



2023/2024 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 2023/2024 HELD ON THE 29TH OF MARCH 2023, AT THE MUNICIPAL COUNCIL CHAMBER

Honourable Speaker.

Deputy Mayor.

Members of the Executive Committee.

Councillors.

Amakhosi.

Management team and officials.

Members of the Community present.

Ladies and gentlemen.

Sanibonani, and thank you for affording me the opportunity to present the draft budget for the year 2023/2024 to you.

Honourable Speaker I present to this council this draft budget in terms of the Municipal Finance Management Act which directs the Mayor of a Municipality to table the draft budget of the next financial year to Council 90 days before the start of the new budget year, i.e., no later than 31 March each year.

Therefore, 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 2023/2024 budget.

1. BUDGET OVERVIEW

Ladies and gentlemen, the Medium-Term Expenditure Framework proposes a total budget of **R 312 million** for 2023/2024 financial year. It appropriates a total operating expenditure of **R 268 million** and capital expenditure of **R 44 million**.

Total operating revenue has increased by R181 000 for the financial year of 2023/2024 when compared with the 2022/2023 adjusted budget year. This is due to the limited revenue that we have, as well as the electrification grant that has been massively reduced in allocation. Furthermore, the municipality has not received the Corridor grant this year, which is also one of the contributing factors to reduced revenue.

Total operating expenditure for the year 2023/2024 has increased by 1.5% when compared with 2022/2023 Adjusted Budget, and this is due to the cost cutting measures that has been applied as our resources are extremely limited.

The Capital budget of R 44 million for the year 2023/2024 has decreased by 22% when compared with 2022/2023 adjusted budget. This decrease is due to the limited resources that is allocated for this new financial year as alluded above, as well as our cash backed funds which are gradually decreasing on a yearly basis.

2. OPERATING REVENUE

In terms of the operating revenue, transfer-recognised operational remains the largest revenue source with the total sum of R163 561 million, while own revenue sits at R84 037 789.

3. OPERATIONAL EXPENDITURE

Employee Related Costs, Dept Impairment and Depreciation Of Assets

On operational expenditure, the total budgeted allocation for employee related cost for the 2023/2024 financial year amounts to R106 million. However, the municipality is still waiting for SALGA, to apply the correct percentage increase in salaries.

In relation to the remuneration of councillors, R11 541,200 has been allocated in this budget.

- For Bulk purchases, the allocation is R50 861, 763
- Contracted Services – R36 781,914
- Debt impairment - R3 300,000
- Depreciation - R25 755, 484
- Repairs and Maintenance - R14 092, 944,
- And the Caucus fund has an allocation of R514 032,00, to mention a few other operational expenditure items.

SPECIAL PROGRAMS AND LOCAL ECONOMIC DEVELOPMENT

Honorable Speaker, for the advancement of social and economic development in Umuziwbantu, the allocation for Special Programs and Local Economic Development has increased by 4% in the 2023/2024 budget when compared with the 2022/2023 adjusted budget.

In this regard, allocations for LED, Youth Development and Special Programs are as follows:

Programme	Allocation
People with Disabilities	259 608
Gender	539 176
Arts and Culture	137 000
HIV & AIDS	409 495
Senior Citizens	384 060
Youth	584 232
Mayoral and Salga Games	1 402 502
Study Assistance and Back to School	970 338
Heritage Support and Isibaya Samadoda	110 000
Gospel Music Competition	50 000
Rights Of a Child	79 732
LED Projects	2 150 000
TOTAL	7 580 875

Ladies and gentlemen, with these allocations the municipality will be able to intensify efforts for 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, under Capital Expenditure allocations are as follows:

CAPITAL BUDGET FOR THE YEAR 2023/2024	AMOUNTS
Computer software's	R 220,000.00
Office Furniture and Equipment	R 535,300.00
Lightning conductor	R 500,000.00
Disaster Grant	R 11,462,000.00
Fencing - Aerodrome	R 50,000.00
Municipal Offices	R 1,500,000.00
Circuit breaker	R 500,000.00
Escavator	R 2,500,000.00
Stafford Street	R 600,000.00
Mhlwazini Acces road	R 1,022,104.26
Harding Sportsfield - MIG	R 9,329,240.52
Harding Sportsfield - Internal funds	R 585,233.82
Construction of Mazekhele Hall	R 9,775,824.77
Construction of Fantini road	R 4,490,980.45
Upgrade of Field Street # Professional fees	R 300,000.00
Enduvini and Edolopini access road # Professional fees	R 300,000.00
Emazibukweni to Kwashabane access road # Professional fees	R 300,000.00
Construction of Access road at C - Professional fees	R 300,000.00
Total Capex	R 44,273,383.82

Therefore, our overall Capital Budget is R44 million, which comprised of MIG funding of R25 million, Disaster grant of R13.5 million and internal generated funds of R4.8 million which is funded internally from our cash backed reserves.

The total capital budget decreased by 22%, the contributing factors are due to cost containment measures as well protecting our cash backed reserves, which have already shown a decline when compared with the previous years.

Cash and Cash equivalents

In terms of cash and Investments the closing balance as of 28 February 2023 the balance is R 97 470 154. The balance has been decreasing year on year on average by 10% for the past four years.

5. CONCLUSION

As I conclude Honourable Speaker, I want to emphasize to this house the importance of exercising fiscal discipline and restate the need for ensuring sound management of municipal finances and all the resources at our disposal.

The dire state of the country's economy and the decline of our cash back reserves constrain our resources while the demand for service keep rising.

Under the circumstances we ought to do more with less and strive for the delivery of services to our communities effectively, efficiently, and economically.

Nevertheless, we remain resolute that the draft budget that I table before you today precisely encapsulate the needs of our communities that were expressed by the people through various public participation mechanisms and captured in our Integrated Development Plan.

Last but not least, I am pleased to announce that starting from next week the municipality will be visiting communities as part of the IDP/Budget Roadshows.

This public participation program will provide community members and stakeholders an opportunity to make their inputs on this draft budget before its final approval by this council.

We look forward to these all-important engagements, and I implore everyone one of us to encourage our communities to participate in this process.

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 all people of Umuziwabantu.

6. RECOMMENDATION:

Honourable Speaker I hereby table the 2023/2024 draft budget of Umuziwabantu Municipality, and further recommend that Council approves this draft budget as per the MFMA and the applicable budget regulations.

I THANK YOU