

**PRESENTATION OF KZN COGTA'S 2018/2019 BUDGET
MEDIA BRIEFING BY NOMUSA DUBE-NCUBE
KZN MEC FOR COGTA
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Ladies and gentlemen of the media

In a few moments, we will be presenting to the Provincial Legislature our 2018/2019 budget of R1.679-billion. This budget will narrate a story of our performance since the beginning of the current term of office in supporting KZN's 54 municipalities and over 300 traditional leadership institutions. The budget consists of concrete plans that will improve the lives of our people who live in our urban and rural areas.

Budget in context

Our presentation to the House will reveal that the department is for the 2018/2019 financial year allocated an overall budget of R1.679-billion. The classification of this budget will indicate that a total sum of R1.094-billion will go towards personnel-related expenditure, including izinduna allowances. This will leave us with only R684-million to cover Cogta's service delivery projects, including capital expenditure, departmental operations and transfers to municipalities.

The budget items which are currently not accommodated in the base line budget are as follows:

Programme 2: Skills Audit Project and Revenue and Debt Management worth R71-million

Programme 3: Community Service Centres, Small Town Rehabilitation projects, Agricultural projects, Electrification projects and Water-related projects worth R335-million

Programme 4: The TC secretaries' salary petition for recognition at level 5 by the department requires R63.6-million. There is, however, a financial obligation of back pay as well as annual increases for izinduna of R1.2-billion

The total budget pressures that impact service delivery amount to R406-million (Programmes 2 and 3). The overall budget pressures including Programme 4 are R1.26billion.

This is a clear indication that the department is seriously underfunded and we will be making an appeal for more funding to adequately fulfil our constitutional mandate.

Cutting wasteful expenditure in local government

We will be announcing new cost-containment regulations that will be gazetted to become compulsory for all municipalities. In the past, cost-containment measures were mere guidelines but now they will be clearly specified and compulsory. The new regulations limit the use of consultants, the cost of official vehicles for office bearers will be restricted to R700,000 or 70% of the office bearers' annual package, flight tickets will be limited to economy class, the number of municipal representatives on international meetings or events will be limited, travel and subsistence will be limited to reasonable amounts, there will be a total ban on the use of municipal credit cards as well as restrictions on catering, entertainment and advertising and the costs of personal security for office bearers will be curtailed. We will also be putting in place an oversight mechanism with proper management of consequences for non-compliance.

Creating smart municipalities, launch of mobile app in partnership with Vodacom

We are also excited today to see our concept of making municipalities smart through the use of technology to enhance service delivery coming to fruition. A mobile app today is being unveiled and will be officially launched soon, courtesy of Vodacom. It works from any cell phone and allows the user to take images of a matter to be addressed, such as potholes or water leaks. The app offers functionality to the public, not only to log incidents, but also to follow up on the progress. A logged incident is allocated a unique reference number which is sent via a text message and in app to the citizen. For citizens without smart phones, the solution offers a USSD string which offers similar functionality to the mobile app. The USSD can be

customised to local languages. Several members of the public have already tested the app on the premises of the Legislature today.

Smart Exchange partnership

We will also be announcing a partnership to facilitate the rollout of Smart Exchange Innovation hubs across the province that will promote SMMEs in the ICT sector and stimulate innovation which will create much needed employment opportunities. We are working closely with the Board and CEO of the Smart Exchange to ensure that the benefits are felt all over the province through their programme of replication, expansion and diversification, especially in our secondary cities.

Grant dependency of municipalities

With regards to our support of municipalities, we will be raising with the Legislature our concerns about many municipalities remaining grant-dependent. We see this as a failure of national and provincial governments to ensure that sector departments that work with municipalities align their spending with municipal IDPs. We will be introducing accountability measures in this regard that will require non-compliant national and provincial government departments to account to this Legislature.

Fighting fraud and corruption

We will be reporting on the current 16 investigations into municipal fraud and corruption in terms of section 106 of the Municipal Systems Act, of which six have been finalised and ten are nearing completion. Seven municipal officials were disciplined, three criminal cases were instituted and civil recovery proceedings have commenced for the recovery of R818 068 as a result of these investigations. We are assessing the investigations conducted in uPhongolo, Nkandla, Hlabisa Big Five, uMsunduzi, and Zululand district municipalities.

Capacity building

We will be ensuring that our councillors and amakhosi are fully capacitated not only to perform their duties but to leave local government as individuals with marketable skills. Out of the 2016 intake of 1846 KZN councillors, 322 only had matric and 238 had no matric and out of those four had no schooling at all. We will be partnering with FNB, Dimension Data, Standard Bank and others in building capacity in our local government institutions.

Revenue enhancement

Consumer debt owed to our municipalities as per the last audited financial period is R16.4-billion. This debt comprised R512-million by national and provincial departments, R1.1-billion by businesses, R5.1-billion by households, and the remainder by other debtors. The reported debt by category is based on figures reported by 24 municipalities at this stage. In this budget presentation, we will be reporting on the revenue enhancement campaign – “Pay Your Levies – Nothing 4 Mahhala” which we recently launched at eDumbe. The campaign is appealing to municipal residents’ civic consciousness in paying for municipal services and it has already turned a deficit in uncollected revenue into a positive cash balance in eDumbe. Revenue enhancement is a prerequisite for long-term viability of our municipalities.

Basic services

In terms of service delivery, we have ensured that KZN remains South Africa’s number one spender of the Municipal Infrastructure Grant. Our MIG spending has enabled near universal access to water in Msunduzi, Newcastle and eThekweni, near universal access to electricity in uMhlathuze, Impendle and uMfolozi, and near universal access to sanitation in Mpofana, uMngeni, Msunduzi and Richmond. As we roll out basic services, we are also ensuring ever faster responses to interruptions of municipal services.

Job creation

We will be showcasing our track-record in creating 42 200 work opportunities for low skilled individuals within the framework of our CWP and EPWP programmes. These job opportunities are providing life-changing experiences in terms of skills and work

ethic to their beneficiaries, some of them had never had jobs. Today we have as our guests some of our CWP and EPWP workers who have used the stipend to advance themselves academically. One is now a teacher and the others have received academic qualifications and are getting into mainstream employment.

Support to traditional institutions

We will be capitalising on our previous support of traditional institutions through the creation of adequate office environments for amakhosi in addition to providing improved mobile service points for SASSA and health clinics. Our support to traditional institutions has enabled amakhosi to work with government to produce and market wine, turning areas such as Okhahlamba into South Africa's wine-producing regions.

Traditional Council Elections

We will also be hosting Traditional Council Elections during this year to promote the spirit of democracy in our traditional institutions. We will execute this process with the help of the IEC as is the norm and the date for these elections will be announced in due course.

Having presented these highlights of our 2018/2019 departmental budget, I now invite you to the actual presentation of the budget speech in the Legislature.

Ends.