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**MAYORAL BUDGET SPEECH  
FOR THE BUDGET PERIOD  
2020/2021  
DELIVERED ON THE  
17TH JUNE 2020**



# MSUNDUZI ANNUAL BUDGET

## MAYORAL BUDGET SPEECH FOR THE BUDGET PERIOD 2020/2021 DELIVERED ON THE 17<sup>th</sup> JUNE 2020

Deputy Mayor;

Madam Speaker;

Members of the Executive Committee;

Chief Whip;

Fellow Councillors;

Traditional Leaders;

Religious Leaders;

Leaders of Business and Representatives of Civil Society;

Ministerial Representative, Mr Duma

Municipal Manager, Mr Khathide

Management and Staff;

Members of the media;

Distinguished Guests, Ladies and Gentlemen;

Protocol observed and greetings to you all.

**Madam Speaker,**

Greetings to you all, thank you for gracing this important occasion,

I am honoured to present my maiden Budget Speech before you all, and regards this major responsibility as first about serving the interests of all the residents of Msunduzi.

Comrades and friends, ladies and gentlemen, I hereby dedicate today's address to the memory of one of the iconic stalwarts of our movement, Themba Harry Gwala. As we celebrate the 100<sup>th</sup> birthday of this glorious servant of the people, a great teacher and revolutionary, born and bred in the KZN Midlands, we salute him unreservedly. We rededicate ourselves to the values he steadfastly stood for to the end, that is, the total liberation of our people from all manner of injustices brought about by colonialism and apartheid. We dare not fail him and many of Gwala's caliber. Unwele olude Mphephethwa!





**Madam Speaker and Councillors**, three months ago South Africa commemorated Human Rights Day. This year marks 60 years of the historical calamity we now know as Human Rights Day. Days like this one are important reminders of our recent history. We dare not forget that 60 years ago the apartheid state, an illegitimate regime of white minority rule, killed 69 people at Sharpeville. Those who lost their lives were part of a peaceful march against the dehumanizing, exploitative and racist pass laws.

Yearly on 21 March we remember those who fell, and as a democratic government lead our people's commitment to the protection of all human rights and to the ethos of the Bill of Rights as enshrined in the constitution of the republic.

It is against this background that the loss of Comrade Denis Goldberg on 29 April 2020, was not just cause for sadness, but also a moment of urgent collective reflection. As Goldberg joins that great ancestral army of fellow Rivonia trialists such as Nelson Mandela, Walter Sisulu and Ahmed Kathrada among others, all of us must painstakingly recommit to the liberatory imperatives our people face today. We must accelerate our efforts to lead the charge against socio-economic deprivation and be the light that burned till the end as shown by the exemplary life of Comrade Denis Goldberg. It is only by doing right in the service of our people that we may truly pay our last respects to Comrade Goldberg.

May his soul rest in eternal peace!!

## **Madam Speaker;**

On Monday 25 May 2020, the African continent marked the 57th anniversary of the birth of the Organisation of African Unity (OAU), an occasion now annually marked as Africa Day.

The birth of the OAU, now known as the African Union was a major turning point in the acceleration of unity in the emancipation of the whole of Africa from the clutches of colonialism and apartheid tyranny.

Happening as did, against the current climate of the coronavirus pandemic, this year's celebrations included a special virtual broadcast featuring speeches by the President of the Republic of South Africa and Chair of the African Union (AU), President Cyril Ramaphosa and the AU Commission Chair His Excellency Moussa Faki Mahamat. Given the political instability and the violent conflict in parts of the continent, this year's Africa Day celebration were grounded on the pertinent theme - "**Silence the Guns in Africa by 2020**". This is by no means a naive call, but a gesture towards deepening the fight



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against the continuing scourge of mass killings, the rape of women and children in armed political conflict and all manner of human right abuses that often accompany such pernicious political instability. Beyond the symbolism of vibrant cultural expression and the enchantments of political rhetoric, I sincerely urge of all of us, to look at the plight of Africa as a collective challenge. Our people must not be lied to, or fooled into embracing phantom victories. Every day the burden of making Africa a home to all of us must be sincere, transparent and genuinely seek to bring lasting dignity to the peoples of Africa. We must lead to serve, to heal and to truly bring peace and sustainability in the lives of all to whom Africa is home.

## **Madam Speaker**

As we mark the 65th year since the adoption of the Freedom Charter, let us be the first to ensure that all South Africans truly believe they are indeed citizens of this country. That they too, have a chance to dare dream the dazzling dreams of a better life for themselves and their children. And that their race, colour, creed, gender or sexual orientation will strangle their dreams in this democratic, non-racial and non-sexist society of ours.

## **Madam Speaker**

Yet another major milestone this year, is the 30th anniversary of the release from prison of President Rolihlahla Nelson Mandela. There is no doubt that in alongside Dr Martin Luther King Junior, Chief Albert Luthuli and Mohandas Ghandi, Madiba remains one of the most iconic figures in the fight for human rights globally.

For the Msunduzi administration, Madiba's long walk to freedom must inspire us to serve, and do so selflessly and put the people first. We must run a clean and competent administration, and normalize the idea of being true servants of the people. Asisebenzele abantu ngokuzikhandla nokuzithoba.





## **Madam Speaker**

Our forebears have laid the foundation, and some, like Phila Ndwadwe, were even martyred whilst fighting for our liberation. In what we do today, we must always endeavour to honour their memory. It is against this background that this administration is committed to the following priorities:

- I. The building of a capable, ethical and developmental local government,
- II. The fundamental transformation of the economy and the acceleration of job creation,
- III. The delivery of reliable and quality basic services to all.
- IV. The transformation of human settlements and increased efforts towards the eradication of slums,
- V. The realization of social cohesion, safe communities, and, above all

## **Madam Speaker,**

The coronavirus or Covid-19 is real, and requires collective and decisive leadership. This is not the time for cheap politicking but one in which all members of society exercise optimal responsibility and comply with the spirit and letter as set out in the National State of Disaster regulations.

This administration is aligned with the counsel provided to South Africa by the ANC-led government under President Cyril Ramaphosa nationally, and Premier Sihle Zikalala in Kwa-Zulu Natal. Accordingly, we continue to prepare for any eventuality, and our measures include the following:

1. Intensifying protocols in municipal buildings to safeguard the health and well-being and health of employees and the general public.
2. Provision of alternative shelter for children and adults living on the streets.
3. Mobilizing business and NGOs to work with us in making these shelters hospitable and hygienic;
4. Encouraging greater community involvement to make this project a success and exploring mechanism around sustainability measures,
5. Communicating the critical health and safety messages as directed by the Ministry of Health in line with the guidelines of World Health Organisation and;



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## 6. Stepping-up on the side of service delivery to limit disruptions on livelihoods

We are well aware that the pandemic is worsening the vulnerability of the poor and the destitute, and urge that we collectively do what we can to shield the people of Msunduzi from the worse ravages of this frightening pestilence.

### **Madam Speaker;**

The Government has limited fiscal spaces to support the poor, even in the best of times. In addition, in many cities, the infrastructure that supports a prolonged home stay, such as online purchases and home delivery, does not exist. Therefore, our options are severely constrained. We are grateful that in the next phase risk adjusted level 3, instead of declaring a city-wide lockdown, a gradual opening of the economy is encouraged within regulatory provisions. This will by far assist the city economy to begin a process of recovery, along with neighboring Municipalities. However, emphasis is placed on the elderly and those with compromised immunity to remain on lockdown.

Those who can work at home are also encouraged to do so, we further urge Msunduzi residents to take the pandemic seriously by exercising social distancing, wearing masks as much as possible, especially in public spaces and washing their hands regularly.

Let us use this period of uncertainty to show compassion and to truly care for one another, especially the elderly and the sick. Selfishness and all forms of bigotry are even more dangerous in times like these.

### **Madam Speaker,**

### **We are a City On the Move,**

This theme says we are agile and responsive to the needs of our people. Singomabizw'asabele.

As I lead the Msunduzi Municipality today, I am greatly indebted to my predecessors; Cadre Rob Haswell, the late Sphiwe Gwala and Omar Latiff, Cadre Hloni Zondi, Zanele Hlatshwayo, Chris Ndlela and lastly, Themba Njilo.



## **Madam Speaker;**

I have been disturbed to see our beautiful city dirty in recent times. On behalf of the city, I again apologise for this unacceptable state of affairs. A dirty city is shameful, and cause for justifiable public outrage. The good news is that Msunduzi has now hired a full-time Senior Manager and Manager Waste Management, and a turnaround strategy is now in place. A great deal of improvements that have been made in the waste management value chain and will soon be visible to all residents as the lockdown eases, and most people are returning to work.

## **Madam Speaker,**

The appointment of Mr Madoda Khathide, our Municipal Manager was a major milestone for our municipality towards a path of administrative stability. The accounting officer's role is important for the formation and development of an economical, efficient and accountable administration ready to implement the IDP, and complies with the municipality's performance management prescripts.

We are pleased to see Msunduzi regain balance and beginning to make the Centre hold.

We continue to professionalize and align our governance structures, recruit qualified and energetic personnel and senior management, as well as to fill up as many vacancies as necessary.

Mr Khathide is aggressively complementing the work of the Provincial war room established in terms of section 139(b) to expedite service delivery and that of the Ministerial Representative Mr Scelo Duma in the Municipal Recovery Plan.

We are also in the process of appointing two General Managers for Infrastructure services and Community services, respectfully to ensure leadership and administrative stability.

## **Madam Speaker**

Msunduzi had a qualified opinion in 2018/19 financial year and this was an improvement from adverse opinion that was received in 2017/18 financial year. This improvement is attributable to a joint effort of the management and committees on regular review of the audit turn around implementation plan. The municipality acknowledges the findings raised by the Auditor General in the 2018/ 2019 financial year Management Report and has implemented a number of corrective measures therein;





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The corrective measures and the monitoring mechanisms that are in place, are clearly indicating that the City is advancing its legislative compliance and further strengthening its management practices, participation and financial governance with a particular focus on IT related challenges including the financial Management system. With such mechanisms in place, we are anticipating an improvement in the audit outcome for 2019/20 financial year.

**Madam Speaker;**

We want to make it clear that there will be serious consequences for public officials working for the Msunduzi, who secretly also do business with the state. This is even more imperative in light our current financial position. We also want to eliminate the tendency for over-pricing when businesses provide goods and services to municipality – “the municipality price”. Corruption must end, and end now.

We must strive for clean audits in all business units and our municipal entities, including acting firmly on the recommendations of the Auditor General to improve financial management and hold ourselves accountable.

**Madam Speaker;**

We will intensify our partnership with organized business and labour in crime prevention in line with the noticeable successes of the Safe City Project. The Municipal Integrated Command Centre, where public law enforcement agencies and private security companies will share resources and crime-fighting technological capabilities is being enhanced. This center will among others, integrate all surveillance cameras in the CBDs and on the roads to help track down criminals quickly.

We are also forging partnerships for additional resources towards social mobilisation against criminal activities. We salute our community policing forums, school governing bodies and local drug action committees and other organised social movements in the fight against crime.

**Madam Speaker;**

Our major economic goal is to grow the economy, in order to massively increase the number of new jobs, while sustaining existing jobs in Msunduzi. Our number one goal is to create jobs.



We will achieve this by focusing on high growth sectors and new industries that have a greater potential to create new jobs.

We are now ready to establish social compacts with each of the following 10 high growth sectors:

1. Energy, with a focus on new technologies and a diverse energy mix;
2. Transportation and Logistics;
3. ICT, Media and Digital Services – the digital economy;
4. Tourism and Hospitality;
5. Agri-food and Agribusiness, focusing on value chains such as leather hubs;
6. Construction and Infrastructure;
7. Automotive and aluminum;
8. Financial Services;
9. Cultural and Creative Industries’
10. Industrialization of Cannabis.

We will be working with relevant national departments, State-Owned Enterprises (SOEs), development finance institutions and business leaders to develop detailed implementation plans for all these high-growth sectors.

We are improving the ease of doing business, developing a skilled workforce and bolstering our social compacts with industry leaders and organised labour to implement sector growth strategies.

## **Madam Speaker**

Thanks to the KZN’s Department of Economic Development and Tourism, Msunduzi is a pilot project for the installation of a digital satellite internet connectivity covering a radius of 50 km in Caluza. We continue to bolster this major initiative through private sector support, especially ICT companies. We must speed-up the rollout of affordable broadband connectivity and free Wi-Fi to the poor communities in the city. A project that sits within the realm of the 4<sup>th</sup> Industrial Revolution and within the ambit of new culture dictated by the Covid 19 impediments.

Our vision also entails the realization of an innovation hub, towards a network of ekasi labs, the ICT hub precinct that integrates universities and research institutes. We now believe the dream of a high-tech special economic zone is within reach.



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The Msunduzi innovation ecosystem to enhance digital efficiencies and help us build a smart, innovation-driven and knowledge-based economy is at hand.

Our digital economy must empower broader society by enhancing delivery efficiencies, especially in education, healthcare, public service and business.

We are making progress in expanding digital economy skills, and we hereby thank all our social partners in this regard.

## **Madam Speaker;**

We are acutely aware that water supply is a basic need to all. We are therefore doing our best to improve access to clean water, and continue to do our best to repair decaying infrastructure and to quickly respond to the vandalism of public taps where it occurs. We are also looking at innovative ways of working with unemployed and disciplined youth in the plumbing field to ensure that Msunduzi has a reliable water supply system.

Water is increasingly becoming a scarce resource globally, especially due to global warming. At Msunduzi; we use on average of 800 liters per person per day - way above the world average (173 litres per person per day) and the national average 235 litres per person per day. This is the case especially at Vulindlela, Greater Edendale, Imbali and to the large extent in our informal settlements. We are urging that residents help us by preventing and reporting internal leaks and illegal connections at all times.

The city currently has close to R4 billion uncollectable debt for water usage and other services. This affects a large section of our customers including child headed households, pensioners and other members of our community that are supposedly deemed indigent. Gogo Thoko Cele from Smero did her utmost best to solve the leaks without success, she lived with this problem until she passed on, Gogo Thusi from Dr Vilakazi Road in Ashdown has the same problem of high water bills because of internal leaks. These are few of many cases that are pervasive through the municipality but have been left unattended for years.

I am grateful to resident Shahin Jooma, who recently sent me a whatsapp message with an update and suggestions on various pertinent service delivery matters. Thank you so much Shahin for being a model citizen and an inspiration to all of us.





## **Madam Speaker**

The current load - shedding by Eskom has a negative effect on the economy - we must all work harder towards energy security

We welcome President Cyril Ramaphosa's call during the State of the Nation Address, for municipalities, the private sector and individual citizens to enhance bring grid capacity from renewable energy, hydropower and battery storage.

In April this year, the Provincial Government and SALGA proposed a Ministerial determination from Minister Gwede Mantashe to enable local municipalities to unlock renewable energy projects in line with the Integrated Resource Plan (IRP 2019).

We will also encourage the supply and use of gas and fast track the shovel-ready solar energy projects. We are pleased that the Liberty Group has commissioned an R8 million solar roof plant in order to mitigate the risks of load shedding in their mall.

## **Madam Speaker;**

In 2016, the Msunduzi Municipality approved a preliminary report for more research in the piping of natural gas as an alternative energy source for industrial and commercial use.

One of the biggest manufacturers and employers in the city, Hulamin, is one of the biggest users of gas in the country.

Msunduzi Municipality is keen on investigating the feasibility of reusing the DJP to deliver gas along the N3 corridor, to the broader uMgungundlovu District and other inner parts of KwaZulu-Natal. The idea is to develop a local electricity generation thereby help ease pressure from the ESKOM grid.



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**Madam Speaker,**

**As of March 2019**, there was **Good Green Deeds campaign** that seeks to change people's attitudes, behaviors towards responsible management of waste, and keeping their neighbourhoods clean, green and safe.

The campaign also seeks to eradicate illegal dumping hotspot areas in all wards. Placement of walk-in bulk containers has commenced in selected informal areas throughout the City. This programme should be piloted in strategic areas in all informal settlements in June 2021.

For community-based recycling co-operatives, we are looking at establishing Waste Buy Centres across the City. We are having formed partnership with private sector companies such as Hulamin to assist us with our waste management programme, especially that of discarded aluminum cans.

Hulamin will deploy a mobile boiler and also assist with the reduction of the carnage on our roads, exacerbated by a high number of reclaimers on the roads. Waste buy back centres will deal with the waste management in informal settlements, where mini-disposal centres will be established. We want to create a sustainable source of income for our people.

In intensifying cleaning campaigns and access of households to refuse removal, the City will seek to deliver 240 litre bins to every household.

The City is deeply committed to the struggle for the provision of affordable housing units and service stands for all.

**Madam Speaker,**

In the past three years, we had 30,590 houses to be built in our housing programme. This includes the rectification, and so far, 2383 under new built plan already connected to electricity during the period under review. The balance outstanding will be completed in the outer years in the future as this program tend go more than one financial year. This figure excludes the stand-alone electricity connection application of 300 units.

The construction of reservoirs is significant because it will ensure security of supply of water and inter-link the water supply from one zone to another.



We have managed an additional 666 new connections (excluding housing units in our new built programme) for water and sewer to formal dwellings has been achieved. This was accompanied by the installation of 2204 new water meters and as well as a meter refurbishment initiative for the old one. This investment seeks to improve the worsening water loss in the past 12 months has deteriorated to 29.3% (2018) which is higher than the previous financial year loss 28.9 % (2017).

## **Madam Speaker,**

The state of cleanliness of the city has attracted negative narrative from all sectors of the society and as the municipality we are determined to change this narrative and improve the situation at all costs, in recent past we have managed to hire a full time Waste Senior Manager to take charge and provide accountability that was lacking.

In order to improve cleaning and waste collection, a war room chaired by the Mayor, was established to monitor progress on a weekly basis, guided by a waste collection and improvement plan that was recently prepared.

Moreover, an amount of R30 million is set aside to procure waste related fleet and equipment, R15 millions of this amount is funded from council own discretionary and R15 million is MIG grant funding.

Additional R 3 million has been appropriated in this budget for rehabilitation and maintenance of the waste fleet in order to mitigate breakdowns and improve the equipment availability.

Also the malfunctioning waste weigh bridge has been repaired and this will enable the municipality to optimize the waste revenue collection and provide a waste disposal sustainably.

In the recent past, the municipality had the challenge of frequent sporadic fires in the landfill site and this has hogged negative headlines throughout current financial year. To mitigate this incident, the municipality has appointed a management company that will deploy specialists solid waste engineers that are mandated to explore the sustainable optimal utilization of the land fill site and mitigate these sporadic fires.





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**Madam Speaker;**

We do appreciate the dilapidated state of our suburban sidewalks and kerbs, the overgrown grass and shrubs has been a major concern for most of our rate payers. R2,5 million has been allocated in this budget to procure additional brush cutters to deal with this problem.

Additional R 1 million has been set aside for enabling basic infrastructure in our new land pieces for burials in Hollin-Wood and Ethembeni in order relieve Mountain Rise Cemetery that is already reached its optimal use

Additional crematorium sites will also be constructed within the City. This alternative method of burial will ensure that families who seek the service are not disadvantaged.

It must also be noted that in response to Covid19 related emergency, we allocated R15 million for anticipated increase use of water and more especially in historically marginalized communities in order to improve a new normal household hygiene protocols.

It must also be noted with concern that, Funding for the Integrated Rapid Transport System (IRPTN) has been suspended for the next 3 years. The Municipality will however ensure that the construction that is currently in course is safely closed without risk to the general public.

**Madam Speaker**

Msunduzi Municipality is facing significant fiscal and service delivery difficulties, which undermine the effective and efficient performance of our functions and mandate. More importantly these difficulties are becoming increasingly severe and unless focused action is undertaken to address the underlying causes, or else the Msunduzi Municipality will run a risk of becoming a grant dependent and find it increasingly difficult to perform its mandate.

Our municipality has a Financial Recovery Plan approved by National Treasury, however the financial recovery plan cannot be implemented in isolation of the other strategic areas namely Strategic Leadership, Institutional Stabilization and transformation and Focused Service delivery.



The key driver of Financial recovery plan is revenue enhancement and therefore, debt collection, indigent management, credit control management, meter reading, billing accuracy, cash flow planning and tariff determination are crucial elements of revenue enhancement for our financial sustainability.

In order to tackle this challenge, we have ring - fenced funds that will be utilized exclusively to improve billing accuracy. The billing complaints has been a major bone of contention in every session of our public izimbizo that we hold every year. The contested billings have been a main reason of accumulative debts and rate payers unwilling to pay.

For us to have tangible strides improving our billing system and have cordial relationship with our rate payers, we have prioritized funds for the following:

1. Data Cleansing;
2. Meters Audit;
3. Improved billing system
4. Reduce Estimation.

The Revenue Enhancement strategy has been developed to improve collection and reduce debtors book of about R4 billion and a panel of 23 debt collectors have appointed to provide the necessary support.

In so doing we hope to win confidence and trust of our rate payers and this is very important for our cordial relationship going forward.

## **LEGISLATIVE REQUIREMENTS**

**Madam Speaker,**

As Council we know that our core mandate is service delivery. In the process of delivering services to the people we are guided by pieces of legislation; among them is the Municipal Finance Management Act 56 of 2003, whose section 16 requires the Mayor of the Municipality to table Annual Budget at a Council meeting at least 90 days before the start of the Budget year.



## TARIFF MODELING AND BUDGET PREPERATION ASSUMPTIONS

Madam Speaker, the preparation of our tariffs is informed by national norms and standards and our utility prices for electricity and water are always dictated by NERSA and Umngeni Water Board. NERSA has announced the revised bulk electricity pricing structure. A 6.9 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2020.

Considering the Eskom proposed increases, as the municipality, we have adjusted the tariff at cost in order to alleviate the impact on our people. This means the municipality has absorbed the inflationary adjustment as a mark-up for infrastructure maintenance.

Our budget takes the plight of the poor into consideration. The issue of MCB charges continue to haunt us each time we engage the public either in public hearings or in our door to door engagement with our community. Madam Speaker let me put the facts straight, we don't charge the MCB to our poor people provided they maintain 20 Amp circuit breaker in their supply and this MCB charge is only applied to high demand customers.

Accordingly, our tariffs are as follows:

Property Rates	- 4,5%
Electricity	- 6,9%
Refuse	- 4,5%
Sanitation	- 4,5%
Water	- 9%
Other	- 4,5%

### Rates

The rates residential exemption limit was maintained at R100 000 and an increase of 4, 5% was applied for 2020/21 budget year. All other tariffs increases were 4, 5% which is in line with the inflation in line with CPI projection as per National Treasury Guideline immediately after declaration of National state of disaster.

### Water tariff modelling

**Madam Speaker,**



Due to prevailing drought conditions, our proposed tariff was 9%. This was informed by the tariff increase imposed on us by the bulk supplier, Umngeni water and we have no additional mark up to finance the demand for further capital outlay in areas where there is still no supply of portable water. Many of the inputs that we received indicated people were not happy with the proposed increase and we understand their frustration but this tariff hike is passed to us by bulk supplier. Therefore, this year, our increase is 9% and is exactly what bulk supplier of water will charge and no municipal mark up. The Municipality did not consider operational costs mark up in solidarity with our community and more particular the poor.

- The household consumers will be subsidized by 6 kl through indigent program.

## Other Revenue Sources

Other revenue based on the revenue trends are airport, forestry, market, burials & cremations, building plans, reconnections and other minor revenue.

**Madam speaker,**

## Expenditure

### Employee related costs

The budgeted allocation for employee related costs for the 2020/21 financial year totals to R1, 478 billion, which equals 26, 80. per cent of the total operating expenditure, with the conclusion of a three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6,50 per cent for the 2020/21 financial year. An annual increase of 6,5 per cent has been included in the two outer years of the MTREF.

On the 1st July 2016, the municipality implemented the new staff organogram as approved in 2013. During the budget process and as part of the budgeting and planning assumptions, a review relating to the prioritization of critical vacancies within the municipality was undertaken and an amount of R 20 million has been included in the 2020/21 budget year relating to critical and strategically important vacancies.

### Priority given to repairs and maintenance





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Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2020/21 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. The provision for repairs and maintenance as a percentage of the total operational budget has increased from 5, 22 % in the 2019/2020 budget years to 5, 44%, 5, 61% and 5, and 83 % over the MTREF period.

## SAP System

In recent years we have embarked on upgrading our IT system and we were not pleased with the outcome of this process. Msunduzi was unhappy with the delivery standards by the service provider, and is following legal channels in line with the Service Level Agreement (SLA) to enforce contractual compliance. We want to ensure that as promised, the SAP system that was commissioned, works to its optimal and addresses the need for which it was purchased.

## Capital Expenditure

The 2020/21 MTREF an amount of R581 million has been appropriated for capital expenditure;

Some of the key capital projects are as follows:

As per the Municipal vision of creating a safe vibrant city in which to live, learn, raise a family, work, play and do business the city is investing significant amounts of funds to strategic infrastructure projects which are aligned to the vision. The City has allocated R244 million to completing the housing projects funded by department of human settlements.

The City will also continue to provide basic infrastructure to all our communities, approximately R 65 million has been set aside for basic water upgrades

## **BUDGET RELATED POLICY REVIEW**



Madam Speaker, the MFMA requires the municipality to simultaneously review budget-related policies, along with the budget preparation process and in this regard following amongst other policies that have been reviewed;

- 1 **Credit Control & Debt Collection Policy;**
- 2 **Rates policy;**
- 3 **Tariff Policy;**
- 4 **Indigent Policy;**
- 5 **Budget policy;**
- 6 **Cash management & Investment policy;**
- 7 **Funding & reserves policy and;**
- 8 **The Virement policy**

## WORDS OF GRATITUDE

**Madam Speaker**, EXCO members and fellow Councillors, let me take this opportunity to convey a few words of gratitude on your behalf:

1. Special thanks to our residents, the business community, NGOs, the organised religious sector and many other stakeholders who always give us with valuable inputs;
2. Fellow political parties in this council for collaborating with us and also providing constructive criticism for the good of the people we serve.
3. All Cllrs, Rates, Tariffs and Charges Committee, the EXCO members and all Councillors who participated in the budget preparation process.
4. Madam. Speaker, I also want to convey the Council's gratitude to the Technical Budget Steering Committee lead by the Accounting Officer and the Chief Financial Officer and her team. We are mindful of the sleepless and stressful hours that you have spent at work away from your families since the submission of midterm budget review on 30<sup>th</sup> of January 2020. We thank you for such sacrifices.

## CONCLUSION

**Madam Speaker**,



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Fellow Councillors, we have delivered a budget that shows our commitment to build a City that seeks to improve the lives of our people for the better. We have tabled before you a budget that builds on the advances we have made over the past 26 years and a building block for the future, anchored on the commitments of the new administration over the next five years.

Indeed, the service delivery journey never ends, but we must continue to instil the hope of a better life for all. The ANC-led government re-commits to serving the people, and to building a responsive, transformative and accountable public service. Corruption must truly be a thing of the past.

It is against this background Madam Speaker, that I now so move that the Council:

## **1. MOVE FOR THE IDP ADOPTION**

### **IT IS RECOMMENDED THAT:**

- 1.1 Council approves the Integrated Development Plan for 2020/21 to 2021/22.
- 1.2 The Municipal Manager is authorized to submit the approved Integrated Development Plan for assessment to COGTA within ten (10) days after approval by the council.

## **MOVE FOR THE ADOPTION OF THE BUDGET AND RELATED POLICIES**

### **2. IT IS RECOMMENDED THAT:**

- 2.1 The annual budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables is approved:
  - 2.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2;
  - 2.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3;
  - 2.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and



- 2.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
- 2.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- 2.2.1 Budgeted Financial Position as contained in Table A6;
  - 2.2.2 Budgeted Cash Flows as contained in Table A7;
  - 2.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
  - 2.2.4 Asset management as contained in Table A9; and
  - 2.2.5 Basic service delivery measurement as contained in Table A10.
- 2.3 That the proposed property rates and taxes imposed for the budget year 2020/21 be approved as follows:

	2019/20	2020/21	% Increase
	Cents in the R	Cents in the R	
(i) Vacant Land - No rebate granted	0.0229	0.0239	4,5%
(ii) Unauthorised Use (inclusive of surcharges)	0.0393	0.0411	4,5%
(iii) Residential Property	0.0126	0.0132	4,5%
(iv) Commercial Property (Previous Category: Other Property)	0.0222	0.0232	4,5%
(v) Industrial Property (Previous Category: Other Property)	0.0222	0.0232	4,5%
(vi) Specialised Property (Previous Category: Other Property)	0.0222	0.0232	4,5%
(vii) Agricultural Property	0.0031	0.0032	4,5%
(viii) Public Service Infrastructure	0.0031	0.0032	4,5%
(ix) Rural Communal Property	0.0172	0.0179	4,5%
(x) Sectional Title Garages – Separately Registered	0.0126	0.0132	4,5%
(xi) Mining	0.0222	0.0232	4,5%
(xii) Public Benefit Organisations	0.0031	0.0032	4,5%
Additional Rebate	100%	100%	
(xiii) Public Service Property	0.0222	0.0232	4,5%





# MSUNDUZI ANNUAL BUDGET

Multipurpose Property Applicable tariff will be charged in respect of the combination of categories above.

In terms of Section 26 and 27 of the Local Government: Municipal Property Rates Act 6 of 2004, the final date by which each monthly instalment is payable, has been fixed as follows:

<b><u>Instalment</u></b>	<b><u>Final Date</u></b>
<b>July 2020</b>	<b>31 August 2020</b>
<b>August 2020</b>	<b>30 September 2020</b>
<b>September 2020</b>	<b>31 October 2020</b>
<b>October 2020</b>	<b>30 November 2020</b>
<b>November 2020</b>	<b>31 December 2020</b>
<b>December 2020</b>	<b>31 January 2021</b>
<b>January 2021</b>	<b>29 February 2021</b>
<b>February 2021</b>	<b>31 March 2021</b>
<b>March 2021</b>	<b>30 April 2021</b>
<b>April 2021</b>	<b>31 May 2021</b>
<b>May 2021</b>	<b>30 June 2021</b>
<b>June 2021</b>	<b>31 July 2021</b>

2.4 With effect from 1 July 2020, the following tariffs, as set out in the tariffs of charges be approved

- i. the tariffs on property rates **randage**
- ii. the tariffs for electricity
- iii. the tariffs for the supply of water
- iv. the tariffs for sanitation services
- v. the tariffs for solid waste services
- vi. other sundry tariffs



- 2.4 All the budget related policies as per the Annexure are submitted in terms of S7 of Municipal Budget and Reporting Regulations
- b. With effect from 1 July 2020 the tariffs for other services, as set out in Annexures A, is approved.
  - c. Draft Service Delivery Budget Implementation Plan (SDBIP) be noted subject approval by Mayor before the end of June 2020 upon finalization of performance agreements for S56 staff.
  - d. To give proper effect to the municipality's annual budget, cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

**I thank you.**

**Baie dankie**

**Ukwanda kwaliwa wumthakathi!**

**Presented by Cllr M Thebolla**

Mayor: Msunduzi Municipality

17<sup>th</sup> June 2020



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## CONTACT DETAILS

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