

## MAYOR'S REPORT

Speaker, Deputy Mayor, Councillors, Officials and members of the public.

Basic service delivery has been highly dependent on Grant funding for the past four years prior to the 2015/2016 financial year. The municipality is pleased to report that for the first time in 2015/2016 the following projects have been delivered to the community using internal funding/ own revenue:

<b>Project</b>	<b>Amount</b>
Compactor Truck	R3,2 Million
Fencing of dumpsites (Nordale and St Lucia)	R3,2 Million
Roads infrastructure	R12,5 Million
Fleet	R2 Million
<b>Total</b>	<b>R20.9 Million</b>

Financial sustainability is highly dependent on property rates collections and service charges.

Financial sustainability has been improved drastically and thus the municipality has been able to fast track service delivery. The collection rate has improved between 2014/2015 from 63% to 70% to date (2015/2016) and is expected to improve even more in the next financial years.

The cash flow status of the municipality is positive, according to the final budget the municipality is expected to have cash reserves of almost R14 Million by the end of the financial year (June 2016).

The municipality has for the past two years received an unqualified audit report, which should give confidence to the communities and council as this is an indication that municipal financial management is fairly represented.

The municipality has benefitted from the National treasury programme (MFMA). Through this programme and grant funding, 5 job opportunities were created by appointing financial interns. The aim of the programme is also to build capacity within the finance department.

Speaker, Deputy Mayor, Councillors, Officials and members of the public I wish to present an overview of the 2016/2017 – 2018/2019 Medium Term Revenue and Expenditure Framework for Mtubatuba Municipality. The budget and MTREF has been prepared as per the provisions of Finance Management Act, circular 78 and 79 as well as MFMA budget and reporting regulations.

As I present this MTREF it is important to take note of the challenges that are currently facing our country as well as our Municipality. As a local Municipality within this country we are not immune to the challenges facing South Africa as well as our district. Among these challenges are:

1. Shortage of electricity in other wards
2. Shortage of water due to drought and insufficient rain resulting in low water levels in rivers and Dams

3. High level of poverty and unemployment
4. An ongoing quest for clean administration and governance
5. Service delivery protest

Speaker in this 2016/2017 Medium Term Revenue and Expenditure Framework, we respond to these challenges as follows:

1.1 A budget for electrification program which is mainly rural areas amounting to R 14 million in 2016/2017. It must be noted that as we are making into these programs, we are also responding to one of the resolution of the Freedom Charter.

1.2 There is very little we can do around the issue of water shortage as we are not a water service authority, since this function is the responsibility of the district Municipality which is UMkhanyakude. We have allocated budget in dealing with this disaster of water consequences and challenges. An amount of R 2 Million has been set aside to this crisis within the municipal boundaries. Having said that, the recent visit by the Premier of the province and his team has seen dried taps getting water after a long time of living without water.

1.3 Speaker in response to poverty and unemployment the municipality have done the following provisions in 2016/2017 budget

- An amount of R 1 408 000 to create jobs opportunities through EPWP programme
- R 200 000 for experiential learning stipend
- R1 000 000 for Poverty Alleviation

The above projects will result in more than 100 job opportunities being created by Mtubatuba Municipality in 2016/2017 financial year.

1.4 Our government took as serious stand towards clean audit and this seen to a number of Municipalities in the province getting clean audit. In the presentation of audit report by auditor general in this council chamber January this year, the office of auditor general did mention that we are close to obtaining clean audit

- Over R 1.3 Million allocated to internal audit in 2016/2017 financial year.

1.5 We have seen a number of various protest taking place in various communities within the country, even in our municipality had experience protests. It must be noted speaker, that in our municipality most of the issues that were raised on these protest had more to do with water, which are issues outside our mandate.

Speaker and Council it must also be noted that the budget we are tabling today is in line with National Priorities:

- ✓ Creation of decent jobs opportunities
- Infrastructure development i.e. Roads, Electricity and Local Economic Development

## Operating Budget

The municipality's budget for 2016/2017 to 2018/2019 is summarised as follows:

<b>KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>				
<b>Description</b>		<b>2016/17 MTREF</b>		
<b>R thousand</b>	<b>Adjusted Budget</b>	<b>Budget Year 2016/17</b>	<b>Budget Year +1 2017/18</b>	<b>Budget Year +2 2018/19</b>
<b>Revenue By Source</b>				
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>172,009,189</b>	<b>180,451,682</b>	<b>196,004,358</b>	<b>206,873,414</b>
<b>Total Operating Expenditure</b>	<b>148,185,163</b>	<b>158,394,519</b>	<b>163,243,243</b>	<b>171,310,908</b>
<b>Surplus</b>	<b>23,824,026</b>	<b>22,057,163</b>	<b>32,761,115</b>	<b>35,562,506</b>
<b>Total Capital Expenditure</b>	<b>50,022,278</b>	<b>58,590,000</b>	<b>44,902,500</b>	<b>45,357,625</b>

More details of the both operating and capital budget are reflected on in the executive summary of the budget document.

The proposed tariff increase for 2016/2017 is less than CPI of 6.6 percent as per circular 79. Our tariffs have increased by 4 percent for all trading services except for burial fees which remained flat in the 2016/17 financial year.

## Capital Budget

Capital budget has been provided as follows:

<b>DESCRIPTION</b>	<b>Budget Year 2016/17</b>
Infrastructure Development	14,500,000
Electricity Reticulation	14,000,000
Sport field	3,500,000
Community halls	13,200,000
Bins and containers	300,000
Plant and equipment	1,880,000
Motor Vehicle	3,450,000
Office Equipment and other	300,000
Buildings	2,500,000
Computer Equipment	800,000
Furniture and Fittings	300,000
Other Assets	3,860,000
<b>Total Capital Expenditure</b>	<b>58,590,000</b>

Capital Budget is funded as follows

DESCRIPTION	AMOUNT
Municipal Infrastructure Grant	R 28,787,850
National Electrification Grant	R 14,000,000
Own Funding	R 15,802,150
	<b>R 58,590,000</b>

Speaker and Council, I would like to take this opportunity and express my gratitude and appreciate the following people:

- The Acting Municipal Manger, Directors and staff for their input in the budget;
- Office-Bearers i.e. Deputy Mayor and The Speaker;
- The Executive Committee members;
- All Councillors who are the face of service delivery in their respective wards; and
- The community in all 19 wards for their support and co-operation.

I thank you

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**COUNCILLOR. I. F. NYAWO**  
**MAYOR OF MTUBATUBA MUNICIPALITY**

