REMARKS BY ETHEKWINI MUNICIPALITY MAYOR CLLR MXOLISI KAUNDA AT THE TABLING OF DRAFT BUDGET FOR 2023/24 FINANCIAL YEAR, 30 MARCH 2023

- Honourable Speaker
- Deputy Mayor
- Whip of Council
- Chairpersons of Committees
- EXCO Members
- Honourable Councillors
- City Manager and Senior Management
- Members of the Media

Sanibonani

We must at the outset state that this was a very difficult budget to balance as we are experiencing extremely trying times. The city is still feeling the impact of the COVID pandemic, the civil unrest, and the recent floods.

The impact of the global economy, loadshedding, rising fuel prices, unemployment, interest rates and inflation have also contributed to the current state of the economy which has impacted on the finances of the City and households across the Municipality, especially the poor.

Despite these challenging circumstances, which were out of our control, the provision of basic services and stimulation of the economy for job creation were prioritized in this budget. Accordingly, we want to thank the Budget Steering Committee in particular, for their sterling work in prioritizing and producing a sustainable, affordable, realistic, credible, and balanced budget.

This budget gives us an opportunity to continue to focus on building better communities together and accelerate service delivery, particularly in improving waste management, electricity, and water supply.

Honourable Councillors, our efforts to clean the city are beginning to yield positive results after we have made reforms in the Cleansing and Solid

Waste Unit. However, we want to reiterate that cleaning the city is a collective responsibility.

Therefore, we urge our residents to cooperate with us by disposing waste in designated areas. We are pleased that the private sector and public entities are putting their shoulder into the wheel to keep our city clean.

Early this month, MTN collaborated with the city in a cleaning campaign in the CBD. The Passenger Rail Agency of South Africa (PRASA) embarked on an education campaign to create awareness about the importance of keeping our rail network clean.

As we approach the Easter Holidays, we will be working with various churches in a cleaning campaign and to encourage congregants to keep their surroundings clean during the Easter church services.

Honourable Councillors, work continues to repair the infrastructure that was severely damaged during the floods. We are pleased that last week, the

National Treasury transferred R1.5 billion of the disaster response grant. Of this amount, R1.2 billion has been allocated to repair roads, storm water drainage and bridges. R200m has been set aside to repair water and sewer infrastructure. R100m has been allocated to human settlement.

CRIME

As the leadership of eThekwini Municipality, we are concerned about the escalating incidents of crime in the city. People are mugged and killed in broad daylight in places where they are supposed to feel safe. We are also observing a growing trend of mass killings, particularly in the outer west areas.

To address this scourge of crime in these areas, the municipality took a resolution in the last council meeting to donate land to the SAPS to build a fully-fledged police station in Marrianhill. This will improve policing in areas such as Tshelimnyama, Mpola, Dassenhoek, KwaSanti and KlaarWater.

We are currently implementing the resolutions of the crime and social cohesion summit that was held in December last which proposed the following interventions:

- Deployment of multi-disciplinary teams to deal with the killing of community leaders and mass murders.
- The installation of CCTV in the CBD, rural and township communities, particularly in areas that have been identified as crime hotspots.
- Deployment of dedicated teams to deal with bad buildings, drugs, and illegal liquor outlets.
- Working with the business sector to establish satellite police stations in crime hotspots.

As part of our efforts to increase police visibility on our streets, the Municipality continues to recruit Metro Police Officers with the intention to reach a target of 5000 law enforcement officers. Currently, we have 200 Metro Police trainees who are at college. The recruitment of an additional 200 members is being finalised. As from next year, the municipality will be recruiting 400 new police officers annually.

Honourable Speaker, fighting crime cannot be the sole responsibility of government. For this reason, we continue to work with community crime fighting structures to mobilise communities to form a united front against crime by organizing them into street and village committees.

Honourable Speaker, one cannot overemphasize the importance of unity of purpose if we are to achieve the plans that are set out in this draft budget. The people of eThekwini have told us in no uncertain terms that we must put our political differences aside and work together to improve their lives.

To demonstrate to the people of eThekwini that we have begun to walk the journey of changing their lives for the better, we must approve this draft budget which in our view is pro poor and seeks to turn the economic fortunes of our city.

BUDGET

Honourable Speaker, this budget is in line with the City's Long Term Development Framework and Financial Strategy with an emphasis on affordability and sustainability. The total budget **for 2023/2024 is R66 billion** comprising of an operating budget of **R57.9 billion and a capital budget of R8.1 billion**.

OPERATING BUDGET

The operating budget will grow by **16% from R49.8 billion** in the current financial year to **R57.9 billion in 2023/2024**. The growth of the operating budget is due mainly to the repairs and maintenance of infrastructure, cost of addressing service delivery backlogs, cost of bulk purchases – water and electricity, and employee related costs.

The main drivers of the operating budget are:

- R19.6 billion on electricity,
- R6.2 billion on community and emergency services,
- R8.7 billion on water,
- R2 billion on sanitation,
- R2.3 billion on engineering services,

- R1.2 billion on transport, and
- R2 billion on cleansing and solid waste.

CAPITAL BUDGET

We are proud to announce an expanding capital budget of **R 8.1bn for the 2023/2024** financial year up from **R 6 billion and a capital budget of R 19.9bn over the MTREF**.

Electricity has a capital budget of R2.1 billion over the next 3 years to be spent on ongoing extension and reinforcements of existing networks and 17 new substations that will be commissioned.

The combined water and sanitation capital budgets over the next 3 years is R5 billion. This demonstrates our commitment to resolve all water and sanitation infrastructure challenges.

Water has a capital budget of R1 billion in 2023/2024 which will be spent on the Southern Aqueduct project, replacement of water pipes system. Over the

MTREF, R2.1 billion will be spent on the replacement of water pipes and other water loss interventions.

Sanitation has a capital budget of R1.18 billion to be spent on the upgrading of various wastewater treatment works and alternative sanitation technology. Over the MTREF, R2.8 billion will be spent on the expansion and upgrade of wastewater treatment works.

Transport has a capital budget of R802 million in 2023/2024 to be spent on the Go Durban IRPTN project, traffic calming, Bridge City terminal, rank resurfacing, and a new transport management system. Over the MTREF R2.3 billion will be spent on transport.

Engineering has a capital budget of R1.4 billion and will be used for various road rehabilitation and upgrades. Over the MTREF, R2.4 billion will be spent on this.

Housing has a capital budget R958 million in 2023/2024 which will be used to produce 1 652 new housing units in 2023/2024. Over the MTREF, R2.6 billion will be spent on housing and infrastructure.

Cleansing and Solid Waste has a capital budget of R362 million which will be spent on new vehicles, the Bufflesdraai landfill and Shongweni landfill.

TARIFF INCREASES

Honourable Speaker, the current economic climate has made above-inflation tariff increases inevitable. The three biggest contributors to the increases are out of our hands, that is, the Eskom increase, Umgeni Water Board increase, and salary increase.

The 2023/2024 proposed tariff increases are as follows:

- Property Rates: 8.9% increase on average
- Water: 14.9% residential and 15.9% for business
- Sanitation: 11.9% for residential and 12.9% for business
- Electricity: 21.91% increase for all, subject to NERSA approval
- Refuse: 8% for domestic and 7-9% for sundry and business

JOB CREATION

Honourable Councillors, high unemployment rate is one of the biggest challenges we are facing. Therefore, this budget will fund over 15 000 job opportunities and a total of nearly 20 000 job opportunities if you include EPWP.

Other programmes that will create job opportunities include:

- The Presidential Employment stimulus which will contribute 2 600 opportunities,
- 1 634 caretakers employed at ablution facilities, and
- 1 584 plumbers used on a rotational basis for water repairs.

ECONOMIC DEVELOPMENT

We will also use this budget to create economic infrastructure in undeveloped areas to attract investment. The focus will be on rural and township development projects, upgrading of tourism nodes. This will help ensure equitable, integrated, inclusive and sustainable development.

Over R800 million will be spent on catalytic projects over the MTREF with R308 million being spent in 2023/2024. The catalytic projects we are working

on include the Ntshongweni Road upgrade, Brickworks, Oceans, upgrade of Kassier Road, and the Cornubia Blackburn reservoir. These projects will also lead to additional jobs being created.

Hounourable Speaker, there is a special focus on the Durban South Basin in this budget which was badly hit by the recent floods. The Durban South Basin is the second most concentrated industrial area in South Africa and contributes significantly to the City's annual rates and is home to the biggest electricity users in the municipality.

However, the area sits on a flood plain and urgent interventions are required. To address this issue, R90 million has been allocated for the Clark Road Sea Outfall project, R130 million for the Prospecton Road Canal and road upgrade, as well as R100 million for 4 new substations.

CONCLUSION

In the circumstances, we strongly believe that this is a very balanced budget that seeks to cushion the poor from the current economic conditions, while continuing to create a conducive environment for business to thrive. We are

convinced that through this budget we are on a the right path to build a better life for all the residents of eThekwini.

We would like to take this opportunity to thank all councillors for their input into this budget, the City Manager, Musa Mbhele, as well as our Chief Financial Officer, Dr Sandile Mnguni and his team, for the excellent work in balancing this budget under trying circumstances.

With these remarks, I hereby table the 2023/2024 draft budget for approval.

I thank you.