



**2023/2024 ADJUSTMENT 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 ADJUSTMENT BUDGET FOR  
THE YEAR 2023/2024 HELD ON THE 26<sup>th</sup> of FEBRUARY 2024, AT THE  
MUNICIPAL COUNCIL CHAMBER**

**Honourable Speaker.**

**Deputy Mayor.**

**Council Whip**

**Members of the Executive Committee.**

**Fellow Councillors.**

**Amakhosi.**

**Municipal Manager and All Officials**

**Members of the Community present.**

**The Media**

**Ladies and gentlemen.**

Greetings to you all. Sanibonani.

**1. INTRODUCTION**

Honourable Speaker, it is my honor and duty to table before this esteemed council the adjustment budget for adoption. On the 24<sup>th</sup> of January 2024, I had the privilege of presenting to this council the mid-year budget and performance report of our municipality. In that comprehensive report, we collectively reviewed the progress made and the challenges encountered by Umuziwabantu Municipality in the first half of the current financial year.

The report further outlined in clear terms the need to make some adjustments to the original budget due to major revenue amendments as well as expenditure changes in the municipality's budget, driven by municipal performance.

The first half of the year has been marked by a confluence of challenges that have had a profound impact on the country's economy. Chief among these challenges are; weak economic growth, persistent power cuts, the weaker rand, decelerating household expenditure, and the geopolitical tensions between Ukraine and Russia which have led to significant hikes in fuel and food prices. These challenges have had a direct impact on the ability of households to pay for municipal services, putting a serious strain on our municipality's finances.

Also, in the first half of the current financial year, our municipality has had to contend with the impact of heavy rainfall that has damaged people's houses and left our roads in a dire state.

We have witnessed persistent power outages frustrating residents and businesses alike in Harding and surrounding areas due to the aging electricity infrastructure.

And social ills such as poverty, unemployment, crime, and substance abuse continue to wreak havoc in our communities.

Ladies and gentlemen, these issues have a profound impact on the well-being of our community and require a concerted effort to address them effectively.

In light of these challenges, this Adjustments Budget has been carefully crafted to address the pressing needs of our community and maintain the sustainable financial status of our municipality.

Honorable Speaker, today I present to this house the Adjustments Budget of R 336 112 203, which consists of a Capital Adjustments Budget of R 46 808 202, and an Operating Adjustments Budget of R289 304 001.

## **2. OPERATING ADJUSTMENTS BUDGET**

In this adjustments budget, the Operating Revenue has been increased by 1% when compared with the original budget. Factors contributing to this change include:

- The interest on investment increased by R 1.5 million, and
- Penalties have been increased by R 1.9 million when compared with the original budget, due to the six months past performance.

The total Operating Expenditure has been increased by 7% when compared with the approved budget. Causes of this major movement in operating expenditure include:

- Road maintenance which has been increased by R 3 000 000.00 when compared with the original budget.
- Wet fuel has increased by R1 050 000.00.
- External computer system has increased by R 2 000 000.00
- Depreciation has been increased by R 4 200 000.00
- Insurance premium has increased by R 1000 000.00
- Inventory consumed electricity materials has been increased by R 1 000 000.00
- Salga membership and subscription has been increased by R 1 200 000.00
- And Disaster Management Recovery has increased by R 750 000.00. This allocation is to build temporal structures for victims whose homes were completely destroyed by the December and January incidents.

### **Salaries and Allowances (Adjustments to Councillor Allowances and employee benefits)**

Under salaries and allowances, no adjustment has been made for employee-related costs as well as for the Remuneration for the Councillors when comparing with the original budget since the municipality believes that the original budget will be sufficient to cover the upper limits for Council Remuneration Salary that will be gazetted by SALGA.

### **Depreciation & Asset impairment**

Depreciation has been increased by R 4,2 million, and this is attributed to previous AFS performance and planned capital to be purchased as well as already purchased capital programs.

### **Repairs and Maintenance**

For repairs and maintenance, the municipality has decided to increase the budget for road maintenance by R 3 million.

### **Contracted Services and Other Expenditure**

Contracted services have been increased by 6% when compared with the original budget, which is due to the past six months' performance.

### **Special Programmes, Youth, and Local Economic Development**

For special programs, youth, and Local Economic Development, I am pleased to announce an increase of R 2 million when compared with the original budget, which will go directly to helping advance programs for vulnerable groups and supporting initiatives that are designed to fight poverty and unemployment in our communities.

The increases made include:

- R430,000 for Sports Development,
- R155,000 for Arts and Culture,
- R140,000 for People with Disabilities,
- R120,000 for Heritage Support,
- And the R660,000 for Local Economic Development, allocated for
  - scaling up support to local SMMEs,
  - planning Business Exhibition earmarked for April,
  - and organizing the launch of the local tourism Association.

These adjustments underscore our commitment to the holistic development of our municipality, ensuring that no sector is left behind. By investing in our special programs, youth, and economic development, we are investing in a brighter future for all residents of Umuziwabantu.

### **3. CAPITAL ADJUSTMENTS BUDGET**

Honourable Speaker, our overall Capital Budget is R46 million, funded by MIG funding of R 24 million, R 13.5 million from disaster funding, and R9.1 million from internal funds. MIG funding has been reduced by R 1.8 million in alignment with the revised Division of Revenue.

In terms of our capital expenditure, I am pleased to report that we have been able to increase allocations for several key capital projects. These include:

- R1.5 million increase for the construction of Mangashuza Road,
- R2.775 million for the Mhlwazini Access Bridge,
- R2 million increase for the Harding Sportsfield.
- And we have also allocated an additional R399,000 for circuit breakers to help reduce power outages and stabilize the electricity supply in Harding, just to highlight a few capital projects that have received a substantial boost in this adjustments budget.

#### **4. HIGHLIGHTING PROGRESS TO DATE**

Honorable Speaker, in the first half of the year, we experienced slower expenditure than the standard we had set for ourselves, which posed a challenge to our operations.

However, I am delighted to report that we have since made significant progress in various projects. The Mazekhele Community Hall and Stafford Street projects were awarded and work has commenced on the ground. We are also finalizing processes to award for the construction of the Fantini Access Bridge, and Hangwini Access Road projects. These are key milestones in our efforts to improve infrastructure in our municipality.

I am particularly pleased that we are drawing closer to awarding disaster projects, demonstrating our commitment to ensuring the safety and well-being of our residents in times of need.

Honorable Speaker, I am also delighted to announce to this house that the Gayiga-Nyawo Access bridge has been completed and is ready for handover to the commu-

nity of Ward 8. This bridge will improve access for residents and contribute to the overall development of our municipality.

Apart from these infrastructure projects, our municipality has been bustling with activity in other areas of municipal business. We have successfully handed over uniforms to 110 learners, ensuring that they are equipped for the school year irrespective of their background. Additionally, we have provided registration fee assistance to 58 learners, ensuring that education remains accessible to all.

These achievements are a testament to the hard work and dedication of our municipal officials, councilors, and residents. However, we must not become complacent. There is still much work to be done, and we must continue to work together to address the challenges that lie ahead.

## **5. CONCLUSION**

Compatriots, I wish to emphasize that no effort was spared in ensuring that the adjustments budget I present today represents a true reflection of our financial position and adequately addresses the needs of our community.

In compiling this Adjustment Budget, the municipality we have drawn inspiration from the experiences and resilience of our communities. Our residents have demonstrated time and again their ability to overcome challenges and adapt to changing circumstances. It is this resilience that serves as a guiding light as we navigate the complexities of budgetary planning and resource allocation.

The successes that our municipality has achieved in recent times also serve as a source of inspiration and motivation. The unqualified audit opinion by the Auditor General of South Africa speaks to our commitment to transparency, accountability, and good governance.

Additionally, our municipality has been recognized for its excellence in environmental management, receiving the Cleanest Municipality Award. This accolade is a reflec-

tion of our commitment to creating a clean, healthy, and sustainable environment for all residents.

Most recently, Umuziwabantu Local Municipality was honored to receive the Best Financial Sustainability Award at the Municipal Excellence Awards. This award recognizes our municipality's prudent financial management practices and our ability to maintain financial stability and sustainability in challenging economic times.

Before I conclude, I want to take this opportunity and thank all members of this Council, Amakhosi, and the administration for their support and dedication towards making Umuziwabantu Municipality an institution that is committed to addressing the needs of our people.

In the words of struggle icon and former statesman, Nelson Mandela, "It always seems impossible until it is done." Let us approach our challenges with determination and perseverance, knowing that together, we can achieve great things for the people of Umuziwabantu.

In conclusion, I urge all residents of Umuziwabantu Municipality to exercise their democratic right and go out to vote in the upcoming national and provincial elections. Our democracy is precious and hard-won, and it is up to each of us to defend the gains we have made and to continue the journey of transformation that so many before us have fought for.

## **6. RECOMMENDATION:**

Speaker, in the item serving before Council, the recommendations are set out as recommended in the mSCOA ADJUSTMENT BUDGET 2023/2024 FINANCIAL YEAR item. I herewith formally submit recommendations on page 14 of 15 in the Council Agenda, for consideration and approval of the 2023/2024 Adjustments Budget

**I THANK YOU**