

**SPEECH BY THE MAYOR OF KWADUKUZA MUNICIPALITY,
COUNCILLOR M.E NGIDI ON THE OCCASION OF THE TABLING OF
THE 2024/2025 ADJUSTMENTS BUDGET**

Thursday, 27 February 2026

**MADAM SPEAKER, CLLR. D. GOVENDER
DEPUTY MAYOR, CLLR. S. CELE
CHIEF WHIP OF COUNCIL, CLLR. H. MBATHA
FELLOW COUNCILLORS
AMAKHOSI OF KWADUKUZA TRADITIONAL LOCAL COUNCIL
MUNICIPAL MANAGER AND THE MANAGEMENT TEAM
MEMBERS OF THE MEDIA
LADIES AND GENTLEMEN:**

Yesterday we received the sad news that one of our outstanding and committed crime fighters, Assistant Director Marius Prinsloo has died. His death comes just after we laid to rest our Traffic Officer Ms N. F Mkhize, followed by Mr B.M Ngwane a Quality Assurance Inspector at Human Settlements and EDP Business Unit. We have lost three officials in a space of one month.

Assistant Director Prinsloo was a Law Enforcement Officer of a special kind. He went beyond the call of duty to respond to any call for assistance. whilst dispatching the required services he also ensured that he would not send his team where he would not go, leading from the front. He also took special interest in developing and training young officers.

Marius did not make an impact only in KDM Community Safety, but had a profound impact on all the members in the Safety and Security sector and communities throughout KwaDukuza.

Madame Speaker;

I humbly request that we all rise and observe a moment of silence in honour of this outstanding service man

Coming to the business of the day, I address you today in terms of Section 28 (4) of the MFMA to table the adjustments budget for the 2024/2025 financial year.

There were no major revisions to our budget assumptions during this 2024/2025 adjustment budget process. Below are influencing factors we considered and reviewed:

- Normal inflationary increases and economic pressures.
- Zero-based and incremental budgeting for 2024/2025
- Property rates randage increase of 5% in 2024/25 financial year.
- Electricity tariff – various as per tariff of charges, ranging from 0% to a maximum of 12,72 %, depending on the consumer category.
- Supply and distribution of electricity continues under the municipal licence over the duration of the MTREF
- Refuse removal tariff increased by 8% (7% residential and 9% commercial)
- Provision for an 7% increase for all staff remuneration costs.
- Partnership programmes with the National and Provincial Government.
- There have been no changes made to the present powers and functions of the KDM during the budget year.

- The average long-term cost of borrowings is 12%

REVENUE

Property Rates: According to Revenue Section it has analysed a trend in billing and anticipated an overall increase of R14,885m which includes an additional R14m revenue being billed under Residential Developed Property.

Agency Services

The revenue received for this vote consists of the commission from the Department of Transport, based on monthly transactions for licensing and testing fees. A negative variance was observed at mid-year, and a downward adjustment of R1,4m has been accounted for.

Service Charges:

This revenue stream consists of Refuse and Electricity charges. No increase was considered for the Refuse Revenue Stream. However, there was a decrease of R13m in Electricity Revenue Stream.

Interest Earned – External Investments:

The budget on interest from investments has increased by R20,675m due to unspent Disaster Grants attracting interest. Council should note that this additional grant interest revenue, which the Municipality has utilised to fund operational expenditure, will not be available for the 2025/26 financial year.

Given that budgeted operational expenditure exceeds the Municipality's revenue billing and collection, internal reserves will be utilised to fund

the operational deficit. This will have a negative impact as it will result in investments decreasing and resultantly reducing interest revenue for the upcoming financial year.

Fines and penalties:

The budget for fines and penalties is R7,435million overall increased budget allocation. An amount of R8million relates to billing on Illegal unauthorised use of buildings. The budget for Tampering Fees on Illegal connections was decreased by R1million.

Other Revenue: This category consists of Municipal Operational Revenue and the Sale of Goods and Rendering of Services. It has an overall increase of R5,003million.

EXPENDITURE

Basic salary category: An overall increment of R8,876million with R4,938million request under *Basic Salary* category and R3,755million under *Overtime* costs. In consultation with the Expenditure Section it was indicated that **the additional funds requested for Basic Salary are primarily due to the following:** -

- acting appointments, the acting allowance on basic salary paid out so far, this financial year is R1million, which excludes other costs such as cell phone and travel allowance.
- new recruits attracting a higher notch category upon appointment. The salary budget for new appointments is catered for on the first/entry notch level.
- Budget for Fire-fighters progression in terms of the Progressive Advancement Policy which also attracted back-pay.

Given the current financial constraints and the critical need to ensure the Municipality's sustainability, Council is encouraged by the Budget Steering Committee to propose that a comprehensive review of the existing organogram be undertaken by the HR department. This review would assess the alignment of the current structure with the available resources and identify opportunities to achieve operational efficiencies. Furthermore, considering the Municipality's financial challenges, as discussed in the Budget Steering Committee meeting, Council should also consider implementing strategies to mitigate the immediate financial strain the Municipality is facing and allow for a more strategic approach to the allocation of available resources.

Bulk Purchases: MANCO took a decision to consider a R45m reduced allocation from the Business Unit's request of R1,283bn with the anticipation that the energy loss strategies will be implemented and gain momentum in the current financial year, reflecting a decrease in energy losses. This has however not materialised with the Business Unit requesting an additional R211m for the Bulk Purchases budget with Energy losses amounting to R215m at mid-year. Also, highlighted on the table on your packs under the revenue category, electricity revenue has been reduced by approximately R13,140m.

Council to note that in the four prior financial years, the Bulk Purchases expenditure has exceeded the budget and resulted in unauthorised expenditure. If the increased allocation is not considered, this will result in a repeat finding from the Auditor General. However, it must be noted that the solution hereto is to manage and reduce energy losses, not increase the budget to fund energy losses. Furthermore, the Municipality

will be forming an Energy Loss Task Team to do disconnections to all illegal connections.

Contracted Services: An additional requests of R37,348m with majority of the additional requests coming through on the following contracts: -

- Maintenance budget under Human Settlements - R1,7m for Ablution Facilities. The Business Unit had catered for the project under the capital budget. However, the asset, once constructed will not belong to the Municipality. Therefore, the costs incurred are operational in nature.
- *Electrical Contracts* - There was an increase of R14,050m in repairs and maintenance.
- *Security Costs* - R11m - An additional request of R8m under Community Safety and R3m under Electrical Business Units.
- *Professional Fees - Project under Planning Stage* - R1,2m additional request from the Community Services Business Unit for consultant project planning fees.
- *Road Maintenance Contracts* - increase of R10,350m for the maintenance of roads, stormwater, and grading as reflected in the table below. R18,130m has been spent on the R19,100m approved budget allocation.

CAPITAL ADJUSTMENTS BUDGET

The KwaDukuza Municipality's mission is to achieve the highest economic status through:

- Driving Local Economic Development
- Delivering a high standard of essential services
- Encouraging public participation
- Overcoming debt and achieving cost recovery on services provided

The Municipality had originally approved R328,573m as a capital budget in the current financial year with the majority of the funding being allocated towards electrical upgrades, road infrastructure projects and community recreational facilities. The capital budget has been increased by approximately R295,714m during the February Adjusted Budget. A summary of the decreased budget per business unit is reflected in the Councillor packs.

ADDITIONAL INFORMATION

COMPLIANCE WITH mSCOA

The Municipality is fully committed to the mSCOA reforms and has attempted to comply in all material respects with mSCOA. The following matters are still being finalised with the relevant sections within the Finance Business Unit:

- Property Rates, Electricity and Refuse revenue to be broken down per ward / region.

EXTERNAL LOANS

- No external loans considered in the current financial year with a request from the Electrical Business Unit to possibly cater for the loan on the Dukuza Substation in the 2025/26 financial year.

INVESTMENTS

- KDM holds funds in bank deposits, which includes the allocation of grant funding into ring-fenced call deposit accounts to enhance the management of these funds. The total cash and investments of KDM currently amount to R1,034billion. The closing Investments balance at the end of January is R498,949million. It is important to highlight that R426,475million of the total investments are ring-fenced for specific obligations.

CONCLUSION

Madam Speaker, with the powers vested in me I would to invite members of the house to engage on this item and to support its recommendations required by Municipal Budget and Reporting Regulations stated below:

1. **That** Council notes the contents of the report dealing with the Adjustments Budget for 2024/25.
2. **That** Council approves the 2024/25 Adjustments Budget as attached to this item; it being noted that all adjustments are in accordance with section 28(2) of the MFMA.

3. **That** Council approves the revision of the monthly and quarterly service delivery targets and performance indicators as recorded in the revised Service Delivery Budget and Implementation Plan as attached hereto.
4. In accordance with Part 2 Schedule B of the Municipal Budget and Reporting Regulations as published in Government Gazette No.32141 dated 17 April 2009, Council notes the following:
 - There were no major adjustments to the original budget assumptions apart from those detailed in the report.
 - The various adjustments to the funding of the 2024/25 budget as highlighted in this report and the various tables annexure hereto be noted.
 - The adjustments to expenditure on allocation of grant programs as highlighted in this report are noted.
 - There were adjustments to the provision for employee remuneration and benefits as has been indicated in the attached report.
 - The adjustments to the Service Delivery and Budget Implementation Plan as annexure to the report are noted.
 - The adjustments made to the Capital Budget be noted.
5. That it be noted that the requirements as enshrined in Part 5 Schedule B of the Municipal Budget and Reporting Regulations have been dealt with extensively within the body of the Adjustment Budget item.

6. That Council notes that the Adjustments Budget is fully compliant with S28 (2) (a) of the MFMA as certified by the respective Business Units.
7. That Council notes that the impact that the Adjustments Budget has on the current year's budget as well as the future year's budget has been dealt with in the body of the report. That the deficit budget will result in the utilisation of reserves to fund this deficit. This will result in the reduction of reserves to fund the outer years capital projects and available cash coverage.
8. That Council notes that the Adjustments Budget has been tabled by the Mayor in accordance with S28 (4) of the MFMA.
9. That Council notes that the Adjustment Budget is fully compliant with Section 28 (6) of the MFMA in that municipal tax and tariffs for 2024/25 will not be further increased as a result of this Adjustments Budget.
10. That upon approval of the Adjustments Budget by Council in terms of S22(b) of the MFMA, the Adjustments Budget is submitted in both printed and electronic formats to the National Treasury, Provincial Treasury and Department of Co-operative Governance and Traditional Affairs.
11. That in accordance with sub-regulation 26(1) of Municipal Budget and Reporting Regulations, the Municipal Manager is to make public the

Adjustments Budget in accordance with Section 21(A) of the Municipal Systems Act.

12. That Council notes with appreciation the contribution from MANCO and the various Business Units towards the completion of the Adjustments Budget.
13. That Council acknowledges the decisions of MANCO and Budget Steering Committee in finalising the project listing of the R293m unspent Civil Disaster grant (excluding vat) with projects reflecting expenditure being catered for, to a total budget allocation of R244m and a consolidated budget allocation of R49m, to be further detailed and assessed according to the business plans submitted by the Civil Business Unit to the National Disaster Management Centre and Provincial Disaster Management Centre.
14. That Council notes the Provincial Treasury S72 Mid-Year Budget and Performance Assessment Report as attached under supporting documentation.