

# **ADJUSTMENT BUDGET SPEECH BY EXECUTIVE MAYOR OF MATLOSANA HON. CLLR JAMES TSOLELA DURING COUNCIL MEETING ON 28 FEBRUARY 2024**

Madam Speaker

Fellow Councillors

Municipal Manger

Chief Financial Officer

Acting Directors and Managers

Members of our communities

Madam Speaker we are gathered here this afternoon as a Council to present the mid-year budget review and adjustment as expected by legislation.

This budget adjustment takes place in the year in which South Africa celebrate 30 years of freedom and democracy. In exactly three months from now, the people of our country will vote in the 7<sup>th</sup> democratic elections to give a fresh mandate to the leaders of their choice who will drive the transformation agenda forward in the next five years.

We meet here three weeks after the State of the Nation Address by the president of the Republic His Excellency Cyril Matamela Ramaphosa on 8<sup>th</sup> February and eight days after the State of the Province Address by the acting Premier of the North West Province Honourable Dumile Maloyi on the 20<sup>th</sup> February 2024.

Madam Speaker this has not been an easy journey, having to run a municipality with an unfunded budget. Municipality is in the cold face of service delivery and at the receiving end of all the hardship of struggling economy. When people loses their jobs municipality is the one that suffers the most. Be that as it may there is an English say that “Every cloud has a silver lining”

This council did not wait for its collapse but took a responsible decision to seek for support from Provincial Treasury, and we got allocated two highly qualified and capable Provincial Executive Representatives. We scored ourselves an unqualified audit outcome with our very first audit. We have managed to reduce our irregular expenditure from R467M in 2020/2021 financial year to R274M in 2022/2023, we have also managed to reduce unauthorized expenditure from R586 in 2020/2021 financial year to R370m in 2022/2023 financial year. Madam Speaker we are still having challenges with our fruitless and wasteful expenditure which is constantly rising from R0.30m in 2020/2021 financial year to R233m in the 2022/2023 due to interests, fines and penalties for late payment of Eskom, Midvaal, SARS and auditor general account. We have also dealt significantly with the potholes, cable theft, cable replacement, fixing of major water leaks, sewer spillages, intersections, illegal dumpings and many more service delivery related challenges, however it must be noted that a lot still have to be done but one thing for sure there is a lot of improvement in the service delivery and we remain committed to do more. We must make it clear to our voters that we can more when they pay for their

services. Unfortunately, service delivery is not a chicken and egg scenario, it's clear that we must all pay in full for service delivery to happen. When the consumers do not pay there will never be service delivery.

As we table this adjustment budget, we pledge to leave no stone unturned in our endeavor to better the lives of our communities by accelerating service delivery.

The challenges that still lie ahead are amplified by President Ramaphosa during the recent SONA and allow me to quote him:

***“As we mark the 30th anniversary of our freedom, we are reminded of the words of President Nelson Mandela, who said that after climbing a great hill, one only finds that there are many more hills to climb.***

***He said:***

***“I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come.***

***“But I can rest only for a moment, for with freedom comes responsibilities, and I dare not linger, for my long walk is not yet ended.”***

***While we have come far, we have a long way still to go.***

***Like Madiba, we must keep moving, always forward, always onwards, towards the country of our dreams. Always believing that victory is certain”.***

Madam Speaker, despite the challenges we are going through we have managed to attract more than R30 billion rand investment which will create employment and business opportunities for the community of the City of Matlosana, i.e. building of gas to energy plant to the value of R16bn, Smart City to the value of R10bn, PC Pelsers airport to the value of R12bn, 100 Megawatts power plant by AMEA power and many more. Madam Speaker all these projects are to start during year. We have also signed a deal with INDIA via the Consulate General. We will soon present a detailed report to council about this.

Madam Speaker I mention all this to demonstrate our resilience against all the challenges we are operating under and demonstrate our capacity to turn the tide

Madam Speaker, this Budget Adjustment is prepared in terms of Municipal Budget and Reporting regulation, Government Gazette number 32141 promulgated on the 17th of April 2009.

Section 28 of the Municipal Finance Management Act, 2003 (1) says:

***“A Municipality may revise an approved annual budget through an adjustment budget”.***

I hereby present to Council the 2023/24 budgeted figures versus the actual figures and to obtain Council’s approval to revise the approved 2023/24 Annual Budget through an Adjustment Budget.

Our municipality is in a difficult financial position which culminated over a number of years and requires of us to work together as team beyond our political affiliation. The auditor General has made a call for a culture change and that apply to all of us as political deployees and administration. Currently we have put in place a financial plan to improve revenue collection and the PER have just taken us through a financial recovery plan workshop however the success of these plans relies squarely on the implementation of these plans and financial spending discipline.

Madam Speaker, the application of a sound financial management principle is very essential in ensuring that the Municipality remains viable and sustainable as we provide services to the communities of Matlosana in a sustainable manner.

We have through the budget steering committee made an attempt to accommodate all reasonable request into the final adjustment budget but I wish to inform Council that we are in a financial situation that did not permit us to meet the request of all directorates and departments.

The budget Committee met on a number of occasions to ensure that a well-balanced and credible Budget Adjustment is prepared.

Madam Speaker, we also need to pay special attention to revenue collection. Collection of ticket fines as well as collection on rates and taxes.

We also need to ensure that our indigent register is up-to-date and those who can afford to pay for Municipal services must pay, starting with those who are drawing their income from this municipality.

**Madam Speaker we have budgeted for R 4,2 Billion and we are adjusting it to R 3,9 Billion with a reduction of R 288,5 M**

## **REDUCTION REVENUE ITEMS**

SERVICE CHARGES

R 183,43M

INTEREST

R 58,18M

OPERATIONAL REVENUE

R 25,71M

TOTAL REDUCTION

R 288.53M

## **EXPENDITURE FRAMEWORK**

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ORIGINAL BUDGET

R 4,2 Billion

ADJUSTMENT BUDGET

R 3,8 Billion

TOTAL REDUCTION

R 379 M

REDUCTION EXPENDITURE ITEMS

EMPLOYEE RELATED COST

R 17,84M

DEBT IMPAIREMENT

R 340M

DEPRECIATION

R 20M

CONTRACTED SERVICES

R 3,27M

OPERATIONAL COST

R 9 M

OVERTIME

R 15M

TOTAL REDUCTION

R 379,07M

**ADDITIONAL ALLOCATION FOR SERVICE DELIVERY**

AVAILABLE BUD

The following adjustments have been on service delivery votes:



**This is what is being added:**

**This is what is currently left:**

**WATER:**

R 5,2M

R 11,5M

**ROADS:**

R 20 M

R 24,15M

**SEWER:**

R 5,5 M

R 16M

**ELECTRICAL:**

R 8 M

R 36 M

**REFUSE**

R20M

**The following adjustment has been made on revenue**

ORIGINAL BUDGET R 3,2 Billion

ADJUSTMENT BUDGET R 2,4 Billion

REDUCTION REVENUE R 754,1M

**The following adjustment has been made on expenditure**

ORIGINAL BUDGET R 3 ,2 Billion

ADJUSTMENT BUDGET	R 2,8 Billion	REDUCTION
EXPENDITURE	R 480,6 M	
<b>TOTAL REDUCTION</b>	<b>R 534,3 M</b>	

THE 2023/24 AJUSTMENT BUDGET IS UNFUNDED WITH A SHORTFALL OF R 534 329

THE REVISED FINACIAL PLAN MAKE PROVISION FOR R 380 MILLION

The reasons for the unfunded budget are:

1. Low collection
2. Too high creditors
3. Distribution losses

The COGTA Financial Recovery Plan must help the municipality out of this situation

### **GRANT FUNDED CAPITAL**

MID-TERM BUDGET ADJUSTMENT FOR 2023/2024

FINANCIAL YEAR DEPARTMENT TECHNICAL SERVICES AND INFRASTRUCTURE; PROJECT MANAGEMENT

As per **CC 3/2024 dated 25/01/2024**

### **COUNCIL FUNDED CAPITAL**

REDUCED FROM R 40 M TO R21 M

I would like to implore this Council that with our efforts and our pulling together we can change the situation. The administration and the Provincial support team have been instructed to reduce our spending on contracted services, build internal capacity and improve spending on conditional grants.

I would like to thank the budget committee and the Provincial support team for their efforts in putting together this budget.

Madam Speaker, as I conclude someone posted a picture of a buck being chased by the lion and the message on top read thus “not everyone behind you is your friend” and that made me to understand the said story of the budget in this Council that those who perpetually reject the budget are the most beneficiaries of it. therefore, I table the adjustment budget as detailed for adoption by Council.

I thank you. Kea leboga. Baie dankie.