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# MANTSOPA LOCAL MUNICIPALITY



2019/2020 SPECIAL ADJUSTMENT BUDGET SPEECH BY THE MAYOR, CLLR M E TSOENE,  
AT THE OCCASION OF THE SPECIAL SITTING OF MANTSOPA MUNICIPAL COUNCIL HELD  
ON 11 NOVEMBER 2019, MANYATSENG COUNCIL CHAMBERS, LADYBRAND

Prepared in terms of the Local Government: Municipal Finance  
Management Act (56/2003): Municipal Budget and Reporting  
Regulations, Government Gazette 32141,17 May 2009.

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## SPECIAL ADJUSTMENT BUDGET: 2019/20 FINANCIAL YEAR





Honourable Speaker, Councillor Mohapi Archie Moduka,

Members of EXCO, All Councillors, Municipal Manager and Senior Managers present,

Members of the media, invited guests and the community of Mantsopa at large,

Honourable Speaker, Let me firstly thank you for giving me this opportunity to present before this Council the state of our municipality and the Special Adjustment Budget vote for the financial year 2019/2020 as per the National Treasury directives.

In terms of the Local Government: Section 28 (1) and (2) of the Municipal Finance Management Act, 56 of 2003; *“ A municipality may revise an approved annual budget through an adjustments budget”*

2) An adjustments budget—

*(a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*

*(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*

*(c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*

*(d) may authorise the utilisation of projected savings in one vote towards spending under another vote;*

*(e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*

*(f) may correct any errors in the annual budget; and*

*(g) may provide for any other expenditure within a prescribed framework.*



Honourable Speaker and Councillors, Section 28(4) of the Municipal Finance Management Act, 56 of 2003 further prescribes that “ *Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency*”.

Subsection 5 of the MFMA further prescribes that when an adjustments budget is tabled, it must be accompanied by—

- (a) an explanation how the adjustments budget affects the annual budget;*
- (b) a motivation of any material changes to the annual budget;*
- (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
- (d) any other supporting documentation that may be prescribed.*

Honourable Speaker, on the 9<sup>th</sup> October 2019, the CFO received a correspondence from the National Treasury instructing the Accounting Officer to take all reasonable steps to ensure that the Mayor table before Council a Special Adjustment Budget by 11 November 2019 in order to achieve a funded 2019/2020 Annual Budget

### **2019/2020 SPECIAL ADJUSTMENT BUDGETARY FINANCIAL IMPLICATIONS**

Honourable Speaker, in terms of the 2019/2020 Special Adjustment Budget, the following changes will be effected-

- (a) The total revenue vote will increase from **R268 058 835** to **R275 163 969** due to adjustments on service charges like Water, Sanitation and Refuse removal;*
- (b) The expenditure vote will be adjusted from **R273 315 323** to **R271 991 421** mainly contributed by the Debt impairment, Contracted services and Finance charges;*
- (c) Some of the vacant positions will not be filled because **R2 566 464.08** will be adjusted downward in order to achieve fiscal prudence indicated in the National Treasury directives;*



## RISK IMPLICATIONS

Honourable Speaker and Councillors, the National Treasury may impose Section 216(2) of the Constitution of the Republic of South Africa if the Council fail to approve the 2019/2020 Special Adjustment Budget within the timelines directed by the National Treasury.

## CONCLUSION

I also make an appeal to our Oversight Committees to objectively and without fail, monitor the activities and programmes of their departments and report any form of non-compliance or Management failure to Council for immediate action, we are obliged to enforce consequence management.

Honourable Speaker, the application of sound financial management principles for the compilation of the municipal's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Honourable Speaker, allow me to repeat what I said when we tabled the original 2019/2020 Annual Budget at Dawiesville Community Hall in Tweespruit on 31 May 2019, I quoted one of the greatest philosopher and the 26<sup>th</sup> President of the United States of America, President **Theodore Roosevelt** who said

*“It is not the critic who counts, not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better”.*

*“The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who at the worst if he fails, at least fails while daring greatly, so that this place shall never be with those cold and timid souls who neither know victory nor defeat”.*



## RECOMMENDATIONS

Honourable Speaker, I hereby table the 2019/2020 Special Adjustment Budget of Mantsopa Local Municipality for Council approval as follows:

1. The total revenue vote will increase from **R268 058 835** to **R275 163 969** due to adjustments on service charges like Water, Sanitation and Refuse removal;
2. The expenditure vote will be adjusted from **R273 315 323** to **R271 991 421** mainly contributed by the Debt impairment, Contracted services and Finance charges;
3. Some of the vacant positions will not be filled because **R2 566 464.08** will be adjusted downward in order to achieve fiscal prudence indicated in the National Treasury directives;
4. That Management to urgently implement and monitor the cash flow turnaround strategy to improve effective financial management;
5. That Management must implement and monitor collection levels during the budget period to ensure that funding is available to finance expenditure;
6. That under no circumstances should expenditure be incurred that is not budgeted for; and
7. That the Council resolution including supporting documents relating to 2019/2020 Special Adjustment Budget be submitted to both the National Treasury and the Free State Provincial Treasury by close of business on **11<sup>th</sup> November 2019**.

I thank you.