



**2017/18 MAYOR'S ADJUSTMENT BUDGET SPEECH
UMUZIWABANTU MUNICIPALITY**

1. MAYOR'S REPORT

SPEECH DELIVERED BY THE HONOURABLE MAYOR, CLLR D NCIKI ON TABLING THE ADJUSTMENT BUDGET FOR THE YEAR 2017/2018

Honourable Speaker;

Deputy Mayor;

Members of the Executive Committee;

Councillors;

Municipal Manager; and

Senior Managers

2017/2018 Adjustments budget presentation by her Worship the Mayor, Councillor D Nciki, at Umuziwabantu Municipality in February 2018.

Honourable Speaker, I wish to present an overview of the Adjustments Budget for the 2017/2018 budget year. This Adjustments Budget document is prepared in terms of the Municipal Budget and Reporting Regulations, promulgated in the Government Gazette No. 32141, dated 17 April 2009 and Municipal Finance Management Act (Act no.56 of 2003).

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 which are always scarce. 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.

Our Country, as well as our community is still faced with major challenges and its objectives are jobs creation, reducing inequality and pushing back the frontiers of poverty, we need faster growth. Solutions can be found. We are therefore requested as Local Government to work together as Government to turn the situation around. Through providing service delivery and eradicate poverty.

We are therefore reminded of the previous President's State of the Nation Address, when he said "Our goal is clear. We want to have a Country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy and where the quality of life is high". This has not yet been fully achieved as yet but gradually working together as Government nothing can hinder us in doing more with the scarce resources we have.

The adjustments budget of Umuziwabantu Municipality consists of the following:

Capital Adjustments Budget R 71 491 834.00

Operating Adjustments Budget R 168 757 932.19

TOTAL R 240 249 766.19

In view of the aforementioned, the following table is a consolidated overview of the 2017/2018 Adjustment Budget:

Table 1: OVERVIEW OF THE ADJUSTMENT BUDGET 2017/2018

ADJUSTMENT BUDGET SUMMARY (ADJUSTMENTS TO BUDGET ASSUMPTIONS)

<u>Description</u>	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>%Increase/Decrease</u>
	<u>R'000</u>	<u>R'000</u>	
Operating Revenue	161 345	168 758	5%
Operating Expenditure	161 345	168 758	5%
Surplus/Deficit	0	0	
Transfers capital	79 112	71 492	-10%

In overall Operational budget has been increased by 5% and Capital budget has been decreased by 10%, the contributing factors of these movements are stated below.

2.1 OPERATING REVENUE FRAMEWORK

Table 1: Overview of major Adjustments revenue by items

MAJOR MOVEMENTS IN OPERATING REVENUE				
Description	Original budget	Adjustment budget	Differences	% increase/decrease
Property rates	15 081 432.00	23 650 986.74	8 569 554.74	57%
Interest on investments	7 416 084.00	9 416 084.00	2 000 000.00	27%
Tender documents	300 000.00	400 000.00	100 000.00	33%
Library grants	582 996.00	770 996.00	188 000.00	32%
Ugu Disaster grants&roll over	317 162.50	899 003.00	581 840.50	183%
Roll over:Small Town grants	-	3 301 224.00	3 301 224.00	3301%
TOTAL	-	-	14 740 619.24	

Honourable Speaker; we can confirm without any equivocation that no effort was spared in making sure that compilation of this budget was executed in a manner which complies with the relevant provisions of the MFMA and budget related regulations.

The increase /decrease in revenue are mainly due to the following reasons:

- Interest on Investments: Increased by 27% which impacted on the original approved budget from R 7.4million to R 9.4 million. This is as a result of the performance of short term investment of the municipality as at 31 December 2017 from external financial service providers.
- Property rates: Increased by 57%. This is as a result of the new valuation roll which was not taken into account during the original budget.
- Tender documents: Increased by 33% which impacted on the original budget from R 300 000 to R 400 000.Due to six months performance.
- Library grants: Increased by 32% as a results of amended provincial Gazette
- Ugu Disaster and Small Town has increased or budgeted for as a results of roll overs from previous year.

2.2 OPERATING EXPENDITURE FRAMEWORK

Table 2: Overview of expenditure per category

MAJOR MOVEMENTS IN CAPEX EXPENDITURE				
Description	Original budget	Adjustment budget	Differences	% increase/decrease
Depreciation	10 868 976.00	13 868 976.00	3 000 000.00	28%
Rebates	-	3 573 979.45	3 573 979.45	3576%
Conference and Seminnar	469 104.00	769 104.00	300 000.00	64%
Maintenance Building&Facilities	1 668 336.00	1 318 336.00	-350 000.00	-21%
Pound maintenance	360 000.00	-	-360 000.00	-100%
System Development(MSCOA)	500 000.00	2 000 000.00	1 500 000.00	300%
TOTAL	-	-	7 663 979.45	

The increase /decrease in expenditure are mainly due to the following reasons:

- Depreciation has increased due to the actual expenditure that was reflected in the Annual Financial Statements for 2016/2017 financial year
- Rebates was erroneously not budgeted for in the original budget
- Conference and Seminnar has increased by 64%.Due to past six months performance.
- Maintenance Building&Facilities:Decreased by 21% .Due to the fact that R 350 000 has been moved to the Capital budget to purchase required assets.
- Pound maintenance budget has been moved from operating to capital budget
- System Development votes increased due to MSCOA implementation and six months performance.

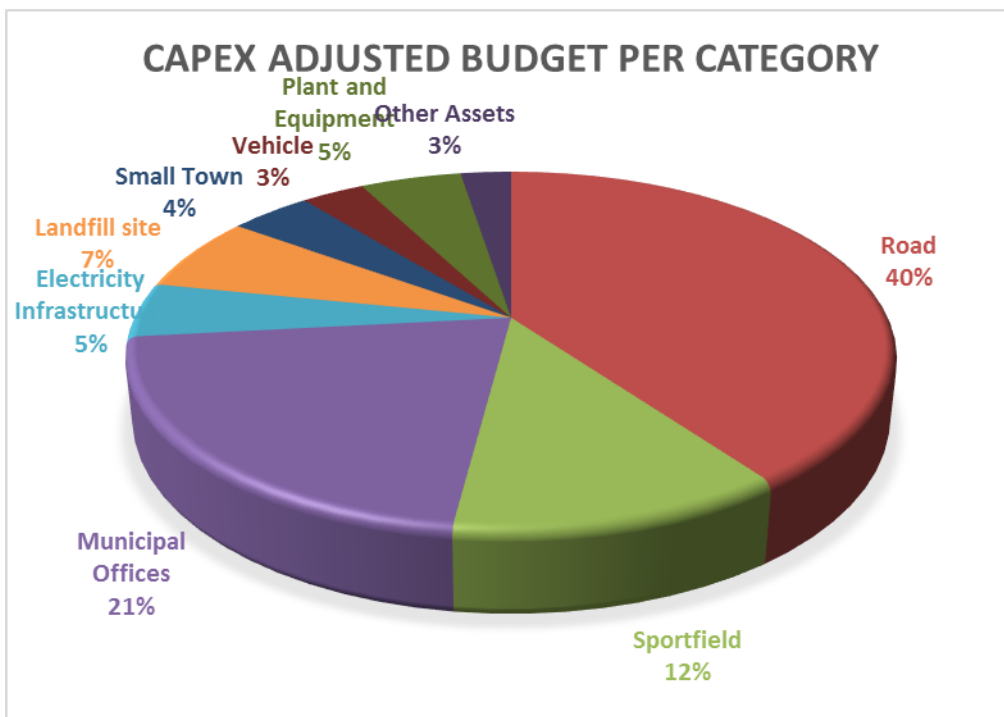
3: Overview of expenditure for special programmes

There were no major movements under special programmes

2.3 CAPITAL EXPENDITURE FRAMEWORK

Table 3: Overview of the capital budget per category

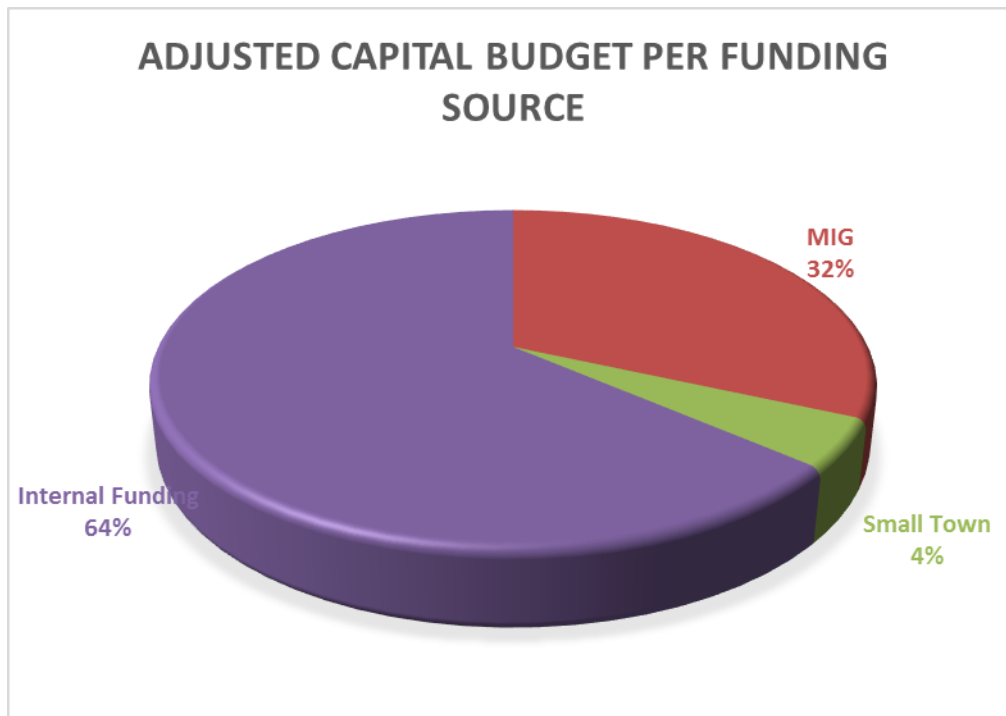
MAJOR MOVEMENTS IN CAPEX EXPENDITURE				
Description	Original budget	Adjustment budget	Differences	% increase/decrease
Road	30 000 000.00	28 250 012.00	-1 749 988.00	-6%
Municipal Offices	25 000 000.00	15 000 000.00	-10 000 000.00	-40%
Electricity Infrastructure	2 980 000.00	3 479 996.00	499 996.00	17%
Landfill site	3 550 750.00	4 800 752.00	1 250 002.00	35%
Small Town	2 921 224.02	3 301 224.00	379 999.98	13%
Vehicle	1 400 000.00	2 250 004.00	850 004.00	61%
Plant and Equipment	3 310 000.00	3 609 996.00	299 996.00	9%
Other Assets	600 000.00	950 000.00	350 000.00	58%
TOTAL	-	-	-8 119 990.02	



2.4 Detailed capital expenditure

The increase /decrease in expenditure are mainly due to the following reasons:

- Infrastructure assets: Decreased by 6% when compared to the original budget.
- Municipal Offices budget has been reduced due to the fact that major spending in this project will commence in the next financial year
- Community facilities has been increased due to the Land fill site expenditure results for the past six months.
- Electricity infrastructure has been increased by 17% when compared to the original budget.
- A new fire vehicle has been budgeted for in the adjustment budget as a results of its urgent needs.
- Other assets has been increased due to some funds that has been moved from operational budget to fund those particular capital assets: ie Tower clock and sound system.
- Weigh bridge vote has been moved from operational to capex due to its nature



2.5 Funding sources for capital expenditure and budget remarks

Capital expenditure is funded by Municipal Infrastructure grant of R22.5 million, Small Town Rehabilitation Grant of R 3.3 million and R 48 million Internal Funding which coming from our cash backed reserves as well as equitable share.

We are convinced that through our collective wisdom and unity of purpose; we will be able to achieve the impressive ambitions that are demonstrated in this adjustment budget.

Recommendation:

Honourable Speaker I table this report to Council for noting and further recommending that:

- Adjustment Budget for 2017/2018 financial year be approved as per MFMA and budget regulation.

I THANK YOU

