



## **Tabling of Budget by Her Worship, Mayor Zandile Gumede during Council Meeting held at Durban City Hall - 28 March 2018**

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Thank you Mr Speaker – Cllr Mapena,

Deputy Mayor – Cllr Peer,

Chief Whip – Nelly Nyanisa,

Councillors,

Amakhosi,

Civil society,

Members of the public,

Media,

Ladies and gentlemen,

Sanibonani, today I am tabling this important budget which is meant to move this city forward to greater heights. I am glad that as we table this budget, our city has been rated as the most liveable city in South Africa last week. On the same week, Durban was also named by **Brand SA**, as the most improved image.

We are on the right track, we are positive and optimistic about our today and tomorrow. We believe that it possible that in the year of President Nelson Mandela. Lastly, the rating agencies known as Global Credit

Ratings - a review was conducted and resulted in an upgrade of the Municipality's Long-term national scale credit rating by one notch from **AA** to **AA+**.

The 2018/2019 Medium Term budget is a total consolidated budget of **R45.8 billion** which has been developed with an overall planning framework and includes programmes and projects to achieve the city's strategic objectives.

If we take a look at global economy projections by the World Bank for 2018, International Monetary Fund and the Organisation for Economic Co-operation and Development (OECD) indicate that the global economy is experiencing a cyclical recovery, showing a rebound in investment and manufacturing activity. As a result, the global economy is expected to have improved to 3% in 2017 and to remain at 3.9% in 2018 and 2019.

Following the global trend, the South African economy grew by 1% last year, and is expected to improve to 1.5% this year and 1.8% in 2019. This expected upturn will largely be driven by increased business and investor confidence, a stronger Rand and lower inflation, and will support consumer spending.

We also welcome the decision by Moody's Investor Research Services to confirm South Africa's credit rating at investment grade and to change our outlook from negative to stable.

This decision by Moody's affirms the work of the ANC-led government, together with our social partners, to implement measures aimed at recovery of the South African economy as well as sustaining the ongoing positive mood.

The long-term challenges facing the country include the creation of a stronger, more inclusive and more resilient economy. Similar to the national projections, the KZN economic outlook is also on an upward trajectory but expected to grow by 1.2% and 1.3% in 2018 and 2019, respectively.

The key sectors contributing to KZN's economy, particularly in job creation and poverty alleviation, are: manufacturing, construction, transport, finance, tourism and others. The turnaround in the economies of our trading partners will benefit KZN, since we contribute meaningfully to the South African GDP.

The budget we are tabling is set against the backdrop of slow economic growth where tough choices had to be made to achieve the development outcomes for the city. Economic challenges will continue to pressurise municipal revenue generation and collections in 2018/19, hence a conservative approach has been adopted when projecting expected revenues and receipts.

However, with the we are poised for a major boost with several catalytic project which will create investment and employment opportunities. Yesterday, we had a sod turning ceremony at the Point Waterfront promenade.

The R300 million Beachfront promenade extension is a catalyst to the R35 billion Point Waterfront development to be undertaken in three phases over five to ten years. This project will unlock R35 billion development, R200 million annual rates revenue, 11 000 jobs and about 7000 permanent jobs.

We also thank the provincial government for their contribution which were announced by Premier Macingwane. These projects include our Inner city regeneration, KwaMashu Bridge City, Cornubia phase2 and Greater Amaoti housing project.

This is an important, tough but hopeful budget. It required us to make difficult but necessary compromises, important to ensure that this budget is a platform for radical, inclusive growth and job creation.

During his budget speech, the former Minister of Finance, Honorable Malusi Gigaba, while tabling the national budget, said –

I quote, *“The fiscal proposals will cause discomfort, but they are necessary to protect the integrity of the public finances”*.

Despite increasingly challenging circumstances, service delivery will continue to be sustained through this budget by reprioritising expenditure to ensure key objectives are achieved. Provisions in this medium term budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure.

This budget has been developed to contribute to the municipality achieving the strategic objectives of the IDP. The 2018/2019 MTREF is informed by the municipality's long-term financial strategy with emphasis on affordability and long-term sustainability. National Treasury's MFMA Circular No.89 was used to guide the compilation of the 2018/19 MTREF. In addition, this budget format and content incorporates the requirements of the Municipal Budget and Reporting Regulations.

The following budgeting PRINCIPLES were applied in formulating the medium term budget:

- Realistic and achievable collection rates.
- Sustainable, affordable, realistic and balanced budget
- Major tariffs to be cost reflective, realistic and affordable
- Budget to contribute to achieving strategic objectives of the IDP
- Loans to be sustainable and affordable and utilised for capital projects only
- Balancing capital expenditure for social, economic, rehabilitation and support

- Need to ensure rates base growth to ensure sustainability of free basic services
- Holistic: account for basket of goods & services provided, that are needs driven into the IDP
- Income/ revenue driven budget: affordability i.e. if funds do not materialise review expenditure

Honourable Speaker – I therefore table this budget in the year of President Nelson Mandela – which is the year of jobs and unity. We looking forward to positive economy that will to benefit of the poor.

The recommendations on page 13 to 22 in the medium term Revenue and expenditure framework 2018/19 to 2020/21 be approved and that we engage with all stakeholders on the budget prior to final approval on 31 May 2018.