

**NFP debate on 4th quarter consolidated statement on
Municipalities budget**

Hon Speaker

Hon MEC

Hon Members

Local government is perhaps the most important sphere of government as it has a direct impact and contact with communities. We need to make sure municipalities are well controlled and managed. However, the 4th quarter consolidated statement on municipalities' report paints a worrying picture of the state of KZN municipalities.

As the NFP we are deeply concerned about the debt owed to municipalities. For the 2013/2014 financial year this debt was R10.1 billion. For this 4th quarter the total debt owed is R13.2 billion. This is an increase of 31% than what was owed for the entire last financial year. This is absolutely shocking as it means municipalities are operating at a loss which will have a negative impact on their ability to deliver services.

This indicates that municipalities are on the same path they were on during the last year. Last year, over 26% of municipalities reported that they do not have sufficient cash available to cover their monthly commitments. We agree with the MEC that municipalities need to implement effective debt collection strategies and policies.

While we recognise that factors like high household unemployment contribute to this debt, more needs to be done to address municipal debt, failure to do so will mean municipalities will fail to deliver on their mandates.

Over the past months, the province has experienced water challenges as a result of pressures of a prolonged draught. Municipalities need to be at the forefront of the campaign on responsible water use and they need to be an example of this themselves. There are certain municipalities who continue to waste water and do not attend to infrastructure challenges like leaking taps on time. This needs to come to an end.

We are also concerned that overall, municipalities reflected an increase in under-expenditure the approved budget, which is below provincial projections and higher than the previous years under-expenditure of 6.2%. We call on the provincial government to intervene and assist municipalities with capacity building and financial management assistance. However, this must be done with the view of enabling municipalities to function independently, instead of being a burden on the provincial government.

During the budget debates this year, I spoke about how we need to become a province of consequences. This report shows that of the 61 reporting municipalities; many of them fail to comply with basic requirements dictated by law. Many municipalities have not submitted all their annual returns as required. Many of them are failing to submit their returns, they fail to account for revenue items they budgeted for and their

budgets do not reflect all the grants they have received. Government needs to apply a no-nonsense attitude when dealing with these municipalities

KZN has high levels of unemployment and municipalities should be working towards creating job opportunities. We are pleased to see that municipalities have reported large spending on EPWP programmes which will hopefully give people skills and food to put on the table.

The MEC has in past reports admitted that the bulk of municipalities lack planning and management skills. She also announced a wide range of cost cutting measures during the budget speech earlier this year. We would like to know from the MEC how municipalities are doing in terms of meeting that long list of cost cutting measures.

As the NFP we believe the best form of governance happens when all three spheres work together. We encourage the provincial government to continue engaging local authorities and provide assistance when it can. Let us all work together to make this province a better place to live in, for all our citizens.

Thank you.

Presented by: Hon VR Mlotshwa