

**SPEECH DELIVERED BY THE HONOURABLE MAYOR, CLLR LS ZUNGU,
ON THE OCCASION OF TABLING OF THE FINAL BUDGET FOR THE YEAR
2023/2024 HELD AT THE COUNCIL CHAMBER ON TUESDAY, 30 MAY 2023.**

Honourable Speaker

Deputy Mayor

Council Whip

Amakhosi

Members of the Executive Committee

Councillors

Municipal Manager

Senior Managers and officials

The media

Distinguished guests

Ladies and Gentlemen

INTRODUCTION

It gives me a great pleasure to stand in front of you to present to this august house the Final Budget for the year 2023/2024 as directed by Section 24(1) of the Municipal Finance Management Act.

The budget I present today is appropriately aligned with the Integrated Development Plan and is in tune with the realities presented by the volatile socio-economic circumstances prevalent in our society. It is a budget that sets out

realistically anticipated revenue for the budget year and appropriate expenditure. For this reason, I am pleased to announce to this august house that the budget for the 2023/2024 financial year is indeed a funded budget, which on its own gives us certainty that the expenditure outlined in this budget will be implemented without any foreseeable hindrances.

STATE OF THE ECONOMY

Fellow compatriots, this 2023/2024 budget is presented during a dire state of the economy which has been occasioned by a number of reasons.

The impact of Covid-19, July unrests, the recent floods, sustained load shedding and the ever-increasing fuel prices are still having a profound impact on prospects for economic growth. And unprecedented interest rate hikes exacerbate the situation.

Therefore, it is imperative that in these tough economic times we deepen our efforts in ensuring strong revenue management and strict adherence to financial management policies for us to maintain the financial sustainability of the municipality.

More than ever, we must inculcate the culture of doing more with the little resources that we have at our disposal, without the compromising the quality of the services that we deliver to our communities.

RECENT SERVICE DELIVERY ACCOMPLISHMENTS

Ladies and Gentlemen, I am pleased to announce that despite the dire state of the economy and all the challenges that continue to complicate our operating environment, our municipality continues to implement its service delivery programme seamlessly and according to plan.

In the past few months, we have completed and handed over to our communities infrastructure projects which will go a long in transforming the living conditions in our communities, both in urban and rural areas of Umuziwabantu. These include:

- The State-of-The-Art Ngele Community Hall
- Phumza Sports Field
- Harding Cemetery
- And Several LED Projects benefiting several young men and women of Umuziwabantu

I am also particularly pleased with the progress that contractors are making many other projects that are currently underway. As a result, I am confident that in the next few months, projects such as Gayiga-Nyawo Access Road, and Mhlwazini Bridge will be completed and handed over to the communities.

Honourable Speaker, the Auditor General recent audit report reaffirmed that the municipality continues its impressive effort to ensure sound and sustainable management of its financial affairs.

Despite the challenges in our operating environment, we have once again

attained an unqualified audit outcome for 2021/2022, this time with fewer matters when compared to the previous audit.

Critically, as confirmed by AG, the municipality continues to handle its financial affairs impressively, and our current cash coverage tells us that with the existing cash we can be able to run the municipal operations for up to 5 months, which far exceeds the norm set by Treasury.

In this regard, I am pleased to announce to this house that in terms of our cash position, in our Primary Bank Account currently we have R6 752 132.84 (R6,7million). While the balance in our Investment Account is R133 532 130.32 (R133,5million). This makes a total of R140 284 263,16 (R140,3million).

THE 2023/2024 BUDGET

Honourable Speaker, the Medium-Term Expenditure Framework proposes a total budget of R 318.6 million for 2023/2024 financial year. It appropriates a total operating expenditure of R 271.4 million and capital expenditure of R 47.1 million.

When compared with the 2022/2023 adjusted budget, in the 2023/2024 budget the Total Operating Revenue has decreased by R 2.5 million. This is due to our limited revenue generation capacity, the massive reduction in Electrification Grant, and the fact that the municipality has not received the Corridor Grant this time around.

For the two outer years, operational revenue has been increased by 5% when with compared to 2022/2023 financial year including grant allocations that has been gazetted.

The R271 million in Total Operating Expenditure for the year 2023/2024 represents a 3% increase when when compared with 2022/2023 Adjusted Budget. The increase is due to the cost cutting measures that have been applied as our resources are extremely limited. For the two outer years, the Operating Expenditure has increased by 5% when compared to the 2022/2023 adjusted budget.

In terms of the Capital budget, the R 47 million for the year 2023/2024 represents a decreased of 18% 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.

OPERATING REVENUE FRAMEWORK

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 the 2023/2024 budget comprised the following:

Source	Amount (Millions Rands)
Equitable Share	117 131,000

Electricity Service Charges	40 292,145
Municipal Infrastructure Grant (MIG)	27 173,348
Rates	27 713,348
Disaster Recovery Grant	13 562,000
Interest on Investment	6 575,784
Refuse	2 945,146
Arts & Culture (Provincial Library)	1 950,000
Financial Management Grant	1 850,000
Traffic Licensing	1 555,079
Expanded Public Works Program (EPWP)	1 155,000
Electrification Grant	640,000 (down from R15,9m)
Total	244 912,000 (R244,9m)

This tells us that the transfer-recognised operational remains the largest revenue source, followed by electricity service charges, property rates, interest on investments and refuse removal.

OPERATING EXPENDITURE FRAMEWORK

Honourable Speaker, the operating expenditure budget is a vital component of our municipality's financial management, as it outlines the necessary expenses to maintain the day-to-day operations of our municipality in pursuit of our mandate and strategic objectives.

Therefore, in the 2023/2024 municipal budget operating expenditure includes the following allocations:

- Salaries and Wages : R106 154, 000 - (R106m)
- Bulk Purchases : R 49 276, 350 -(R49,2m)
- Contracted Services : R 41 810,000 -(R41,8m)

- Depreciation : R 25 873 084 - (R25,8m)
- Repairs and maintenance: R17,692 944 (R17,6m)
- Caucus Fund : R 650 000

Also under the operating expenditure we have allocated an amount of R1 940 000 for the electrification of 251 houses in KwaMazakhele.

SPECIAL PROGRAMMES, YOUTH DEVELOPMENT AND LOCAL ECONOMIC DEVELOPMENT

Honourable Speaker, operating expenditure is one of the strategic instruments utilised by our municipality to confront the inequalities that remain imbedded in our society 29 years after we have earned our freedom and democracy.

Even this around, no effort was spared to ensure that this budget appropriately allocate sufficient resources towards special programmes as the municipality ought to embark on initiatives that are designed to make a lasting impact in our communities and transform our society.

Against this background, Ladies and Gentlemen, I am pleased to announce the following allocations towards special programmes to advance the social and economic development of all vulnerable groups in Umuziwabantu.

PROGRAMME	ALLOCATION
People with Disabilities	259 620
Gender	298 800

Arts and Culture	212 892
HIV/AIDS	490 080
Senior Citizens	244 056
Rights of a Child	59 532
Heritage Support	110 004
Religious Support	84 840
Pauper Burial	50 000

Local Economic Development

Honorable Speaker, if we are to successfully deal with the triple challenge of poverty, unemployment and inequality we must ensure that our people benefit from the economic opportunities that exist around them.

For this reason, this budget allocates a sum of R2 400 000 (R2,4m) to Local Economic Development promotion. With this allocation, and working in tandem with sector departments, our municipality aims to unlock local tourism potential, attract investors, and scale up support for local SMME's in both formal in informal sectors of our economy.

Youth Programmes and Sports Development

Under youth development, the 2023/2024 budget allocates R2,005,608.00

(R2m) which will enable u to forge ahead with programmes for the empowerment of the youth of Umuziwabantu, including those from destitute background. Programmes funded under youth programmes include:

- Registration Fee Assistance Programme – benefiting at least 110 first year undergraduate students.
- Advanced Business Training Skills – targeting 110 beneficiaries.
- Learners and driving licenses – for 88 beneficiaries.
- School Uniforms for 110 learners
- Matric Excellence Awards
- And a Career Exhibition, to mention a few youth development programmes to be undertaken in the 2023/2024 financial year.

For Sports Development, an amount of R1 319 319 (R1,3m) has been allocated for initiatives that will unearth and develop young talent in various sports codes.

CAPITAL BUDGET SUMMARY

Honourable Speaker, our overall capital budget of R47million for the 2023/2024 financial year is funded as follows:

- R25million from MIG grant,
- R13 Disaster Grant, and
- R7,7million from internal generated funds; our cash backed reserves.

CAPITAL EXPENDITURE BUDGET

The Capital expenditure for the next financial year includes the following allocations.

PROJECT	BUDGET
Stafford Street	1 600 000 (R1,6m)
Mhlwazini Access Bridge	1 022 104

Harding Sportsfield	9 325 440
Construction of Mazakhele Community Hall	9 775 825.77
Construction of Fantini Road	4 490 980.45

Ladies and gentlemen, I am also pleased to announce that in this budget we have also made an allocation of R2 400 000 (R2,4m) for the acquisition of an Excavator. This is vital for the enhancement of our road maintenance programme to ensure the improved state of access roads in all our rural areas.

CLOSING REMARKS

Honourable Speaker,

In conclusion, it would be a gross injustice if I do not express my gratitude to you fellow councillors and Amakhosi for your support and commitment in ensuring that we eventually table this draft budget to this esteemed council.

My commendations go out to the Municipal Manager, the entire management team, and staff for all the hard work put in preparation for this budget. Your effort is well acknowledged and appreciated.

More importantly, a word of gratitude to the community of Umuziwabantu who continue to support and assist us with their valuable input during the public participation programmes which made the preparation of this budget a success.

As this council, we remain resolute, that indeed we will deliver on the expectations of our people, and successfully implement the service delivery

programme that addresses their needs.

I THANK YOU