



MAYOR Cllr MINAH BAHULA

BUDGET TABLING

2017/2018 FINANCIAL YEAR

31 MAY 2017, MASTERS SPORT GROUND

TOGETHER WE MOVE SOUTH AFRICA FORWARD



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

Mmogo re šomela diphetogo!



Our Vision

To be a catalyst of integrated community driven service delivery.

Our Mission

To strive towards service excellence.
To enhance robust community based planning.
To ensure efficient and effective consultation and communication with all municipal stakeholders.

Makhuduthamaga Local Municipality was established in 2000 in terms of chapter 7 of the constitution of the Republic of South Africa



MAKHUDUTHAMAGA
LOCAL MUNICIPALITY

Mmogo re šomela diphetogo!

BUDGET TABLING

2017/2018 FINANCIAL YEAR

DELIVERED BY HER WORSHIP MAYOR Cllr MINAH BAHULA
AT MASTERS SPORT GROUND, MASERUMULE
PARK ON THE 31ST MAY 2017





The address delivered by Cllr Minah Bahula, Mayor of Makhuduthamaga Local Municipality on the occasion of the adoption of budget vote for 2017/18 at Maserumule Park, Master Sport Ground on the 31 May 2017

- ❖ Honorable Speaker
 - ❖ Members of Executive Committee
 - ❖ Chief Whip
 - ❖ Councillors
 - ❖ Traditional leaders
 - ❖ Chairperson of MPAC
 - ❖ Chair of Chairs
 - ❖ Municipal Manager, Senior Managers and all employees of the municipality present here
 - ❖ Managers from other government departments
 - ❖ Leaders of religious denominations
 - ❖ Members of Ward Committees
 - ❖ Business leaders present here
 - ❖ Guests, members of the community and comrades
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GOOD AFTERNOON,
KE A LE TAMIŠA BENG BAKA,
KE RE THOBELA!



Honorable Speaker, once again it is an honor for me, today to be given an opportunity to table the draft IDP and Budget of the municipality for 2017/18 to 2019/20 to the council of Makhuduthamaga Local Municipality for approval in terms of section 24 (1) and (2) of the Municipal Finance Management Act No.56 of 2003. The budget is prepared for the 2017/18 and two outer years to comply with the MFMA and MFMA regulations.

HONORABLE SPEAKER

The Municipal Finance Management Act 56 of 2003 requires councils of municipalities in terms of section 16(1) to approve an annual budget for the municipality before the start of the financial year. In order for the municipality to comply with section 16 (1) mentioned above, the mayor of the municipality must first table the draft annual budget at a council meeting at least 90 days before the start of the budget year. The first draft budget for 2017/18 MTREF was indeed tabled in council on 30 March 2017.

HONORABLE SPEAKER

Guided by the time schedule adopted by council, we have followed all necessary processes including community consultation and consultation of the sector departments to ensure that our Integrated Development Plan remain a vision documents that carries solution for the needs of our communities. We considered the inputs of the Limpopo Provincial Treasury on the draft budget we submitted to them for review and the inputs of all consulted stakeholders were necessary. Due to limited funds, we could not accommodate all of the needs of our people but will ensure that beyond the 2017/18 MTREF, we cover the needs that could not be included in the 2017/18 MTREF.

HONORABLE SPEAKER

This is the first IDP/Budget review by this council as sworn in Office from August 2017 to continue the good work done by the previous council that started in 2011 to July 2017. One of the major objectives of this council over the 2017/18 MTREF and beyond is to bring a solution to the challenge of revenue generation and collection which results in the municipality



depending on National Government grants to continue existing. It is our goal to ensure that by the end of our term of council, grant dependency must be a history in our municipality. We also want to complete the access roads to our Local traditional leaders that the last council could not complete during their term of office.

Further to that this council shall continue to prioritize the construction of roads, bridges and storm water infrastructure to improve the lives of our communities by giving them access to the roads infrastructure. The municipality further has as one of its medium term service delivery objectives, to improve the Local economy through the implementation of the LED strategy to be approved by council before the end of June 2017.

HONORABLE SPEAKER

We are presenting a projected total revenue budget to the amount of **R 391.5 million** for 2017/18 budget year, **R 394.8 million** and **R 409 million** for 2018/19 and 2019/20 financial years respectively. The total revenue budget for 2017/18 consists of **R 312.4 million** from National transfers and grants and **R 79.1 million** from own sources of revenue

The total National transfers and grants for 2017/18 are made up of **R 233 million** from equitable share, **R 1.7 million** for Finance Management Grant, **R 63.2 million** for Municipal Infrastructure Grant, **R 13 million** from Integrated National Electrification Grant and **R 1.2 million** from the Extended Public Works Programme.

Total amount of **R 79.1 million** from own revenue sources is made up of **R 38.8 million** from Property rates, **R 12.2 million** from interests on investments, **R 21 million** from interests on outstanding accounts, **R 5.2 million** from agency services, **R 632 thousands** for traffic fines and **R 1.2 million** for other revenue.

HONORABLE SPEAKER

The expenditure in excess of the budgeted revenue for 2017/18 financial year will be funded by cash backed reserves to an amount of **R 22.3 million**.



HONORABLE SPEAKER

The revenue growth for 2017/18 financial year and the two outer years of the MTREF remain a serious point of concern as the municipality did not report for any revenue growth in the 2017/18 budget year and the 2018/19 budget year only shows an increase of about one percent on total revenue from 2017/18 budget year. This is a serious concern, considering the service delivery backlogs we are faced with, and therefore measures have to be put in place to ensure that the revenue generation and collection capacity of the municipality is strengthened and sustained. We have therefore reviewed our revenue enhancement strategies, in which process we identified new sources of revenue such as service charges for waste collection, rental of municipal halls and sports grounds. A thorough consultation will be conducted with the relevant stakeholders to ensure successful implementation of the plans to maximize opportunities for more revenue to sustain provision of services to our people.

HONORABLE SPEAKER

The Office of the Mayor and the Office of the Municipal Manager have a programme to engage the current Property rates payers, which are our local business owners with an objective to understand and resolve the challenge that leads to poor collection. The process should be completed by end of June 2017 to ensure that the municipality performs better in revenue collection in 2017/18 financial year and over the MTREF.

The municipality has also developed a credible and accurate indigent register which will be approved by end of June 2017, which will not only with directing basic services to the appropriate people but also in planning to maximize revenue generation.

HONORABLE SPEAKER

The total revenue, presented above is used to fund the total annual budgeted expenditure to the amount of **R 413.7 million** for 2017/18 financial year. The total annual budgeted expenditure for the two outer years amounts to **R 402.7 million** and **R 417.5 million** for 2018/19 and 2019/20 respectively. The total expenditure for 2017/18 is made up of **R**



268.8 million for operational expenditure and **R 144.9 million** for capital expenditure. The operational expenditure amounts to **65 percent** of the total budget with the remainder of **35 percent** allocated for capital expenditure.

The total expenditure budget for 2017/18 can be summarized as follows per department

Executive Support is allocated a total budget of	R 3.9 million
Municipal Manager's Office is allocated a total budget of	R 10.1 million
Speaker's Office is allocated a total budget of	R 32 million
Mayor's Office is allocate a total budget of	R 16.7 million
Community Services is allocated a total budget of	R 42.2 million
Budget & Treasury is allocated a total budget of	R 106.4 million
Corporate Services is allocated a total budget of	R 30.2 million
Economic Development & Planning is allocate a total budget of	R 15.5 million
Infrastructure Development is allocated a total budget	R 156.7 million

HONORABLE SPEAKER

The operational expenditure of R 268.8 million for 2017/18 is made up of the following expenditure sources

Employee related costs	R 72.8 million
Remuneration of Councillors	R 22 million
Debt impairment	R 28.1 million
Depreciation & assets impairments	R 21.5 million
Contracted services	R 35.6 million
Other expenditure	R 88.8 million

HONORABLE SPEAKER

We appropriated a total amount of **R 144.9 million** for capital expenditure budget to be implemented in 2017/18 budget year. We tried our best to cover as many of our wards as possible with the limited financial resources available, to ensure that service delivery is spread equally to all 31 wards



of the municipality. We have budgeted **R 5 million** for the purchase of the Office furniture and equipment, Tipper Truck and a Tanker as some of these assets have already reached their useful life and became very expensive for the municipality to maintain, which left the municipality with no option but to dispose them off to cut the escalating maintenance costs . For the improvement and to keep our IT infrastructure at the required standards, we have budgeted **R 5 million** which includes installation of CCTV cameras at the municipal offices to strengthen security.

HONORABLE SPEAKER

We also have budgeted **R 2 million** for the acquisition of PMS system, and implementation of the GIS system.

HONORABLE SPEAKER

We are allocating **R 113.5 million** for roads, bridges and storm water construction in 2017/18 and for the two outer years of the 2018/19 MTREF, we allocated **R 121.4 million** and **R 135.4 million** for 2018/19 and 2019/20 respectively for roads, bridges and storm water.

We have also budgeted about **R 13 million** for electrification of villages as per the municipal priority list and the conditions of the Integrated National Electrification Grant, **R 5.3 million** for the acquisition of the solid waste collection assets and **R 1.2 million** for the acquisition of the traffic control assets.

In 2017/18 budget year we are going to implement the following projects which will be funded by MIG

Construction of Makgwabe to Mphane access road (10km)	R 13.1 million
Construction of Rietfontein to Eensaam access road (10.5km)	R 14.8 million
Construction of Thabampshe cross to Tswaing access road	R 16.6 million
Construction of road from Glen Cowie to Moloj (5km)	R 15.3 million
Construction of access road from Mashabela Tribal Office to Mmtshatsha	R 1.8 million



HONORABLE SPEAKER

Due to funding constraints, we are forced to implement the longer roads in phases and funding them in multi years. Some of the above mentioned projects will be continued in 2018/19 and 2019/20 where applicable to be completed.

HONORABLE SPEAKER

We further allocated an amount of R 51.7 million from the equitable share to fund the following capital projects in 2017/18 budget year

Construction of Access Road from R597 to Mashishing reservoir (2.1km)	R 8.3 million
Construction of Mohlala/Ngwanantshwane Access Bridge	R 4.3 million
Construction of Access Road from Sekhukhune DLTC to the Bridge	R 4.8 million
Construction of Thusong Centre	R 6.1 million
Construction of Access Road to Maila Mapitsane Tribal Office (2.4km)	R 6.1 million
Construction of Access Road to Mashupye Village (2.6km)	R 9.2 million
Construction of Manganeng Access Bridge	R 6.1 million
Construction of Cabrieve/Khayelitsha Access Bridge	R 4.3 million
Construction of Access Road from Lobethal to Tisane (1.2km)	R 439 thousands
Construction of Access Road from Mokwete to Molepane/Ntwane	R 439 thousands
Construction of Access Road to Mochadi	R 439 thousands
Construction of Seruteng/Marishane Access Bridge	R 439 thousands
Construction of Maila Mapitsane to Magolego Tribal Office	R 439 thousands
Construction of Access Road from Mathapisa to Kgaruthuthu (6.3km)	R 439 thousands
Rehabilitation of Access Road to Phaahla Tribal Office (1.5km)	R 439 thousands

For 2018/19 and 2019/20 outer years, we allocated **R 56.2 million** and **R 65.9 million** respectively from equitable share to fund capital projects as indicated in our IDP and the tables of the annual budget for 2017/18 MTREF.



HONORABLE SPEAKER

We are therefore hereby tabling to this honorable council the following documents for approval as mandated by section 16(1), 24 (1) (2) of MFMA read with section 74 and 75a of MSA and Municipal Property Rates Act of 2004:

- 1) Final 2017/18 – 2021/22 IDP and the 2017/18 MTREF Budget.
- 2) Reviewed budget related policies.

We are confident that the budget, the Integrated Development Plan and the accompanying policies are mutually consistent, aligned, and credible and represent the will of our people. Table SA4 to SA6 in the Budget document for 2017/18 MTREF indicates the linkage of the budget and the Integrated Development Plan for 2017/18 to 2019/20.

Let me take this opportunity on behalf of the executive committee, to thank everyone, ouncilors, executive committee members, officials, magoshi, other government departments and the general community for the support and cooperation during the IDP/Budget preparation process.

THANK YOU.



The South African Local Government Association (SALGA) Limpopo presented an Award to Makhuduthamaga Local Municipality for achieving an Unqualified Audit Opinion for 2015/16, this achievement comes for the 3rd time in three consecutive years.

Makhuduthamaga Local Municipality is a category B municipality as determined in terms of chapter 1 and 2 of Municipal Structures Act

This Document was published by:

MAKHUDUTHAMAGA LOCAL MUNICIPALITY
OFFICE OF THE MUNICIPAL MANAGER
Division: Communications

ENQUIRIES

SWITCHBOARD OPERATOR

TEL: 013 265 8600 | FAX: 013 265 1975

EMAIL: info@makhuduthamaga.gov.za

WEB: www.makhuduthamaga.gov.za

01 GROBLERSDAL ROAD, JANE FURSE, 1085

PRIVATE BAG X434, JANE FURSE, 1085



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LOCAL MUNICIPALITY

Mmogo re šomela diphetogo!