

# **THEEWATERSKLOOF MUNICIPALITY**

**BUDGET: 2013/2014– 2015/2016**

## **BUDGET SPEECH: EXECUTIVE MAYOR**

### **Introductory comments**

It is an honour to present to you the final budget for Theewaterskloof municipality for the financial years 2013/2014 – 2015/2016.

With the acceptance of the draft budget by Council I dealt in detail with matters that influenced the drafting of the budget. The speech I delivered at that occasion should be regarded as an extension of this one. I won't repeat what I said in the concept budget speech and in this I refer to the final stadiums of drafting the budget and other matters.

The concept budget was tabled for public inputs and all inputs received were taken into consideration before the budget was finalised.

In April 2013 we discussed the concept budget and IDP with residents of all wards. At the ward meetings the municipal manager provided an overview of the IDP and budget drafting procedures. The director finances explained the budget and the town managers explained how the budget and IDP will impact on each ward and town.

These feedback meetings were eagerly attended by the public who also participated freely.

At this stage the budget for 2013/2014 is ready for final adoption and implementation.

### **Challenges impacting on the budget**

1. The current performance of the municipality; as well as its financial position, spending, service delivery capacities and financial and economic indicators.
2. Financial sustainability remains the municipality's primary long term goal. Council adopted a financial sustainability strategy and I am of the opinion that it will lead to acceptable levels of financial sustainability.
3. The national government's fiscal policy of funding local authorities is outdated and should be revisited and upgraded urgently.
4. National government must, amongst others, attend to unfunded mandates and the transfer of electricity reticulation from ESKOM.
5. An Integrated National Electrification Grant (INEP) allocation amounting to R2m was gazetted in the DoRA Bill and included in the draft budget. We were

subsequently, and only after the public participation process was almost concluded, informed that we will no longer receive the funds. The budget was amended accordingly.

6. The primary challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- National and local economics (CPI December 2012 = 5.7%)
- Petrol (16%) and Diesel (10%) increase in 2012.
- Interest Rates of 8.5% in January 2013.
- Increases exceeding inflation in bulk purchase tariffs such as Overberg Water 37% and ESKOM 8%
- Continued maintenance and upgrading of old infrastructure.
- Preliminary increase in salaries of 10%.
- Limited income-base.
- Relief for indigent households.
- Unfunded Mandates

### **Savings**

As the executive mayor I decided not to fill a vacancy of the mayoral committee, not to utilise a municipal vehicle, not to use the services of a bodyguard and driver and not to use an official house and furniture. This resulted in a saving for the municipality of R650 000 per annum.

### **Executive Summary**

According to the executive summary of Provincial Treasury's LGMTEC IDP/Budget the assessment results indicate that Theewaterskloof budget has been prepared in the required format as prescribed by the Municipal Budget and Reporting Regulations and related legislation.

Theewaterskloof has displayed a good level of planning and alignment of strategies both in the municipal and broader provincial context.

Provincial Treasury evaluated the municipal budget and based on certain criteria and principles they declared the budget sustainable and credible. They requested the municipality to adopt suggestions in their report and to table this and the report to council with the final budget.

### **Budgeted items**

1. The budgeted operational income for the 2013/2014 book year is R385m; and the budgeted expenditure, R329m.
2. Budgeted capital expenditure of R73.5m provides R29.5M for housing; R620 000 for electricity, R7.7m for water distribution, R3.3m for sport and recreation, R23,5m for sewerage and R4,4m for roads.

3. Income from property taxes escalates with 20%. This is not the general increase and the increase or decrease for each property will be determined by the new valuations. New developments and subsequent income tax account for a substantial portion of the 20%.
4. Tariff increases are: electricity - 6 to 7%; water - 6%; sanitation - 11.4% and waste removal - 6%.

## **Conclusion**

Speaker, I table the budget and IDP for 2013/2014 for final council approval as prescribed in item R51/2013, pages 159 – 413, and item R50/2013, pages 1 – 159, comments and suggestions received about the 2013/2014 concept budget; as well as the following annexure:

- Annexure "A"- pages 250 - 298: Final list of tariffs for 2013/2014.
- Annexure "B"- pages 299 - 413 Amendments to policies.
- Annexure "C"- third generation IDP 2012 – 2017

Council's resolution is on page 165.

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 Grant
DoRA	Division of revenue Act
MTREF	Medium Term Revenue and Expenditure Framework
CPI	Consumer Price Index
LGMTEC	Local Government Medium Term Expenditure Committee
EMC	Executive Mayoral Committee