

**BUDGET SPEECH BY HIS WORSHIP THE MAYOR OF ILEMBE DISTRICT MUNICIPALITY
COUNCILOR SS GUMEDE ON 19 JUNE 2020 IN ILEMBE HOUSE, KWADUKUZA.**

Honourable Speaker, Cllr S. Zulu
Honourable Deputy Mayor, Councilor Dolly Shandu,
Amakhosi esizwe,
Fellow Councilors,
Municipal Manager, Senior Managers and Managers Present,
Members of the Media,
Comrades and Friends!

Good Morning,

Honourable Speaker

Please allow me to express my sincere words of appreciation for being given this opportunity once again to present the State of the District Address, our very first virtual address as a district and our second as council since the 2016 elections. I am deeply honoured to address this meeting even though it is during a time where our country and indeed the whole world is faced with the biggest threat and challenge to not only our health, our way of life and our economy.

This is however still an important time in the life of the municipality wherein we demonstrate the importance of accountability to the people at whose privilege and mandate we serve. We are meeting to take the people of iLembe District into confidence as we present the achievements and challenges since the 2019 State of the District Address and also highlight the plans for the year ahead that is the 2020-2021 financial year.

This approach is relevant because as ANC led Council, we are bound to report on successes, challenges and way forward to the people who elected us to be the majority party in this Council of iLembe District. And that is what we are precisely doing. The people shall govern.

Honourable councilors kanye nani Makhosi eSizwe, it is against this backdrop, that we are meeting here as elected public representatives to carry out our task of ensuring that we disengage the masses of our people from the miserable conditions of poverty, underdevelopment, and joblessness and other challenges facing the people of the district.

During the period under review, we have dealt with issues of governance and service delivery as Councilors from different political formations with a high degree of mutual respect for differing opinions and consensus on what needs to be done to improve the quality of life our people, within the spirit of building a caring society.

Ladies and gentlemen, it is our excellent working relationship with sector departments, local municipalities and other relevant stakeholders that gives us confidence that we will be able to deliver on our vision that states: ***By 2030 iLembe District Municipality will be a sustainable people-centred economic hub providing excellent services and quality of life***”

Honourable Speaker, as we come to the end of this financial year we express our gratitude to the staff of Ilembe District Municipality, the Municipal Manager, Senior Managers, Managers and the staff. We are grateful for all your contributions and hard work.

Somlomo, it is now just over 100 days since the first case of coronavirus was identified in our country and great strides have been by the government in curbing the spread of the virus to better prepare our healthcare system. The brutality of this epidemic will continue to take a heavy toll on our nation in the weeks and months to come. It has resulted in a sudden loss of income for businesses and individuals alike, deepening poverty and increasing hunger.

It is for this reason that we need to support the national government on all measures taken to delay the spread of the virus. Measure I hope we all agree have been absolutely necessary. While the nation-wide lockdown is having a devastating effect on our economy, it is nothing compared to the catastrophic human, social and economic cost if the coronavirus could spread among our people unchecked. Ilembe has been identified as a hotspot meaning, all the people of this district must work together and do so diligently in ensuring that we ‘flatten the curve’ and continue to curb the spread of this virus.

In this regard, the Ilembe District Municipality is actively involved in the fighting against Covid-19. As the Mayor of the District Municipality, I co-chair the COVID-19 District Command Council alongside our Operation Sukuma Sakhe Champion MEC Ms. Peggy Nkonyeni who is also the MEC for Human Settlements and Public Works.

We as iLembe District have established a number of structures to curb the spread of the virus.

These structures include:

- the District Command Council Technical
- District Command Council – which is chaired by the District Municipal Manager,

- Governance Cluster – which is chaired by Ndwedwe Local Municipality Mayor,
- Economic Cluster – which is chaired by KwaDukuza Local Municipality Mayor,
- Social Cluster – which is chaired by Maphumulo Local Municipality Mayor,
- Security Cluster – which is chaired by Mandeni Local Municipality Mayor; and the
- Communication And Public Participation Cluster – which is chaired by iLembe District Speaker.

We are, however, facing a number of challenges when it comes to the fight against the virus and these include:

- Lack of compliance by local communities to the set lock down regulations. (For example, Sports activities, car washes, illegal sales of cigarettes/alcohol, not wearing face masks etc.).
- Lack of adequate capacity for the Law Enforcement Agencies.
- The exponential increase in the number of COVID 19 cases within the District
- Lack of social distancing and congestion during the dates for pension/grant pay points

As a water service authority and provider, iLembe has been ensuring that communities in the district municipality are supplied with water at all times. This is done through water tankers with a total of 41 water tankers being dispatched to communities to supply water on a daily basis although this is not always possible. This is because of the topography in areas, such as Ndwedwe and Maphumulo, trucks are unable to supply water owing to the inaccessibility of the area during rainy days. However, those areas are covered at a later stage.

The District Municipality has identified a number of projects as quick win interventions where a number of water springs were identified for protection as well as a number of minor water schemes refurbishment and new boreholes. A business plan was developed and approved by the Department of Cooperative Governance and Traditional Affairs to the value of R50 235 000. These projects will assist the municipality in ensuring that water is supplied to our communities for 24 hours and will also assist in the reduction of water tanker usage which is rather expensive. The scope of work contained in the approved business plan, covers 70 spring protections, nine refurbishment projects and nine boreholes.

Over and above water supply, iLembe through its Environmental Health Unit under the Community Services Department is working together with the Department of Health in contact tracing, screening and testing to educate the community on Covid-19 and to distribute soaps and sanitizers to the needy.

To date, the district has distributed 5300 sanitizers and 8630 single bar hand washing soaps to the community as well as 250 bleach, 12 000 masks and 190 boxes of gloves.

This unit has made critical interventions to the fight against the Covid-19 outbreak, which started long before the lockdown was announced. When we became aware of the outbreak of Covid-19 and just after the first case in the vicinity of Pietermaritzburg, we as a district municipality embarked on a comprehensive Environmental Health responsiveness planning for the iLembe District Family of Municipalities.

High risk areas or most vulnerable areas such as old age homes, taxi ranks, schools etc. were identified and visited to conduct safety compliance, advice on precautions and preventative measures, conduct Health education and to assist with provision of soaps and sanitizers to the underprivileged households.

The District Municipality is also monitoring funerals, and the means/ processes instituted to contain and minimize the spread of the Covid-19 outbreak. We are also conducting food safety compliance inspection in all food premises approved during the lockdown period such as supermarkets, wholesalers and other approved food grocery stores as well as monitoring social distancing etc. The unit also ensures that donated food parcels are safe through undertaking necessary food safety inspections. Please be informed that the Ilembe District Municipality has received the following support from national government:

- Department of Water and Sanitation – 120 static tankers and 2 water tankers
- Department of Treasury – R3million

As I present this State of the District Address, Honourable Speaker allow me to also outline the plans for the new financial year.

I will therefore start with our Local Economic Development.

Our Municipality has in line with the national government policies relating to the Preferential Procurement Policy Framework Act and its Regulations of 2017, widened the access of economic participation and inclusion through the public procurement processes. The Municipality is implementing a district wide database of SMMEs which are also registered on National Treasury's Central Suppliers Database (CSD), SARS and CIDB for construction related projects.

The Municipality enforces subcontracting as a mandatory requirement in all its capital projects. The emerging entities from our district who meet the listing criteria are forwarded to the main contractors for subcontracting purposes. By doing so, the local emerging entities are given an

opportunity to grow and get the relevant exposure, skills and capacity in their preferred industry sectors. Once allocated work through subcontracting, SMMEs are subjected through the business incubation program which is facilitated by the Enterprise iLembe.

The scourge of the COVID 19 pandemic has negatively impacted on the SCM processes, however, as iLembe District we are pleased to inform you that we remained transparent and fair in the procurement process by putting all our requirements on the municipal website and notice boards for prospective bidders to see the available business opportunities. Most of the projects that were put on hold will now be advertised in the media houses and other platforms. Service providers/suppliers are requested to observe strict hygienic protocols when visiting SCM offices to enquire about the business opportunities or when responding to the bid invitation/quotation requests.

The Municipality continues to receive invaluable technical and financial support through the Vuthela iLembe LED programme. The programme is aimed at ensuring sustainable growth of the District economy. The Programme Coordinating Unit is now fully immersed in the District and a total of 37 projects are currently at various stages of implementation. The programme is now on Month 36 of its 60 months lifespan. The significance of this support programme cannot be over-emphasized- especially now in the context of the devastating impact that COVID-19 is having on the District economy.

The iLembe Development Planning Shared Services continues to be a model for cooperation among municipalities. The iLembe Shared Services has been instrumental in ensuring that ALL Municipalities within iLembe have access to Environmental Management, Geographic Information Systems (GIS), and Development Planning capacity.

INTEGRATED DEVELOPMENT PLANNING

Council approved its 5 year Integrated Development Plan in May 2017. We have subsequently embarked on annual reviews of this plan as guided by Section 34 of the Municipal Systems Act. These reviews have been informed by, among others, the National and Provincial policy imperatives, our own fiscal capabilities, and inputs from our communities. The successive reviews of our IDP have been assessed and found to be credible and fully compliant with the legislative prescripts by the MEC: COGTA. The community engagement process of the 2020/21 IDP was unfortunately affected by the prevailing National lockdown which prohibited public gatherings. We nevertheless ventured to solicit the views of our communities through various media platforms.

Honourable Speaker, **community services** remains one of our core functions as the district, and through this function we have been able to get involved in activities that are entirely community based and are directed towards creating awareness to improve the lives of our communities through education campaigns and celebratory events in collaboration with communities, sector departments, non-governmental organisations, and other relevant stakeholders. These functions are Environmental Health, Disaster Management, Arts, Culture, Heritage and Sports and Special Programmes which includes HIV and AIDS, Gender and disability.

All this work is part of our provincial government's programme called **Operation Sukuma Sakhe**, which is a call for the people of KwaZulu-Natal to be determined to overcome the issues that have destroyed the communities such as poverty, unemployment, crime, substance abuse, HIV & AIDS and TB.

iLembe District Municipality has a FULLY functional District Disaster Management Centre (DDMC) which is established in terms of Disaster Management Act. The District Disaster Management Centre building situated in No 12 Haysom Road, KwaDukuza and was officially launched by the Honourable MEC Nomusa Dube Ncube on the 6th of August 2015. The Centre continues to strive for compliance in terms of ensuring that there is ongoing prevention and mitigation against disasters within the District and it's family of municipalities. In an effort to build Fire Fighting capacity, the District also received a grant funding of R 2 Million rands to procure a fully equipped Fire And Rescue Vehicle, to enhance our local communities who are vulnerable to fires.

During 2019/2020 financial year, the District also partnered with the Provincial Disaster Management Centre to install lightning conductors across the District.

Municipality	Installed by the Provincial Disaster Management Centre	Installed using LM's budget	Total
Mandeni	20	25	45
Maphumulo	20	16	36
KwaDukuza	20	18	38
Ndwedwe	27	10	37
Total	87	69	156

The District continues to ensure rapid and effective response by responding to a number of incidents in all local municipalities. Based on assessments conducted, the District is in a position to assist affected communities with Social Relief Aid so that they are able to temporarily cope with the situation. During 2019/2020 financial year, the District reported a

total number of **317 incidents**, comprising of **147 structural fires**, **8 veld fires**, **66 heavy rainfall**, **34 strong winds**, **45 lightning**, **10 drownings**, **2 hail incidents** and **5 incidents** relating to **structural collapses**. In terms of the overall impact, the incidents affected **1713 households** and **10 500 people**, with **45 confirmed injuries** and **31 fatalities**.

A number of key programmes are also planned for 2020/2021, and they include:

- Ongoing Community and Capacity Building Programmes;
- Annual review of the Disaster Management Plan;
- Installation Of Lightning Conductors;
- Provision Of Social Relief Aid;
- Rolling out of the District Volunteers Programme; and
- Ongoing enhancement of Fire Fighting capacity within the District and its family of municipalities.

The District will strive to ensure that there is adequate firefighting capacity, especially in municipalities such as Ndwedwe and Maphumulo Local municipalities, going forward.

Honourable Speaker, face to face interaction remains the powerful unmediated communication platform, which gives our community an opportunity to talk directly to their political leadership, but because of the coronavirus pandemic we have had to rely on the communicating with them virtually. **Public participation** remains an important pillar of our democracy. As stipulated in the legislative framework governing local government, the municipality has undertaken various initiatives to ensure an informed and active citizenry. This has been done through radio interview, print media and social media. This is our new normal.

The iLembe District Municipality has a total of 35 Amakhosi. We continue to ensure that there is a healthy working relationship between the Local Traditional House and the Municipality. Amakhosi are invited to community activities taking place in their areas and as well as district activities that have impact in service delivery in their areas. There is a strong partnership between us and amakhosi in fighting the coronavirus. Presentations on matters of Council are also periodically made at the seating of the iLembe District Traditional Council and tribal Councils by the District Speaker who attends the quarterly meetings.

In view of the interdependence of all spheres of government, we continue to participate in various platforms to promote **Inter-Governmental relations** at national, provincial and district levels. At a district level, 14 IGR structures, where all municipalities within the iLembe District are represented, meet to ensure that all resolutions taken are implemented respectively. The District Municipality plays a coordinating role at the request of the Local Municipalities to

source assistance and interventions to mitigate challenges experienced by Local Municipalities.

The District Intergovernmental Forum constituted by the Mayors and Municipal Managers in the district, the plays a monitoring and oversight role over the iLembe Family of municipalities. It meets quarterly to discuss issues of mutual interests, explore possible areas of joint ventures as well as monitor progress on compliance issues such as Auditor General related queries, compliance with all finance related legislations and financial management including revenue generation, quality of services delivered to the communities, Municipal Capacitation and so forth.

Ladies and gentlemen, **good governance** remains the top priority of our local government manifesto, and this comes not only through setting up internal controls but it also requires strict abidance with rules and regulations that results in good governance. Our governance model called 'separation of powers' continues to yield good results. Our Council is executing its legislative mandate of playing oversight on the executive arm of this municipality diligently and efficiently.

Our Section 79 committees and standing committees of Council are fully functional. We have ensured that our oversight function over our finances and performance is effective by ensuring that the relevant oversight structures such as the Internal Audit Unit, Risk Management Unit, Audit and Performance Committee, Risk Management Committee, Performance Management System and Municipal Public Accounts Committees are established. These units are working hard to ensure that there are relevant charters, policies, plans, methodologies and systems in place that assisted us with the improvement of internal controls.

Ladies and gentlemen, in order to assist our staff members to remain informed of fraud and corruption and how to report such cases when they occur, we have had, in partnership with the Office of the Premier, awareness sessions for all staff members to enhance their understanding of incidences of fraud and corruption.

Our Performance Management Unit plays a key role in ensuring that all the departments of the municipality perform their function. The unit monitors and assesses the performance of each department on a quarterly basis.

The PMS unit is currently preparing the 2020/2021 Top layer and departmental SDBIPs which is in line with the IDP implementation plan and budget for monitoring in the new financial year.

The iLembe District Municipality ensures deadlines are adhered to and completed reports are submitted on a monthly and quarterly basis to COGTA and National Treasury on the Back 2 Basics programme.

B2B outlines governments' plan of action to ensure a focused and strengthened local government by getting the basics right and together with other spheres of government, providing basic services efficiently and effectively. The main goal is to improve the functioning of municipalities to better serve communities by getting the basics right.

Makhosi esizwe, we are saying that together we shall build on the achievements made in the delivery of basic services to our people.

As at 2019/20, 127 243 households have been served with drinkable water, leaving iLembe with a 15.56% backlog.

The water backlog has been decreased throughout the district as follows:

- In Mandeni, 18 622 households have been served leaving a backlog of 19 613
- KwaDukuza, 64 031 households have been served leaving a backlog of 6 253
- Ndwedwe, 25 281 households have been served leaving a backlog of 3 919
- Maphumulo, 19 309 households have been served leaving a backlog of 800

For sanitation, 129 856 households have been served, leaving a backlog of 15.55%. Sanitation backlog has been decreased and the household served;

- In Mandeni 37 597 households have been served with a backlog of 638
- KwaDukuza 57 973 households have been served with a backlog of 12 311
- Ndwedwe 25 853 households served with a backlog of 3 347, and
- Maphumulo 8 433 household served with a backlog of 11 550.

Our ability to address all the infrastructural backlogs and achievements that we have referred above has been as a result of working in partnership with the National Department of Water Affairs in particular and KZN COGTA as well as sector departments.

Honorable guests, please take note of the projects were we have appointed service providers and these projects are currently underway:

PROJECT NAME AND DESCRIPTION	NAME(S) OF SUCCESSFUL BIDDER(S)	BID AMOUNT
KWADUKUZA LOCAL MUNICIPALITY		
GROUTVILLE D SANITATION: Construction of Sewer Reticulation and 2No. 600m ³ /day Package Wastewater Treatment Plants in Njekane & Etsheni (Priority Area 2) and Myundwini (Priority Area 5) Settlements	ICON CONSTRUCTION (PTY) LTD	R 44 054 823.27
GROUTVILLE D SANITATION: CONSTRUCTION OF SEWER IN CHRIS HANI, LLYODS & NTSHAWINI SETTLEMENTS (PRIORITY AREA 1), 1 No. 600m ³ /Day PACKAGE WASTEWATER TREATMENT PLANT AND GLEDHOW VILLAGE PUMPING STATIO	ICON CONSTRUCTION (PTY) LTD	R42 628 176,46
SOUTHERN REGIONAL BULK WATER AND SANITATION SCHEME PHASE 1A: BULK WATER (ETETE)	ICON CONSTRUCTION (PTY) LTD	28 368 215.18
SOUTHERN REGIONAL BULK WATER AND SANITATION SCHEME PHASE 1B: SANITATION (ETETE)	AFROSTRUCTURES	R43 112 000,00
LOWER THUKELA REGIONAL BULK WATER SUPPLY SCHEME – OFF TAKE 4 AND 5	ZAMISANANI	R38 470 779,69
LOWER THUKELA REGIONAL BULK WATER SUPPLY SCHEME – OFFTAKE 1	ZAMISANANI	R28 182 662,60
NDULINDE WATER SUPPLY SCHEME: Phase 2C and 4C bulk and reticulation project	BOSCH MUNITECH	R 18 880 881.10
Macambini Water Supply: Phase 4A	Nkomazi Business Network	R 21 725 580.35
Macambini Water Supply: Phase 4B	Kara SA	R 38 532 220.36
Macambini Water Supply: Phase 4C	Sinethemba	R 23 400 000.00
Ngcebo/KwaDukuza Water Supply: Zone G Reticulation	R & B Pipelines	R 20 882 373.41
Warrenton AC replacements	Uswazi	R 21 118 225 64
Shakaville AC replacements	R & B Pipelines	R 18 826 758.95
Ndwedwe South Water Supply Refurbishment	Pilcon Trading	R 38 601 762.20

The municipality has adopted MFMA circular 82 of April 2016 and revisions to the circular in November 2016. All expenditure is kept to essential items required only for service delivery. In this light only essential and critical expenditure required is incurred.

Subsequent to the promulgation of Cost Containment Regulations by National Treasury in June last year, Council adopted a policy with an aim of internalizing these regulations. I must say though that the measures contained in the said regulations were not at all foreign to us since we had always been very focused on the issue of monitoring costs ever since we took over the administration of this Municipality. The Cost Containment Policy was formally adopted in September 2019 and was retrospectively effective from the 1st of July 2019. In line with this policy, all expenditure is kept to essential items required only for service delivery. The sad reality is that this is indeed 'business unusual' as it basically mean that Council is forced not to implement some of the important programmes that we would if the situation allowed financially. Just to make a practical example, we have had to reconsider the issue of filling vacant posts – playing the game of reprioritizing from the already prioritized posts to fill.

Despite measures that have been put in place to manage finances of the Municipality, it is a very painful reality that we continue to be challenged from different perspectives. This phenomenon is not only applicable to our Municipality but it is being felt from all the world – I am referring to the global economic crisis. Government is challenged (at all levels), business is challenged and so as individual citizens. These are all critical elements in terms of our revenue base, hence there is a perpetual decline in our revenue collection trends.

It must be said though that making matters worse has now been the emergence of Corona Virus which took the world (in its entirety) by a complete surprise, in a very short space of time. Whereas we would have witnessed for the first time a consistent upward improvement in the Municipality's liquidity position by end of June this year, this will no longer be realized as we anticipate to maintain only less than 30 days' cash on hand as opposed to the 60 days (or above) originally projected. This will impact on a number of other areas particularly those that require cash including paying for services and goods that are essential in the process of service delivery. Despite these challenges, we have directed Management to do all that is possible in order to cushion the Municipality during these financially challenging times.

Implementation of capital projects (which is very key to service delivery), was not immune in this whole Covid-19 saga. We have seen construction projects being halted for over month whilst observing level 5 of the 'National Lockdown'. National Government has had to reprioritize funding with an aim of directing more resources towards the efforts of fighting the spread and the impact of Covid-19. We have therefore had some of our grant allocations cut down drastically, which means that some of those projects that would have been prioritized in terms of the Municipality's integrated development plan (IDP) would (now and going forward) be adversely affected. Although there would have been other factors contributing to the low spending on capital projects, but the measure highlight sticks with the impact of Covid-19. Overall, spending on grant allocations as at the end of May 2020 is sitting at 69%, with MIG,

WSIG and RBIG being the most casualties. At this rate, it is almost inevitable that the Municipality will be forced to approach National Treasury to seek approval for some of the monies to rather be spent in the following financial year.

The **collection rate** is presently at 53% as at the end of May 2020. At the close of the 2018/2019 financial year the collection rate was 64%. The COVID-19 pandemic has made it a bit difficult to explore and implement all available credit control and debt collection measures. It must be noted that however the credit control and debt collection policy and bylaws were being implemented and all credit control measures were being applied before the National Disaster that was declared in March 2020. Water restrictions and disconnections which were in place were/are put on hold. The pandemic has had a negative impact based on revenue income to the municipality in such that in March 2020 and April 2020, the collection rate was at 39%. Council did engage the services of an external debt collector to ensure that credit control and debt collection are given priority. Debt handed over to the external debt collector is administered through a functional call center with continuous follow ups being done by the call center agents until the debtor commits to pay or recommendations made on how to collect the debt outstanding. A data cleansing exercise is also being undertaken to ensure that debtors whose accounts are in arrears are validated so that records are updated which then makes the collection process easier. The Municipality is now focusing on the consumers that are able to pay during the pandemic. It must not be mistaken that “everybody” cannot pay, there are some which can afford to pay however are not and hiding behind the pandemic.

In so far as debt owed by Provincial and National Departments the, the Provincial debt collection steering committee is in place to assist with collection of these outstanding monies. There are engagements with COGTA, Treasury and all departments in arrears in order to assist with the collection of outstanding monies. To date the efforts put in has resulted in some of the departments making payment for some of their outstanding accounts.

The management of prepaid meters, those meters which malfunction are being converted to conventional meters which are then placed on the meter reading cycle whereby the consumer will then begin to receive a statement for water consumed. There has been an increase in revenue billed by more than 75%. This was as a result of having meters which were previously not being read are now being included on the meter reading cycle and are read by meter readers in order to send out statements to consumers. There is also a program in place by Vuthela (Non-Revenue water) where areas that are not billed will now be metered and also have meters read and consumption billed to consumers. Housing projects have been given a priority as well to have all connections metered and connected to the billing system.

There is a program done by SMEC-Naidu as well in regards to non-revenue water. This will result in the decrease of water losses.

Section 24 of the MFMA further requires that the municipal council must at least 30 days before the start of the budget year consider approval of the **annual budget**, as the budget must be approved before the start of each financial year. It is in compliance with these sections that the budget is tabled 90 days prior to the new financial year 2020/2021. Notwithstanding the normal budget timelines, we table this budget this budget 12 days prior to start of the financial year as a result of the situation that was unforeseen in the start of the 2019/20 budget year.

In the compilation of this budget, the following influencing factors were considered:

- Normal inflationary increases and pressures;
- That the budget is zero based, incremental and programme based;
- Inflation is 4.5% for the 2020/2021, 4.6% and 4.6% for 2021/22 and 2022/2023 respectively.
- That there will be no changes to the powers and functions of the District during 2020/2021 financial year;
- That more than 65 % of revenue budgeted for will be collected;
- That all Division Of Revenue Act allocations will be received during the 2020/2021 budget year;
- Increase to Tariff of charges by 9.6%
- That the austerity measures implementation will still be in operation in the medium term;

Our budget is designed and aligned to serve all people within our District. On this instance we have increased the provision of free basic services to R 4 million.

Our policy is clear, "The District must make provision of basic services to the community in a sustainable manner, within the financial means of Council" We will continue appropriating funds to ensure services reach those who cannot afford within the ambit of the policy. Moreover during this testing time where some of our people have been affected by COVID19. Some people may have lost jobs, as a District Municipality we encourage those who meet the criteria to register for free basic services.

As water service provider we do experience various challenges in delivering of water and sanitation. The main challenges experienced during the compilation of the 2020/2021 MTREF can be summarised as follows:

- The increased cost of bulk water which is pushing the tariffs upwards;

- The downturn in the National and Local economy;
- Ageing infrastructure, quality and quantity of drinkable water;
- The need to re-prioritise projects and expenditure within the existing resources envelope given the cash flow realities while maintaining a good level of service;
- Affordability of Capital Projects;
- Revenue growth patterns which impacts on the implementation of the budget.
- Availability of affordable capital or borrowings; and
- Rising and unpredictable fuel, oil and energy prices resulting in challenges on revenue recoveries.
- The need to fill vacant posts to eliminate inefficiencies and improve delivery of services.
- A decrease on revenue collection rate due to impact of COVID19, where some consumers were impacted by the state of disaster due to COVID19, whereby their jobs could have been affected.

The municipality relies on grants and mostly for the eradication of backlogs through development of infrastructure and basic service projects such as bulk water infrastructure, sanitation, refurbishment of aging infrastructure, as capacitation of the budget and treasury office as well as job creation through the expanded public works programme (EPWP). We will continue supporting our people even during these testing times, we have provided an amount of R 7 million for the EPWP, where R 2 million of this is funded by the grant.

Honourable Speaker, the total budget for the financial year 2020/2021 is *one point ones billion* with operational revenue to be realised amounting R 912.7 million and operational expenditure amounting to R 909.1 million.

In the MTREF 2021 to 2023; the expenditure budget is structured as follows;

- a) **R 615.9 million** for capital expenditure;
- b) **R 2.9 billion** for operational expenditure;

The capital outlay for each financial year is R 202.8 million (2020/21), R 199 million (2021/22) and R 213.9 million (2022/23).

Of the R 202 million, 97% of the capital budget is set aside for service delivery objective under trading services amounting to R 195.8 million. Broken down as follows:

- R 162.9 million has been budgeted for the construction water infrastructure, where R 83.7 million of this is set for new water services assets and R 41.2 million of this being for renewal of water infrastructure projects.
- A total of R 70 million provided on the capital budget to refurbish the existing assets and construction of new waste water assets.

As the old infrastructure ages, there is a demand for provision of more funding to renew the infrastructure in ensuring continued service delivery. This is done through repairs under operational budget of which R 54 million was provided in the 2021 financial year, while refurbishment is done through the capital budget. As the old infrastructure ages, there is a demand for provision of more funding to renew the infrastructure in ensuring continued service delivery.

During the public consultation process, various concerns were raised by consumers regarding the draft budget, mainly on the increase of tariffs by 9.6%. The objections and concerns are noted by the municipality. It should be stressed however that the municipality sources water from Umngeni Water, which increased their tariffs by 9.6% for the 2021 financial year. This increase is of a challenge for the municipality, moreover where our district compose of various consumers which some cannot afford. The municipality has not added any increment on the Umngeni tariff of 9.6%, which would have had a burden to consumers. As District, we strive towards making our services affordable while we deliver quality water, guided by our service level standards, hence the operational costs of supply water to consumers are absorbed by the municipality.

Honourable Speaker, having presented the State of our District Municipality let me announce that our total budget is *one point one billion (R1.1 billion)* for the financial year 2019/2020.

In conclusion, ladies and gentlemen let me express my gratitude to Councillors from all the political parties represented here in this Council for their meaningful contribution towards the success of our municipality. I believe, working together we will continue to drive this municipality forward in peace and harmony.

Lastly, I would also like to take this opportunity and thank my political home, the African National Congress, for having entrusted me with the duty of leading this municipality.

PLEASE REMEMBER TO STAY SAFE, WASH YOUR HANDS AND KEEP A SOCIAL DISTANCE.

I thank you.