

2022/2023 BUDGET SPEECH IN THE RNM COUNCIL MEETING

31 MAY 2022, RNM COUNCIL CHAMBERS

- **Madam Speaker,**
- **AmaKhosi Ahloniphekileyo,**
- **Deputy Mayor,**
- **Executive Committee Councillors**
- **All Hounarable Councillors,**
- **Municipal Manager,**
- **Heads of Departments and all other officials,**
- **Members of the Media present,**
- **Abasakazi nabalaleli bemisakazo esizwakala bukhoma kuyona, ikakhulukazi labo abangabahlali base Ray Nkonyeni**
- **Ladies and Gentlement,**

Goeie More, Sanibonani, Good morning, Molweni, Dumelang...

We meet here this morning for us to amongst other things, consider the Final 2022/2023 Budget for Ray Nkonyeni Municipality. Madam Speaker, before one proceeds, it's important that one reminds the house about what the legislation requires us to do regarding this process.

The Municipal Finance Management Act (MFMA), Act No. 56 of 2003, Section 24 (1) requires the following:

- ✚ *The municipal council to approve the Annual Budget at a Council meeting at least 30 days before the start of the budget year (**which starts on 01 July**).*
- ✚ *The budget is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and*
 - a) *must be approved together with the adoption of resolutions as may be necessary-*
 - *imposing any municipal tax for the budget year*
 - *setting any municipal tariffs for the budget year*
 - *approving measurable performance objectives for revenue from each source and for each vote in the budget*

- *approving any changes to the municipality's integrated development plan; and*
- *approving any changes to the municipality's budget-related policies.*

In short Madam Speaker, AmaKhosi ahloniphekileyo and Hounarable Councillors, the above means that the Budget of the municipality together with the relevant policies and tariff of charges should be approved by the municipal council at least 30 days before the beginning of the financial year. This process is inclusive of the consideration of the Draft Budget 90 days before the beginning of the financial year but also to invite comments from different stakeholders.

Indeed, and as an institution that complies with the legislation, during the scheduled Council meeting on 29 March 2022, this very same Council considered the Draft Budget for 2022/2023.

It was then made public with members of the public and other relevant stakeholders invited to make comments, also with other consultation avenues being implemented. Some of those were meetings with groups of interest and Cluster Budget Roadshows that were held in seven clusters of our municipality. The very same Draft Budget was also submitted to both National and Provincial Treasury, but also to Provincial COGTA as per the legislation requirement.

Yize ama roadshows wethu athi ukuphazamiseka ngenxa yezikhukhula esaba nazo ngenyanga ka Mbasa, kodwa ngomhlaka 10 ukuya ku 12 kuyo lenyanga ka Nhlaba, saziqedela lezo ezazisele. Konke lokho kukhombisa ngokusobala ukuthi siwuMkhandlu ozimisele ukuqinisekisa ukuthi imiphakathi yakithi ibamba iqhaza ekubusweni kwayo, njengoba kulindelekile ngokuka Section 152 ku Chapter 7 woMthetho Sisekelo walapha e Ningizimu Afrika. Kuyintokozo ukusho egameni lobuholi bukaMasipala ukuthi cishe kuwo wonke ama Budget Roadshows esibenawo, isibalo sabantu ebebewambele besigculisa.

Before one goes to the actual final budget for 2022/2023, let one on behalf of Council, convey the words of condolences to all victims of the heavy rains that swamped most areas within our KZN province and some parts of the Eastern Cape during the month of April 2022. One also wants to assure everyone affected, including those affected by damage to infrastructure, that as the government in all levels, we are doing our best to ensure that repairs are done within the soonest possible time. One is also hopeful that there are lessons learnt in terms of how we deal with issues like management of stormwater drainage, ukwabiwa kwezindawo zokwakha kanye nokwakha ezindaweni esingathi zingama floodlines. MaKhansela ahloniphekileyo nakubo bonke abalalele, mangisho ukuthi njengobuholi balomasipala, nangokubambisana namaKhosi, siyaqhubeka nokuxhumana neminyango efanele ukuthi labo abahlukumezekile ilezikhukhula bathole usizo olufanele bese kuthi nezakhiwo kanye nemigwaqo elimele kuhlenganisa namabhuloho kuyalungiswa ngokushesha.

Madam Speaker, it would be unwarranted for one not to talk on the issue of water challenges and that of the state of our roads, especially those belonging to the Department of Transport. As the leadership of RNM, we continue to vigorously engage our counterparts at Ugu District Municipality that the water challenges faced by our communities should be addressed sooner than later. Hounarable Councillors, we are doing the same with the Department of Transport on the state of the roads that belong to them. We are optimistic that these engagements will bear positive results in terms of addressing these challenges which in one way or another do also affect economic growth within our region. We also appreciate the interventions by the provincial government on these matters.

Proceeding to the actual business of the day; Madam Speaker and Hounarable Councillors, during one's presentation of the Draft Budget, one went into details regarding various aspects and pieces of legislation, increases and decreases that were considered before the actual draft budget for 2022/2023 was considered.

It is therefore not necessary for one to once more go into details on these, but one will just list them in order to remind ourselves, and they are as follows:

1. **Municipal Finance Management Act Circular 115 issued on 06 December 2001**
2. **Current Global Economic Conditions**
3. **Employee Related Costs**
4. **Remuneration of Councillors**
5. **Our RNM status in terms of Revenue Base**

Madam Speaker, Hounarable Councillors, AmaKhosi ahloniphekileyo, Ladies and Gentlemen, one must be upfront in mentioning that **the Draft Budget approved by this council in March and this final budget, of which one is about to present, they remain the same in most aspects except for the following items that have been adjusted.**

Differences between the Draft Budget and the Final Budget			
Item	Draft budget	Final budget	Adjustment
Revenue			
Service charges	R184,797,000.00	R182,857,000.00	-R 1,940,000.00
Operational grants	R321,166,000.00	R315,102,000.00	-R 6,064,000.00
Other revenue	R73,365,000.00	R70,013,000.00	-R 3,352,000.00
<u>In terms of Revenue there was a decrease of R11,356,000.00</u>			
Expenditure			
Bulk purchases	R136,323,000.00	R 137,074,000.00	R 751,000.00
Contracted services	R 284,699,000.00	R 274,881,000.00	-R 9,818,000.00
<u>In terms of Expenditure there was a decrease of R9,067,000.00</u>			

Madam Speaker, the **2022/2023 Proposed Final Budget** for the Ray Nkonyeni Municipality that one is tabling for **consideration** is as follows:

1. The proposed **Operating Income** is One billion Two hundred and Four million, Six hundred and Twenty-Eight thousand Rand (R1 204 628 000.00)

The streams for this proposed Operating Income are as follows:

- **Property Rates** budget is Four hundred and Ninety-Eight million, Six hundred and Twenty-Three thousand, One hundred and Sixty-Nine Rand (R498 623 169. 00) Property rates have been adjusted upwards by 4.8% as recommended by the Treasury Budget circular 115 issued on 4 March 2022.
- **Electricity – Services Charges** at a total budget of One hundred and Eighty-Two million, Eight hundred and Fifty-Seven thousand Rand (R182 857 000.00). It should be remembered that in the draft budget the electricity service charges were proposed to increase by 9.6%, however in considering the comments received during budget roadshows, the cost of providing the reliable services and eventually the approval by NERSA, these have been adjusted upwards to 7.47%.
- **Refuse or Waste Management – Service Charges**, at a budget of Seventy million, Seven hundred and Sixty-One thousand rand (**R70 761 000. 00**). This has been adjusted upwards by 4.8% in line with the Consume Price Index (CPI) as prescribed by the Treasury Circular 115.
- **Transfers and Subsidies** amount to a total of Four hundred and Forty-Seven million, Four hundred and Sixty-Two thousand Rand (R447 462 000.00). From this, an amount of One hundred and Thirty-Two million, Three hundred and Sixty thousand (R132 360 000. 00) is from Capital grants for the funding of Capital Projects for the 2022/23 financial year. When compared to the amount tabled in the Draft Budget in March, one will notice that there is a reduction that is due to the recent floods.

It is worth mentioning that the above reduction is because EDTEA resolved to redirect the amount of R5 million to fund disaster related damages and will no longer be transferring the funds to the municipality.

Madam Speaker and Hounarable Councillors, the balance of Three hundred and Fifteen million, One hundred and Two thousand Rand (R315 102 000. 00) is from Operational Grants of which Two hundred and Sixty million, Six hundred and Forty Six thousand Rand (R260 646 000. 00) is from the Equitable Share.

Dear Hounarable Councillors, it is worth mentioning that the above budgeted revenue is adequate to cover Operating Expenditure including Non-cash items as well as Capital Expenditure

Moving straight to the **Operating Expenditure** for 2022/2023:

2. The Proposed **Final Ray Nkonyeni Municipality 2022/2023**

Operating Expenditure is One billion, Two hundred and One million, Three hundred and Thirty-Five thousand Rand (R1 201 335 000. 00).

This Operating Expenditure shows an increase of **R80 million** from the one of the 2021/22 adjustment budget, and the attributing factors to this increase are employee related cost as per the collective agreement and contracted services on contractual escalations.

Madam Speaker, with your permission and to ensure a better understanding, let one elaborate more on what's contained here:

- **Salaries and Allowances or popularly referred to as Employee Related Costs** – these costs have been capped at Four hundred and Forty-Seven million, Two hundred and Seventy-Nine thousand Rand (**R447 279 000.00**) and this represents 37% of the total operating expenditure. The increase is based on the collective agreement in place at a rate for the 2022-23 financial year of 4.9% but also as previously mentioned, the increase is to accommodate the filling of vacancies especially in service delivery departments as per the Strategic Planning Session resolution.

- **Councillors Remuneration** – The budget of **R31,4 million** has been made in line with the latest gazette as issued by Minister of COGTA and resolutions of council with regards to determination of fulltime Councillors. Any changes will be based on any new gazettes and will be accommodated during adjustment budget period.
- **Depreciation and Impairments** – as required by the Municipal Budget and Reporting Regulations and mSCOA, adequate provision has been made in the budget for non-cash items including depreciation and depreciation has been budgeted for at **R101.6 million**.
- **Bulk Purchases** – these have been increased **R137 million** to accommodate the 9.6% in line with the NERSA guidelines as Eskom has been allowed to increase electricity by the said percentage.
- **Other Expenditure** – These have been increased when compared to the 2021/22 which was used as a baseline and considered our contractual obligations. They also include price escalation as per CPI that has seen a rise in expenditure as well as a **R30 million** new allocation by the Department of Transport for the Intermodal facility (Port Shepstone Taxi Rank). Though there is an increase on these “other expenses”, it should be noted that Operation leases have decreased since the municipality is not renewing operating lease agreements but rather replacing them with finance leases which are not budgeted for as operating expenditure but rather liabilities.
- **Repairs and Maintenance** – These have been allocated an amount of **R51.2 million** which translates to 4,35% of the operating budget, however the municipality will also be developing an asset maintenance plan to determine the frequency, costing and priority of the repairs & maintenance to maximize the effectiveness of the use of municipal assets.

3. The **Proposed Capital Budget for 2022/2023** for Ray Nkonyeni Municipality is R183 million which will be funded through Grants, Borrowing and internally generated revenue.

The streams for funding of our 2022/2023 Capital Budget is as follows:

- National Government Grants – R115 Million
- Provincial Government Grants – R3 Million
- Development Bank of South Africa Borrowings (DBSA) – R7 million
- Internally Generated Revenue – R58 million

Somlomo, BoKumkani abakhoyo phakathi kwethu nakuni boCeba abahloniphekileyo, manditsho ukuba okuvuyisa ngokwenene ngale Proposed Capital Budget, kukuba sibekela bucala itywenka yemali ukuze sithenge i yellow plant, esingabala kuyo o grader, tipper trucks nee compactors ze sikwazi ukubalasele kunikezelo lweenkonzo. Ngalo Ndlela siyobe senza bhetele ubomu babantu abasinyulileyo kunye nakuye wonke umntu ongumhlali walapha e Ray Nkonyeni njengoko savumelana kwi Strategic Planning Session in early February neyayise Underberg.

Madam Speaker, AmaKhosi Ahloniphekile, Hounarable Councillors, Ladies and Gentlemen, more information on the projects that are part of our Capital Budget for 2022/2023 is obtainable on our various platforms, like from our Project Management Unit, Website, etc. and due to time constrains, Madam Speaker, please allow me to only mention the minimum estimated amounts allocated for each Cluster:

- ✚ Cluster 1 – R15 million
- ✚ Cluster 2 – R11. 2 million
- ✚ Cluster 3 – R20 million
- ✚ Cluster 4 – R10 million
- ✚ Cluster 5 – R7 million

- ✚ Cluster 6 – R50 million (**and this amount is inclusive of the catalytic projects like Rehabilitation of Nelson Mandela Drive and Old Harding Main Road**)
- ✚ Cluster 7 – R17 million

For Municipal Wide Projects the minimum estimated allocation is R26 million.

One would like to indicate that the main focus on our capital projects will be as per our resolve during our Strat Plan in February, which is the following:

- Rehabilitation, Upgrade, Resealing or construction of both Rural and Urban roads and related infrastructure, like pedestrian bridges, storm water drainage systems, vehicular bridges,
- Infills or connection of some households in the electricity grid
- Few Halls that are in the form of Multi-purpose Centres
- Few Sportsfields, and
- Outdoor Gyms

One would have loved to also mention other workstreams especially from the Operating Expenditure but because of time, one would encourage Councillors, AmaKhosi, Ward Committee members and the general public to check the details of projects the municipality will be implementing in 2022/2023 financial year especially on our website. As required by legislation, once approved this budget together with all the necessary documents or information will be made public.

Briefly Madam Speaker, the budget that we are considering for approval today is as follows:

- ❖ **Projected Annual Income – One billion, Three hundred and Thirty-Six million, Nine hundred and Eighty-eight thousand Rand (R1 336 988 000. 00)**
- ❖ **Projected Annual Operating Expenditure – One billion, Two hundred and One million, Three hundred and Thirty-five thousand Rand (R1 201 335 000. 00)**
- ❖ **Capital Budget – One hundred and Eighty-three million, Seven hundred and Eighty-three thousand Rand (R183 783 000. 00)**
- ❖ **Increases for Property Rates, Refuse Charges and all other Tariffs of Charges are set at – 4.8 %**
- ❖ **Electricity overall increase 7.47%.**

Madam Speaker, the above is therefore hereby being tabled for consideration by the Council, and one hopes that we will put aside our ideological differences and unanimously agree on this budget.

Before closing, Mevrouw Spreker en Geagte Raadslede, laat ek ookdra dankbaarheid aan almal wie dit gemaak moontlik het, vir ons om te oorweege hierdie begroting vir finansiële jaar 2022/2023. Ukuba nemanagement eyenza umsebenzi ngokuzinikezela nangokunyanisekileyo, kwenza umsebenzi wethu njengo Ceba neeNkokheli zeliBhunga ube lula.

It is one's wish that we all accept and approve this budget for 2022/2023 so that we can continue with our responsibility and mandate, of changing the lives of our people to be better than they were before we were elected. As we consider this Budget, and being from different schools of thought, whilst at the same time claiming to represent aspirations of our people or communities, one would like to close with these wise words from the most fearless and visible leader in the Civil Rights Movement, Martin Luther King Junior: **(and I quote)**

**“If you can’t fly then run, if you can’t run then walk, if you can’t walk then crawl, but whatever you do you have to keep moving forward.”
(Close Quote).**

I thank you!!!! **And**

I continue loving you all!!!!

**CLLR IS MQADI
HIS WORSHIP THE MAYOR
RAY NKONYENI MUNICIPALITY**