



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

**REMARKS BY THE MEC FOR FINANCE NOMUSA DUBE-NCUBE ON
THE OCCASION OF THE PROVINCIAL MFRS ROADSHOWS.**

FRIDAY 11 JUNE 2021



MS. NOMUSA DUBE-NCUBE

MEC: FINANCE

Deputy Minister of Finance - Dr David Masondo

Deputy Minister of COGTA - Mr Obed Bapela

KZN MEC for Cogta - Mr Siphon Hlomuka

DGs, Deputy DGS, Heads of Departments

Senior Officials representing all government departments

Good Morning

First and foremost, please accept our heartfelt apologies owing to the challenges we experienced previously when this roadshow was scheduled. It was not out of disrespect.

We wish to express our appreciation to the Deputy Minister of Finance for convening this important Road Show.

Armed with the Audit General's Report and the Municipal Financial Sustainability Index Report, I have no doubt that we will turn around the situation.

We are not divorced to the fact that the state of local government in the country as a whole is exposing the entire government to a plethora of governance and fiscal challenges. This is due to some of the unsustainable financial management methods as a result deviation to normal MFMA rules.

Chairperson, what I am saying here is best demonstrated in these documents in front of us.

Economic Recovery and Transformation Plan

The local government sphere of government remains critical in terms of the rollout of the Economic Recovery and Transformation Plan. But unfortunately, poor corporate governance and financial mismanagement remains a major hurdle towards recovery.

This is the issue that we need to acknowledge and address with speed and commitment.

It is often stated that a clean bill of health not only attracts investors, but it also improves the public image of government.

Some investors go as far as stating that financial information without an auditor's report is "essentially worthless" for investing purposes.

It is for these reasons we have insisted that provincial government departments and municipalities across the province must maintain a strong relationship with the Office of the Auditor General, National and Provincial Treasury departments.

In this province, Treasury and CoGTA have joined forces and we are putting in place measures to ensure speed in detecting early signs of administrative or financial distress.

Deputy Ministers, Ladies and Gentlemen – as guided by the constitution, the provincial government has acted in the past where we identified the collapse of good governance in some municipalities.

It is however true that our interventions have been rather too late in some instances.

There are instances wherein councillors were removed from the positions of authority.

The provincial government has previously acted in cases of poor governance, irregularities or dysfunctional municipal councils.

We have intervened and took away certain powers from municipalities when they transgressed, criminal investigations have been conducted and those suspected of wrong doing have been charged.

But unfortunately service delivery never improved despite our interventions.

To date, infrastructure is collapsing, service delivery affected with communities denied access to basic services such as water, sanitation and electricity. These are realities we are facing.

We therefore welcome your commitment to working with the Provincial Government to turn around the situation. Your guidance today will be very critical moving forward.

Presentations from KZN Treasury - CoGTA

The team will make presentations detailing reasons for our interventions in some municipalities.

We will also show you regression in the number of audit outcomes from municipalities. This remains a concern to the Provincial Government.

It is for this reason that the Premier convened a special cabinet sitting to develop a comprehensive turn-around strategy for provincial government and municipalities.

Of particular concern are the high levels irregular, fruitless and wasteful expenditure.

It has been highlighted in the latest municipal audits result that audit opinion movements have regressed in more than 10 municipalities.

To counter this regression, we have mandated the Treasury and Department of Cooperative Governance and Traditional Affairs to conduct an assessment on the status of all 54 municipalities. The team will show you results.

Working with the office of the Auditor General we undertake to support these municipalities in order to improve the municipal audit outcomes moving forward.

We want to be proactive than reactive to avoid circumstances where municipalities are sliding into interventions as per Section 139.

Though we have been affected by COVID-19, we continue to conduct Municipal assessment visits to municipalities across the province.

We will double our visits as we approach local government elections.

We know that this is a period characterized by instability as some councillors are contesting positions.

Digital Infrastructure

Deputy Minister and colleagues – we have started ongoing engagements with CFOs and Managers of Supply Chain Management Units under the CFOs Forum.

We have stated in one Forum that this profession of accountancy must emerge from COVID-19 pandemic with new thinking and innovation.

We believe that this is the critical moment for this profession to transform and embrace new processes that uses digital platforms. This will ensure that they do their work efficiency and in a cost effective manner.

We have identified a need to for the use blockchain technologies, artificial intelligence and big data analytics. Perhaps, this is another matter that we need to discuss with National Treasury and National COGTA.

There is an urgent need to rollout automated risk management systems including integrated Supply Chain Management automation on blockchain and Artificial Intelligence.

In addition, I believe that we need to focus on project based budgeting and performance on automated cloud solutions.

We must deal with poor document management, insufficient financial resources. We must also attend to daily and monthly reconciliations to ensure that these are being done.

We must also place special emphasis on effective supply chain practices and eliminate inadequate contract management and uncompetitive or unfair procurement processes. The cutting edge technology is key in this regard.

With those words, I wish to welcome all of you and once again express our appreciation as the Provincial Government. We thank you for identifying KZN for this Road Show.

I thank you