



2022/23

BUDGET SPEECH

MAIN HALL @ CITY HALL

30 MAY 2022 | 09h00



Msunduzi Municipality - City of Choice

Msunduzi Mayor Cllr Mzimkhulu Thebolla

 Msunduzi Municipality - City of Choice  @MsunduziM  msunduzimunicipality

**MAYORAL 2022/23 MEDIUM-TERM REVENUE EXPENDITURE FRAMEWORK
SPEECH DELIVERED DURING COUNCIL SITTING OF 30TH MAY 2022**

Madam Speaker;

Deputy Mayor

Members of the Executive Committee

Chief Whip

Fellow Councillors

Political Party leaders

Traditional Leaders

Religious Leaders

Leaders of Business

Leaders of Civic organisations

Ministerial Representatives Mr. Sithole and Mr. Mapena

Acting City Manager

Management and Staff

Members of the media

The people of the City of Choice

Distinguished guests

Protocol observed

Madam Speaker,

Special greetings to our community members, all our stakeholders and business owners who have been part of our daily service delivery obligations throughout the times.

May I firstly express- my sincere gratitude for the Council platform afforded to present the 2022/23 – 2023/24 Medium Term Revenue Expenditure Framework of one of South

Africa's most recognised hall mark of our time, the apex of our national heritage – Msunduzi, a City on the move.

The Executive Committee and all Councillors have a Constitutional obligation to carefully exercise executive and legislative authority in the use of the City's resources for the best interest of the residents we represent in Council.

You will appreciate the challenges encountered in the budget process. These are challenges that include striking a balance between the following:

- Continuation of effective service delivery,
- Economic decline as a result of the devastation of the ongoing Covid-19 pandemic.
- The 2021 July unrest that saw the looting and vandalism of infrastructure
- As well as the wreck of floods havoc that cast a blemish in our quest for better life for all.

Despite these challenges, there is much work ahead, I commend the KZN authorities, civil society, the police and the military, for their efforts and achievements in working together with members of our communities. I would also like to acknowledge the remarkable resilience of the KZN people – your drive to build a better community despite the challenges is truly inspiring.

We owe it to the people of Msunduzi to continue pursuing our Constitutional mandate of a developmental local government - with utmost integrity and commitment. Therefore, the Budget we are presenting today is a demonstration of the commitment by the City - to rebuild and transform Msunduzi into a thriving City that we all aspire it to be.

Honourable Speaker and Members,

Recently – on the 25th of May - we commemorated Africa Day, which marks 59 years since the formation of the Organization of African Unity (OAU), the precursor to the African Union – the AU. Africa Day is a day dedicated to acknowledging and celebrating the

successes of the Africans in their fight against colonialism and apartheid. This acknowledgement is also extended to the progress that the African continent has made – while also being cognizant of obstacles we continue to face in the global community of nations.

In his address to the AU in 1998, former President Nelson Mandela reflected on how for a long time Africa “had to contend with the consequences of a conquest in denial of its own role in history, including the denial that its people had the capacity to bring about change and progress”.

The global stalwart further pointed out that “Africa yearns and deserves to redeem her glory, to reassert her centuries-old contribution to economic, politics, culture and the arts, and once more, to be a pioneer in the many fields of human endeavour”.

Madam Speaker, Councillors, Ladies and Gentlemen,

We can all take from Madiba’s reassuring words that as we are all gathered here today for the delivery of the Msunduzi Budget in the face of these devastating events, we are all rich with various talents and capabilities as Africans in South Africa – and in Msunduzi to be exact.

We all have something invaluable that we can apply in our respective work or business functions to positively impact the common drive to rebuild and transform our City to thrive even further amidst a devastating events.

My fellow Councillors and City officials,

May I pay a special tribute to all men and women in police force, they raised to the occasion at our most desperate hour of need as the nation, more in particular the Search and Rescue Unit of SAPS. They have shown a noble spirit of servanthood and selflessness to the point of sacrificing their lives in their call of duty.

A member of the SAPS search and rescue team lost her life at the Henley Dam near Pietermaritzburg in KwaZulu-Natal. Forty-two-year-old Sergeant Busisiswe Mjwara drowned while searching for flood victims at the dam, after their car was washed away,

busy doing search and rescue at Henley Dam. He had trouble breathing and was airlifted to the Mediclinic hospital where she unfortunately passed away.

Also, the unimaginable happened to the Mdlalose and Gcumisa family. Slindile Mdlalose, 43, and six of her children aged between two and 10 years were killed in the floods that devastated KwaZulu-Natal. 3 other families are still reported to be still missing. Noxolo Mkhulisi and her six-month toddler Nhlelelo Ntshiza were also discovered the next day after their car was swept away in Henley Dam on the 11th of April. The recent floods have been dubbed one of the deadliest natural disaster in the country's history.

It is human to feel the pain of the loss and devastation brought upon us by these battering floods. We have all lost people we know – be it distant or personally. May all those lost to this natural havoc rest in eternal peace, and their loved ones who remain - be comforted.

Madam Speaker

Our city has been held hostage by cable theft and infrastructure vandalism, of late some parts of the city were left in prolonged power outages for days not because of load shedding, but pure network failure because of cable theft.

These syndicates have multiple players involved from petty criminals on the ground, who dig up the copper cables and extract them to sell to dealers, to more sophisticated and organised structures of the trade.

The acts are committed within our neighbourhoods and communities, sometimes by people we know, they steal infrastructure such as copper cables and electrical equipment to make easy money and with each incident, thousands of homes are left without electricity for many hours or days. Businesses that have no access to generators must close and unfortunately lose money as they cannot operate during that period.

Hence, we need all hands on deck and every - body must take responsibility to report criminals for the benefit of everyone.

Honorable Members;

If we are to turn Msunduzi into a city that works, we must start with ourselves. We must take ownership of our city. We will achieve this when we start in our streets and keep our communities clean by working together.

One of the first things I notice wherever I travel is the cleanliness of a place; it's one of the first things any traveller notices really.

I've engaged in countless conversations about cleanliness of this city for years, always intrigued at peoples' perceptions as to who should take responsibility for waste management; why some communities live seemingly unaware of the dangers of poor waste management; why others clean up fastidiously; and why others adopt an easy mind set about littering and believe it's the local administration's problem.

As almost all residents would agree, local government administrations have a duty to provide quality services, and as Mayor of Msunduzi, I am acutely aware of how essential efficient waste-management systems are to all the city's communities.

Madam Speaker;

I cannot ignore the fact that people arrive daily to live and work in our City, and that this places significant pressure on waste-management systems – pressure which is ever increasing and thus requires constant attention.

It has become imperative to simultaneously enforce by-law and introduce community initiatives aimed at keeping our city clean. We need to tirelessly encourage residents to take personal ownership of efforts to create healthy living environments.

Many clean cities across the world rely on armies of cleaners, and while I do support the sector of waste management as an employer, I am a strong supporter of the model that promotes the city's residents as the agents of change. That is why we recently joined KZN EDTEA and Aquelle and launched the city's *KHULA INITIATIVE* monthly clean-up campaign in CBD. This is as a result of a call that we have been making to different stakeholders for a joint effort in ensuring that Pietermaritzburg becomes a clean city for all

The purpose of this interaction was to introduce some of the initiatives from Rwanda's *Umugaanda*-model in Msunduzi, through our own monthly cleaning initiative, *Khula*, which means "*Coming of Age*".

Madam Speaker

The Msunduzi City and KHULA Initiative have sought to emulate some of the interventions from the Rwandan experience, which include revising waste management by-laws, promoting education and waste management awareness campaigns, developing partnership guidelines to involve mission-critical stakeholders as active participants in implementing innovative approaches to waste management, and most importantly, introducing the monthly clean-up campaign targeting all regions of the city on the last Saturday of every month.

While the best practice paradigm is an integral part of the continuous improvement in our city's waste management, what does this best practice mean to you, the people of Msunduzi?

The success of the clean-up campaign lies in a sense of immense pride that each citizen has for his or her direct environment, community, and city.

I'm asking all Msunduzi residents to join our fellow Africans in the clean cities of Windhoek, Libreville, Tunis, Port Louis and Kigali, in the movement to become a clean African city.

Madam Speaker;

Vulnerability, dependence and helplessness which characterize life situation of women, children people living with disability, carry a risk of its victimization by different forms of violence, GBV and femicide incidents always leave every one of us pacified with rage and anger.

It is an **unrelenting assault on human dignity**, depriving people of their human rights. Freedom from violence is a fundamental human right, and **gender-based violence undermines a person's sense of self-worth and self-esteem**. It affects not

only **physical health** but also **mental health** and may lead to self-harm, isolation, depression and suicidal attempts.

Everyone here has a role to play, we must stand firmly and say not in our name and this scourge should not find a host in our life, our spirit, our soul and our families. It should not become a character of our society and community. So must be the sentiments of xenophobia that are becoming a hallmark of our community which must be detested and rejected at all costs.

Madam Speaker,

The 1st of November was our Municipal elections, these municipal elections were critical period of the coming of age in the life of our nation. The past 28 years have taught us numerous lessons that we have to internalize as a country and use them as a platform to consolidate on our strengths and to overcome all our weaknesses.

The expression of the people of the city of choice is reflected in the political diversity of our council and our collective contribution during the strategic planning was key and substantial in collectively identifying priorities as intervention measures to the current state of our city. The 2016 Stats SA figures depicts harsh realities which indicates that of the 163,993 households of which 45,2% is made up of female headed households. 81% of the people residing in our city are Black Africans population, which constitute the majority ahead of, Indians, whites, colored and others. Our unemployment rate is sitting at 33% with 43,1% being youth unemployment rate which is a serious cause of concern.

The living conditions of our people paint a bleak picture as only 51,6% of our population are with flushed toilets connected to sewerage, while 53,2% have access to weekly refuse removal, those with access to piped water inside dwelling were last recorded at 47,9% and electricity network for lighting stands at 91,9%. These numbers were accurate at the time of the last census in 2016 and it would be very interesting to see if the ongoing census will produce how much more/less different outcome from data that we currently rely on

The shocking employment and household stats tell a painful story of 75 763 unemployed citizens with 25 229 who are discouraged job seekers and massive 168 035 of our citizens who are economically inactive

Once again, we are very grateful that the people of Msunduzi deemed it fit to trust the ANC with a responsibility and duties that will see every member of civil society realizing values and rights attuned in our constitution. We are grounded on the principles and values of Batho Pele that make every leader a servant of our community and an agent of change.

Madam Speaker,

Our commitment to advancing a pro-poor agenda has always been anchored on the belief that the only way to meaningfully redress the injustices of a past that was characterized by separate development and the dehumanization of most of our people, is to strengthen our efforts in providing services that would not only level the playing fields for them, but also ensure that they live a life of dignity.

At the commemoration of the Sharpeville massacre on Human Rights Day, President Cyril Ramaphosa reiterated that electricity is a basic human right. This was in recognition of the fact that electricity is not vital only for the running of businesses and the maintenance of households, but for providing people with the dignity that they require.

In the past 24 months, we rolled out an informal settlement and Rural electrification programme which led to the installation of connection points of 455 during the period under review. So far, the City electrified 455 households in the informal settlements and Rural Areas of Jika Joe CRU's, Swapo and Sweetwater (Rural) to mention a few. This brings the total number of connected households in informal settlements and Rural Areas to 455. An additional 912 informal and Rural households will be electrified by the end of June this year.

This will go a long way in ensuring that our residents in informal settlements are able to generate meaningful livelihoods. The construction of the Vulindlela reservoir 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 35 new connections for water and 12 new connections for sewer to formal dwellings have been achieved. This was accompanied by the installation of 35 new water meters and as well as a 1292-meter replacements through the refurbishment initiative for the old ones. This investment helped in ensuring that water losses in the past 12 months has improved to 30.8% (April 2022) which is lower than the previous financial year loss of 33.1% (April 2021)

The installation of water meters and maintenance of old water networks has assisted us in the reduction of non-revenue water wastages. In a water scarce country that is battling water shortages, this is a significant intervention that will go a long way in contributing to the saving of water.

Madam Speaker,

We also have significant number of households within informal settlements that are entrapped in poverty and underdevelopment; we have a plan for Informal settlement eradication, and we are making strides to gradually improve their conditions.

Housing is not only a basic human right, but a foundation on which human dignity is built. The City is deeply passionate about resolving the housing backlog that it is faced with, hence the ambitious goal we have set for ourselves – a goal we have no doubt we can accomplish in the next two and a half years of the five years that you have entrusted us with.

Madam Speaker,

In a country that is battling with structural inequalities and even more exacerbated by Covid-19, the City of Msunduzi is committed to ensuring that the poor are not thrust to the edge of the periphery – that they do not exist at the margins where their basic human needs are of little significance. It is for this reason, among others, that we strive to be a Metro that does more.

On an annual basis, we continue to intensify awareness campaigns with a view of increasing the number indigent households in all the Wards, including Mass Indigent

Registration Campaigns. The awareness campaigns also prioritize the low-paying Wards and Wards with low indigent up-take.

The overriding principle here is to provide a reliable social package to all people of destitute means. To live and function as a city we need to be bound together by a common empathy for struggling households by providing them with free basic services through our indigent policy.

Crime levels in the City are reflective of the growing crime rates in the country in general. Crime has become a serious challenge, impacting negatively on the sense of safety of our residents and local businesses. Trio-crimes, namely hijacking, robberies and business robberies are the main crimes in Msunduzi.

Understanding the ramifications of crime in our communities and on the economy, we have come up with a targeted response that is already yielding fruit. Therefore, human resources responsible for law and order have accordingly been re-enforced, 26 traffic wardens, 65 traffic officers and 6 inspectors are in place. This will enhance safety activities in places like schools and assist with visible policing and the enforcement of by-laws which will in turn restore law and order.

We characterize ourselves as a City at work because we understand the huge task that lies before us – the task of meaningfully transforming the lives of people who have been on the receiving end of the worst forms of exclusion and marginalization by the apartheid regime whose legacy continues to shape our existence in the democratic dispensation. When we define ours as a City at work, we do so with the full confidence that our people recognize and acknowledge our efforts in providing them a better life. For this, we express our sincerest gratitude.

Madame Speaker,

One of the core structural challenges of our City is that majority of poor settlements are far away from the places of economic opportunity due to no access to public transport. This type of urban form promotes the use of motorized and private transportation rather than a

sustainable integrated public transport solution. Since private transportation is expensive, it renders mobility nearly impossible if not excessively strenuous to many of our citizens.

In our commitment of a transformed public transport, we are course to integrate the overall public transport system which seems to be fragmented and disintegrated. We are at the advance stage to build an all-inclusive and Integrated Road Public Transport Network System (IRPTNS) wherein all land transport modes, namely; buses and minibus taxis will be integrated in operations.

Our relationship with the South African National Taxi Council (SANTACO) is cordial and has made it possible for the City to implement its public transport transformation programme. Engagements with SANTACO are ongoing.

Integrated Road Public Transport Network (IRPTN) infrastructure construction is at advanced stage. Focus is more on maximizing the operations of existing infrastructure, while we are working on finding more funding to complete the project. in few weeks to come we should witness the opening of more lanes to ease traffic congestion that has been a challenge to motorist utilizing that road.

Our process of developing an Integrated Rapid Transit Network that will assist to make connecting the people of Msunduzi with their jobs, friends and families etc., more convenient, accessible and affordable is underway. Though the project has, over the years, experienced significant delays, there is now significant progress that has been made.

The nature of work and industry is changing globally, and each city must position itself to take its citizens forward. In the shifting of economy, the City finds various resources lying fallow, while other resources are strained as demand increases.

We are now thinking of how best the city can support investment in a way that takes advantage of various potential resources that we have and repurpose the use of abandoned resources. It is critical to engage policy towards attracting investment into infrastructure and economic growth that is anchored on job creation initiatives.

This understanding had led us to think about a strategic framework of Big Ideas for Development that must underpin our efforts for coordinated and impactful interventions to boost our local economy.

The framework for our Big Ideas for Development initiative articulates a broad approach that prioritizes short to long-term reforms in:

- Job creation initiatives
- Increased private investment in the local economy
- Transportation infrastructure
- Improved urban settlement planning
- Cultural dynamism and
- Inclusivity

In addition to our systematic programme to invest in strategic fixed infrastructure as guided by the Capital Investment Framework, in the areas of energy, water, roads, we have also paid particular attention to areas of basic service delivery to our economic sectors which play a central role in how third parties view our city as an ideal location for investment, trade and tourism.

Madame Speaker,

The construction of a city is not just in the realm of the material. There are symbolic and spiritual values that underpin a sense of belonging and displacement within cities. This is more pronounced in communities with a complex and violent history of colonialism such as ours.

The idea of a city such as ours is a historically contested idea. Colonial powers imposed a certain value system upon our society and buttressed it with a set of symbols that denoted who belonged within and outside that civilization. This dynamic is articulated clearly by the names given to our streets, settlements and buildings across the city.

We must build a city whose landmarks, highways, streets and intersections bear a resemblance of all the people who make up its population. The collective identity and moral

image of the city must be drawn from within the histories of the whole population. The children of our city must grow up in an environment that bears names that are familiar to their home languages and of people they interface with in their everyday lives.

It is undesirable, and indeed unjust, for the city's landmarks to bear the names that speak to the histories of one section of the population. Similarly, we cannot dwell in a city whose landmarks bear names whose histories move counter to the democratic post-colonial society we are actively building in this country.

Madam Speaker,

We have given ourselves to the task of acting with speed, determination and courage to improve the living conditions of the people of the City. This is a commitment to which we remain true and will sustain until the end of our tenure.

In commencing with our term of office, we outlined a clear programme of action to advance a pro-poor agenda as our guiding philosophy. We defined this agenda as a deliberate and systematic bias to rollout service delivery and economic development opportunities in a manner that uplifts the poorest sections of Msunduzi. This arose from the reality that, in our city, the demographic tension that binds race, class and gender - in the context of stubborn and diabolical apartheid spatial planning- is dramatically defined.

We have therefore kept our eyes focused on the goal of dismantling the systemic crises of racial, class and gender oppression in which ordinary people of Msunduzi and the country at large have access to a future that enriches their human development without the trappings of race, gender and class hierarchies.

In that future, ordinary folks who bear names such as Ntombikayises and Mfanafuthis together with their children with names such as Nkosingiphiles will be free to dream and live a life that is better than the current conditions in our informal settlements. This is the future we envision, and which informs our pro-poor agenda.

Madam Speaker;

President Cyril Ramaphosa recently added his voice to calls to address the severe decay of historical inner cities in most of the country's major cities and towns. Inner-city revitalisation was important as part of the economic recovery process, especially since the Covid-19 lockdown had compounded the country's economic crisis.

This decay manifests in several ways, including the lack of effective waste management, increased criminality, insufficient law enforcement, ineffective municipal service delivery, social ills and a deteriorating built environment.

If timeous interventions are not implemented, inner-city areas will spiral further downwards and become even more dangerous for residents and visitors.

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 Covid-19 era.

We are a city on the move, Msunduzi Municipality welcomes the decision of the provincial government's plan for the construction of a government precinct in Pietermaritzburg with tremendous gratitude and appreciation. The government precinct will positively impact the revitalization of the City's image as both the administrative and legislative Capital City of the province of KwaZulu Natal.

This government precinct will further place the Municipality in a greater position to maximize the economic potential of the City and enhance the resilience of macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development.

The immediate practical terms will be the deployment of "boots on the ground" – in the form of security wardens who are connected to a CCTV system and police services – that will make a huge and immediate difference in inner CBD.

The following are specific roles our municipality will play to turn inner-city decay around and manage problem buildings in those areas:

- A dedicated programme or project manager will be appointed and mandated by the municipal manager to effect inner-city turnaround.
- The appointee will work across municipal departments and with stakeholders outside the municipality.
- The creation of a municipal problem buildings unit would encourage the owners of such buildings – by means of public administration and legal instruments – to take the necessary remedial action.
- The enforcement of laws and by-laws would contribute to restoring law and order in affected communities and is a vital component of any strategy to address issues pertaining to inner-city decay.

Apart from serving notices on the owners of problematic buildings, those who own unruly bars and taverns, consume alcohol in public, deal in drugs and illegally dump refuse should all be brought to book. The relevant laws and by-laws should be strictly enforced.

Where a substantial portion of the inner city has become significantly dilapidated, it would be the municipality's role to identify, as a start, a small precinct (for instance, four city blocks or two streets) and ensure that problem buildings, waste, crime and any other related challenges within that area are addressed and brought under control as soon as possible.

It is no secret that Msunduzi community needs hope, creativity and integrity now more than ever after its recent painful history.

We are utterly convinced that successful programmes to rehabilitate inner CBD will be rewarding, with renewed local economic development and investment, tourism development, property investment, increased property tax income for the municipality, job creation, and the creation of smart and innovative, thriving inner city.

Madan Speaker;

We are still on course in our intention to explore an incentive strategy to attract investment. This has been an ongoing process. Among the instruments to unlock this investment

pipeline, we are looking at the potential of using rebates in rates and taxes as part of our incentive strategy to boost employment opportunities. In this regard, our investment approach is centered on an integrative platform wherein the following action plan is prioritized:

- a. Partner with local and international chambers of commerce & industry associations to entice, facilitate & retain inward investment by creating a dedicated fund through the EDA.
- b. Development of the Msunduzi Investment Book by combining both public & private sector driven projects.
- c. Operationalize a consolidated Investment Incentive Policy Framework as enabled by the SPLUMA has resulted into the development and implementation of single land use management bylaw by the municipality
- d. Adopt a funding model towards Mid-size and mega developments through a dedicated funding regime for bulk engineering services.
- e. Consolidate partnerships with private sector partners to identify and explore potential areas of strategic investments in the city.
- f. Centralize the engagement with investors & developers through the Investment with EXCO (Economic Development & City Entities Portfolio committee).

Madame Speaker;

As the municipality, we appreciate the need of developing an Energy Security Strategy and we have a task team lead by Transnet Pipeline that include organized business lead by PMCB and Msunduzi Municipality. The key objective of this project is to diversify our energy mix and expand energy generation capacity.

However, the strategy could not be implemented because the national policy to support decentralized energy security initiatives was still a white paper.

It is encouraging that the Department of Energy has published a policy that will enable the private entities to produce 100 MW to sell directly to municipality without a need of the license.

We welcome President Cyril Ramaphosa's pronouncement during the State of the Nation Address, which will allow municipalities, the private sector and individual citizens to bring in additional capacity to the grid from renewable energy, hydro power and battery storage. This is in line with the local municipal Energy Security Strategy that is aimed at reducing load shedding.

Madam Speaker;

The pressing need to appoint a **municipal manager** is receiving urgent attention in our municipality, it is very critical for us as political office bearers, the long term policy outlook and direction of the council is fundamental in order to ease the anxiety of our external stakeholders, the public and investors. The accounting officer's role is important for the formation and development of an economical, effective, efficient and accountable administration that is equipped to implement the IDP, operates within the **municipality's performance management system**.

Madam Speaker,

The municipality had an unqualified audit opinion in 2020/21, a marked turning point and celebrated milestone, this was a vast improvement from adverse opinion that was received in 2017/18. 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 further acknowledges the areas of emphasis raised by the Auditor General in the 2020/21 financial year Management Report and has implemented the following strategies to ensure that they are adequately attended to:

1. Audit turnaround strategy has been developed and implemented to ensure that repeat audit findings raised in the 2020/ 21 financial year have been adequately addressed and is also intended to be used as a forward planning document to ensure that the 2021/ 2022 financial statements are not materially misstated.
2. Transformation Steering Committee 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 2021/ 2022 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.

The City is working towards achieving commendable strides in promoting a more effective, accountable, responsive, transparent and clean local government. In its efforts to improve good governance, the City placed a premium on legislative compliance, strengthening of management practices, broadening participation, financial governance and dedicated customer care as well as striving for effective service delivery.

Madam Speaker;

We will continue the drive-in pursuit for clean audits in all business units and municipal entities, including acting firmly on the recommendations of the Auditor General to improve financial management and hold ourselves accountable.

Madam Speaker,

We owe an indelible debt to our alliance partners who have walked along with us since day one. It is their commitment to the principles of good governance, people-centered service delivery and the maximization of the democratic dividend that has carried us to this point. We thank the rigorous support that we receive from Council in our collective bid to fulfil our respective mandates.

We are grateful to councillors with whom we have been working to ensure that ours is a City that works.

Their selfless dedication to the people of Msunduzi is immeasurable.

I must also thank the African National Congress Caucus and the political leadership of the Region of the ANC for the overall guidance and support.

I also wish to thank my family, in particular my wife, who continues to be a pillar of strength and to support me in my work.

Today, in delivering this Budget of the City Address, 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.

LEGISLATIVE REQUIREMENTS

Madam Speaker,

Being mindful of the legislative requirements that the IDP and budgeting processes needs to go through, 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 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 Umgeni Water Board.

Considering the 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 has 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 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 increase from 01 July 2022 are as follows:

Property Rates	8%
Electricity	7,47%
Refuse	5,8%
Sanitation	9%
Water	6%
Other	12,41%

Rates

The rates residential exemption limit was maintained at R100 000 and an increase of 8% was applied for 2022/23 budget year. All other tariffs increase for other revenue sources were 12,41% which is necessitated by a need move towards cost reflective tariffs and such will be implemented through phases.

Water tariff modelling

Madam Speaker,

Due to prevailing drought conditions, our proposed tariff was 6% This was informed by the likely tariff increase imposed on us by the bulk supplier, Umgeni 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 6% and is exactly what bulk supplier of water will charge and no municipal mark up. However, negotiations are ongoing with Umgeni Water involving other municipalities like eThekweni upon conclusion such will be communicated accordingly.

- The household consumers will continue to be subsidized by 6 kl through the 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 2022/23 financial year totals to R 1 579 699 billion, which equals 24,47 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 5,3 per cent for the 2022/23 financial year. An annual increase of 4,4 and 4,48 per cent has been included in the two outer years of the MTREF.

On the 1st of 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 85 million has been included in the 2022/23 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 2022/23 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% for 2022/23 however the two outer years it is projected to increase to 8% and 9% respectively.

Capital Expenditure

For the MTREF 2022/23 an amount of R 835 918 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 R 93 797 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 60 000 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 while 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 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 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 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 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:

1. Special thanks to our residents, the business community, NGOs, Religious sector and many other stakeholders who are forever providing us with valuable inputs;
2. Extend our gratitude to other political parties in this council, we appreciate their role as a legitimate construction of democracy and for always keeping us on our toes;
3. We want to convey our gratitude to all Cllrs, Rates, Tariffs and Charges Committee, the EXCO members and all Councillors who participated in the budget preparation process. We thank you for your contributions and want to tell you that this is only the beginning.
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. 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 earlier this year. We thank you for such sacrifices.

CONCLUSION

Madam Speaker,

Fellow Councillors, we have delivered a budget that demonstrates our commitment to build a City that delivers on its commitments to better 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 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.

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

1. MOVE FOR THE IDP ADOPTION

IT IS RECOMMENDED THAT:

IT IS RECOMMENDED THAT:

- 7.1** (a) That the Draft Budget of the Municipality for the financial year 2022/23, 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 2022/23 be approved as follows:

	2021/22	2022/23	% Increase
	Cents in the R	Cents in the R	
(i) Vacant Land - No rebate granted	0.0252	0.0272	8,00%
(ii) Unauthorised Use (inclusive of surcharges)	0.0433	0.0467	8,00%
(iii) Residential Property	0.0139	0.0150	8,00%
(iv) Commercial Property (Previous Category: Other Property)	0.0244	0.0263	8,00%
(v) Industrial Property (Previous Category: Other Property)	0.0244	0.0263	8,00%
(vi) Specialised Property (Previous Category: Other Property)	0.0244	0.0263	8,00%
(vii) Agricultural Property	0.0034	0.0037	8,00%
(viii) Public Service Infrastructure	0.0034	0.0037	8,00%
(ix) Rural Communal Property	0.0189	0.0204	8,00%
(x) Sectional Title Garages – Separately Registered	0.0139	0.0150	8,00%
(xi) Mining	0.0244	0.0263	8,00%
(xii) Public Benefit Organisations Additional Rebate	0.0244 100%	0.0263 100%	8,00%
(xiii) Public Service Property	0.0244	0.0264	8,00%

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:

<u>Instalment</u>	<u>Final Date</u>
July 2022	31 August 2022

August 2022	30 September 2022
September 2022	31 October 2022
October 2022	30 November 2022
November 2022	31 December 2022
December 2022	31 January 2023
January 2023	29 February 2023
February 2023	31 March 2023
March 2023	30 April 2023
April 2023	31 May 2023
May 2023	30 June 2023
June 2023	31 July 2023

(d) That with effect from 1 July 2022, 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 2022

- 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 2022 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 2022/23 municipal consolidated schedule, allocations thereof reflected on parent schedule is accordingly approved
- (i) That authority be granted to the Acting Municipal Manager to submit the final budget data strings and IDP data strings into National Treasury portal.
- (j) That authority be granted to the Acting Municipal Manager to publish the draft Medium term Revenue and Expenditure Framework 2022/23 to 2024/25 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).

Somlomo, on the 22nd of November 2022, during the inauguration of this council I quoted President Nelson Mandela words during his inauguration as President of South Africa on the 10 May 1994 where he said “We enter into a covenant that we shall build the society in which all South African, both black and white, will be able to walk tall, without any fear in their hearts, assured of their inalienable right to human dignity - a rainbow nation at peace with itself and the world”

I further stipulated that Just like the Old Covenant and The New Covenant in the Bible, we pledge ourselves to sign a new covenant with the people of Msunduzi, a covenant based on our humbleness to admit that we may have not done our best to achieve everything we have set for the people of this city, a covenant based on a call for all citizens, fellow political parties in the council, business, traditional, religious and civil society leadership and all stakeholders within our city to avail

themselves and work with us in our effort to rebuild the Capital City that all citizens, visitors and the rest of KwaZulu Natal can proudly call it home.

Madam Speaker, allow me together with this house to formally enter into covenant with our community, In this present moment I would like to call to the fore The Speaker, the Deputy Mayor and The chief Whip to sign this covenant which will be a pact, a social contract, a written commitment and an 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

ENDS

I thank you.

Ngiyabonga

Baie dankie

Presented by Cllr M.M. Thebolla

Mayor: Msunduzi Municipality

May 30, 2022

For Faults and Queries:

Customer Call Center - 0800 001 868 / 033 392 2955/ 087 655 5778

Water - 033 348 2106/2118

Accounts - 033 392 2621

Road & Transport - 033 392 2097/5320

Drainage: 033 392 5309

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