

**REMARKS ON THE CONSIDERATION OF THE DIVISION OF
REVENUE BILL DEBATE BY NCOP DELEGATE HONOURABLE
NOMUSA DUBE-NCUBE, KWAZULU-NATAL MEC FOR FINANCE
AND LEADER OF GOVERNMENT BUSINESS
*NCOP VIRTUAL PLENARY***

1 JUNE 2021

Chairperson of the National Council of Provinces

Deputy Chairperson of the National Council of Provinces

Honourable members and delegates to the NCOP

I greet you all.

It gives us pleasure as the KwaZulu-Natal delegates to be afforded this opportunity to stand before this august house on this very important and critical debate.

First and foremost, Honourable Chairperson, allow me to premise my brief debate by joining millions of South African in paying tribute to the many young people of our glorious land. June is Youth Month and it is traditionally dedicated to the youth of 1976 who stood up against apartheid government and laid down their lives to fight for freedom and equal education. This year marks 45 years since that fateful 16 June 1976 uprising.

It is on this spirit today that we work hard to reverse even more detrimental socio-economic injustices that continue to beset us. The people of KwaZulu-Natal and the people of this country rank among some of the most magnanimous and resilient in the world in that they continue to look for creative ways in making this country work despite everything else not going for it.

Chairperson;

We are standing here today on behalf of the People of KwaZulu-Natal whom we are caring hopes of a better future of GROWING SOUTH AFRICA. I am convinced that as elected public representative we will continue to use such sittings to debate profound plans to put in place a radically restructured plan of re-developing our economy guided by the shrewd utilisation of the public purse.

Having been seized with the B3 2021 or the Division of Revenue 2021 which we are debating today, we are cognisant of the huge burden it places on us to find creative and innovative way of making use with what we have, however little it may be. We are charged with ensuring that whatever savings we make they go to the right project of service delivery, cost-effectively and efficiently. This is taking to account that, as tax and revenue base continue to buckle under pressure due to dwindling cash reserves, we are able to create a tangible environment that will cushion many other fiscal pressures.

Chairperson;

This has meant that we need to lower our debt burden that continue to be an Achilles heel in our efforts to save. Speaking of lowering our debt burden, Honourable Members, our debt service costs are another challenge that continue to stubbornly weigh on our efforts. Our debt burden and our debt service costs, and in the context of lower economic growth and lower anticipated national tax revenues has meant that our provincial budget as KwaZulu-Natal saw significant budget cuts over the 2021/22 MTEF.

Honourable Members, it is important to note, though, that the bulk of the budget cuts effected against provinces over the MTEF are from the decision taken to give public servants a zero per cent salary increase commencing from 2020/21 onward. When we tabled our Provincial Budget, we did reveal that there were also further budget cuts, though, which are made as a result of fiscal consolidation and, as far as possible, departments were requested to effect these budget cuts in non-service delivery spending areas.

Honourable Chairperson;

It is on this vein that when we tabled our Budget Vote as the KwaZulu-Natal Treasury, we made a raft of fundamental commitments to assist us to further guard little of what we have in the face of expenditure pressures. These include, but are not limited to monitoring and reviewing of all Covid-19 emergency procurement incurred by Departments, Public Entities and Municipalities, ensuring on-budget spending in all Departments and Public Entities through effective in-year monitoring of

expenditure, maintaining sound cash management and maintaining the present favourable provincial cash position.

Honour Chairperson, our 2021/22 MTEF *Estimates of Provincial Revenue and Expenditure* indicated where these budget cuts in the various departments and what the impact thereof is. The budget cuts made over the 2021/22 MTEF are mainly against our Provincial Equitable Share allocation, with relatively smaller cuts made against our conditional grant allocation. In terms of the annual data updates of the Provincial Equitable Share formula, we see a decrease in our allocation in 2021/22, while there are additions made in the two outer years.

I must state, Honourable Members that the bulk of our budget cuts emanate from the decision to not budget for annual cost-of-living increments. This results in our KwaZulu-Natal Budget being cut by R7.5 billion in 2021/22 and R9.2 billion in 2022/23. In terms of the budget cuts to reduce non-critical posts in the public sector, the budget cuts in this regard are R3.5 billion, R6.5 billion and R9.9 billion over the MTEF. The fiscal consolidation budget cuts to be effected on the non-personnel portion of our budget are far lower and amount to R1.3 billion, R1.7 billion and R3.2 billion over the MTEF. We have made minor revisions to our Provincial Own Revenue, partly influenced by lower economic growth, and this means that our Provincial Own Revenue was revised downward by R4.7 million, R4.9 million and R3.7 million over the MTEF.

Our Provincial Equitable Share was affected by the annual updates of the formula that is used to decide on the equitable division of revenue among the nine provinces that which are seized with today before this House. These updates saw KwaZulu-Natal losing R335.5 million in

2021/22, while gaining R417.7 million in 2022/23 and R89 million in 2023/24.

There were additions made to the Provincial Equitable Share, with the main additional allocation being toward Health for the provincial Covid-19 response, as well as a correction to the *Compensation of employees* budget. From a conditional grant allocation point of view, our Provincial Budget is increased in 2021/22 by R142.3 million, while being cut by R810.9 million and R408.8 million over the two outer years.

Honourable Members, I must hasten to remind you that the bulk of our budget cuts are as a result of there being no salary increases provided for over the MTEF for the public sector, as well as further budget cuts against the personnel budget aimed at reducing non-critical posts in government. The balance of the budget cuts relates to strengthening fiscal consolidation.

In view of the fact that this province has seen many successive years of budget cuts, it is becoming harder to effect such cuts on non-service delivery areas. Nevertheless, all Votes were asked to effect these budget cuts on non-service delivery spending areas as a first port of call, and to only delve into service delivery areas as a last resort.

The decision was also taken to keep the Contingency Reserve intact, in view of the fact that we need a safety net in-year when unforeseen circumstances arise. The Contingency Reserve thus remains with a balance of around R370 million per year.

Honourable Members let me end by quoting Indian Prime Minister and one of our BRICS partners when he spoke on good governance: ***“Mere good governamnce is not enough; it has to be pro-people and pro-***

active. Good governance is putting people at the centre of development process,”.

Based on the prior heads of arguments, as KwaZulu-Natal we fully support this Bill.

I thank you.