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MS. NELISWA PEGGY NKONYENI, MPL
MEC: FINANCE

FOCUS: QUARTER FOUR MUNICIPAL BUDGET PERFORMANCE
PRESENTED BY: MEC NELISWA PEGGY NKONYENI

2030 NDP

GROWING KWAZULU-NATAL TOGETHER

MEC NELISWA PEGGY NKONYENI PLEDGES SUPPORT FOR MUNICIPALITIES TO TURN AROUND THEIR FINANCIAL WOES

MEC Neliswa Peggy Nkonyeni addresses Members of the Legislature on Quarter Four Budget Perfomance by Municipalities.

KwaZulu-Natal MEC for Finance Neliswa Peggy Nkonyeni has recommitted the Provincial Government to support municipalities to turn around their financial management fortunes.

MEC Nkonyeni recommitted the provincial government when she was tabling the Quarter Four Municipal Budget Performance Report 2021/2022 at the Legislature in Pietermaritzburg.

"Provincial Treasury will continue to support municipalities with budget processes, Municipal Standard Chart of Account Data Strings (mSCOA), supply chain management, infrastructure management, banking, cash management and investments, internal audit, risk and advisory services, municipal debt recovery project as well as municipal accounting and reporting.

"Our role as KwaZulu-Natal Provincial Treasury is to provide assistance and support to municipalities in distress. Successful implementation of the support initiatives, however, hinges on commitment by the leadership and staff of our municipalities in embracing the improvements and implementing the processes introduced by Provincial Treasury," cautioned MEC Nkonyeni.

In terms of Section 71(7) of the Municipal Finance Management Act, the MEC is required to table the Consolidated Municipal Budgets Performance Report which provides an overview of the state of municipalities and details the revenue and expenditure performance of municipalities at the end of the fourth quarter of the 2021/22 municipal financial year which ended on the 30th of June 2022. The report was prepared using figures from the mSCOA.

The mSCOA Regulations prescribes the uniform recording and classification of municipal budget and financial information at a transaction level. All municipalities and municipal entities had to comply with the Regulations with effect from the 1st of July 2017.

MEC Nkonyeni explained in detail how municipalities fared. She expressed her displeasure on under-expenditure and over-expenditure saying municipalities should align expenditure to their plans to control financial resources.

"Disappointingly, except for the uMgungundlovu District, all the districts within the province, including the eThekwini Metro, reported capital expenditure below the 90 percent level against their respective adjusted budgets.

"As you may be aware, capital expenditure is directly linked to the delivery of essential services, such as water, electricity, roads, housing and others. Capital expenditure is also critical for the renewal of municipal infrastructure to ensure reliability and quality of municipal services to support economic growth within their jurisdictions.

"Under-spending on capital expenditure inherently impacts negatively on these critical service delivery programmes. It further delays the delivery of infrastructure for the very same basic services while exacerbating the current backlogs," said MEC Nkonyeni. She also pointed out some challenges in the reporting system of municipalities.

> ***"Provincial Treasury will continue to support municipalities with budget processes."***

MEC NELISWA PEGGY NKONYENI PLEDGES SUPPORT FOR MUNICIPALITIES TO TURN AROUND THEIR FINANCIAL WOES

MEC Neliswa Peggy Nkonyeni addresses Members of the Legislature on Quarter Four Budget Perfomance by Municipalities.

Some of the technical challenges include the fact that a number of municipalities are not budgeting, transacting and reporting directly in or from their core financial systems. Instead they prepare their budgets and reports on excel spreadsheets and then import the excel spreadsheets into their financial systems.

Some municipalities are not locking their Approved Budgets annually on their financial systems. Furthermore, their financial systems are not being locked at month-end to ensure prudent financial management. KZN Provincial Treasury continues to work with National Treasury to assist municipalities to address these challenges by providing technical support on the ground.

MEC Nkonyeni told Members of the Legislature that the financial performance at a local government level is still not at a level where it should be, citing that numerous challenges exist in the local government environment, as well as the macro economic factors. The underlying issues being poor governance and ineffective administration.

OPERATING REVENUE

The total upward adjusted operating revenue budget, which includes the eThekwini Metro and the ten districts in the province was R77.6 billion for the 2021/22 financial year. Municipalities generated a total amount of R82.1 billion. Notably, 10 out of 54 municipalities generated operating revenue above their adjusted budgets.

As at the end of the fourth quarter, municipalities generated most of their revenue from Service charges at R38.9 billion, comprising of Electricity at R26 billion, Water at R9.2 billion, Sanitation at R2.1 billion and Refuse revenue at R1.6 billion respectively. Another significant contributor was Operational Transfers totalling R18.5 billion (operational transfers include the following grants: equitable share; financial management grant; expanded public works programme integrated grants; provincial operating grant; some municipalities also include 5% portion on the municipal infrastructure grant).

Of the 54 municipalities in KZN, 40 municipalities reflected that they have a significant dependence on grants given that their own revenue generated is less than 50% of their total operating revenue adjusted budget for the 2021/22 financial year primarily due to the indigent communities they serve and their inability to pay for services and thereby increase the revenue base of the municipality.

MEC NELISWA PEGGY NKONYENI PLEDGES SUPPORT FOR MUNICIPALITIES TO TURN AROUND THEIR FINANCIAL WOES

Incorrect budgeting can have a negative impact on service delivery.

Mayor of UMkhanyakude District, Cllr Siphile Mdaka and the MEC for COGTA, Mr. Sihle Zikalala inspect the newly built water scheme in KwaNondabuya area.

OPERATING EXPENDITURE

The total upward adjusted operating expenditure budget, which includes the eThekwini Metro and the ten districts in the province was R79.2 billion for the 2021/22 financial year. The municipalities in KZN incurred actual operating expenditure amounting to R80.9 billion as at the end of the fourth quarter. Of all the municipalities in the province, 45 municipalities equate to 83.3%, under-spent their adjusted budgets for operating expenditure.

MEC Nkonyeni noted with grave concern that the uThukela and uMkhanyakude Districts spent the lowest in terms of their adjusted budgets.
"It is also concerning to note, that seven local municipalities over-spent on their adjusted budgets, in particular the Msunduzi Local Municipality and the uMzinyathi District Municipality (this is due to incorrect reporting.)," she added.

As at the end of the fourth quarter of 2021/22, the key contributors to the municipalities spend was on Employee related costs followed by Bulk purchases. Remuneration of councillors was the lowest contributor towards the total operating expenditure.

CAPITAL REVENUE

The total upward adjusted capital revenue budget, which includes the eThekwini Metro and the 10 districts in the province was R12.9 billion for the 2021/22 financial year. Municipalities in KZN recognised capital revenue amounting to R14.7 billion of the adjusted budget to fund their capital expenditure. (Capital revenue recognised refers to sources of funding utilised to finance capital expenditure).

Similar to most municipalities across the country, the main source of capital funding in the province is grants. As a result, capital transfers recognised contributed 79.6% to the total capital source of funding. The high Transfers recognised was influenced by the Msunduzi Local Municipality incorrectly reporting R5.2 billion against an Adjusted Budget of R429.7 million.

The balance of source of funding for capital revenue was made up of internally generated funds made up R1.8 billion of total capital revenue, whilst Borrowings comprised of R1.2 billion of the total capital revenue as at the end of the 2021/22 financial year.

MEC NELISWA PEGGY NKONYENI PLEDGES SUPPORT FOR MUNICIPALITIES TO TURN AROUND THEIR FINANCIAL WOES

MEC Neliswa Peggy Nkonyeni has committed to working with the MEC for COGTA, Mr. Sihle Zikalala to assist Municipalities with their financial management systems.

CAPITAL EXPENDITURE

The aggregated municipal adjusted capital budget for the municipalities in KZN was R12.9 billion. The combined actual capital expenditure against the total adjusted capital budget amounted to R15.2 billion (representing 117.9 % at year-end). The high Capital expenditure reported, was mainly attributed to the Msunduzi Local Municipality incorrectly reporting R6.7 billion against their adjusted budget of R 655.2 million (note that Msunduzi local municipality is non-delegated and is supported by National Treasury). The error has also distorted the provincial average as at the end of quarter four of the 2021/22 financial year (this information was presented to National Treasury on 20 July 2022).

"It must also be noted, that municipalities are currently in the process of finalising their 2021/22 Annual Financial Statements which must be submitted to the Auditor-General by 31 August 2022. She continued that: "This process includes the updating and balancing of (municipal) asset registers with the latest available financial information and factoring in accounting journal entries, and therefore the numbers that have been presented are preliminary unaudited figures."

DEBT MANAGEMENT

The total debt owed to municipalities at the end of the fourth quarter of the 2021/22 financial year was R35.4 billion which represented an increase of 13.6% from the preceding financial year.

The MEC raised a concern that, out of the entire amount owed to municipalities, a substantial debt totalling R29.9 billion has been outstanding for over 90 days, representing an increase of R4.3 billion compared to R25.6 billion in the 2020/21 financial year.

All of the districts had more than 70% of their outstanding debt in the over 90 days' category except for the King Cetshwayo District, that had 60.2% in this ageing category. Several factors that influence the high level of debt across the districts include the socio-economic conditions such as the high level of indigents, state social grants dependency and the unemployment rate, KZN riots, service delivery protests and the recent floods. The household customer group owed R24.7 billion or 69.7% of the total debt as at the end of June this year. The commercial category owed 20.6% while organs of the state represented 7.8% of the total debt.

"COGTA, working with Provincial Treasury are supporting municipalities in clearing the debt owed by government departments," committed the MEC.

She told the Legislature that despite the socio-economic challenges facing the country, "municipalities need to implement effective debt collection strategies and policies to improve their collection rates and to ensure that debt owed to them does not become irrecoverable. This would also include enhancing the credibility of their invoices to consumers to improve recoverability," said MEC.

CREDITORS MANAGEMENT

The total debt owed by municipalities as at the end of the 2021/22 financial year was R7.8 billion. While 61.1% of the debt owed by municipalities was within the zero to thirty days' category, a substantial amount of debt totalling R2.1 billion was outstanding for Over 90 Days.

The MEC said she was concerned that 38.9% of the debt owed by municipalities was outstanding for longer than 30 days which is in contravention of Section 65(2)(e) of the MFMA.

The majority of the outstanding Creditors relate mainly to Bulk electricity and Trade creditors. R479.7 million of the Bulk Electricity Creditors balance was outstanding for Over 90 Days. This was mainly due to the fact that the Mpofana, Ulundi and Msunduzi Local Municipalities collectively reported R478.6 million outstanding to Eskom for a period exceeding 90 Days. Due to the poor collection of outstanding Debtors, the municipalities experienced cash flow challenges and were therefore unable to make full payment on invoices owed to Eskom.

R919.6 million of the Bulk Water Creditors balance was outstanding for over 90 Days. This was mainly due to the fact that the King Cetshwayo District Municipality, the uGu District Municipality and the Msunduzi Local Municipality collectively reported R895.1 million owing to the Umgeni Water Board for unpaid Bulk water for a period exceeding 90 Days.

Cogta is currently facilitating discussions to resolve the overdue debt and contractual disputes between Umgeni Water and King Cetshwayo District Municipality. Umgeni Water has also entered into payment plans with uGu District Municipality as well as Msunduzi Local Municipality.

NATIONAL CONDITIONAL GRANTS

In terms of the Division of Revenue Act, Act No. 4 of 2021, municipalities received R8.7 billion in the form of conditional grants. Direct allocations to all 54 municipalities in KZN amounted to R7.99 billion, while allocations in-kind amounted to R715.5 million. Municipalities have reflected spending of R4.9 billion against the total direct allocation of R7.99 billion.

A total of 15 municipalities reported expenditure less than 90% against their MIG allocations for the 2021/22 financial year. Seven municipalities reported no expenditure against their MIG allocations due to challenges experienced with their financial systems and one municipality incorrectly reported negative expenditure against their MIG allocation (these municipalities incurred expenditure, however due to challenges with their grant module, they were unable to report expenditure as at the end of the quarter. These municipalities indicated that they are currently engaging their service provider to assist with the functionality of this module).

The total Water Services Infrastructure Grant allocation to the municipalities within the province was R932.1 million. As at the end of the fourth quarter, 64.5% was spent when compared to the allocations to municipalities.

CRITERIA FOR DETERMINING SERIOUS FINANCIAL PROBLEMS

On a quarterly basis, National and Provincial Treasuries use Sections 138 and 140 of the MFMA to identify and monitor municipalities that display indicators of serious financial challenges, based on the MFMA Section 71 reports.

Fifteen municipalities have been identified as meeting the criteria for having serious financial problems. The MEC announced told Members of the Legislature that letters had been sent to all delegated municipalities that display one or more of the indicators of serious financial problems as at the end of fourth quarter, requesting municipalities to investigate the reported performance and take the necessary steps to rectify the situation.

"Our role as KZN Provincial Treasury is to provide assistance and support to municipalities in distress, however, successful implementation of the support initiatives hinges on commitment by the leadership and staff of our municipalities in embracing the improvements and implementing the processes introduced by Provincial Treasury," she said.

PROVINCIAL TREASURY CONTINUES TO BE A BEACON OF GOOD GOVERNACE

MEC Neliswa Peggy Nkonyeni

Mr. Thabani Ndlovu: CFO and Ms. Carol Coetzee: HOD

Treasury Senior Management strategising on how to position Treasury as the centre of excellence in fiscal resources management.

Provincial Treasury continues to be a beacon of good governance in the Province after achieveing 93 percent against their planned targets. "During the quarter under review, the Department achieved 93 percent performance across all five programmes against the planned targets for quarter one," gloated MEC Nkonyeni.

MEC Neliswa Peggy Nkonyeni said this when she presented the Quarter One performance of Provincial Treasury before the Legislature sitting.

She explained that the non-achievements, related to external factors beyond the control of the department, such as the political instability affecting administration in certain targeted municipalities wherein services could not be rendered due to restricted access to the municipal offices.

Committing the Department to good governance the MEC said: "I, as MEC for Finance, along with my Department recommit ourselves to ensure that we remain focused and achieve the targets set in our Annual Performance Plan which will contribute to our strategic impact statement of having Credible, Accountable and Ethical Fiscal and Financial Management Practices in the Province of KwaZulu-Natal."

MEC Nkonyeni emphasised that Provincial Treasury, has a critical role to set the standards for all government institutions and should be on a continuous service delivery improvement drive particularly given the fiscal restraints and limited resources we face as a province.

"Improved performance is a requirement, not just for KZN Treasury, but for all government institutions in order to better serve our communities," she said.

The MEC also said that Provincial Treasury plays a critical role in the continued implementation of the Provincial Operation Clean Audit and the results clearly demonstrate that there has been success given the overall improvement in the provincial PFMA audit outcomes. Speaking on this point, the MEC indicated that there has been an overall improvement in audit outcomes, with an improvement in the number of clean audits.

She said that Treasury, will strive to continue improving financial management capabilities in departments and other public institutions in order to maintain clean audits.

"As the collective Provincial Government, we have committed to taking drastic steps to ensure that audit outcomes improve, year-after-year. KZN Treasury is ready to provide technical support to departments, municipalities and state entities, but we also want to continue to pro-actively attend to possible adverse financial outcomes before they become a reality, she said."

"The Department achieved 93 percent performance across all five programmes against the planned targets for quarter one."

Programme One: ADMINSTRATION - The programme achieved 100 percent in line with their quarterly planned performance targets.

This programme's core functions are:

- Providing strategic leadership and support services to the core programmes within the department.
- Providing effective management of departmental finances in line with statutory requirements through the CFOs office
- Providing optimal Corporate services which include Human Resource, IT, Communications, Legal and security services to the department.

Mr. Thabani Ndlovu: CFO

Programme Two: SUSTAINABLE RESOURCE MANAGEMENT - The programme achieved 100 percent based on their planned quarterly targets.

This programme's core functions are to:

- Manage, maintain and monitor the fiscal sustainability of the province
- Support improved and sustainable infrastructure delivery
- Determine and evaluate economic parameters and socio-economic imperative that informs provincial and local resource allocation.
- Provide infrastructure support through the Infrastructure Delivery Management System.
- Promote effective and optimal financial resource allocation for provincial government (including public entities)
- To provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with the PPP projects cycles as regulated by National Treasury guidelines.

Mrs Neli Shezi: DDG, Fiscal Resources Management

Programme Three: FINANCIAL GOVERNANCE - The programme achieved 94 percent of its targets.

The only measurable indicator that was not achieved is related to the implementation of the Invoice tracking system which based on the shortcomings and deficiencies identified in the system during the pilot implementation phase, will no longer be implemented and will be removed from the Annual Performance Plan.

The units were also required to undergo Pre-Order assessments of Disaster procurement of over R1m in value and this required a revision of the planned activities for the month. The SCM teams were required to support and advise departments on the procurement processes in terms of the required exemptions due to the Constitutional Court Ruling in relation to the Preferential Procurement to ensure minimal impact on service delivery whilst ensuring compliance with the relevant prescripts.

This also included advising appropriate procurement strategies during the disaster to fast track procurement whilst adhering to the provision for emergency procurement.

Mr. Santanu Moodley: PAG

FINANCIAL GOVERNANCE core functions are :

- To provide Financial Management Support, Financial Systems support and Supply Chain Management support to provincial Departments, Municipalities and Public Entities.

To provide audit readiness support to provincial departments and public entities with the objective of achieving favorable audit outcomes in the province

- To promote economic and effective management of Assets and Liabilities, Supply Chain Management processes, reliable Financial Management Information Systems and ensure compliance with applicable norms and standards in the public sector
- The sub-programmes under this programme are Asset and Liabilities Management, Supply Chain Management, Accounting Practices, Financial Information Management Systems and Norms and Standards.

Programme Four: INTERNAL AUDIT

The programme achieved 78 percent of the first quarter targets owing to the delays in the providing audit technical support to municipalities based on their requests to postpone the commencement of these services given the current disturbances in certain municipalities where there are protests related to political instability. There were areas of overachievement in the first quarter which related to a rollover of incomplete projects from 2021/22 which were completed in the first quarter.

This programme's core functions are:

- To provide shared Internal Audit Services and Risk Management services to provincial departments, Municipalities, and certain public entities.
- To provide administrative support to the shared Provincial Audit & Risk Committee and its 3 Cluster Audit Committees.
- To promote good governance by performing Internal Audit to Provincial Departments and Risk Advisory services at Public Sector Institutions.
- To provide transversal risk management support to provincial departments and municipalities.
- The sub-programmes under this programme are Assurance Services and Risk Management

Mrs. Madhavi Bhaw: Assurance Services Act Head of Internal Audit

Programme Five: MUNICIPAL FINANCE

This programme achieved 100 percent of the planned targets for the quarter with a number of over achievements due to incomplete projects from 2021/22 being completed in quarter one. The challenges with regards to the political instability at certain municipalities is impacting on the ability of this programme to provide hands on support at municipalities and could potentially impact on quarter two and the remainder of the years' performance.

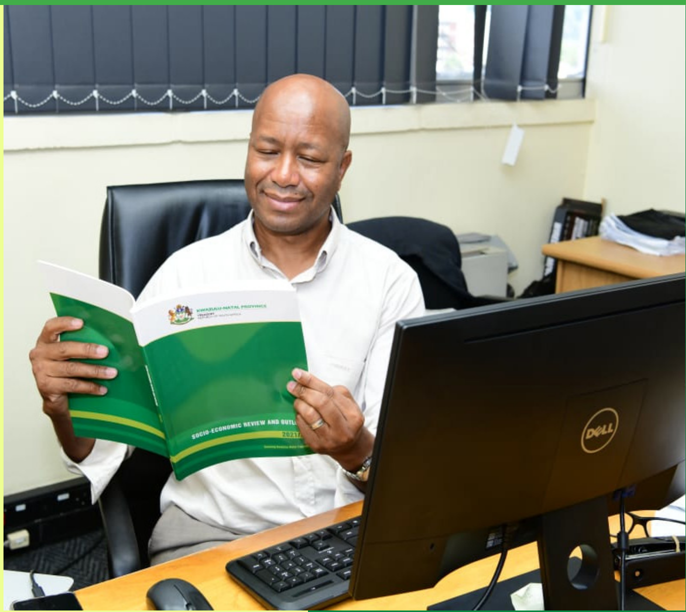
"I have been briefed on these matters and will be engaging MEC COGTA and the respective municipalities to resolve these issues as the larger impact will be felt by the communities as services are not delivered," said MEC Nkonyeni.

This programme's core functions are to:

- Provide oversight, technical support and guidance to delegated municipalities.
- Promote optimal and sustainable municipal budgets as well as promote optimal implementation of budgets by municipalities and reporting on related compliance.
- Assist, support and monitor municipalities with financial management and compliance with the annual reporting framework.
- Assist and provide technical support to delegated municipalities to promote sound financial management and sustainability.
- Assist and provide technical support to delegated municipalities on revenue and debt management

Mr. Farhad Cassimjee: Chief Director - Municipal Finance and Mrs Carol Coetzee: HOD

ECONOMIC ANALYSIS UNIT - ANALYSING THE FUEL PRICE



Mr. Jacob Twala, Economic Analysis

Image: online

The ongoing geopolitical tension between the Russian Federation and Ukraine has weighed heavily on economic activity for both countries, with substantial contractions predicted for this year. This has had various spillovers to the global economy through commodity markets, trade, and financial channels. The negative impact on commodity markets is pronounced as the international Brent crude oil prices spiked to around US$130 per barrel in early March 2022 and are expected to remain elevated over the short term.

South Africa is a net oil importer and has experienced a historic jump in fuel prices, which contributes to accelerating costs of petrol, illuminating paraffin, and diesel. The petrol and diesel prices have stirred a notable public outcry, with concerns, particularly that it would trigger an increase in the cost of living. The price of petrol 95 unleaded for the inland regions is have climbed sharply by 54% year-on-year (R17.39 in July 2021 to R26.74 in July this year). Over the same period, diesel 0.05% sulphur jumped dramatically by about 68% (R15.08 in July 2021 to R25.40 in July this year).

The general fuel price consists of about 13 factors contributing to the final price. The largest contributory factors include, among others, the Basic Fuel Price (BFP), Taxes and levies, Retail and wholesale margins, and Storage and distribution costs. The current skyrocketing fuel prices are driven mainly by the BFP. The BFP model is based on the import parity pricing (IPP) principle.

IPP reflects the cost at which a South African importer of fuel would purchase the petrol from an international refinery. It includes fuel transport from the refinery and insurance costs against losses at sea until it lands on the South African shores. Therefore, fuel price in SA is directly linked to the price quoted in US dollars at refined petroleum export-orientated refining centres in the Mediterranean area, the Arab Gulf and Singapore.

This means that the domestic prices of fuels are influenced by
(a) international crude oil prices,
(b) international product supply and demand balances,
(c) the Rand/US Dollar exchange rate,
(d) international refining margins, and
(e) Global geopolitics.

In July 2022, the Basic Fuel Price was R16.89 for petrol 95 unleaded up from R7.43 during the same period last year. A similar upward trend is also evident for diesel 0.05% sulphur, where it increased by more than doubled, up from R6.79 to R17.63. Inherently, BFP is influenced mainly by higher than expected international Brent crude oil prices coupled with a weaker Rand/US dollar exchange rate.

On average, the global oil price breached the $100 mark in April 2022 and has remained higher over the period, estimated at $115 in June 2022. The notable rise in international Brent crude oil prices reflects supply-demand imbalances caused by sanctions imposed by different countries against Russia, one of the largest oil producers.

On the other hand, the rand depreciated strongly during this period, reaching R15.95 against the dollar in June 2022. However, the Rand/US dollar exchange rate depreciation could be attributed to the interest rate hiking cycle by Advanced Economies (AE), which diverts investors' attention to safer currencies.

Another important component is the maximum refinery gate price (MRGP), which also risen from R149.28 in January to R165.12 in June 2022. MRGP is the maximum price (excluding any inland transport cost values) at which a refinery shall be permitted to market those quantities of its production of Liquefied Petroleum Gas (LPGas).

Mr. Simanga Mncube, Economic Analysis

Image:online

Higher fuel prices place upward pressure on consumer inflation. Notably, consumer prices have soared rapidly this year amid higher-than-expected international oil prices, which put pressure on fuel costs. The headline inflation rate has breached the upper band of inflation targeted range of 3% to 6% for the first time since 2017.

The annual inflation rate accelerated markedly to 7.4% in June 2022 from 6.5% in the previous month. The persistent rise in inflation rate is among the factors that triggered the recent monetary policy tightening cycle by the South African Reserve Bank (SARB), where policy rates have been increased by a cumulative 125 basis points to 4.75% from November 2021 to May 2022 . SARB would consider a further increase in the repo rate as it aims to anchor inflation around the mid-point of the target (4.5%).

The fuel price increase, through its correlation with transport services, contributes to a rise in the general cost of living. With regards to private motorists, as they pay more for petrol or diesel, it causes a trade-off with other household expenses. Regarding public transport, taxi owners generally transfer the costs to commuters by increasing the fares, thus negatively impacting ordinary citizens, including those at the low-income level. Therefore, there would be pressure for wage increases to account for a steeper rise in the cost of living.

From the government's perspective, rising transport costs imply that some transportation services need to be adjusted upward. This places pressure on public finances for Departments as some of those upward adjustments were not budgeted for. In order to demonstrate the effect on government finances, the analysis is made about government subsidies for bus services in the province. For example, the Department of Transport (DoT) began to show over-spending on the allocation for Transfers to subsidies to: Public corporations and private enterprises in the third quarter. The grant allocation increased by 5.5% between 2020/21 and 2021/22. The over-spending is related mainly to the escalation clauses, including the fuel indices.

This reflected the fuel price increase of 43.1% between September 2021 to March 2022. Consequently, the escalation increased by 10.6% for old contracts and 13.3% for newly negotiated contracts between April 2021 and March 2022. Other services that fuel price increases could negatively impact include scholar transport, as the service providers would incorporate new fuel prices in their invoices. This would also lead to over-spending by the DoT against the allocation for scholar transport.

As highlighted above, the BFP is influenced by factors beyond government control. However, fuel levies are determined by the national government and, as such, could be directly impacted. It should be noted that fuel levies contribute to national tax revenue.

Therefore, as argued by several commentators and civil organisations, reducing any of the levies would mean a loss in the already budgeted tax revenue of R89.9 billion (5.8% of gross national revenue). For instance, the extension of a two-month temporary relief until 5 July 2022 would result in about R4.5 billion tax revenue foregone. This would negatively impact the fiscal framework.

"The fuel price increase, through its correlation with transport services, contributes to a rise in the general cost of living."

MEC Neliswa Peggy Nkonyeni, Premier Nomusa Dube-Ncube, MEC for Human Settlements & Public Works, Dr. Ntuthuko Mahlaba

KZN Members of the Executive Council at the AD Hoc Committee on Flood Disaster Relief and Recovery

Honourable C.T. Frolick of the National Assembly

The AD Hoc Committee on Flood Disaster Relief and Recovery visited KwaZulu-Natal to conduct follow-up inspections to areas that were severely affected by the April floods.

The week-long programme kicked off with a briefing by the Premier, Hon. Nomusa Dube-Ncube where she provided a progress report on the reconstruction and rebuilding process following the devastating floods in KwaZulu-Natal.

The committee also received updates from Members of the Executive Council, officials from COGTA and municipalities on the progress that has been covered so far on the reconstruction of the damaged infrastructure among other things.

Addressing the Committee, the Premier said: "The eThekwini Metro which was the worst affected District in the province have provided a detailed progress report of the work that they have undertaken to restore services such as electricity, water reservoirs, infrastructure and roads that were damaged.

The Members of the Executive Council, will also provide detailed presentations of our interventions as the province."

Most pertinent to the committee's work is the aspect relating to geo-hazards related to infrastructure and development, as it touches on areas characterized by potential life-threatening geological conditions in South Africa. These areas include dolomite land, undermined areas, areas of potential slope stability problems, areas prone to potential severe seismicity and flood line areas.

The sitting was attended by Chairpersons of the committee: Honourable C.T. Frolick of the National Assembly and Honourable AJ Nyambi of the National Council of Provinces, Members of the Provincial Executive Council, Members of the Adhoc Committee, Members of the Provincial Legislature, the Mayor of eThekwini Metro, Cllr T.M Kaunda and the Exco Members, Heads of Departments and researchers.

WHAT IS WORKPLACE BULLYING?

Workplace mistreatment is prevalent. Many employees have experienced some form of workplace mistreatment being insulted by a customer, harassed by a co-worker, denied a promotion, etc.
How is workplace mistreatment different from bullying? For instance, is receiving an unfair performance evaluation an example of being bullied?

Workplace bullying occurs when:
- An employee becomes a target of adverse behaviour regularly.
- The victim can neither easily avoid the situation nor the mistreatment.
- There is a power imbalance (e.g., being bullied by supervisors, managers, senior staff).

FORMS AND CAUSES OF WORKPLACE BULLYING

Causes of workplace bullying may involve individual and organizational factors, like toxic leadership, narcissism, insecurity, lack of emotional control, problematic job design (e.g. role conflict), and issues related to organizational culture and politics.
Workplace bullying takes many forms: Sometimes it comprises indirect tactics of manipulation and abuse, like gossiping, social rejection, and social exclusion (e.g., not being invited to work functions or meetings). Other times it is expressed through work-related behaviors, like withholding information, assigning meaningless or unreasonable tasks, setting impossible deadlines, preventing access to work opportunities, interfering with functioning (e.g., constant disruptions and harassment, unnecessary monitoring), or randomly changing the rules or expectations.
Less commonly, workplace bullying involves more direct tactics, like physical intimidation and physically threatening behaviors making threats, throwing things, or physical assault.

Workplace bullying negatively affects not just the victim but also those who witness (e.g., coworkers) or learn about it (e.g., one's romantic partner). For instance, witnessing bullying has been linked with developing depression.
Victims of workplace bullying often experienced psychological distress, burnout, and depression. The relationship between workplace bullying and depression is strong, with bullying predicting depression for up to five years later. And exposure to bullying, especially physical intimidation, is linked with suicidal ideation.
Bullying is associated with poor health, muscle tension, musculoskeletal issues, increased neck and back pain (even six months later), and chronic diseases (e.g., type 2 diabetes).

OCCUPATIONAL OUTCOMES

Bullied employees have more job insecurity and greater turnover intention (i.e. more desire to leave their jobs). And they are more likely to change jobs or become unemployed.
Compared to violence in the workplace, workplace bullying is associated with a greater likelihood of leaving the profession or early retirement. Why? Perhaps because violence in the workplace is often related to the clients' actions (e.g., threats by angry clients), while workplace bullying involves mistreatment by one's co-workers, resulting in increased feelings of isolation and lack of social support.

FAMILY DOMAIN OUTCOMES

Becoming a victim of bullying at work could also spill over into other domains. And four longitudinal studies reviewed observed a correlation between workplace bullying and work-family conflict, family incivility (low-intensity disrespectful behaviours, like ignoring one's romantic partner), and lack of relationship satisfaction.
Burnout, emotional exhaustion, and psychological strain are mediators of the effects of workplace bullying on the family. In reaction to workplace bullying, employees may suppress their own values and put on a facade; this creates psychological strain (e.g., agitation), which is then transferred into the family domain and creates conflicts there.

THOUGHTS ON WORKPLACE BULLYING

Workplace bullying is a serious problem. It can negatively affect workers' productivity (e.g. turnover, absenteeism, reduced engagement), physical health (e.g., pain and psychosomatic complaints, sleep problems), mental health (e.g., anxiety, depression, burnout, suicidal ideation), and relationships outside work (e.g., conflicts at home, family incivility). Therefore, employees need to learn to identify workplace bullying and take steps to protect themselves. And employers who want happy, healthy, and productive workers must do everything in their power to stop workplace bullying.

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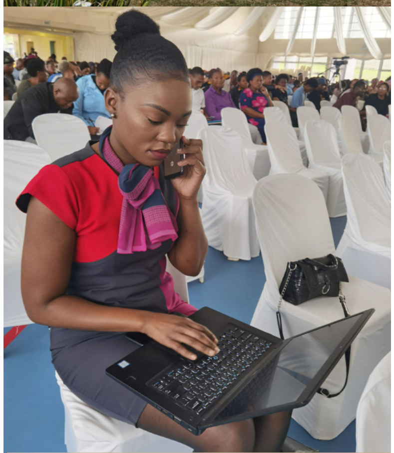

Businesses operating in far-flung areas or communities that have small towns often struggle with access to information on how to efficiently and sustainably run their own businesses, access business finance as well as lack of information related to government's supply chain protocols in particular.

Owing to the mandate of the department, there are various lessons that are learned ranging from understanding government SCM and managing business finance.

This has prompted Provincial Treasury to host a series of finance related strategic engagements and outreach dialogues. EDTEA's Operation Vula, Department of Labour, SEDA, NYDA, ABSA Bank, Ugu South Coast Tourism, OTP Youth Desk were some of the partners invited to present on the mechanics of accessing business funding at the UGu District SMME Outreach programme, held at the uGu Sports and Leisure Centre, Indoor Hall

The outreach programme capacitated SMMEs on the matters of SCM, access to business funding, financial, business management,as well as business opportunities available in government.

Over 1000 community members, exhibitors, entreprenuers attended the outreach programme. Exhibitors shared their information brochures, pamphlets and information material which were displayed in the information area.


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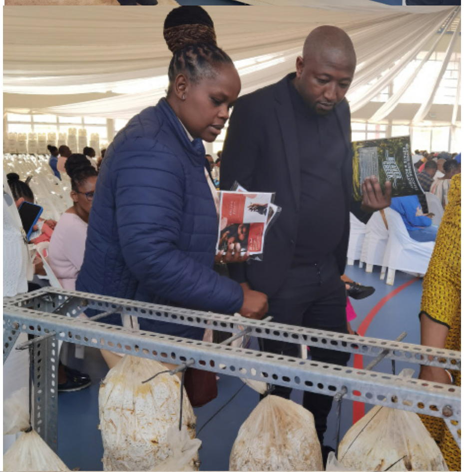


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