



2022/2023 DRAFT BUDGET

OF

UMUZIWABANTU MUNICIPALITY

MAYOR'S SPEECH

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SPEECH DELIVERED BY THE HONOURABLE MAYOR, CLLR LS ZUNGU ON THE OCCASION OF THE TABLING THE DRAFT BUDGET FOR THE YEAR 2022/2023 HELD ON THE 29TH OF MARCH 2022, AT THE MUNICIPAL COUNCIL CHAMBER

Honourable Speaker.

Deputy Mayor.

Members of the Executive Committee.

Councillors.

Amakhosi.

Municipal Manager.

Senior Managers and officials.

Members of the Community present.

Ladies and gentlemen.

Greetings and thank you for affording me the opportunity to present the draft budget for the year 2022/2023 to you.

Honourable Speaker I present to this council this draft budget in terms of the Municipal Finance Management Act which prescribes that the draft budget for the year must be tabled to Council 90 days before the start of the new budget year, i.e., no later than 31 March each year.

The draft budget I present today is scheduled in the format that is prescribed by legislation. In this regard, this draft budget sets out realistically anticipated revenue for the budget year from each revenue source; and appropriates expenditure for the budget year under the different votes of the municipality

Honourable Speaker, without any further ado, allow me to present to this esteemed house through some key highlights from our draft 2022/2023 budget.

1. BUDGET OVERVIEW

Ladies and gentlemen, the Medium-Term Expenditure Framework proposes a total budget of R 347 million for 2022/2023 financial year. It appropriates a total operating expenditure of R 294 million and capital expenditure of R 53 million.

When compared to the 2021/2022 adjusted budget, the total operating revenue for the 2022/2023 financial year has increased by 23%. This is a result of an increase in allocation for the housing grant in the gazetted grants allocation for the municipality, as well as Electrification grant and Corridor development grant, which is a new allocation. For the two outer years, operational revenue has however increased by 4% and 4.5% when compared to 2021/2022 financial year including grant allocations that has been gazetted.

In terms of the total operating expenditure for the 2022/2023 financial year, the overall expenditure has increased by 21% when compared to the 2021/2022 Adjusted Budget. This is due to housing grant, COIDA, Rehabilitation of Landfill, the increase is also due to the Electricity Grant which is gazetted. There is also an increase of 4% and 4.5% for the outer years when compared to the adjusted budget for 2021/2022 financial year.

Meanwhile the Capital budget for 2022/2023 has increased by 13% when compared to the 2021/2022 adjusted budget. This increase is due to the additions allocated for this new financial year i.e., corridor development, Low bed, Tipper Truck, vehicle, and a grader.

2. OPERATING REVENUE

Honourable Speaker, in order for the municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In this

regard, the operating revenue in our budget reflects sources from which the municipality derives the revenue for financing its operations.

Therefore, our 2022-2023 revenue budget includes the following:

- R110 541 000 (R110m) from the Equitable Share
- R46 922 835 (R46,9m) from Electricity
- R37 498 000 (R37,49m) from Housing Grant
- R27 600 00 (R27,6m) from Property Rates
- R26 163 000 (R26,1m) from Municipal Infrastructure Grant (MIG)
- R15 919 000 (R15,9m) from Electrification Grant
- R14 215 021 (R14,25m) from the Interest on Investment, to mention a few.
- R2 845 540 (2,8m) from Refuse Removal

The above illustrates that transfer-recognised operational remains the largest revenue source, follows by electricity service charges, property rates are the third and fourth largest source is the interest on investments and the fifth one is revenue from refuse removal.

Ladies and gentlemen, I must highlight that the municipality has not increased property rates, due to the forever increasing of the debtor's book as a result of non-payments. The municipality has also introduced a rebate for Industrial (Rural) from 0%-55%, as well as a decrease on the monthly charge of interest on outstanding debtors from 18% to 11% (market related change).

3. OPERATIONAL EXPENDITURE

Honourable Speaker, the expenditure framework for the 2022/2023 budget is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit
- Funding of the over the medium-term as informed by Section 18 and 19 of the MFMA,

- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

Employee Related Costs

Ladies and gentlemen, the operational budget the allocation for employee related cost for the 2022/2023 financial year amounts to R98 million. However, the municipality is still waiting for SALGA, to apply the correct percentage increase in salaries.

In terms of the cost associated with the remuneration of councillors, the municipality is waiting for the determination by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998(Act 20 of 1998).

Other allocations in our expenditure budget include the following:

- Bulk Purchases allocation of R47,8m
- Repairs and Maintenance- R12,6m
- Depreciation - R20m
- Electrification – R15,9m
- Housing - R37,49m
- Caucus Fund - R414 032,00
- General Expenses - R61,3m

Special Programmes

Honourable Speaker, promoting social and economic development is one of objects of local government enshrined in the Constitution of the Republic and as municipalities we must make reasonable budget allocations towards this course. To fulfil this constitutional mandate, in the 2022/2023 budget we have made the following allocations towards Local Economic Development and Special Programmes:

PROGRAMME	BUDGET
LED Support	R2 750 000 (R2,7m). A remarkable increase as the allocation was R1,4m in the 2021/2022 adjusted budget
Youth Programmes	R658 398.00
Sports Development	R212 400.00

Arts and Culture	R171 702.00
Gender	R163 452.00
HIV/AIDS	R119 040.00
Senior Citizens	R114 060.00
People with Disabilities	R70 572.00
Heritage Support	R60 000.00 In the 2021/2022 the allocation was R35 841.00
Religious Support	R35 841.00

Ladies and gentlemen, we are resolute that with these allocations we will be able to continue making significant strides towards fighting poverty and employment and advancing the empowerment of women, youth, people with disabilities and all vulnerable groups in our communities.

4. CAPITAL EXPENDITURE

Honourable speaker, on Capital Expenditure we have made the following allocations:

CAPITAL EXPENDITURE	BUDGET 2022/2023
Roads Infrastructure	13,809,290
Buildings (Municipal Buildings)	3,000,000
Low bed	3,500,000
Corridor development grant	4,600,000
Community Facilities (Sportsfield, Cemetery, Community halls)	16,045,561
Electricity Infrastructure	1,000,000
Computer & Office Furniture	2,840,000
Machinery and Equipment	3,600,000
Other assets	5,200,000
TOTAL	53,594,851

Overall, our Capital Budget is R53 million, which is comprised of MIG funding of R26 million, Corridor grant of R 4.6 million and internal generated funds of R 21.8 million funded internally from our cash backed.

5. CONCLUSION

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

Despite this being our first budget as this new council, we remain resolute that the budget I present today precisely encapsulates the needs of our communities that were expressed by the people through various public participation mechanisms and captured in our IDP.

And in the next few weeks, the municipality will also embark on IDP/Budget Roadshows as part of the public participation programme to afford our communities an opportunity to make their inputs on the budget and IDP before the final approval by this council.

Ladies and gentlemen, I am confident that through our collective wisdom and unity of purpose; we will be able to make a significant progress towards improving service delivery and provide a better life for our people.

6. RECOMMENDATION:

Honourable Speaker I hereby table the draft budget to this Council and further recommend that:

- The Draft Budget for 2022/2023 financial year be approved as per MFMA and budget regulations.

I THANK YOU