

**BUDGET SPEECH 2021/2022: EXECUTIVE MAYOR ALDERMAN
CHRISTELLE VOSLOO: SPECIAL COUNCIL MEETING: CALEDON 07
JUNE 2021**

INTRODUCTION

Speaker, Municipal Manager, MAYCO members, other councillors and officials; I present to you the final budget for the 2021/2022 financial year.

I will keep this presentation short and request that you read it with the draft budget speech I presented to Council at a **SPECIAL COUNCIL MEETING in CALEDON on 30 MARCH 2021**.

LEGAL BACKGROUND AND CONTEXT OF THE BUDGET

Speaker, the planning, development and implementation phases of the IDP and Budget of Theewaterskloof Municipality for the period 2021/2022 and the two outer years comply with all legal requirements and especially those prescribed by the Local Government: Municipal Systems Act (Act 32 of 2000).

The Medium-term Revenue and Expenditure Framework (MTREF) for 2021/22 to 2023/24 has been compiled to meet the requirements of the following legislation in particular:

- The Constitution of South Africa, Act 108 of 1996;
- The Municipal Structures Act, Act 117 of 1998;

- The Municipal Systems Act, Act 32 of 2000;
- The Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003;
- The Municipal Budget and Reporting Regulations promulgated on 17 April 2009; and
- The Division of Revenue Act, Act 1 of 2010.

The revenue and expenditure projections have taken the annual inflation-linked adjustments applicable to the Medium-term Revenue and Expenditure Framework into account.

BUDGET AND IDP PROCESS

The entire process occurred in one or other lockdown level and face-to-face-meetings were not possible. Despite this, processes to develop, draft and integrate the IDP and Budget for 2021/2022 and the two outer years went fairly smoothly and I am impressed with the innovative approach followed to ensure public participation in the processes.

The draft budget was advertised for public comments and inputs. The municipality received 11 inputs and everyone was duly considered.

After the adopting of the draft budget, the municipal administration and the Ward Councillors went back to the Ward Committees to explain to them the budget process, the budget content, the impact the budget would

have on the respective wards and that they could still provide inputs for consideration for inclusion in the final budget.

INFLUENCES ON THE BUDGET

Speaker, a number of external influences impacted on this budget and at this point I will only mention the most prominent ones:

- A development that gained momentum since the Special Budget meeting of 30 March 2021 is the invasion of Public Works' land at Knoflokskraal. Currently there are a vast number of structures. The impact this could have on municipal finances, capacities and service delivery could be similar to the situation as it played out in Siyayanzela. To put it short, this situation could affect this budget considerably.
- I believe the variables created by the COVID 19 Pandemic had been anticipated and included in this budget and that a third or fourth wave of the pandemic will not have a material impact on the budget.
- The cost of vandalism, protests and land invasion is increasing and subsequently decreasing funds for service delivery and development programs.
- A weakening national economy and a national budget that do not correlate with the needs of local governments.
- A national budget that by and large ignores the cost to provide all indigent families with basic services.

- The effect of state capture and corruption on national funding for municipalities.
- The rapid increase in the indigent population.
- A declining local economy due to several local instabilities and the impact this has on the tax and tariff base of the municipality.

These matters have an effect on municipal income. It also resulted in a situation where the tax and tariff payers are overburdened. The municipal bill is increasingly becoming unaffordable and there are not sufficient funds for high level service delivery and to develop the economy.

POSITIVES

I believe comments of the Auditor-General and the National and Provincial Treasuries make it clear that this municipality can be trusted with tax payer's money and that it is managed well. The following should also be noted:

- The municipality is succeeding with service delivery.
- The municipality is succeeding to fund its budget.
- The integrity of budget control and financial management is exceptional.
- This municipality does not waste money.

- Theewaterskloof utilises its income wisely.
- Overheads had been cut to a point where it can no longer be reduced if we aim to remain a functional third sphere organ of government.
- Despite the restraints facing the municipality, this budget, and balancing it, is somewhat of a miracle.

Speaker in “Moneyweb” of 20 May 2021 Ciaran Ryan wrote an article, “What separates the winners from the losers among municipalities”. Referring to the financial year ending at 30 June 2020 the article stated that “the most improved (municipalities) are Oudtshoorn, Theewaterskloof, Cape Agulhas and Midvaal.”

Leon Claassen of Ratings Afrika are quoted as follows: “The most improved, focussed on doing the basics right: improving revenue collection, eliminating wastage and corruption, and better service delivery ...”

Speaker this budget points to several positives which gives us hope for the future:

- The municipality is still in a position to provide services.
- We remain an uncorrupted municipality and do not loot ratepayers’ money.
- Infrastructure is still maintained and marginally upgraded.

- Our revenue recovery rate is exceptional given the COVID-19 Pandemic and non-commitment of National government to municipalities.
- Core needs of communities reflects in the IDP and Budget.
- The IDP and Budget processes reflect good governance.

BUDGET FIGURES

Speaker, the key budget figures are as follows:

Total operating revenue is R707 568 000: Increase with 13.94%.

Revenue from service charges is the biggest part (39%) of the municipality's revenue followed by operational grants (20%) and property rates (18%).

There has been a decrease in operational grants (14%) when compared to the 2020/21 financial year.

The reduction in operational grants is the result of a decrease to the Equitable Share, the Financial Management Grant, EPWP, Energy Efficiency grant as well as the Municipal Capacity Building Grant.

Total operating expenditure is R622 978 000: Increase with 4.5%.

The Total Capital Expenditure is R181 136 000: Increase with 34.3%.

It is proposed that the tariffs increase as follows:

- Assessment Rates 6.5%
- Electricity 14.59% (Subject to NERSA's final approval)
- Water 8%
- Sanitation (Sewer) 6%
- Solid Waste (Refuse) 6%

CONCLUDING COMMENTS

Speaker, drafting and finalising this budget was a team effort.

I thank every member of the broader municipal community for their input; as well as the interest groups.

I thank my EMC, Council and Management for their input.

I thank the Municipal Manager, the CFO, Managers and all the staff for their support in these processes.

I thank my Heavenly Father for His wisdom and His guidance that we experienced throughout.

Thank you, Speaker.

Alderman Christelle Vosloo
Executive Mayor
Theewaterskloof Municipality
2021/05/31