

## **Adjustment Budget Speech by His Worship Mayor of the Greater Tzaneen Municipality, Councillor Maripe Mangena.**

Madam Speaker

Fellow Councillors

Our traditional leaders

Acting Municipal Manger

Directors and Managers

Members of our communities

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Madam Speaker we are meeting this afternoon as a Council to present the mid-year budget review and adjustment as expected by legislation. This budget adjustment takes place during the month which has a remarkable history for us as South Africans. 28 years ago, Nelson Rolihlahla Mandela was released from prison. Today we are celebrating the 100th anniversary of the birth of this greatest leader the world has ever known. In commemorating the birth of Nelson Mandela, let's ensure that we better the lives of our communities by accelerating service delivery. This budget adjustment takes place also just a week before IEC will be having an open registration weekend on the 10<sup>th</sup> -11<sup>th</sup> of March. We are calling upon all of us to go and mobilize our communities to go and register but also to confirm residential addresses.

Madam Speaker, the President of the Republic of South Africa, His Excellency Cyril Matamela Ramaphosa has given us marching orders in his maiden state of the nation address on the 16<sup>th</sup> of February 2018. This was followed by the national budget speech and the state of the province address by Premier Mathabatha. From these speeches, we now know that VAT will go up from 14% to 15%, we also know that that fuel levy will increase by 52 cents per litre. These are some of the factors that needs to be considered as they will have a direct bearing on the prices of goods and services.

Madam Speaker, this Budget Adjustment is prepared in terms of Municipal Budget and Reporting regulation, Government Gazette number 32141 promulgated on the 17<sup>th</sup> 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 am here to inform Council of the 2017/2018 budgeted figures versus the actual figures and to obtain Council's approval to revise the approved 2017/2018 Annual Budget through an Adjustment Budget.

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 Greater Tzaneen. 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 sections. This Committee met on a number of occasions to ensure that a well-balanced and credible Budget Adjustment is prepared.

Madam speaker, this budget adjustment will not consider operational budget, if there is a need for additional operational funds for specific areas, those shortfalls will be addressed through virement.

Fellow Councillors, we have incurred an overspending on legal fees in the corporate services department. R9 million have been budgeted for the 2017/2018 financial year but R10, 6 million have already been spent in the past six month. Of the R8.8 million budgeted for contracted services for our water networks in the engineering services department, R6.6 million was spent in the first 6 months just to mention a few.

I must commend top management for the way in which they managed the budget, however special attention will have to be given to the management of repairs and maintenance, collection cost, contracted services and legal fees seeing that Council is heading for an over expenditure on their 2017/2018 cash resources.

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 so that those who can afford to pay for Municipal services do so.

Madam Speaker, I therefore table the adjustment budget as detailed in the document for final adoption by Council.

THANK YOU.