

MAYOR'S SPEECH
DRAFT BUDGET 2016/2017

MADAM SPEAKER

MEMBERS OF THE MAYORAL COMMITTEE

MEMBERS OF THE MUNICIPAL COUNCILLORS

ADMINISTRATOR AND HIS SUPPORT STAFF

ACTING MUNICIPAL MANAGER

ALL OFFICIALS OF THE MUNICIPALITY

MEMBERS OF THE COMMUNITY OF MATLOSANA

DUMELANG! GREETINGS!

We are gathered here today to table before Council the draft IDP/BUDGET for the year 2016/2017

Speaker in terms of the Municipal Finance Management Act the Municipality must submit a draft budget to the community for its consideration and comments before a final budget can be presented and approved by Council; this notion is influenced by the freedom Charter that was adopted in 1955 “ The People shall Govern “Previously before democracy in South Africa government was planning for the people, today the people are planning with the Government through consultative meetings as per legislation. It is during this phase of the budget process that all municipal departments draft budgets are available for public scrutiny.

Madam Speaker in compiling this draft budget we have followed the process prescribed by legislation and adhered to the guide lines stipulated by the National treasury, additional to this we laid out restrictive criteria that departments had to apply in their draft budget submissions.

This is important for this collective leadership to be at the forefront of compliance with the Law. Our commitment is consistent with the Oath we took in 2011 to serve and protect the interests of the community of Matlosana.

Speaker allow me to take this opportunity to remind this august house that this is our last draft budget as the current term of Council will be ending in August after the 2016 Local government elections. It is therefore prudent that as we go out to engage our communities in all the wards, that we do not only listen but take into consideration their needs and aspirations.

It is through this that we will be responsive to the electorates thus meeting the objectives of this Council; furthermore in our engagements we should be as honest and helpful to our people as possible to avoid miscommunication especially around the overall budget, proposed tariffs, capital and operating budget for the next financial year.

After a rigorous process of the draft budget submissions and debate we have arrived at the draft budget submitted to Council to release for the public Participation the cornerstone of our democracy

As we table this draft budget we should be mindful of the challenges and the needs out in the community,

Some of which due to budgetary limitations we may not fulfil this current year hence our governments approach for multi year budget.

In total the proposed operating budget is approximately **R 2,946 Billion** and the proposed capital budget is just over **R 122,046 million**

Table A4 Budgeted financial performance (Explanation of increments)

Revenue by Source

Property Rates guideline	Will increase with 6% as per MFMA Circular 78
Service charges – electricity revenue guideline on Eskom increase	Will increase with 8% as per MFMA Circular 78
Service charges – water revenue Company increase	Will increase with 10% as per Midvaal Water
Service charges – sanitation revenue guideline	Will increase with 6% as per MFMA Circular 78
Service charges – refuse revenue guideline	Will increase with 6% as per MFMA Circular 78
Service charges – other guideline	Will increase with 6% as per MFMA Circular 78
Rental of facilities and equipment guideline	Will increase with 6% as per MFMA Circular 78
Interest earned – external investments projections	Unchanged based on current interest rates and
Interest earned –outstanding debtors	Has been reduced as Council is expected to write off some indigent debt and increase debt collection efforts.

Fines	Will increase based on the 6% inflation increment and as a result of administration challenges that have been resolved and is already indicating that additional income will be generated.
Licences and permits guideline	Increase with 6% as per MFMA Circular 78
Transfers recognised – operational tabled for 2016/2017	Increase as per the Division for revenue Act
Other revenue guideline	Increase with 6% as per MFMA Circular 78
<u>Expenditure by Type</u>	
Employee related costs	Will increase by 7% as per guideline in MFMA Circular 78. All current payroll positions were costed plus R15 million for critical vacancies including appointment of directors.
Remuneration of councillors	Will increase by 7% plus provision for seven new councillors.
Debt impairment	Decreased by top management on the assumption that Council will write off indigent debt and a reduction in the provision for interest on outstanding debtors. Data cleansing and improve debt collection will also reduce the provision for bad debt.
Depreciation and asset impairment	Increased as per calculation based on the audited 2014/2015 Annual Financial Statements.
Financial charges	As per current repayment schedules.
Bulk purchase for Midvaal Water Company	Based on a 8% increase and a 10% increase
Other Material	Increased as a result of the increase in repair and maintenance as per MFMA Circular 78. Additional provisions were made for sewer and water from a very low base.
Contracted services	Increase mainly because of the increase in security services to safe guard council's assets.
Other expenditure	Increase as a result of new submissions. The provision for additional new fleet rentals. The provisions for the fleet refuse trucks. No increment increases were catered for, except where there is a commitment such as Membership fees (Salga) or short term insurance. There were also increases in free

basic services for indigents and the commission on pre-paid sale, an income generating expenditure.

Capital Expenditure

Decrease as result of a decrease in grant funded capital.

Total Revenue 2015/2016(Current Year(Original before adjustments)) R 2, 380 Billion

Total Revenue 2016/2017 (New Budget) R 2, 640 Billion 10% increase (Mainly increase in bulk services)

Total Expenditure 2015/2016(Current Year(Original before Adjustments)) R 2, 743 Billion

Total Expenditure 2016/2017 (New Budget) R 2, 946 Billion 7% increase (Above 6% due to increase in bulk service providers of between 8 and 10%)

Total Capital 2015/2016 (Current Budget Year(Original before adjustments)) R 128,9 million

Total Capital 2016/2017 (New Budget) R 122 million Decrease as a result of decrease in grant funding

Deficit (Non Cash) 2015/2016(Current Budget Year(Original before adjustments)) R 234, 2 million

Deficit (Non Cash) 2016/2017(new Budget) R 184,2 million Decrease with +/- R 50 million as agreed with NT to reduce the deficit every year till we manage to budget for surplus again.

This draft budget proposed today is fully balanced, in the interests of meeting the needs of the people of Matlosana; I propose it for Public participation

Speaker in closing it is important to bring to the attention of the meeting that the final budget must be tabled on the 29th of April 2016 due to the municipal elections and not the 31 of May 2016.

Find below dates for Public Consultation on 2016 -2017 Draft Budget.

DATES FOR PUBLIC PARTICIPATION				
DISTRICT	DAY	DATE	TIME	
Klerksdorp	MONDAY	4-Apr-16	16:00	Mayors Hall
Khuma	TUESDAY	5-Apr-16	16:00	Khuma Hall
Stilfontein	TUESDAY	5-Apr-16	16:00	Peoples Hall
Orkney	WEDNESDAY	6-Apr-16	16:00	Library
Kanana	WEDNESDAY	6-Apr-16	16:00	Kanana Hall
IDP REP Forum	THURSDAY	7-Apr-16	10:00	Council Chamber
Jouberton	THURSDAY	7-Apr-16	16:00	Community Hall
Tigane	FRIDAY	8-Apr-16	14:00	Tigane Hall
Alabama	MONDAY	11-Apr-16	16:00	Community Hall
Hartebeesfontein	MONDAY	11-Apr-16	16:00	Library/Old Chamber

Ka leboha.