

## **THEEWATERSKLOOF MUNICIPALITY**

### **BUDGET: 2015/2016– 2017/2018**

#### **BUDGET SPEACH: EXECUTIVE MAYOR**

##### **Introductory comments**

It is an honour to present to you the final budget for Theewaterskloof municipality for the financial years 2015/2016 – 2017/2018. My acceptance speech of the draft budget dealt, in detail, with matters that influenced the IDP and budget. In this speech I will refer to the final stadia of drafting the final budget for 2015/2016 and the two outer years.

The concept budget was tabled for public inputs and all inputs received were considered for the final budget. In this regard, a workshop was held where Councilors were afforded an opportunity to deal with each objection received.

In April 2015 is die GOP en kosepbegroting, tydens openbare deelname vergaderings, wat in alle Wyke gehou is, aan die publiek voorgehou en verduidelik.

Die gesprekke het ingesluit 'n oorsig van die GOP en begroting, die prosedures wat gevolg is om dit saam te stel en die impak wat die GOP en begroting op elke dorp en Wyk het.

Die begroting vir 2015/2016 en die twee opeenvolgende jare is nou gereed om aanvaar en geïmplementeer te word.

##### **GENERAL COMMENTS IN RESPONSE TO WRITTEN OBJECTIONS AGAINST THE 2015/16 MTREF**

After assessing municipal financial statements two independent financial analysts indicated that Theewaterskloof substantially improved its financial sustainability ratings over the last three years.

However, due to the nature of rapidly ageing infrastructure the Municipality remains extremely concerned about its medium to longer term financial sustainability and a collapse of infrastructure within the next three to five years remains a risk.

It is disappointing that, based on affordability considerations, these concerns could not be addressed effectively in the 2015/16 budget.

Die beperkte belastingsbasis en die feit dat 47% van alle huishoudings die begroting dra is 'n bron van erge kommer.

Die herstrukturering van tariewe en veral dié ten opsigte van elektrisiteit en water is nodig aangesien die omvang warmee verbruikers van die twee items die tariefrekening subsidieer moet verminder word.

Dit het belangrik geword om 'n reserwefonds te skep om die voorsiene behoeftes van verouderde infrastruktuur te finansier. Die fondse sal uit tariewe verhaal moet word omdat die munisipaliteit nie in 'n finansiële posisie is om groot lenings op te neem nie.

In my view the Municipality is faced by problems related to revenue rather than expenditure. We decided to postpone fiscal remodeling until we know what the outcome is of the range of initiatives we implemented to increase our current low collection rate.

Die tekens is egter positief en vanjaar het die invordering van skulde wat aan die munisipaliteit verskuldig is van 85% tot 90% verhoog. Die bereiking van 'n verhalingskoers van 91% vir 2015/16 is moontlik en sal 'n goeie vetrekpunt skep vir 'n verdere styging van die verhalingskoers tot 95% oor die volgende 2 jaar. Om dit te verwesenlik sal daar egter ten alle koste aan die kredietbeheerbeleid voldoen moet word en kan geen uitsonderings geduld word nie.

The reduction in revenue of R12.2m made this year's budget process complex, challenging and even frustrating. National Treasury unexpectedly reduced our Equitable Share Grant with R4.2m.

It is expected that revenue from fines will reduce by R6m and that income will have to fund law enforcement functions.

Another R2m will be used as legally enforced rebates to land reform initiatives.

The loss in revenue will have a direct impact on the funding of the rates account and equals 18% of rates revenue.

Aan die uitgawekant sal die fooie vir die gebruik van Karwyderskraal stortingsterrein met 291% van R1.2m tot R4.7m styg.

Uitgawes vir die kritiese instandhouding van netwerke sal met 40% van R5.4 million tot R7.6 m.

Die instandhoudingswerk is vir jare vertraag en het nou onontbeerlik geword.

Die twee uitgawe-items veroorsaak 'n spanderingstoename van R5.5 m.

National Government's expectation that local government must be self-providing and sustainable is unrealistic and the need to review the National fiscal model for the funding of Local Government remains urgent.

It is unlikely that we will see a reform of the fiscal model in the near future and we will have to continue to explore other alternatives, such as PPP's differentiated tariffs, the Special Rates Area concept, the expansion of the rates base, the building of reserves, improving the collection rate, levy a surcharge on electricity sold and distributed by Eskom, reforms in terms of aligning the electricity tariff of Theewaterskloof with that of Eskom and the demarcation of municipal boundaries.

### **Budgeted items**

1. Die begrote operasionele inkomste vir die 2015/2016 finansiële jaar is R466m; en die begrote uitgawe, R449m.
2. Die begrote kapitale spandering is R61m.
3. Verhogings in tariewe beloop soos volg: elektrisiteit – 12.2%; water – 7%; sanitasie - 9%; afvalverwydering - 16% en eiendomsbelasting – 9.5%.
4. In respect of the electricity tariffs, it should be noted that the 12.2% is subject to NERSA approval. Furthermore, ESKOM has made a late application to NERSA to increase electricity

tariffs by a further 12.61%. This application is currently being considered by NERSA and all indications are that municipal consumers can expect a further increase in electricity tariffs later this year.

## **Conclusion**

Speaker, I table the budget and IDP for 2015/2016 for final council approval as prescribed in item R53/2015, pages 115 – 278, and item R52/2015, pages 1 – 114, comments and suggestions received about the 2015/2016 concept budget; as well as the following annexures:

- Annexure "A"- pages 203 - 257: Final list of tariffs for 2015/2016.
- Annexure "B"- pages 258 - 279 Amendments to policies.
- Annexure "C"- third generation IDP 2012 – 2017

Council's resolution is on page 121.

I thank our Heavenly Father for bestowing onto us strength, health and wisdom to complete our tasks.

Thank you to councillors and officials for their hard work to draft the budget and IDP under difficult circumstances.

However, the trickiest part of the budget, implementation, now lies ahead and I wish everyone involved the best of luck with the task.

Baie dankie/Thank you/Enkosi

**ALDERMAN CB PUNT**

**EXECUTIVE MAYOR**

**Abbreviations:**

IDP – Integrated Development Plan

INEP - Integrated National Electrification Programme

DoRA – Division of revenue Act

MTREF – Medium Term Revenue and Expenditure Framework

CPI – Consumer Price Index

LGMTEC - Local Government Medium Term Expenditure Committee