**SPEECH BY HIS WORSHIP, THE MAYOR CLLR TP MDLALOSE ON TABLING OF THE FIVE-YEAR INTERGRATED DEVELOPMENT PLAN (2022/23 TO 2026/27) AND FINAL ANNUAL BUDGET FOR THE 2022-23 FINANCIAL YEAR –**

**MEETING HELD ON 31 MAY 2022 AT SIBUSISIWE HALL**

PRESENTATION

OF:

**FIVE-YEAR IDP AND 2022/23 ANNUAL BUDGET**

****

**Honorable Speaker,**

**Amakhosi Asendlunkulu**

**Deputy Mayor**

**Members of the Executive Committee**

**Chairperson of MPAC and the respected Committee**

**Honorable Councilors**

**Municipal Manager**

**Senior Management, Managers and staff**

**Ward Committees, Respected Members of the Public and**

**Various stakeholders and all protocol observed**

It gives me great pleasure and honor to stand in front of you to present to Council

* The five-year Integrated Development Plan (IDP) 2023 - 2027
* Final mSCOA Annual Budget 2022/23 Medium Term Expenditure and Revenue Framework (MTREF)
* Final Schedule of Tariffs 2022/23
* Final Budget Related Policies
* Final Schedule of Service Delivery Standards MFMA Circular No.72
* MFMA Circular No.115 and 116 Municipal Budget Circular for the 2022/23 MTREF
* Provincial Treasury feedback on Assessment of Draft Budget 2022/23

Madam Speaker nomkhandlu wonke nezithameli zonke zomhlangano, Isifundazwe sakwaZulu-Natal sihlaselwe isimo sezikhukhula ngenyanga kaMbasa noNhlaba (April and May 2022) lapho nendawo yaseMandeni yakhahlamezeka ngesimo salezikhukhula. Imininingwane eyatholakala ngesikhathi kwenziwa ucwaningo ngomthelela odalwe izikhukhula iyaveza ukuthi kunemizi engaphezu kwamakhulu amabili namashumi ayisithupha eyachaphazeleka ngezindlela ezihlukene kodwa siyabonga kuMdali ukuthi ayikho imiphefumulo eyalahleka njengakwezinye izindawo. Selukhona uhlelo lokwakhiwa kwezindlu zesikhashana kulemizi eyasala ingenayo indawo yokufihla ikhanda, loluhlelo lwenziwa umnyango wezindlu nokuhlaliswa kwabantu (Dept of Human Settlements). Uhlelo lokuqala luveza ukuthi imizi ebalelwa Phakathi kwamashumi amane kuya emashumini ayisihlanu ezokwakhelwa lezizindlu zesikhashana.

Somlomo, ucwaningo luphinde luveze ukuthi cishe yonke imigwaqo yobhuqu (gravel) ekamasipala neyomnyango wazokuthutha (DoT) kwisifundazwe ilemele kanye neyetiyela ezindaweni ezahlukene. Nezindawa ezingamabhuloho ziye zalimala ngenxa yalezikhukhula okwenza isimo sibe nzima emiphakathini ngoba kunokuphazamiseka ukuhanjiswa kwezidingo nentuthuko yomphakathi. Kuyavela ukuthi imali ezodingakala ukulungisa noma ukubuyisela ingqalasizinda elimele esimeni esifanele kudingakala imali engaphezulu kwamakhulu amabili ezigidi (+R200 mil) zamarandi. Lokhu kuba isimo esingaphezulu kwamandla omkhandlu, ingakho siye safaka nesicelo kuhulumeni wesifundazwe nokazwelonke ukuthi silekeleleke ngezimali. Siyacela kumphakathi wakithi ukubekezelelelana lapho sisazama ukubuyisela isimo kwesijwayelekile noma esingcono.

Sidlulisa ukubonga kuzinhlaka ezahlukene eziye zelula isandla ukulekelela imphakathi ekhahlamezekile ngezinsiza ezahlukene, siyazi ukuthi angeke senele sonke ngesikhathi esisodwa.

Hon Speaker and Council, just to reflect on some progress made on implementation of the IDP and Budget under the current Financial Year (2021/22) I would like to highlight the following few projects:

* The municipality embarked on the project to construct the Drivers License and Testing Centre where in the process the municipality was not satisfied with the performance of the contractor hence it was terminated and new service provider to be appointed to finalise the project.
* The municipality implemented two projects on rehabilitation of internal roads in Ward 3 Kwatas / Quarters area and one project is complete and the other is over 95% complete.
* The municipality constructed Phase 1 of the Swimming Pool in Ward 15 with Phase 2 (changerooms, toilets, guard house and parking) at 50% construction stage.
* The municipality has recently launched the project on Rehabilitation of Manono Road in Ward 15 and the project of Rehabilitation of Msomuhle Road to be launched during the month of June 2022.
* The municipality constructed the link Road in Masomonco and this project also had some challenges with the contractor’s performance and the quality which has been noted hence the corrective measures are put in place.
* Having heard the outcry of community about dark area contributing to crime incidents, the municipality has resorted to packaging a project for installing High Mast Lights at KwaSithebe Wards 16,17,18,10 Ekhenana and Ward 4 KwaHlomendlini and is at 90% awaiting for Eskom to energize.
* The municipality is addressing rural community access to social facilities and economic hub, hence the gravel road projects are under construction at Ward 6 and 11.
* Fencing of Ngcedomhlope Pitch is in progress and the fencing of KwaChili and KwaSithebe Sports Fields to commence during the month of June 2022.
* Kuyaqhubeka ukwakhiwa kwezindlu endaweni yakwaSithebe, eMacambini naseKhenana noma sibona ukuthi kumele kunyuswe isivinini kuloluhlele.
* Uhlelo lokulekelela lwabantu abasha abangamashumi amathathu nesithupha ukufundela izincwadi zokushayela.

Somlomo nomkhandlu wonke, bengikha phezulu nje izinto ezimbalwa khona kuningi okwenziwa umkhandlu kulonyaka mali ozophela ngenyanga ezoqala kusasa.

Madam Speaker and Council, this is a historical moment as this is the first Integrated Development Plan and Annual Budget for the new Council for the adoption. It is the IDP that carries the hopes of the communities that we proudly serve. We are equally able to use the benefit of hindsight to plan and budget for better interventions in the budget year.

**To achieve sustained higher growth, there are also more fundamental, more radical transformation measures that are needed. These relate, in particular, to economic power. The relationships between labour and capital, rich and poor, black and white, men and women, town and township, urban and rural, still reflect the entrenched legacy of the past. Wealth is produced and allocated along lines that remain fundamentally unjust. The ownership of assets and the distribution of income is captured by a minority of the population – a situation that is morally wrong and economically unsustainable.**

Today I am presenting to this council a budget for the year 2022/2023 of the Municipality as prescribed by the Municipal Finance Management Act (MFMA). Speaker this act requires that, in terms of chapter four the council must at least 30 days before the start of each year consider approval of the annual budget. It states that The Mayor of the municipality must table the budget at a council meeting at least by 31 May of each year.

It must be noted after council approved the draft budget in March, the Municipality has consulted the various stakeholders and communities on the IDP and 2022/23 Annual budget. Comments and inputs have been captured and factored in the final documents.

The act further states that an annual budget of the municipality must set out realistically anticipated revenue for the budget year and appropriate expenditure for the budget year under the different votes of the Municipality. Alignment of Integrated Development Plan with the budget is one of the critical undertakings that the current government has put on top of the agenda. The reasoning behind is to ensure that scarce resources are optimally allocated. Speaker it is for this background that I am presenting the budget report.

The most recent national disaster was declared in terms section of 27(1) of the Disaster Management Act, 2002 (Government Notice No. R. 2029) on 18 April 2022. The administration must ensure that internal controls are in place to ensure transparency and proper oversight and monitoring of expenditure when a disaster is declared. Further to ensure that appropriate delegations of authority related to budgeting, revenue, procurement and expenditure control management are in place to respond to unforeseen disasters.

Somlomo, what is also of great importance is that ongoing monthly monitoring and tracking progress by Council to allow for interventions in the event of wrongful expenditure and failures in service delivery.

The Financial records must be kept up to date and budgets, reporting and financial statements must be submitted in line with the reporting requirements and deadlines. The report and feedback from Provincial Treasury confirms that our municipality is in compliance with the MFMA regulations and that our **Budget is Funded.**

Value for money and efficiency in spending remain critical in our drive to ensure the effective management of public resources. We will also continue in making sure that we pay our service providers within thirty days as prescribed by the Act.

**ECONOMIC OUTLOOK**

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread.

Low economic growth that is faced by the Country provides major challenges to us as a Local Government. Our financial situation is difficult, where we need to do more with less, but we have still produced a credible budget.

Sizimisele ukubeka konke okusemqoka eqhulwini, sisebenzise izimali ngendlela efanele, siqinisekise ukuthi izinhlelo zethu zishintsha izimpilo zabantu ngendlela efanele.

**BUDGET SUMMARY**

The Medium-Term Expenditure Framework proposes a total budget of **R367 million** for the 2022/23 financial year. It appropriates a total operating expenditure of **R361 million** and capital expenditure of **R 78 million**. The amount of **R72,9 million has been funded from the reserves** / investments which is funding the Capital budget and Depreciation for the year

**Total operating revenue** has increased by 2 per cent or R600 thousand for the 2022/2023 financial year when compared to the 2021/2022 Adjustments Budget.

**Total operating expenditure** for the 2022/2023 financial year has been appropriated at **R361, 7 million** and translates into a surplus budget of R5.3 million. Operational expenditure has increased by 5.8 per cent in the 2022/2023 budget and by 2.1 and 4.4 per cents for each of the respective outer years of the MTREF. Further to that it should also be noted that budget allocated has excluded VAT on all VATABLE Items in line with guidelines.

**Total capital budget** of R78,3 million has been committed for 2022/2023 however this shows decreased by 7.1 per cent when compared to the 2021/2022 Adjustment Budget.

The ability of the municipality to collect outstanding debt has been considered when estimating the cash flows. At **the collection rate of 64 per cent** as the municipality will always closely monitor its performance in this regard. Our revenue enhancement strategy is currently being reviewed so as to improve revenue collection of the municipality.

Citizens demand accountability to ensure public funds are used for their intended purposes. In Mahatma Gandhi’s phrase: “Democracy is not a state in which people act like sheep.” Umphakathi wase Mandeni awuzona izimvu ezithulayo bayasinika amaqhinga okuthi singayiqoqa kanjani imali yamarates and services.

Ms Phori : “I still wonder why we do not have TAX as a subject in school. Perhaps the government should educate people from a young age about tax, so that they will have an understanding that there is no government without taxpayers…” Quite right, Ms Phori!

Nothing for Mahhala izosilekelela ukuze sikwazi ukuqoqa siphinde sithuthukise umphakathi wethu.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

An increase of **4.8 per cent** is proposed to be effected on Rates Tariffs; **7.47 per cent** increase in proposed for electricity tariffs as NERSA rapproval, Refuse and other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation of **4.8 per cent.** Siyakuqonda ukuthi abantu bakithi bathwele kanzima ngakwezomnotho njengoba nentengo kaPetrol inyuka ngamandla okunomthelele kumanani okudla kanye nezokuthutha, yingakho nomkhandlu unyuse izindleko ngo kuhambisana ne CPI.

NERSA has approved **7.47 per cent** tariff increasein 2022/23 financial Year and approved an increase of **8.6 per cent** for Bulk Purchase from EKOM in 2022/23 FY and this shows that the municipality will pay Eskom more than what they will charge the local consumers.

Further to that it should be noted that there is no allocation towards disaster relief grants for 2022/23 financial year in line with the recent floods hence we are still hoping for a positive response on our application. All grants to be received by the Municipality during 2022/23 FY are summarised as follow:

1. **Equitable Share** allocation is R212,8 million which has been increased by R21,7 million.
2. **MIG** allocation is R40,4 million which has been increased by R2.8 million.
3. **EPWP** allocation is R2.4 million which has been decreased by R63 thousand.
4. **FMG** allocation is R1.9 million which has remained the same as prior year.
5. **INEP** allocation is R7,2 million which has increased by R2.3 million
6. **Library Grant** allocation of R4.4 million which has increased by R209 thousand.
7. **Municipal Employment Initiative Grant from EDTEA of** R1 million.
8. **Human Settlement Interventions of** R14.9 million.

The Employee related Costs are guided by The Salary and Wage Collective Agreement approved by the Bargaining Committee of the Central Council the salary and wage increase has been factored at **four comma nine percent (4.9%)** with effect from 1 July 2022.

The Remuneration of Councilors shall be in accordance with determination by National Minister of Cogta however the municipality has budgeted for a proposed increase of 4.8 percent increase aligned with CPI.

Somlomo nomkhandlu, sithe uma sibuka ukuhleleka kwezezimali nezidingo zomphakathi waseMandeni sakwazi ukubuka uhlelo lwentuthuko oludidiyelwe (IDP) ukuthi luzohamba kanjani eminyakeni emihlanu ezayo kodwa ngifisa ukunikezela isithombe ngentuthuko ehleliwe kulonyaka mali esizowuqala ngenyanga kaNtulikazi:

Kulonyakamali ka2022/23 sibeke imali engu R4.9 mil ukuqala ukwakha iground lakwaHlomendlini okuzogcina kudle imali elinganiselwa kuR8milion uma seliphelile; Sibeke imali engage R5.7mil ukuqedela ukwakhiwa kweSwimming Pool eWard 15 kanye nokulungiswa kwama Combo Courts eHighview nase Padianagar; sibeke imali engage R3.3 mil ukuqedele ihholo elakhiwayo e Ward 13; sizoqhubeka nokufakelwa kwama Highmast Lights ngaphansi kwesigaba sesibili ngemali elinganiselwa kuR2.6 mil ezindaweni ezakhele uWard 3, 5, 9 no 12; sibeke eceleni imali engage R3.5 mil ukuthenga iloli Elisha lokuthutha udoti, R1.6 mil ukuthenga imigqomo emikhulu yokufaka udoti (waste skips) in all Municipal Wards); sizothenga iloli lokuthutha inkwali ukulekelela ukulungiswa kwemigwaqo esemakhaya lapho sibeke uR3mil; ukuqhubeka nokwakhiwa kweDLTC ngemali elinganiselwa ku R7mil; ukulungiswa kukaManono noMsomuhle Road sibeke imali elinganiselwa ku R7 mil; ukufakelwa kwama Street Lights uma ungena eMandeni kuya kwaSappi noma usbheke edolobheni, sibeke uR1.8mil ukuqalisa lowomsebenzi. Siphinde sabeka imali engango R5mil ukuqala ukwakha izindawo zokusebenzela kosomabhisinisi abancane eKhenana. Siphinde sabeka imali elinganiselwa kuR2.3 mil ukulekelela nokuthuthukisa osomabhizinisi abancane eMandeni jikelele

Somlomo nomkhandlu sibeke imali engango R2mil ukuqala ukuhlelela amaprojects (planning and design) athinta ukulungiswa kwemigwaqo ne-storm water eMawadini aseSundumbili; umgwaqo omkhulu osuka eMachibini ubheke KwaSithebe; ukwakhiwa kwamaSportfield amasha eMabhanoyini; Ekhenana; Ward 1, 2 KwaSishi and 6 KwaMkhize; Community Hall eKhenana, Ward. Zikhina nezinye izindawo umphakathi oveze isidingo esikhulu samahholo namaground, ukuqala ukuhlelela lamaprojects kuzokwenza ukuthi uma esephasisiwe umnyango kaCogta ngaphansi kwe Municipal Infrastructure Grant sikwazi ukufaka imali eminyakeni elandelayo.

Somlomo nomkhandlu, siphinde sabeka imali yokufakelwa kukagesi esiyithola ku INEP, sizofakela ugesi endaweni yakwaMasomonco (Ward 10) ngo R2mil; Emhlangeni (Ward 5) ngo R2mil nasendaweni yasoKhovothi (Ward 11) ngoR2.2 mil.

Ikhona futhi imali esiybeke ecaleni engaphezulu kuka R4mil ethinta izinhlelo zokuthuthukiswa kwabantu abasha ngaphansi kwehhovisi labo uma ngibala okumbalwa- ukusizwa kwabantu abasha nge Drivers License Programme; School Bursaries; Sports and Artistic Development, kodwa angikusho Somlomo noSihlalo wekomidi labantu abasha ukuthi yonke iminyango eyahlukahlukene zining izinto ezenzayo ezithinta abantu abasha okusho ukuthi imali ezogcina ihlomulise ukuthuthukiswa kwabantu abasha ingaphezulu kuka R6 mil. Kulonyaka wezimali sihlelele ukuthenga imoto yehhovisi labantu abasha ukwenza umsebenzi walo wokuhambela amaWards kanye nendawo eziqondene nezinhlelo zokuthuthukiswa kwabantu abasha esifundazweni kube ubelula. Ngiyethembe ukuthi luzoba khona uhlelo lwe-Youth Summit lapho abantu abasha bezokwazi ukubeka izinhlelo ezizobathuthukisa ngezindlela ezahlukene kule term of office.

The municipality understands the socio dynamics of its population and has set aside funds to respond to the needs of the marginalized and vulnerable groups in our society such as women, children, elderly and people living with disabilities etc.

Hon Speaker and Council, we shall continue to work together with the Department of Human Settlements in delivering houses under Macambini; Khenana and Isithebe Housing Development. Moreover, over the coming three years the municipality will embark on the process of ensuring that those who cannot afford bond from banks and also do not qualify for the BNG (Breaking New Ground) houses are afforded an opportunity to acquire property, develop their own houses through the FLISP program which is one of the government assistant program.

In as far government investment is concerned, it is anticipated that investment in the development of Community Residential Units (CRUs) eKhenani, will continue as planned, CRU will also target low income persons and households earning below R3500 per month who are not able to be accommodated in the formal private rental market.

We shall continue to pursue the Department to prioritise amongst others projects like Manda Farm Housing; Isikhonyane Housing Phase 2; Isithebe Semi-Urban Housing Project; Macambini new Housing Project and Thorny Park Housing Project.

Somlomo, bengikha phezulu nje okuqukethwe yi Intagrated Development Plan ne Budget kodwa usomqulu ophelele wentuthuko edidiyelwe kuleminyaka emihlanu ezayo uzotholakala kuzona zonke izakhiwo zikamasipala, Website kant namaKhansela wonke anawo futhi sizonikeza nama Ward Committees wonke ukuze imiphakathi ifikelele kalula kuwona.

Over the next three years, we will have to adjust to significant changes in expenditure plans while improving accountability. The 2022/2023 Budget includes funding for initiatives to improve municipal revenue collection and support financially distressed municipalities. It is therefore my pleasure to present to this Council and the Community at large the total Municipal Budget of **R440 035 886** for the 2022/23 Financial Year.

Somlomo and Council, after having considered the Community Needs as per the Final Integrated Development Plan and Budget for 2022/23, we further considered the element of human resources to drive the implementation of these two critical Municipal Strategic Service Delivery Plans hence the reviewed Organisational Structure for 2022/23 FY which is also aligned with the IDP and Budget.

The following was considered when finalising budget

* Improving the effectiveness of revenue management processes and procedures;
* Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities;
* Ensuring value for money through the procurement process;
* The affordability of providing free basic services to all households;
* Not taking on unfunded mandates;
* Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
* Curbing the consumption of electricity by the indigents to ensure that they do not exceed their allocation.

**In Conclusion:**

Therefore, I recommend that:

The Council considers and adopt the Five-Year Integrated Development Plan and mSCOA Budget for 2022/2023 MTREF and the Proposed Final Organisational Structure for 2022/23 as stated on the document of the Council Agenda **(C85, C86 and C88)** with all recommendations under each item.

Speaker, it is clear from what I have presented here today that we are focused and committed to our mandate to serve and to provide the necessary services, opportunities and development that our residents deserve and need;

• Bradley Vinson once said – “Money is a tool. Used properly it makes something beautiful; used wrong it makes a mess” •

Speaker, in closing I am deeply grateful for the invaluable inputs and feedback that we received from all stakeholders – the most important stakeholders, being our residents.

**I thank you all**

**CLLR TP Mdlalose**

**The Mayor**