MKHAMBATHINI

MUNICIPALITY





MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

2016/**17 SPECIAL ADJUSTMENT BUDGET FOR 2020/2021 FINANCIAL YEAR**

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## Mayor’s Report

 **SPEECH BY THE MAYOR OF MKHAMBATHINI MUNICIPALITY**

**CLLR. E. NGCONGO PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE TABLING OF SPECIAL ADJUSTMENT BUDGET FOR 2020/2021 FINANCIAL YEAR VIA THE VIRTUAL PLATFORM,**

**ON TUESDAY, 29 SEPTEMBER 2020**

Speaker of the Council,

Deputy Mayor,

Executive Committee Members,

Councillors,

Traditional leaders,

Municipal Manager,

All Senior Managers,

 Chief Financial Officer,

All Staff members present,

Members of the media if any are present and Public,

Distinguish guest, Ladies and Gentlemen.

It is a great honour to present to you the special adjustment budget for Mkhambathini Municipality in respect of the 2020/2021 financial year which seeks to address the pandemic which was declared by the President as National State Disaster.

Speaker and members of Council, this special budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations and Directive that was issued by the National Government through National Treasury.

Speaker, we all aware of the concept of Back to basics and the importance of implementing a back to basic plan. We are fortunate that through the COGTA assessment, Mkhambathini Municipality was found to be functional, but we must still make every effort to improve on upholding the 5 pillars of the Back to Basics concept and improve the lives of our citizens. We continue to align ourselves to the programmes rolled out by National and Provincial Government. We have provided an amount in our budget to deal with some priorities of Back to basics.

**Current Economic Conditions, Funding and COVID19**

Speaker, as you are aware, the Country is experiencing harsh economic times and is experiencing a severe drought. As a result of this, food prices and other essential commodities are rising rapidly. This prompted National and Provincial Government to introduce cost cutting and saving measures to deliver services and sacrifice effectively including the. As the result of this funding to Local Government has been being reduced. Grant funding has been reduced and affects, Equitable Share and MIG. The effect of Governments austerity measures has placed the Municipal budget under pressure and the Municipality has also embarked on cost saving measures and introduced them in this budget. Prudent Financial Management and constant monitoring of the budget must take place during the year and throughout the year in monitoring.

I THANK YOU

**The Mayor: Mkhambathini Local Municipality**

## Council Resolution *(copy attached)*



## Executive Summary

The application of sound financial management principles for the compilation of the Municipality’s financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and ‘nice to have’ items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a revenue collection strategy to optimize the collection of debt owed by ratepayers. In addition to supplementing the declining revenue base, and reduction in grant funding the Municipality has introduced a refuse tariff to areas within the Municipality which refuse is being collected. The tariff which is being introduced will be reviewed during the course of the year to ensure that it is cost reflective and sustainable, however this is still a challenge as the service is only be carried out in the urban area of Camperdown.

The main challenges experienced during the compilation of the 2020/21 special adjustment can be summarised as follows:

* The ongoing difficulties in the national and local economy.
* The COVID19 pandemic
* Aging and poorly maintained roads infrastructure.
* The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and limited cash position of the municipality
* Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
* The implementation of a sustainable refuse tariff

1.4 Budget Summary

**Revenue and Expenditure**

Revenue and expenditure for the municipality for 2021/21 financial year with comparison figures for original annual budget and proposed Special adjusted budget can be summarized as follows:



**Employee Related Cost**

There were no changes or movement in the employee related cost from the original budget.

**Remuneration for councillors**

There were no changes or movement from the original budget.

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**Contracted Services.**

There were no changes or movement from the original budget.

**General Expenditure**

There were no changes or movement from the original budget.

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**Capital Expenditure**

Mkhambathini Municipality has increased it capital budget by R6.2 million in order to address the current roads situation in different wards



***1.5 Capital Expenditure***



Mkhambathini Municipality has increased it capital budget by R6.2 million in order to address the current roads situation in different wards.

## 1.6 Operational Expenditure



Municipality will received a further additional equitable share of R12.4 million.

1.7 Operating Transfers and Capital Transfers

Per the approved original budget the operating revenue grants were R106.4M which is made up of the following:

|  |  |
| --- | --- |
| **Description**  | **Allocation** |
| INEP Grant: Integrated National Electrification Programme (Municipal Grant) [Schedule 5B] | 5 000 000.00  |
| FMG: Local Government Financial Management Grant [Schedule 5B] | 2 800 000.00 |
| MIG: Municipal Infrastructure Grant [Schedule 5B] | 15 996 000.00 |
| Equitable Share: Equitable Share | 79 735 000.00 |
| Provincial Library : Community Library Services Grant | 1 817 000.00 |
| EPWP Grant: Expanded Public Works Programme | 1 143 000.00 |
| Disaster Relief Grant |  |
| **Total** | **106 490 000** |

**1.8 The supporting document SB8 consolidated adjustments budget reconciliation of transfers, grants receipts, and unspent funds.**



## 1.9 Cash flow

The original budgeted net cash inflow and the adjusted net cash inflow after adjustments.

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Municipal Manager’s Quality Certificate

OFFICE OF THE MUNICIPAL MANAGER

**QUALITY CERTIFICATE**

I, Mr. S Mngwengwe, Municipal Manager of Mkhambathini Local Municipality, hereby certify that the Final Budget and SDBIP with the supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name: Mr. S Mngwengwe**

**Municipal Manager of Mkhambathini Local Municipality KZ226**



 Signature: Date 29 September 2020