



*"By 2040 Msunduzi will be a safe, vibrant, sustainable and smart metropolis."*



**Msunduzi Mayor** Cllr Mzimkhulu Thebolla

2023/2024

# MAYORAL BUDGET SPEECH

WED, 31 MAY 2023 | CITY HALL, COUNCIL CHAMBER



# **MAYORAL 2023/24 MEDIUM-TERM REVENUE EXPENDITURE FRAMEWORK SPEECH DELIVERED DURING COUNCIL SITTING ON 31st MAY 2023**

**Deputy Mayor;  
Honourable Speaker;  
Honourable Members of the Executive Committee;  
Chief Whip;  
Fellow Councillors;  
Traditional Leaders;  
Religious Leaders;  
Management and Staff;  
Members of the media;  
City Manager and your Executive Team  
Cogta MEC Representative, Mr M.Sithole that have joined our administration last  
year;  
Distinguished Guests, Ladies and Gentlemen;  
Protocol observed and greetings to you all.**

**Madam Speaker,**

Special greetings to our community members out there. Not forgetting all our stakeholders and business owners who have been part of our daily service delivery obligations throughout the times.

Let me begin by expressing my gratitude for the rare opportunity I have been granted to lead this city as a mayor.

We are presenting this budget with bold sense of drive and purpose. As the residents of this city, we need to focus on things that unite us and not divide us and to realise our strengths and endless possibilities.

For us to achieve these, we need to do what Thomas Sankara once directed: "... you cannot carry out fundamental change without a certain degree of madness. In this case, it comes from non-conformity, the courage to turn your back on the old formulas and the courage to invent the future..."

Let me reiterate what I said on the occasion of my inauguration - that I do not take lightly the responsibility that you have bestowed upon me to serve our people with a great degree of respect, integrity and devotion.

I also wish to heartily thank my predecessors, for having steered the ship since the dawn of democracy. We are eternally grateful for your great service to the people of our city.

We deliver this budget speech address under tremendous pressure given the challenges that beset our city , province and the country. Some of these challenges are external, flowing from the current raging war in Ukraine that leads to high energy costs, imported inflation and consequently compounds pressure of interest rates hikes in our economy.

It is no secret that our city needs hope, creativity and integrity now more than ever after its painful history. Steadily, the dark clouds of despair are lifting, giving way to our season of hope. Our country which, for centuries, has bled from a thousand wounds is progressing towards its healing. The continuing process of social and national emancipation, to which we are all subject, constitutes an evolving act of self-definition. At the dawn of a new life, our practical actions must ensure that no one is left behind.

We may be hurting, but the state of our city is resilient, the state of our city is united, the state of our city is hopeful and the state of our city is -- deep-down – Msunduzi is strong,

Madam Speaker

In 2023 going forward, Msunduzi will rise up again. We will leave no one behind and our city will be stronger than ever;

The pandemic, July 2021 riots and raging floods made it clear: a community crisis demands a community-wide response, so I'm asking all of us to accept this responsibility as our own and commit to fighting this pandemic of crime, poverty and racism. It's our deepest moral obligation and it's our greatest opportunity for growth. The Municipality is engaged in ensuring the success of a financial recovery plan to combat the issues that have been faced by this City.

Recently, our people began a penetrating one on one dialogue with us about the quality of service delivery. They conveyed their discomfort with the overall pace of service delivery and transformation.

To address this, we call on our people from all walks of life to become agents of change and let us put our energies at the disposal of communities. We urge you to support our efforts to promote clean governance that is free of malfeasance and maladministration.

Today marks the beginning of the end of such an era of despondency , apathy , hopeless and we definitely see the light .

Your simple act of kindness, be ashamed of littering, report water leaks and pipe bursts , report crime to the police can change our communities and make our work even easier because we cannot do this without you and we are in this together.

The period ahead will be characterised by courage and decisive action to set the city on a new path of development. We are in an aggressive drive as capable municipal employees and we are transforming our ideals into pragmatic actions.



Madam Speaker

As we have celebrated Africa Day on 25th May 2023 , modern Africa has come a long way. From slavery, colonialism, neo-colonialism and apartheid.

Africa Day celebrations deserve praise because they remind us of how far the continent and its people have come and the associated sense of pride, healing, dignity and hope.

Madam Speaker

Africa Day is more than just African unity and culinary celebrations. It should also be about assessing the state of the African Union, the continental institution that embodies the ideals of Pan-Africanism and also to chart a way for Africa and its growth.

Madam Speaker;

As per my deployment mandate by the African National Congress , I committed in my 100 days , the immediate and visible service delivery based on the 7 mandatory priorities remain our focus .

To prove to you, our residents, that this is not a glibly chanted wish list, but a framework to govern and guide every decision that is made and every rand that is spent, those 7 mandatory priorities are:

1. A city that gets the basics right;
2. A safe and secure city;
3. A caring city;
4. A business-friendly city;
5. An inclusive city;
6. A well-run city;
7. A smart city;

Sadly, the events that beset our municipality and province in the recent past left residents of Msunduzi despondent, have become hopeless in their discontent.

It should not be considered normal for young adults to feel so despondent that they do not even bother to look for work.

It should not be considered normal for breadwinners to be dependent on grants and rebates to be able to put food on the table.

It should not be considered normal for our Gogos and mkhulus to have lost their dignity.

It should not be considered normal, Madam Speaker, for all of our residents to no longer dream about a better future.

All these are spiritual pointers that guide our everyday actions and commitment in keeping our covenant of between us, the elected leaders and community of Msunduzi.



Our covenant with our residents reign supreme and we will never be a City of broken roads broken street lights, broken traffic lights. Broken sub substations and broken sewer pipes.

We will never fool our residents with comforting clichés and catchy phrases. Social platitudes of many words saying nothing of value. The reality is that we are going through hardships and we are working hard to stay on mend and recovery.

Madam Speaker

Our goal is not to hide our breaks and imperfections. What is broken will be redeemed as we work together, our communities and the City, to heal the cracks that are a part of our story.

In the end, we have decided to use the basis of what we have to express resilience in the face of the challenges ahead. Restoration takes time and focus. The glue must dry and harden before it can be dusted with gold, teaching us patience as our city is brought back to her glory days.

Sadly other global factors are now in play. The conflict between Russia and Ukraine has led to uncertainty that will very likely have an effect on the South African economy. Closer to home, interest rates increased in recent past, the projected fuel price increases in the mid-term and inflation continues to rise.

The result is heightened pressure on our residents' income. The City must be more strategic than ever. We need a deep understanding of the economic landscape and appreciate the investment required in operations and projects that will lead to growth and stability.

Madam Speaker

There was a need to reconfigure and streamline our billing cycle to cater for the needs of our customers and that will also improve the accuracy of customer readings and ensure that customer queries are timeously attended to and adjusted on the system.

Hence , we two tier billing cycle is now in full swing , that means some of the residential customers will be billed on the 15th of every month and the remaining customers including business and government will be billed on the last day of the month.

This is inclusive billing cycle and the process will allow some of the residential customers to receive their bills on the 15th of the month and pay their accounts before the 15th of the following month without being disconnected. This was necessitated by complaints as large section of our community get paid on the 15th of the month.

This will also come handy for the pensioners that get paid on any date from 1st to 5th of each month to pay their account on the 7th after receiving their monthly pension without being disconnected.

However, municipality still maintain the 30 days payment period as per the credit control policy.

With all these new measures, our ultimate aim is to reduce estimates by unbundling our customers into two blocks, viz : business and government billed on 30th and households on 15th so that meter readers have 30 days cycle to read all the meters.

For Vulindlela we have allocated 20 meter readers to read and verify meters in that area alone , in Edendale and Imbali the issue of street naming is attended to make the area administrative friendly for billing and credit control management.

Madam Speaker;

It is important for us all to understand, given our ambition not depend on grant funding our main source of funding is the City's revenue. It is sustainable to have 100% of our operational expenditure budget is funded by our revenue. At least 60% of our capital budget is funded by our revenue. That revenue is the money you, our residents, pay the municipality for property rates and services delivered. This is why we need you to partner with us.

Our commitment to you our residents is by making sure we access every grant that is available to us as the City of Msunduzi from both National and provincial government, and once we have received the grant funding to make sure that we utilise it fully for the projects that they are ring fenced for.

It is well known that our customers owe Msunduzi a lot of money in unpaid rates and services. Revenue owed to this City is no longer counted in millions, sadly it is now counted in billions of Rands. The public sentiments out there that this municipality is not unsympathetic to our residents' financial situation, on the contrary we have put a comprehensive debt rehabilitation programme and rebate structure in place to aid those who are struggling to make ends meet.

We find ourselves caught in an unproductive cycle - residents are averse to paying their municipal accounts due to a prevailing experience of unsatisfactory service delivery. Unplanned power outage caused by vandalism in our critical infrastructure. Illegal power and water connections by unsavoury character individuals and unscrupulous business establishments, non-payment by government departments, all these makes even harder for us to deliver the level of service our community expect.

On the other hand the City is struggling to deliver satisfactory services without the required funding to do so. We have no choice but to break this cycle.

I have come to view this as a moral issue - every single government department, business or individual that is unwilling to pay, is disrespecting every single hard working ratepayer - who despite their own difficulties - is consistently paying.

To those ratepayers I want to thank you again for your commitment to your City. In an attempt to further increase revenue collection we have endeavoured to hold more open days than ever before. This has brought massive relief to customers in our regions, especially to those who do not have easy access to walk-in centres.

For the benefit of everyone, customers can now also receive their bills via emails making it easier to view and pay municipal accounts.



Madam Speaker

It takes two to tango - and just as we are pleading with our residents to pay their accounts we have to improve our level of service to them. Our residents must know that their financial contributions are valued and they must be treated with respect.

Another initiative is that over 100 frontline staff members are undergoing customer service training to better equip them to provide world-class services to our customers who call a call centre or visit a walk-in centre. We demand excellence.

Our goal is to keep our query resolution teams to account and expect them to perform in terms of their customer service charter, a living document that will be constantly improved. Our target is to have a 90% collection rate in the coming financial year - this will go a long way in repairing our City.

When engaging customers in my office I had the perception that residents were dissatisfied by rates and tariffs in general, but via the IDP process found that there are a few key areas of concern. Mainly, residents are not very much averse to increased tariffs, but would like to receive value for money, they mainly want something to show for it. Electricity and water charges have been requested to be billed by usage as opposed to the current frequent estimated charge.

This requires a policy review that will restrict estimation only exceptional cases and further consultation with relevant stakeholders have been scheduled further on an open ongoing consultation.

Lower increases were requested for the poor and to encourage investment in the Inner City. This requires area rezoning, which we will investigate in this fiscal year. We cannot give everyone everything they have asked for, but we believe that the water and electricity tariff increases are unreasonable and uncompetitive. This is as a result of Umgeni Water's approved tariff increase for bulk water is around 7%, although no explanation was given for the massive electricity increase and Eskom's electricity tariffs of 18.49% approved by NERSA. Our mark up charged on these tariffs was adjusted only adjusted by inflation plus marginal costs to capitalise our infrastructure redemption fund.

We are as concerned as our people about tariff hikes , more so because these tariffs relates to basic services and these services are not the luxury but the needs for our communities.

If I were to ask any resident what their main complaint was with regards to service delivery 9 out of 10 times they would mention power outages and load shedding. Power outages and load shedding have a boundless negative impact on our City. City services are inextricably linked to a reliable power supply. Business, and especially small business, is suffering vast losses, resulting in further job losses. Educational institutions are losing valuable study time. Unlit streets and public spaces are increasingly dangerous. The health sector cannot provide critical care, and, no less important, our home lives are constantly disrupted- food going to waste, appliances breaking and children forced to study by candlelight, to name but a few.

For the Msunduzi Electricity turnaround strategy we are utilising both capital and operational budget - capital expenditure will amount to R 175,400 million funding infrastructure upgrades and refurbishments. The repairs and maintenance budget for Msunduzi Electricity is R303 905 Million of which R 250 million is earmarked for reduction of power outages through critical infrastructure refurbishment. This allocation is justified given historically low expenditure on electricity department that has led to a breakdown in the City's power network.

We have allocated R 462 million for new infrastructure upgrades for roads and water infrastructure upgrades to extend basic services to the community. Whereas R190 million is allocated for repairs and maintenance such burst pipes and pot holes that have been a public menace for some time now.

Another major point of concern is access to clean and reliable drinking water. Section 27 of the Constitution enshrines the right to have access to water. Even though 99.5% of our residents have access to water - it is an idle boast when we take into account the reliability and quality of supply, and also the lengths that some have to go to in order to access water. It is for this reason that we have allocated R100 million repairs and maintenance to Msunduzi Water Department.

We have set high service level standards in our service charter for the department, including 95% of water pipe bursts repaired within 48hours, 92% of sewer blockages cleared within 24 hours and 95% of water supply interruptions concluded within 12 hours of notification.

This municipality is putting a heightened focus on keeping the city clean. A clean City evokes pride.

Many of our residents illogically view littering as job creation or have become so accepting of the state of our City that they do not think twice about littering or dumping illegally. We have allocated an amount of R 45 million of operational budget to community services in an effort to clean up our City.

On the note of keeping our City Clean, we have to extend appreciation to Business and other institutions that are putting in an effort to ensure our City is clean, a thank you has to extended to our ward councillors that engage in clean up campaigns, Save hyper for their efforts, St Charles high school Honchos, UKZN and DUT along with all other organizations that contribute to keeping our city clean.

I would be remiss if I did not plead with our residents to share this responsibility. To conclude my remarks on basic service delivery I want to share our targets for this financial year:

- A. 15 km of lane roads will be resurfaced;
- B 35 km of gravel roads are to be upgraded to surface roads;
- C.10 km of asbestos cement water pipe to upgraded to Polyvinyl Chloride Pipes
- D 2500 public street lights will be repaired.

Mayoral priority, a safe and secure City Safety is another non-negotiable: we all crave it, it is important to a quality life and strong economic growth, and we will achieve this. An amount of R 4 million is budgeted for the re-gravelling programme in all municipal wards.

We are enhancing our Operation Vala Zonke initiatives to eradicate potholes. Our focus must be multi-pronged, include the private sector and the rebuilding of capacity within the public sector.

We will draw on the capacity developed through various Contractor Development Programmes to accelerate the expansion of the repair of potholes in our municipal spaces. Municipalities will fund and implement pothole eradication programmes.

The economic distress of Msunduzi' s inner city may be the most pressing issue facing this council. Msunduzi inner city is the gateway to any part of the City. It's very important that when people arrive in Msunduzi, they get impressed by how clean it is. As the municipality, we can't do it alone, that's why we are here educating the public about the importance of re-using and recycling in order to keep this beautiful City clean, Illegal connection of water and electricity is an ongoing problem. It's very important that we deal with it once and for all. Residents and business should pay for water and electricity so that the municipality can be able to provide services."



The adopt a spot Initiative is an effort to restore the inner city of Msunduzi back to its former glory. Our mission is to inspire all our stakeholders to collectively strive towards keeping our city's streets and open spaces clean, and to educate communities about the implications of litter to human health, safety, welfare, and the environment. We are inviting Retailers and property owners in Retail, Residential and Commercial businesses to join hands with us in our Adopt A Street Volunteers Network. The devastation caused by the looting and destruction of property, has made it necessary that we would like see more businesses, people and organisations to work with us in the inner city of Msunduzi and other areas that are interested in joining our Programme.

Significant opportunities for economic, property and revitalised tourism development – as well as much-needed accelerated job creation – are among the benefits of effective inner-city turnaround strategies, which are vitally important in this post Covid-19 era.

Loitering and littering in streets, and crime and social ills such as drug dealing make some inner-city inhabitants too afraid to leave their homes after sunset, even if only to buy essentials at the nearest shop.

We have Precinct-based turnaround programmes is driven transversally across municipal departments and in collaboration with external stakeholders by knowledgeable internal programme managers. Network and stakeholder collaboration, based on good rapport between leading individuals who are diplomatic, innovative and creative, is promoted. The township and rural economic centres that have mushroomed will be supported with precinct planning such as Ashdown Main road, Eshowe area in Vulindlela.

Madam Speaker,

Delivering his acceptance speech for the Nobel Peace Prize in December 1993, President Nelson Mandela described to the global audience the ideal of a free South Africa, for which he and many others had suffered, for the country to be free. Madiba said and I quote:

***“Thus, shall we live, because we will have created a society which recognises, that all people are born equal, with each entitled in equal measure to life, liberty, prosperity, human rights and good governance... The children must at last play in the open veld, no 2 longer tortured by the pangs of hunger or ravaged by disease or threatened by the scourge of ignorance, molestation and abuse, and no longer required to engage in deeds whose gravity exceeds the demands of their tender years”.***

30 Years since the dawn of democracy, our society is swamped with tales of Gender based violence against women and children

Madam Speaker,

The municipality had an unqualified clean audit opinion in 2020/21, but in 2021/22 we have regressed as municipality and this is very bitter pill to swallow. This has nothing to do with financial mismanagement but simple the matter of emphasis were purely administrative. The municipality further acknowledges the areas of emphasis raised by the Auditor General in the 2021/22 financial year Management Report and has the following strategies in place to ensure that they are adequately attended to:

1. Audit Action Plan has been developed and implemented to ensure that repeat audit findings raised in the 2021/22 financial year have been adequately addressed and is also intended to be used as a forward planning document to ensure that the 2022/ 2023 financial statements are not materially misstated.
2. Audit action meeting which is chaired by the City Manager has been established to monitor the implementation of the audit recommendations and agreed action by management.
3. Various committees (Portfolio Committees, MPAC, Audit Committee) of Council are regularly updated with the progress of addressing audit findings.
4. Restatements in the financial statements have been made where audit findings were raised due to significant misstatements and/ or where credibility of the audit information provided could not be confirmed.
5. Internal Audit unit is currently performing an independent verification of all qualification audit findings closed by management to ensure that root causes are addressed to prevent reoccurrence of the same findings.
6. A detailed audit project plan has been developed by the Internal Audit Unit and is currently being implemented; it entails performing audit procedures of key classes of transactions, account balances and financial statement disclosures with the purpose of ensuring the credibility of the 2022/ 2023 financial statements , i.e. identifying material errors which could impact the credibility of the financial statements.
7. Project Risk Management has been implemented, which will focus risks related to key projects implemented by Council. This will assist in monitoring implementation, challenges with implementation and expenditure of grant funded projects.
8. A decision has been taken by Council to incorporate the addressing audit findings into the performance agreements of the General Managers and Senior Managers as this will ensure that they are addressed timely.

All these initiatives are in place to ensure clean governance, accountability and transparency in the handling of public funds. I want it to be known that integrity and accountability are the core values driving the City of Choice. Corruption, dishonesty, misconduct and/or any unethical behaviour among officials and public office bearers represents serious threats to the basic principles and values of governance. I dare say we have no room for corruption.



## THE LOCAL MACROECONOMIC CONTEXT TO OUR FRAMEWORK

Madam Speaker

### Domestic Economic outlook.

We table this budget under strenuous economic circumstances which impact most heavily on our poorest communities. The current slowdown of the economy will continue to pressurise municipal revenue generation and collection, hence our decision to adopt a conservative approach in projecting revenue. The present economic circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost[1]containment measures. Therefore, the compilation of this three-year Medium Term Revenue and Expenditure Framework was a mammoth task. This, because we had to balance the budget between the 4 limited revenue resources available, the immense needs of the poor and the necessity to drive inclusive growth in the economy. The financial sustainability of the MTREF is largely dependent on the collection level of billed income. Provision is made for a collection rate of 94%, which we shall pull all stops to realise.

Increased global food and fuel prices have sent inflation rates over the SARB's inflation target band of 3%–6%. For the first time since headline inflation reached a 13-year high of 7.8% in July 2022, headline inflation recorded a slight increase in February, from 6.9% YoY in January 2023 to 7% that month, reflecting sticky food prices (increasing by 13.6% over the past year) and price pressures exerted by load shedding.

Interest rates are used as a lever to cool down borrowing in the economy which in turn, will act as a measure to counter inflation. Hence, our interest rate expectation as country is pessimistic given country position in global geo-political landscape and local macro-economic management tool used by South African Reserve Bank, no prospect for sight of relief in a short term in so far as interest rate is concern.

Alongside a recent deterioration in South Africa's overall inflation environment, survey data shows that trade unions' expectations have grown for more substantial upward adjustments in remuneration as workers' cost of living increases. This will have a varying impact on different industries and sectors depending on their overall exposure to labour as an input cost.



Madam Speaker,

As per legislative prescripts the IDP and budgeting processes needs to go through, As Council we know the expectations our community their aspirations. In delivering the community needs, we are guided by pieces of legislations; 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.

Therefore as a governing party we are committed to run this municipality in manner that articulate principles and objectives spelled in section 152 of the Constitution and these include:

- The provision of democratic and accountable government ;
- The provision of services to communities in a sustainable manner;
- The provision of economic development;
- The provision of safe and healthy environment;
- Encourage the involvement of communities and community organisations in the matters of local government.

### 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. Considering these Umngeni and Eskom proposed increases, as the municipality we have adjusted the tariff at cost plus marked up in order to invest in upgrading programmes to alleviate the pressure on dilapidated old infrastructure. This means the inflationary adjustment plus mark-up for infrastructure maintenance has been factored in our proposed tariff by the municipality.

I therefore confidently can state that in our budget preparation the plight of the poor been our primary consideration. The issue of MCB charges continue to haunt us each time we engage the public either in public hearings or in our one to one engagement with our community. Madam Speaker let me put the facts straight, we exempt the charge of 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 key tariffs increase are as follows:

Property Rates	7%
Electricity	21.49%
Refuse	7%
Sanitation	16%
Water	10%
Others	As per tariff Register.

## Rates

The rates residential exemption limit was maintained at R100 000 and an increase of 7% was applied for 2023/24 budget year. All other tariffs increases for other revenue sources were based on cost reflective exercise which is necessitated by a need move towards cost reflective tariffs and such will be implemented through phases.

## Water tariff modelling

Madam Speaker,

This was informed by the tariff increase imposed on us by the bulk supplier, Umngeni water of 7% and we have 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 10 % inclusive of mark-up finance further budgeted capital investment and maintenance related to water services. However negotiations are ongoing with Umngeni involving other municipalities like eThekweni upon conclusion such will be communicated accordingly.

- 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 2023/24 financial year totals to R 1.798 billion, which equals 23 per cent of the total operating expenditure, with the conclusion of a three year collective SALGBC agreement, salary increases projections have been factored into this budget at a percentage increase of 5.5 per cent for the 2023/24 financial year. An annual increase of 4.5 and 4.7 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 45 million has been included in the 2023/24 budget year relating to critical and strategically important vacancies.

### Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2023/24 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 property plant and equipment value is 7.1% for 2023/24 however the two outer years it is projected to increase to 8.1% and 8.9% respectively. The repairs and maintenance budget for the 2023/24 financial year is R 570 million and we have allocated R 2 million per ward split between Roads maintenance, community halls maintenance and streetlight maintenance.

## CAPITAL EXPENDITURE

For the MTREF 2023/24 an amount of R 768 million has been appropriated for capital expenditure;

Some of the key capital projects are as follows:

1. R17,500 Million Electricity Infrastructure Upgrades ;
2. R462 Million for new infrastructure upgrades for Water ,Storm Water and Roads;
3. R250 Million allocated to reduce unplanned outages caused by dilapidated electricity network Infrastructure;
4. R53,905 Million for new electricity infrastructure upgrades;
5. R50 Million for housing projects.

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 R50 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 R133.9 million has been set aside for basic water upgrades





## BUDGET RELATED POLICY REVIEW

Madam Speaker, the MFMA requires the municipality to review budget-related policies on an annual basis at the same time that it is preparing its budget. We have also done as such and would like to quickly take you through the policy changes that we have reviewed:

1. **Credit Control & Debt Collection Policy:** The changes in the main deals with payment arrangements, steps to be taken when access is denied in the process of debt collection. Deposit amount to be reviewed in line with risk each account holder has towards Council.
2. **Indigent Policy:** The changes to the Indigent Policy are in terms of National Treasury recommendations and major feature of the policy change is the move from automatic indigent into applied. The lifeline relief in terms of water 6kl is the acceptable level nationally and that declared indigent should have 20amps in terms electricity supply. Other various changes entail the movement of certain clauses into procedure manual.
3. **Budget policy:** The changes are mainly budgeting for deficit provided such deficit is as a results of debt impairment or debt write-off.
4. **Assets management policy:** The main changes made for the assets management policy are as a result of aligning the policy to GRAP amendments as well as compliance with MSCOA. There has also been an inclusion of the provisions of the International Standards of asset management and best practices to ensure a broader focus on asset management in addition to the GRAP requirements by the municipality.
5. **Insurance Policy:** The changes are mainly semantics and graphical outlay
6. **Grants policy:** The changes are mainly to with regarding payment of salaries from recurring grants wherein Council will pay salaries and deduct from Grant amount upon receipt
7. **Borrowings policy:** The changes are mainly to with regarding payment of salaries from recurring grants wherein Council will pay salaries and deduct from Grant amount upon receipt
8. **Petty Cash policy:** The changes are mainly to with regarding payment of salaries from recurring grants wherein Council will pay salaries and deduct from Grant amount upon receipt
9. **Impairment policy:** The changes are mainly to with regarding payment of salaries from recurring grants wherein Council will pay salaries and deduct from Grant amount upon receipt

## 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:

Let me, at this moment to, pay my sincere gratitude to members of this Council, especially the ANC and the coalition partners, who represent our people for always ensuring that we are on course, focused and that we direct our attention to the acceleration of service delivery and focused development. We must also appreciate the role of opposition parties who always keep us on our toes.

Special thanks to our residents, the business community, NGOs, Religious sector and many other stakeholders who are forever providing us with valuable inputs. To the City Manager, senior management and staff of the municipality, we have come this far and through team work we can achieve even more. As I close, let met thank the team that worked extensively to put this budget together. Your hard work and determination is much appreciated.

Today, in delivering this budget in a challenging and defining moment of our administration, we are restating our commitment to building a local economy that grows in the hands of the people. We invite all of you to join us in ensuring that we provide a better life for all – a life of hope, prosperity and above all, dignity.

## CONCLUSION

Madam Speaker,

Only an efficient and effective government can provide the environment in which peoples can fulfill their needs. A functional municipal service is central to improving the quality of life of the people. Without a functional municipal service, the relationship between the public and those who govern become severely strained, with the assertion of grievances marking the way in which the public communicates with municipality over the fulfilment of its needs.

Indeed, the service delivery journey never ends, but of importance is that we must continue to instil the hope of a better life for our people.

The ANC-led government commits to continuously serve the people and build a public service that is more responsive, transformative and accountable. We shall continue to work tirelessly with our communities to undermine threats to service delivery and persistent inequalities.

We also remain committed to ensure that Msunduzi Municipality obtains the Metro status, the process and applications are underway and we are confident that through the efforts of our administration we will attain the Metro status for Msunduzi Municipality.

I would also like to wish out team of choice the best of luck when they begin the playoffs to ensure survival in the PSL, let us go out and support our soccer team to ensure that they stay up in South Africa's top flight football league. A huge congratulations to the Tuskers cricket team who have recently been promoted Division 1 domestic cricket.

Madam speaker as I move to the closing comments of my speech, I would also like to acknowledge the struggle veteran of our City Moses Mabida, who would have been celebrating 100 years this year if he were still alive, the memory and the fight of comrade Mabida lives and breathes though the serving our people in Msunduzi.



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:**

## **IT IS RECOMMENDED THAT:**

7.1 (a) The revised IDP together with Budget of the Municipality for the financial year 2023/24, multi-year and single-year capital appropriations as set out in Tables A2 – A5 of the budget report be APPROVED, as follows:

(i) Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) as contained in Table A2.

(ii) Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) as contained in Table A3.

(iii) Budgeted Financial Performance (Revenue by Source and Expenditure by Type) as contained in Table A4; and

(iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

(b) That the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in Tables A6 – A10 of the budget report be APPROVED, as follows:

(i) Budgeted Financial Position as contained in Table A6.

(ii) Budgeted Cash Flows as contained in Table A7.

(iii) Cash Backed Reserves and Accumulated Surplus Reconciliation as contained in Table A8.

(iv) Asset Management as contained in Table A9; and

(v) Basic Service Delivery Measurement as contained in Table A10

(vi) Basic Service Delivery Measurement as contained in Table A10.

(c) That the proposed property rates and taxes imposed for the budget year 2023/24 be approved as follows:

	2023/24 Cents in the R	2023/24 % Increase Cents in the R	
(i) Vacant Land - No rebate granted	0.0272	0,0291	7,00%
(ii) Unauthorised Use (inclusive of surcharges)	0.0467	0,0499	7,00%
(iii) Residential Property	0.0150	0,0545	7,00%
(iv) Commercial Property (Previous Category: Other Property)	0.0263	0,0281	7,00%
(v) Industrial Property (Previous Category: Other Property)	0.0263	0,0281	7,00%
(vi) Specialised Property (Previous Category: Other Property)	0.0263	0,0281	7,00%
(vii) Agricultural Property	0.0037	0,0039	7,00%
(viii) Public Service Infrastructure	0.0037	0,0039	7,00%
(ix) Rural Communal Property	0.0189	N/A	N/A
(x) Sectional Title Garages – Separately Registered	0.0150	0,0160	7,00%
(xi) Mining	0.0263	0,0281	7,00%
(xii) Public Benefit Organisations	0.0263	0,0263	7,00%
(xiii) Additional Rebate	100%	100%	
(xiv) Public Service Property	0.0264	0,0282	7,00%

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>Instalment</b>	<b>Final Date</b>
July 2023	31 August 2023
August 2023	30 September 2023
September 2023	31 October 2023
October 2023	30 November 2023
November 2023	31 December 2023
December 2023	31 January 2024
January 2024	29 February 2024
February 2024	31 March 2024
March 2024	30 April 2024
April 2024	31 May 2024
May 2024	30 June 2024fdg
June 2024	31 July 2024





(d) That with effect from 1 July 2023, the proposed tariffs of charges as contained in the tariffs of charges, be approved as follows as follows:

- i. The tariffs for electricity
- ii. The tariffs for the supply of water
- iii. The tariffs for sanitation services
- iv. The tariffs for solid waste services
- v. The tariffs for property rates
- vi. The tariffs for other revenue

(e) That proposed amendments to budget related policies in terms of Section 17(3)(e) of MFMA be approved, table of proposed amendments is attached as annexure (b) and

- i. Credit Control and Debt Collection policy
- ii. Impairment policy
- iii. Indigent policy
- iv. Assets Management policy
- v. Grants policy
- vi. Insurance policy
- vii. Borrowings policy
- viii. Petty Cash policy
- ix. Budget policy

(f) That following budget related policies remain unchanged are effectively applicable as from 1 July 2023

- i. Virement policy
- ii. Cash Management and Investment policy
- iii. Funding and Reserves policy
- iv. Tariff policy
- v. Supply Chain Management policy (Incorporating Preferential Procurement)
- vi. Rates policy
- vii. Unauthorised, irregular or fruitless and wasteful expenditure policy
- viii. Infrastructure Procurement and delivery management procedure manual
- ix. Contract management policy
- x. Inventory Management policy
- xi. Cost Containment policy
- xii. Debts write-off policy
- xiii. Impairment policy
- xiv. Lease policy

(g) with effect from 1 July 2023 the proposed tariffs for other sundry services as Contained in the tariffs of charges be approved

(h) Budget for Safe City (municipal entity) is part of 2023/24 municipal consolidated schedule, allocations thereof reflected on parent schedule is accordingly approved

(I) That authority be granted to the Municipal Manager to submit the final budget data strings and IDP data strings into National Treasury portal.

(j) That authority be granted to the Municipal Manager to publish the draft Medium term Revenue and Expenditure Framework 2023/24 to 2025/26 in terms of Chapter 4 of the Municipal Systems Act of 2000 (as amended).

(k) That authority is granted to the Acting Municipal Manager to publish the budget related policies on the Internet and in all municipal buildings to comply with chapter 4 of Municipal Systems Act of 2000 (as amended).

**Ukuze kube yisifungo sokuzibophezela njengezithunywa zomphakathi , Madam Speaker, We will make it our ritual together with this house to enter into covenant with our community, this covenant will be a pact, social contract, written commitment and agreement that establishes moral and political rules of behaviour for all of us. We will live according to a social contract, we will be obliged to live morally by our own choice by signing this covenant. Let us all sign it so that we are morally bound to live by it in pursuance of responsibilities ushered by our oath of public office.**

**I thank you  
Ngiyabonga  
Baie dankie**

Presented by Cllr M Thebolla  
Mayor: Msunduzi Municipality  
May 31 2023

