

BUDGET SPEECH OF THE EXECUTIVE MAYOR OF THEEWATERSKLOOF MUNICIPALITY, ALDERLADY CHRISTELLE VOSLOO, FOR THE 2019/2020 FINANCIAL YEAR AND THE TWO OUTER YEARS: 28 MAY 2019 - CALEDON

INTRODUCTION

Speaker, I am tabling the final Theewaterskloof Municipal budget for 2019/2020 and two outer years for Council's consideration and approval. The views expressed today must be seen as supplementary to the draft budget speech I delivered on 27 March 2019. In that speech I focused on:

- The budget background.
- Integrating the IDP and the Budget.
- Key external influences on municipal income and service delivery:
 - Shrinking state subsidies for municipalities.
 - The effect of non-municipal electricity distribution in parts of Theewaterskloof.
 - Partial or non-funding of services which the municipality renders as an agent.

A few months later the realities are as it were when I presented the draft budget speech and subsequently Council is forced to increase its income from taxes and tariffs. Hence, the burden on tax and tariff payers is increasing but this cannot be prevented until traditional income are restored or other sources are negotiated.

RESTORE INCOME

Council will negotiate the restoring of traditional income sources and the creation of new ones diligently with appropriate forums such as SALGA, Intergovernmental structures and National and Provincial organs of state.

This matter will be escalated to CoGTA as meaningful income will determine the success of local governments and their achieving of the goals of the National Development Plan and the Back-to-Basics approach.

During his inauguration as the head of state, President Cyril Ramaphosa repeatedly referred to the importance of achieving the principles of the NDP and, as the father of the plan, we look forward to a period of growth and development. Effective and sustainable municipalities and service delivery are key NDP objectives and there is hope that the president will declare the sufficient funding of municipalities a priority. If municipal related opportunities arises we will grab it.

FOCUS OF THIS SPEECH

- Final phases of the development of the IDP and Budget for 2019/2020 and the two outer years.
- Public comments on the draft budget.

This is the 12th budget I am involved with and due to various challenges, especially regarding limited income, it was also the most difficult one to develop.

Community and interest groups participated more actively in the development and drafting of this budgets and IDP than ever before and their expectations created pressure. Budget interaction with stakeholders of various sectors expanded and some negotiations took place as late as last week.

CHANGING ENVIRONMENT

Last year I referred to the rapidly changing environment in which municipalities are doing their business. These changes gained momentum and internal and external issues, affecting government performances; and the implementation of the municipality's core mandates and service delivery have increased in intensity.

CONSULTATIONS

Since the draft budget had been published for public comment and input comprehensive public participation and consultation processes took place. Ward councilors, directors and managers presented the draft IDP and budget to all ward committees. Public and stakeholder consultations were mostly constructive. There are concerns about the sustainability of future budgets, but the majority of communities and interest groups showed understanding for the issues that challenges the sustainability of the IDP and Budget. During the consultations, the following were discussed in particular:

- Processes followed to develop the IDP and budget.
- Internal and external influences on the IDP and budget.
- Overview of the final RDP and Budget.
- The impact of the IDP and Budget on sectors and towns.
- The impact of the Budget on all households.

BUDGET COMMENTS

All suggestions and comments on the municipality's draft budget were carefully considered. The suggestions and objections dealt primarily with:

- Increases of taxes and service tariffs.
- Affordability of the municipal bill.
- Cross-subsidy.
- Capital expenditure.

After all the inputs were considered, the municipality finalized the Budget and IDP as an integrated document. However, it appears that the public is largely aware of the fact that, in terms of resources, the authority did not have much room to work in.

IDP AND BUDGET

A limited number of IDP priorities could be captured in the budget.

TREASURY BUDGET GUIDELINES

The Consumer Price Index (CPI) predicts a 3 to 6% increase in inflation, and the MFMA Circular 93 stated that the municipal increases may not fall outside this band. In spite of the declining revenue from certain sources and the increase in infrastructure backlogs, the rates increase of 6% falls within the prescribed band. To achieve this, the draft budget expenditure was cut with 3%. The electricity budget is in line with NERSA's 13.07% increase and ESKOM's bulk buying rates. Vacant posts were reprioritized and only key posts will be filled according to specific time frames.

THE BUDGET

The budgeted revenue for 2019/2020 is R551.6 million and the capital budget is R130.5 million. The total budget is therefore R682.2 million.

Increases in taxes and rates are as follows:

- Property tax 6%
- Electricity 13.07%
- Water 24%
- Sanitation 6%
- Waste disposal 6%

Speaker, the water increase sounds astronomic but in 2018/2019 the municipality's water profit was 27% compared to the budgeted profit of 20.6% for 2019/2020. The perception that the Municipality is making huge gains from water is wrong.

To prevent a possible Day Zero, the Municipality had to develop additional water resources. For that, the municipality had to take up loans which must now be repaid. Overberg Water adjusted their water tariff by 21% and the Municipality has no option than to pass it on to the consumer. In addition, Overberg Water also charges a drought rate.

Compared to 2018/2019, the municipality's revenue from water will decrease with R2M whilst the expenditure will increase with R1M. This is the result of Overberg Water's increased tariffs, loan repayments and a 50% drop in water consumption. The Municipality sells less water and certain consumers have scaled down their dependence on municipal water whilst others have exited the municipal water network.

The effect of the water tariff increase on unsubsidized households is about R90 a month. The government still maintains phase 2 water restrictions, which can only be lifted by a national government instruction. If sufficient winter rainfall allows us to abolished drought restrictions water will become considerably cheaper.

FOCUS ON DEBT RECOVERY

The municipality can no longer provide services and incur expenses without being paid for. This year, the government will increasingly use all interventions to recover debts. Minister Tito Mboweni made it clear that if you use it you have to pay for it.

IMPACT OF BUDGET

Speaker, the budget tabled today is not entirely talking to the diverse needs of all living in Theewaterskloof. With the operational and capital funds at our disposal, this is however the best budget we can offer our people. The budget for 2019/2020 and the two consecutive years will succeed to:

- Relieve poverty and develop community stability.
- Accelerate economic growth and development.
- Increase social cohesion in communities.
- Maintain functional service delivery.

I believe this budget will enable Council to fulfill its mandates regarding good governance and sustainable service delivery.

CLOSING COMMENTS

Speaker, the IDP and Budget for 2019/2020 and the two outer years are ready to be implemented. I present the final Budget and IDP for 2019/2020 and the two consecutive years to the Council for them to consider.

I do this in terms of the requirements of Item SC08 / 2018, pages 212 - 511; Item SC06 / 2018, pages 1 - 82: Objections and suggestions received in connection with the draft budget; as well as in terms of the following appendices:

- Appendix "A" - pages 445 - 511: Final list of rates for 2018/2019.
- The second revised version of the Fourth Generation IDP for 2017 - 2022.
- The Council Resolution on pages 213 - 214 of the agenda.

RECOGNITION

Thank you to Council and the administration for their hard and conscientious work to complete the IDP and Budget for 2019/2020 and the two outer years. Speaker, the IDP and Budget is the result of teamwork between the council, officials, communities and also interest groups of sectors in Theewaterskloof. The Budget and IDP are, amongst other things, the result of extensive public input and the sound public participation processes. I thank everyone for their cooperation in developing the budget.

I thank our Heavenly Father for His Guidance. Without His help, nothing could be possible. However, the key task is to implement the IDP and Budget and I wish everyone the best with that.

Thank you very much / Thank you / Enkosi

ALDERLADY CHRISTELLE VOSLOO
EXECUTIVE MAYOR
05/27/2019