



**2024-2025 ANNUAL FINAL 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 OF THE ANNUAL FINAL BUDGET FOR THE YEAR 2024/2025 HELD ON THE 16<sup>TH</sup> OF MAY 2024, 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.

The media

Ladies and gentlemen.

It is with great privilege and responsibility that I stand before you today to present the budget for the fiscal year 2024/2025, especially as we stand on the eve of the National and Provincial Elections.

These elections are not just a routine exercise in democracy; they are a profound testament to the progress we have made as a nation since the dawn of our new era in 1994. On the 29<sup>th</sup> of May, South Africans will once again exercise their fundamental right to choose their government—a right that was denied to the majority of our citizens under the oppressive apartheid regime.

Before the democratic government took over the reins, our country was plagued by deep-rooted inequalities perpetuated by a government that sought to divide rather than unite. Communities were marginalized, resources were unequally distributed,

and opportunities were limited based on the color of one's skin. Critically, basic services were primarily reserved for a privileged few, while the majority of our citizens languished in underdevelopment and poverty.

As we reflect on the significance of the upcoming elections, let us honor and remember all those who fought tirelessly for the liberation of our nation. It is through their bravery and triumph that paved the way for the enactment of the inclusive Constitution that we have today, premised on the will to "heal the divisions of the past and establish a society based on democratic values, social justice, and fundamental human rights."

Guided by the principles of our Constitution, municipalities like ours are tasked with a critical mandate—to be agents of change, and to actively contribute to the transformation of our society. Accordingly, as municipalities we are called upon to redress the imbalances of the past, to promote social and economic development, and to ensure that every citizen has access to basic services and opportunities for growth.

Under the new dispensation, much has been done to transform our society. We have made great strides in redressing the injustices of the past and promoting social and economic development. Access to basic services such as water and sanitation, electricity, healthcare, and education has been expanded to reach more of our citizens. Infrastructure development projects have been initiated to improve the quality of life for all residents.

This progress is visible in Umuziwabantu, where the democratic government has constructed tar roads, provided housing for the less fortunate, ensured access to clean water and sanitation, and connected households to electricity, to mention a few. These are achievements that were once unimaginable, underscoring the profound impact of dedicated leadership and a steadfast commitment to serving the people.

However, this journey has not been without its challenges. The economy has posed significant hurdles, natural disasters have derailed development efforts, and the global COVID-19 pandemic has placed unprecedented strains on our resources and resilience. Despite these challenges, our government remains steadfast in its commitment to advancing the well-being of all its people.

- We are now over 45 days without experiencing load shedding, a testament to our efforts to secure our energy future.
- The economic recovery is well on track amid the challenges posed by Covid-19.
- Furthermore, President Ramaphosa's recent announcement on the National Health Insurance signifies a landmark step towards ensuring access to quality healthcare for all our citizens.

As Umuziwabantu Municipality, I am particularly pleased that we too have turned the tide following the slow pace in capital expenditure at the beginning of the current financial year.

We have moved with speed to appoint contractors, and introduced projects to communities, as we now see progress with construction underway in various wards of our municipality. This includes projects such as the Fantini Access Road, Mangashuza Access Road, Stafford Street, and Mazakhele Community Hall.

Ladies and gentlemen, the budget for the fiscal year 2024/2025, is a budget that has been prepared under challenging economic conditions. Our municipality has faced obstacles such as slow revenue collection, budget cuts from the government, and diminishing internal reserves. These challenges have necessitated a strategic reassessment of our expenditure priorities.

Accordingly, in response to these challenges, the municipality has recently taken a position to prioritize expenditure, focusing on projects and initiatives that will have the most significant impact on our community. While these decisions have not been

easy, they have been made with the long-term sustainability and prosperity of our municipality in mind.

Despite the economic challenges we face, I want to assure the council and our citizens that the projects contained in the 2024/2025 budget will make an immense impact on our community.

These projects have been carefully selected, following extensive public participation, to address the most pressing needs of our municipality and to ensure that we continue to provide essential services to our residents.

Honourable Speaker, without any further ado, allow me to present to this esteemed house some key highlights from our annual 2024/2025 budget.

## **1. BUDGET OVERVIEW**

Ladies and gentlemen, the Medium-Term Expenditure Framework (MTREF) proposes a total budget of R 299 million for the 2024/2025 financial year. It appropriates a total operating expenditure of R 270 million and capital expenditure of R 28 million resulting in a deficit of R46 million.

The deficit of R46 million funded from the previous year's accumulated surplus (reserves) has prioritized capital budget funded internally, the depreciation, asset impairment as well as maintenance of Landfill site. As part of the turnaround strategy of increasing the revenue for the municipality, we should refrain from funding the budget using our reserves, rather utilize the realistically anticipated revenue to be collected as well as gazetted grants for at least three to five years, this will help us to see the improvement in terms of our financial position.

Total operating revenue has increased by 2% for the financial year of 2024/2025 when compared with the 2023/2024 adjusted budget year, 4.6 percent and 9.8 percent cents for each of the respective outer years MTREF. This is due to the limited revenue that we have received also the grants have been reduced, i.e. the

municipality did not receive the Disaster grant as well as the INEP grant, MIG, and FMG grants have been massively reduced in gazetted allocation.

Our overall operational expenditure has decreased by 6%, and we are unable to increase by CPI, due to the cost-cutting measures that have been applied as our resources are extremely limited.

The Capital budget of R 28 million for the year 2024/2025, has decreased by 39% or R 18 million when compared with the 2023/2024 adjusted budget. This decrease is due to the limited resources as well as control that the municipality is trying to implement i.e. refrain from funding the budget with reserves as it strains our financial status, as our cash-backed funds are gradually decreasing every year.

#### **MAJOR DIFFERENCES WHEN COMPARED WITH THE ADOPTED DRAFT FINAL BUDGET**

- **Revenue has increased by R 4 million due to the insurance claim income that has been taken into consideration.**
- **Depreciation has been decreased by R 6 million to R 26 million due to the infrastructure capital that will be bought during the new financial year, however this line item may be revised after the audited Annual Financial Statements**
- **Safeguard and security have been reduced by 4.3 million to strengthen our funding position this line item will be revised during the adjusted budget after the audited Annual Financial Statement that will indicate a true reflection of our cash and investments.**
- **Landfill site has been reduced by R3.5 million to strengthen our funding position this line item will be revised during the adjusted budget after the audited Annual Financial Statement that will indicate a true reflection of our cash and investments.**
- **Operating lease transport has been decreased by R 2.5 million, there is no longer a need for this line-item sine the lease term has been expired.**
- **Operating lease furniture and office equipment has been decreased by R 300 000.00 when compared with the draft budget due to cost cutting measures.**

- **Salga games has been increased by R 787 530 due to the actual amount that has been spent in this current financial year.**
- **Remuneration of ward committee has been increased by R 917 400, due to the actual amount that has been spent in this current financial year, therefore the municipality is trying to be more realistic.**
- **In terms of the capital budget, the municipality has allocated R 2 million for the vehicles to be purchased.**
- **Corner street consultant budget has been put aside to help with the preparation of starting this project that has been long overdue.**

## **2. OPERATING REVENUE**

Honourable Speaker, in terms of the operating revenue, grants transfer-recognized operational remains the largest revenue source with a total sum of R155 454 000.00 (One hundred and fifty-five million, four hundred and fifty-four thousand), while own revenue is R95 561 000.00 (Ninety-five million, five hundred and sixty-one thousand, and five hundred rands).

It is imperative to highlight that in the 2024-2025 total grants have declined by a sum of R 6 190 000.00 (six million, one hundred and ninety thousand) when compared with the 2023-2024 adjusted budget. Major contributing factors in this regard are:

- The Municipal Infrastructure Grant has decreased by R 1.4 million when compared with the adjusted budget.
- Electrification grants, and Municipal Disaster were both not received in this financial year.

An increase of **4.9 percent** is proposed to be affected on Rates Tariffs; a **12.7 percent** increase for electricity tariffs as per MFMA circular 128, Refuse and other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation of **4.9 percent**.

The ability of the municipality to collect outstanding debt has been considered when estimating the cash flows. Therefore, it is imperative that in the coming financial year, we closely monitor our collection, which **is at 58 percent** currently, and relentlessly implement our revenue enhancement strategy to ensure that our municipality remains financially viable and keeps improving.

### **3. OPERATIONAL EXPENDITURE**

#### **Employee Related Costs,**

Ladies and Gentlemen, from our Operational Expenditure, we have allocated a sum of R115 million for employee-related costs including Councillors Remuneration for the 2024/2025 financial year. However, the municipality is still waiting for SALGA, to apply the correct percentage increase in salaries. Currently, the increase in salaries is informed by a 4.9 as per CPI plus 2.5% catered for the notch increase. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs.

#### **REPAIRS AND MAINTENANCE**

For Repairs and Maintenance, we have a budget allocation of R11 558 167 (Eleven million, five hundred and fifty-eight, one hundred and sixty-seven rand). This equates to an increase of 4%, which means we could not meet the required 8% as per Treasury norm as the municipality is operating on a tight budget. However, in the near future, the municipality will make sure that it meets the 8%, as well as 40% in terms of infrastructure renewal. Asset maintenance is pivotal to prevent breakdowns of infrastructure assets and avoid interruptions to service delivery.

#### **SPECIAL PROGRAMS AND LOCAL ECONOMIC DEVELOPMENT**

Honorable Speaker, the significance of Special Programmes and Local Economic Development (LED) initiatives cannot be overstated, as they are fundamental to our vision of an inclusive, prosperous, and resilient community.

Special Programmes play a critical role in addressing the needs of our most vulnerable populations, ensuring that no one is left behind. Similarly, Local Economic Development initiatives are essential for stimulating economic growth, creating job opportunities, and enhancing the quality of life for all our citizens.



It is for this reason that, despite the financial constraints we face, our municipality remains resolute in its commitment to fostering social and economic development in Umuziwabantu. Our budget allocations for Special Programmes and LED reflect this unwavering commitment, providing the necessary seed capital to kickstart and support these crucial efforts. Budget allocations in this regard include the following:

<b>Programme</b>	<b>Allocation</b>
People with Disabilities	151 846
Gender	173 354
Arts and Culture	167 158
HIV & AIDS	30 235
Senior Citizens	132 382
Youth, Study Assistance, and Back to School	593 341
Mayoral and Salga Games	315 389
Heritage Support	92 000
Religious Support	41 936
Rights of a Child	25 813
Salga Games	1 276 736
LED Projects	924 000
Public Participation	896 290
<b>TOTAL</b>	<b>4 820 481 (R4,8million)</b>

It is important to note that these allocations represent **seed capital** contributions towards these essential programmes, as the primary responsibility for these functions lies with our sector departments.

#### **4. CAPITAL BUDGET**

Honorable Speaker, in crafting this budget, we have placed a significant emphasis on the capital budget, recognizing its crucial role in the development and growth of our municipality. Capital expenditure, in particular, is essential for our long-term in-

vestments in infrastructure and services that support economic growth and improve the quality of life for our residents.

Therefore, for the upcoming financial year, our capital budget amounts to R28 million, which comprises the Municipal Infrastructure Grant of R25.4 million, and R3,1 million from Internal Generated Reserves. These funds are allocated to a range of capital projects that are aimed at addressing the diverse needs of our communities.

Ladies and Gentlemen, the capital projects for the 2024-2025 financial year and their budget allocations are as follows:

<b>PROJECT</b>	<b>ALLOCATION</b>
The Harding Sportsfield – MIG	1 545 478,06
Mazakhele Community Hall	5 143 728,65
Construction of Fantini Road	3 839 936,00
Upgrade of Field Street	5 164 221,74
Enduvini Access Road	3 913 957,54
Emazibukweni to KwaShabane Access Road (Professional Fees)	789 501,31
Access Road Kwa-C 1 Road in Ward 1	5 058 426,60
Corner Street (Professional Fees)	300 000.00

The successful implementation of these projects will not only enhance our infrastructure but also create job opportunities, leading to a more prosperous future for all residents of Umuziwabantu Municipality.

## **5. CONCLUSION**

In conclusion, Honorable Speaker, I would like to take this opportunity to thank all councilors, traditional leaders, and the community of Umuziwabantu for their support and dedication. I also want to express my gratitude to the administration for their hard work in preparing a budget that is both funded and realistic. Critically, I want to

thank the entire workforce of Umuziwabantu, for always going above and beyond in ensuring that our municipality continues to deliver quality service to our communities.

As we look ahead to the future, I urge all citizens to exercise their democratic right and go to the polls on the 29th of May. It is crucial that we defend the gains of democracy and elect a government that will continue the work of transforming South Africa, our land.

## **6. RECOMMENDATION:**

Honorable Speaker I hereby table the 2024/2025 annual budget of Umuziwabantu Municipality, and further recommend that Council approves this annual budget as per the MFMA and the applicable budget regulations, as detailed in this Agenda Item.

**I THANK YOU**