaker

As I conclude, I wish to take this opportunity to thank the governing party, African National Congress, for entrusting us since 1994, together with my predecessors, Cdes Suzan Chego, Calvin Masoga, Ivy Phaahla and Nakedi Sibanda collectively with this noble mandate to lead the local government and take services to the people of our beloved municipality.

I would also like to express my sincere gratitude to Members of Executive Committee, all Councillors, Acting Municipal Manager Ntate Moroaswi and his team for their dedication, support and co-operation, which enabled the institution to record service delivery progress during the year under review. We remain focused on building

a united, non-racial, non-sexist democratic and prosperous South Africa.

To those who have departed during the year under review, their spirit will continue to nourish the fruits of freedom. In this regard we pay tribute to our late ward committee members, Ennie Nkuna of ward 8, Dimakatso Tema of ward 24 and Makgahlele Mphahlele in ward 25 and many more. May their soul rest in peace.

Going forward honourable Speaker, it is time to up our game. The choice before us is clear: either we are prepared to take hard decisions and discharge our duties as elected public representatives or municipal officials in respect of our respective mandates, or we face the consequence of poor performance. We want to see harsh consequences for non-performance in the interest of the people whom we are all supposed to serve.

Having said that honourable house and outlined the details of the adjustment budget, I therefore table the adjustment budget as per section 28 of the Municipal Finance Management Act.

Recommendations are as follows:

- That municipal council consider and approves the revision of budget estimates for financial year 2018/2019 financial year as prescribed in terms of Section 28(1) and (2)(b)(d)-(g) of the MFMA, 2003 and the indicative two projected outer years 2019-2020 and 2020-2021 as set out in the B-Schedule.
- That the adjustment budget for 2018/2019 financial year be submitted to National/Provincial Treasury and CoGTA/CoGHSTA.
- It is also recommended that the council IDP and SDBIP be adjusted accordingly as envisaged in the Municipal Finance

Management Act of 2003, Municipal Systems Act and other applicable legislation.

Honourable Speaker, I accordingly move.

I thank you.

Cllr. Ramokolo M.M

Mayor