

<p><b>MAYOR`S REPORT</b> <b>BUDGET ADJUSTMENT 2012/2013 FINANCIAL YEAR</b></p>
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**CHAIRPERSON OF THE COUNCIL CLLR BALOYI**

**M.E**

**THE CHIEF WHIP OF THULAMELA MUNICIPALITY CLLR MUTOTI N.W**

**HOUSE OF TRADITIONAL LEADERS**

**COUNCILORS**

**THE SENIOR MANAGEMENT TEAM**

**DISTINGUISHED GUESTS**

**AND ALL PROTOCOL OBSERVED**

**Honourable Speaker**

It is a privilege and honour to address this sitting of the council on this important occasion-The presentation of the 2012/2013 Adjustment budget.

Our Municipality perceives the Budget as an important instrument through which we are able to manage public funds. This is done in a way that ensures that we improve the quality of life of our people. We also perceive the Budget as a developmental tool which obligates for proper planning, effective allocation of public funds and proper accounting for every cent entrusted to the council.

**Honourable Speaker**

Allow me an opportunity to make salient points on the political landscape which impacts on our work as the local municipality. We all know and understand that we`ve been doing more with existing resources, but we are also reminded to ponder our sentiments in the Local Government Turnaround Strategy approved by the cabinet in 2009.

We are to sail on veins of (LGTAS) and develop a character of restoring the confidence of the majority of our people in our Municipality. We are also obliged to ensure a functional, responsive, accountable, effective and efficient developed local government.

**Honourable Speaker**

On this regard we are to commit ourselves to a meaningful implementation, monitoring and evaluation to ensure that the strategic objectives of (LGTAS) are attained in our municipality.

Statistics has shown that most of the protest marches continues to occur in municipalities. The reasons being that, there is poor report back by councilors, poor communication generally. Unfortunately this communication gap escalates political divisions, unemployment and poverty.

**Honourable Speaker**

I am quite certain that the adjustment Budget I will be presenting to you today represents the true reflection on how we have spent the people`s money and also how we are anticipating to spend the remaining cents of 2012/2013 budget.

**Honourable Speaker**

The adjustment Budget we are about to present today is mandated by section 28 of the MFMA and the Municipal Budget reporting regulation. It is also done in line with the Mid-year budget assessments of the municipality and the projections were based on the trend of actual figures for the first six months of the financial year.

This adjustment Budget was also done taking into consideration that it affords us opportunities to look back and review our successes, contemplate failures and take a corrective action where it is needed. We are also mindful of the fact that when carrying out this responsibility, extra care should be given since budget is not about numbers but vivid figures that describe the desires, needs and hopes of our people. This is supported by MFMA Circular No. 51.

**Honourable Speaker**

Allow me to move directly to the main business of the day.

**THE EXECUTIVE SUMMARY OF OUR ADJUSTMENT BUDGET**

## 1. Revenue

The projected revenue for 2011/2012 Financial year was R 732 120 047 which was reduced to 704 021 000 which leaves us with variance of R 280 990 47

Reduction was caused by the following:

- Unrecovered projection of R85 million for two business prime sites (Malamulele and Thohoyandou).
- Interests on arrear accounts from debtors which decreased from R 24million to R 10, 8 million.
- Reversal of Water revenue of R21 Million from Vhembe District which leaves the municipality with R0 on the adjustment budget. The grants from Vhembe District Municipality for an amount of R50.4 million has been taken out from the adjustment Budget because it was related to water transactions which is now taken back to Vhembe district.
- Thulamela Municipality received additional grant from National Treasury of the total of R99.0 million broken down as follows:
  - Energy efficiency& demand site management grant  
R 6.0 million
  - EPWP Grant R 3.9 million
  - INEP R 50.0 million
  - NDPG R 40.0 million
- An amount of R52.0 million of NDPG which has been rolled over from 2011/2012 financial year has been included on the adjustment budget. This resulted in the NDPG being adjusted from R0 to R92million of which R40 million is new allocation and R52million is a roll over.

## 2. OPERATIONAL EXPENDITURE

The operational expenditure was R525 million and has decreased to R 521 million. The variance is R4million and the reduction was caused by the following:

- Salaries wages allowance - reduced from 167million to R153 million

- The reduction resulted from water salaries which were taken back from Thulamela Municipality to Vhembe District Municipality.
  - Councilor`s allowances has been adjusted in terms of the Government Gazette, on the upper limits of councilors issued by SALGA.
- General expenditure has increased from R221million to R230 million. This has resulted from :
    - Reclassification of street re-gravelling of R4 million from capital to operational expenditure.
    - Public participation increased by R3 million from R2 million, which brings us to R5million.
    - Valuation cost increased from R2million to R 10 million.
  - Repairs and maintenance decreased from R 59.3 million to R 50.9 million. This has resulted from
    - Water related maintenance that has been taken out of the budget.
    - Street rehabilitation that has decreased from R38.5 million to R32million. This reduction was subject to an amount that the municipality has counter funded, but as revenue decreased, it was also affected.
  - Depreciation has also increased from R25million to R38 million, and was subject to depreciation for the first six month.
  - Provision for bad debts has been reduced from R51.9 million to R47.5 million. The calculations were based on the actual billing for the first six months.

### **3.CAPITAL EXPENDITURE**

- The capital expenditure has decreased from R 206 million to R182.8 million. This has resulted from the following:
  - Water related assets of R 90 million were taken out of the Budget due to reversal of water activities to Vhembe District Municipality.
  - Re-gravelling of streets by R4 million that was transferred from capital to operational expenditure.

- Roads and Storm water reduced from R145 million to R 141 million, due to the reduction on own funded projects and are affected by the decrease of revenue.

Therefore, the capital will be funded as follows:

- MIG	R 74,355,000
- NDPG	R 92,000,000
- OWN	R 16,445,000
<b>TOTAL</b>	<b>R 182,800,000</b>

### **Honourable Speaker**

Thulamela municipality's adjustment Budget was done in consideration of the above-mentioned factors. The mid- year review has indicated beyond reasonable doubts that there was a need for such adjustments.

It was for the reasons stipulated above that we are doing these adjustments, as they afford us opportunities to retrospect ourselves on a broader financial scope.

This also gives us an in-depth and broader leadership capacity to perform effectively irrespective of the responsibility bestowed to you. Employees in general seek pleasant work environment, equitable system, challenging work, inspiring management and business reputation that instill pride.

The success of our municipality should be our pride and we should therefore strive under bearable and unbearable conditions to do the best.

The little resources at our disposal can be used optimally to the amazement of those who prefer watching sceptically from a distance.

### **Honourable Speaker**

In conclusion, I recommend that the council approves the 2012/2013 Adjustment Budget, and that there be no changes unless brought forward to the council for ratification. I also urge that the SDBIPs of different departments be amended to reflect the changes made in the original Budget.

Although we are still having some serious financial odds ahead of us, we still have to believe that, reaching high for the stars lies hidden in your souls. Dream deep, for every dream precedes the goal.

I have also learnt from our father Nelson Mandela, that the brave man or women is not the one who does feel afraid, but the one who conquers that fear.

**I Thank you**