

## **THEEWATERSKLOOF MUNICIPALITY: BUDGET: 2018/2019 – 2020/2021: SPEECH FINAL BUDGET: EXECUTIVE MAYOR COUNCILOR CHRISTELLE VOSLOO**

Speaker, it is a privilege to submit the final budget for the 2018/2019 and the two outer years, 2019/2020 and 2020/2021 to Council for consideration and approval.

Today's comments are supplementary to and should be read with those I presented during Council's consideration of the draft budget.

This time round, I will focus on the:

- Final phases of the process to develop the budget for 2018/2019 and the two outer years; and
- The budget comments and suggestions received from stakeholders.

Previously, I mentioned the internal and external variables that influenced the drafting of this budget and the IDP. I referred to the threats, challenges and opportunities impacting on the municipality and council's task to finalize this budget.

Looking at this year's process I can say in all honesty that this was a difficult budget to develop due to the lack of available resources and extensive public expectation. I say this out of personal experience as I was elected to this Council in 2006 and again in 2011 and for the last 12 years I was acutely involved in the annual drafting of the budget. The impact of various communities and stakeholders on this budget was more intense than any of the previous ones I was involved with. We had to assimilate a municipal service delivery environment and sustainability challenges, which are far more intense than any of the budgets since 2006.

It is astounding how drastically the municipal environment, in which the municipality conduct its business, has changed and how internal and external issues, that threatens to impact adversely on our ability to attend to our core mandates and services, increased in intensity.

The impact is not only financially and it is indeed becoming an arm wrestle to ensure good municipal governance and service delivery over the medium and long term.

Since the draft budget was published for public comment and inputs, and displayed at municipal venues for inspection, extensive public participation and consultation processes took place on various levels.

During April 2018, ward councilors, directors and all managers presented, discussed and explained the outcome of the budget and IDP to residents in all 14 wards in Theewaterskloof. Similar discussions were held with various stakeholder groupings including agriculture; and the broader economic and social sectors. Mostly, the consultations were constructive and the partners seemed to understand the variables and circumstances that dictated the budget and its outcome. The engagements included a discussion of:

- The procedures followed to compile the IDP and budget.

- The set of internal and external variables that influenced and, in essence, dictated the budget and the IDP.
- An overview of the final IDP and budget.
- The impact of the IDP and budget on every town, ward; and on all sectors.
- The impact of the budget on all households from the poorest of the poor to the rich.

After the draft budget was published for inputs, fourteen letters with proposals and objections were received and considered.

Most of these dealt with:

- Increases in tariffs for service charges.
- Increases in property rates, especially in agriculture.
- Tax and tariff rebates for the elderly.
- Tax and tariff incentives for new businesses.
- Funds for growth and development.

All suggestions and complaints were appropriately considered and the budget was finalized.

Key needs articulated in the IDP were included in the budget for 2018/2019 and the two outer years. However, if we could, we would have included many more IDP-needs in the budget; but, due to a lack of resources, this was not possible.

The final budget differs marginally from the draft one and the percentage increase in rates and taxes remain the same. One exception is agriculture: The sector made a watertight case that the rural property taxes were too high and should be reduced. After careful consideration of the current drought conditions, this was granted and the impact thereof is a R3 Million reduction in rates income. The increase in income from property rates is therefore only 6,8%.

The loss of the R3 Million will be made good by a moratorium on the filling of vacant posts and the subsequent saving in employee costs and expenditure

Speaker, having mentioned the objections and advice received, I believe I should speak my mind about a few budget inputs received in writing and verbally.

Fundamentally the inputs were positive and indicative of a widespread awareness of the issues that the municipality had to grapple with in the drafting of the budget; as well as the limited room we had to move in due to limited resources.

We noted the concerns about medium and long term institutional stability and that we need to increase and diversify our income sources to secure, developmental, income, institutional and organizational capacities, bulk and micro infrastructure and services.

We understand that we need to facilitate economic growth and development as the key solution to grow municipal income and to support community stability by means

of job creation and increased levels of wealth. I believe this budget speaks to that reality but, due to insufficient resources, not to the extent we and you hoped for.

We admit that the recovery of debts is too low and that we must increase it substantially. This budget facilitates debt recovery structures, plans, strategies, methodologies and systems. This budget will allow us to negotiate with ESKOM and the National government about our key need to be an electricity provider in the entire municipal area. We believe that the mechanisms electricity distribution allows municipalities to recover high percentages of debts should also benefit us. So, should the income that the municipality will levy and collect through the selling of electricity

Speaker; I thank all those who pointed these matters out and for the subsequent knowledge they showed about municipal governance and management.

Unfortunately, Speaker, there is a small group who criticizes us to the extent that it is clear that they either do not understand the unique challenges confronting all local governments in South Africa or simply choose to ignore it. In their criticism they either do not understand or contemplate the specific challenges and sustainability handicaps we as a government in Theewaterskloof had to consider when we finalized this budget.

As a responsible government we had to consider all matters impacting on this budget as to serve the entire municipal area; and, I believe that, despite limited resources, we succeeded to offer something to everyone.

It seems that a few stakeholders focused so intensely on their own preferences and needs that they did not weigh it up against the bigger need in the entire municipal area.

As a responsible government we did not have the luxury to think one dimensional and I believe we captured the bigger picture in this budget.

Speaker, allow me to mention one example of, what I believe, is one dimensional criticism:

In its draft budget comments, a stakeholder stated that personnel cost is too high and is taking too much out of our budget. The truth is that this municipality serves close to 150 000 residents with less than 700 people. After comparing this with other municipalities in the Western Cape, I can say, without fear of being contradicted or even challenged, that we continue to achieve the impossible with a very small employee capacity. Our personnel-population-ratio is one of the lowest in the Western Cape. The employee related percentage of 36.6% of the budget is not an indication of too many personnel but confirmation that the operational budget of less than R700 Million is inadequate.

However, with limited resources we continue to keep many balls in the air. This, Speaker, we owe to good governance and a very committed and able corporate administration. Speaker, we have been criticized for our governance and administrative abilities and in this regards I even picked up words like “woeful”.

Based on Mister Kimi Makwetu's Auditor General-report of 2016/2017 I can provide hard proof that we box way above our weight group if it comes to our limited resources.

Based on the AG-report the following is the truth about us:

- Theewaterskloof is amongst the top 13% municipalities when it comes to Auditor General Opinions.
- Despite severe challenges this municipality is not one of the 89 who received a negative audit opinion or who submitted a budget that is largely unfunded.
- We are one of 33 municipalities who produced quality financial statements and one of the 13% who received a clean audit.
- We are one of a few municipalities that is still a going concern.
- For years we budgeted realistically, whilst we also lived within our means – as a result we are not one of the local governments that contributed to the collective 2016/2017 budget deficit of R5,6 Billion.
- We are one of a few, who, for several years, never concluded with and audited deficit.
- The municipality has a zero % irregular expenditure; whilst it escalated nationally with 75 percent, from R16,2 billion in the previous year to R28,3 billion in the 2016/17 financial year.

Speaker, whilst on this matter; please allow me to congratulate this council and our administration for the brilliant 2016/2017 audited outcome. Please allow me to refer to the excellent work of a very small but highly capable and skilled group of employees in the Finance Directorate. I congratulate them for their superb financial management and control.

Speaker to our fiercest critics we say: "We might not reflect all your wishes in the budget I am tabling today, but, given the lack of operational and capital funds, we drafted the best budget possible for all the people of Theewaterskloof.

This budget for 2018/2019 and the two outer years will:

- Mitigate, to some extent, the fate of the poor and stabilize and build communities.
- Accelerate economic growth and development.
- Enhance social order in communities.
- Maintain the functional service delivery capacities of bulk and other infrastructure.

This budget facilitates developments which, if thoroughly implemented, will be instrumental in strengthening the municipality's holistic sustainability and its ability to continue its mandate of good local governance.

The budget undoubtedly takes heed of the challenges currently faced by the municipality, and supports organizational development and structures that will address key challenges, amongst others:

- Inadequate and over utilized revenue sources that leave the authority with little room to raise more income.

- Improving the low debtor recovery rate of 88% to 92% in 2018/2019 through the establishment of partnerships with the broader community and sound debt recovery plans, systems, methodologies and policies.
- Dissatisfied municipal clients and communities who are not motivated to pay their dues, to respect their municipal bills and to eradicate negative social practices such as the vandalizing of municipal assets.
- Insufficient funds to properly maintain and upgrade infrastructure and service delivery.
- The government's outdated fiscal model for municipalities and the stagnation of the national economy. Special mention must be made of the fact that the National government approved an R5.8Billion cut in municipal funding.
- An improvement in the ratio of 47% residents who pay rates and service fees versus 53% who are unable to pay.

The budget for 2018/2019 and the two outer years is now ready to be adopted and implemented. Speaker, I hereby submit the budget for 2018/2019 and the two outer years to Council for consideration and approval.

I do this in terms of the prescriptions in item SC08/2018, pages 212 – 511; Item SC06/2018, pages 1 – 82; comments and proposals received on the draft budget, and the following annexures:

- Annexure "A" – pages 445 – 511: Final list of tariffs for 2018/2019.
- The fourth generation IDP 2017 – 2022.
- Council's resolution on pages 213 – 214 of the agenda.

I thank our Heavenly Father for the strength, capability and wisdom that He equipped us with to complete the task.

Thank you very much to the councilors and officials for their hard and dedicated work in finalizing the budget and IDP for 2018/2019 and the two outer years.

This Speaker, is the result of teamwork in this municipality between the corporate and political fraternities. It is the result of sound and extensive public involvement in public participation processes. It is the result of inputs and contributions by stakeholders and all other private and public role-players.

The most challenging task now awaits us: The implementation of the budget and the IDP.

I wish you the best with that task.

Baie dankie/Thank you/Enkosi

**COUNCILLOR CHRISTELLE VOSLOO**  
**EXECUTIVE MAYOR**  
**2018/05/27**