



ORDINARY MEETING OF THE COUNCIL

GEWONE VERGADERING VAN DIE RAAD

INTLANGANISO YESIQHELO YEBHUNGA

MINUTES / NOTULE /

IMIZUZU

DATE / DATUM / UMHLA : 25 MAY / MEI / MEYI 2016

**VENUE / PLEK / INDAWO : BANQUETING HALL,
BANKETSAAL,**

**CIVIC CENTRE / BURGERSENTRUM / IZIKO LOLUNTU
HERMANUS**

TIME / TYD / IXESHA: 11:00

OVERSTRAND

MUNICIPALITY / MUNISIPALITEIT / U-MASIPALA

**MINUTES OF THE COUNCIL MEETING
HELD IN THE BANQUETING HALL, CIVIC CENTRE,
HERMANUS, ON 25 MAY 2016, AT 11:00**

PRESENT/ TEENWOORDIG

Councillors were present as per attached attendance register.

**OFFICIALS PRESENT/
AMPTENARE TEENWOORDIG**

Mr C Groenewald, Municipal Manager
Ms S Reyneke-Naudé, Director : Finance
Mr S Müller, Director : Infrastructure & Planning
Ms D Arrison, Director : Mangement Services
Mr N Michaels : Director : Protection Services
Mr R Williams, Director : Community Services
Mr S Madikane, Director : LED
Mr C le Roux, Deputy Director: Finance
Mr R Kuchar, Senior Manager : Town Planning & Property Management
Mr X Kosi, Manager : LED
Mr F Myburgh, Senior Manager : Gansbaai Administration
Mr D Lakey, Senior Manager : Kleinmond Administration
Mr L Smith, Chief : Fire & Rescue & Disaster Management
Ms R Louw, Senior Manager: Strategic Services
Mr B King, Senior Manager : Financial Services
Ms E Hooneberg, Senior Manager : Income
Mr F Frans, Manager: Housing Administration
Mr G Smit, Manager : Social Development
Mr D van der Heever, Internal Audit Executive
Ms A Kotzé, Manager : Property Administration
Ms H van Tonder, Manager: Council Support Services
Mr L Tait, Accountant : Capital Budget
Ms G Bucchianeri, Manager : Budget Office
Ms R Steenekamp, Media & Social Media Co-ordinator
Ms D Taljaard, Councillors' Secretary
Ms S Swart, Administrative Officer : Council Support Services
Ms D Laing, Clerk : Auditorium
Interns
ICT

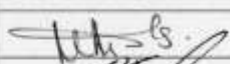





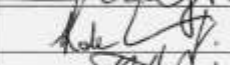


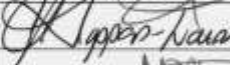
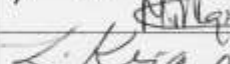

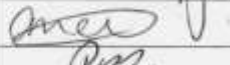
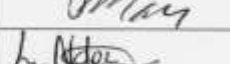
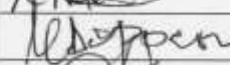


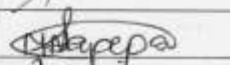
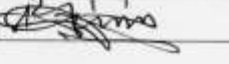






ALSO PRESENT:

Public

MINUTES/....

OVERSTRAND MUNICIPALITY
ATTENDANCE REGISTER

COUNCIL MEETING
25 MAY 2016

ALDERMAN/COUNCILLORS	SIGNATURE
ANDREWS, M	
APPELGREIN, P	
BEYERS-CRONJE, L	
BOTHA, D	
BOTHA-GUTHRIE, N	
BRICE, K	
COETSEE, A	
COETZEE, DP	
DE CONING, R	
DYANI, M	
GXAMESI, S	
JANUARIE, JJS	
KLOPPERS-LOURENS J	
NQINATA, NNT	
KRIGE, L	
MACOTHA, VC	
MANDINDI, CQ	
MAY, P	
NDEVU, L	
OPPERMAN, M	
PIE, MT	
PONOANE, MV	
PRINS, A	
SAPEPA, NM	
SMITH, RJ	

1. OPENING

The Municipal Manager, Mr C Groenewald, read the notice convening the meeting.

2. APPLICATIONS FOR LEAVE OF ABSENCE

None

3. CONFIRMATION OF MINUTES

- 3.1 Minutes of an **Ordinary Meeting** of the Overstrand Municipal **Council** held on **Thursday, 28 April 2016 at 11:00**

RESOLVED

that the Minutes of an **Ordinary Meeting** of the Overstrand Municipal **Council** held on **Thursday, 28 April 2016 at 11:00, be confirmed.**

4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE SPEAKER / EXECUTIVE MAYOR

The Executive Mayor, Ald N Botha-Guthrie, reminded Councillors, although Council is going into recess after this meeting, of the Special Council meeting scheduled for 27 July 2016.

An award which was received from the Auditor-General on 18 February 2016 for retaining a clean audit for the third consecutive year, was handed over to the Executive Mayor, Ald N Botha-Guthrie and Municipal Manager, Mr C Groenewald by the Director: Finance, Ms S Reyneke-Naudé and the Director: Management Services, Ms D Arrison.

The Executive Mayor, Ald N Botha-Guthrie, handed certificates to Cllrs R Smith, M Sapepa and Mr F Frans who successfully completed the Integrated Community Development Planning Course during 2013 at the School of Public Leadership. Ms S Antoni, who also received the award, was not present during the meeting.

5. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)

**5.1
WRITING OFF OF IRRECOVERABLE DEBT**

(ITEM 1, PAGE 1 : FINANCE AND ECONOMIC DEVELOPMENT PORTFOLIO - MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RESOLVED (UNANIMOUSLY):

that the irrecoverable debt to the value of R153 546.45 as listed, be written off as bad debt.

RESPONSIBLE OFFICIAL :

E M HOONEBERG

TARGET DATE FOR IMPLEMENTATION :

30 MAY 2015

5.2

APPROVAL OF RISK MANAGEMENT IMPLEMENTATION PLAN

**(ITEM 1, PAGE 1 : MANAGEMENT SERVICES PORTFOLIO -
MAYORAL COMMITTEE MEETING : 25 MAY 2016)**

RESOLVED (UNANIMOUSLY):

that the Risk Management Implementation Plan for 2015/2016, **be approved.**

RESPONSIBLE OFFICIAL :

A RIDDLES

TARGET DATE FOR IMPLEMENTATION :

MAY 2016

5.3**DRAFT PUBLIC PARTICIPATION POLICY****(ITEM 2, PAGE 13 : MANAGEMENT SERVICES PORTFOLIO -
MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

1. that the draft Public Participation Policy for the Overstrand Municipality as amended, **be noted**; and
2. that the draft policy be advertised for public input.

RESPONSIBLE OFFICIAL :**DS ARRISON****TARGET DATE FOR IMPLEMENTATION :****1 AUGUST 2016**

5.4

WARD COMMITTEE SYSTEM: REVISION OF WARD COMMITTEE RULES**(ITEM 1, PAGE 1 : COMMUNITY SERVICES PORTFOLIO - MAYORAL
COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

that the revised Ward Committee Rules for Overstrand Municipality as amended, **be approved.**

RESPONSIBLE OFFICIAL :**R WILLIAMS****TARGET DATE FOR IMPLEMENTATION :****4 AUGUST 2016**

5.5**HOUSING: TRANSFER OF 90 HOUSING UNITS TO BENEFICIARIES IN PEACH HOUSES PROJECT, ZWELIHLE****(ITEM 2, PAGE 19 : COMMUNITY SERVICES PORTFOLIO - MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

1. that Council **approves** the sale of the 90 (ninety) rental units, Zwelihle, to the respective tenants based on the following options, namely;
 - a Integrated Residential Development Programme;
 - b Finance linked institutional subsidies programme;
 - c Private purchase.
2. that the sales price of R27,100.00 (zero rated VAT) per property (land building) **be approved**;
3. that, in the absence of the original tenant(s), the housing opportunity **be considered** for immediate family that qualify in terms of the applicable subsidy to purchase the particular property with the understanding that such cases will be individually presented to Council for consideration; and
4. that the list of original tenants in the Peach Houses project **be noted**.

RESPONSIBLE OFFICIAL:**FW FRANS****TARGET DATE FOR IMPLEMENTATION:****JULY 2016**

5.6

**ERF 456, 22 MAIN ROAD, HERMANUS, OVERSTRAND MUNICIPAL AREA :
PROPOSED REZONING, AMENDMENT OF THE SPATIAL DEVELOPMENT
FRAMEWORK AND DEPARTURE: CORNELIA VAN ZYL ON BEHALF OF THE
JAPIE GROVE FAMILY TRUST**

**(ITEM 8, PAGE 131 : INFRASTRUCTURE & PLANNING PORTFOLIO -
MAYORAL COMMITTEE MEETING : 25 MAY 2016)**

RESOLVED (UNANIMOUSLY):

1. that, in terms of the Municipal Systems Act, Act 32 of 2000, application for Amendment of the Overstrand Municipal Wide Spatial Development Framework, 2006 to change the reservation of Erf 456, Hermanus from "Residential" to "Commercial", **not be approved**; and
2. that, in terms of the Municipal Systems Act, Act 32 of 2000, application for Amendment of the Overstrand Municipal Spatial Growth Management Strategy, 2010 to change the reservation of Erf 456, Hermanus from "Residential" to "Commercial", **not be approved**.

RESPONSIBLE OFFICIAL :**H VAN DER STOEP****TARGET DATE FOR IMPLEMENTATION :****8 JUNE 2016****TARGET DATE TO INFORM APPLICANT :****8 JUNE 2016****TARGET DATE TO INFORM OBJECTOR :****N/A**

5.7**MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM)
POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR APRIL 2016****(ITEM 5, PAGE 1 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

1. that the deviations from the procurement processes, approved in terms of the delegated authority for April 2016, **be noted**; and
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for April 2016, **be noted**.

RESPONSIBLE OFFICIAL :**C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

5.8**FINAL INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW 2016/17****(ITEM 6, PAGE 7 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**that the final reviewed Integrated Development Plan (IDP) for 2016/17 **be approved.****RESPONSIBLE OFFICIAL :****R LOUW****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2016**

5.9

WATER SERVICES DEVELOPMENT PLAN FOR 2016/2017

(ITEM 7, PAGE 12 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RESOLVED (UNANIMOUSLY):

that the Water Services Development Plan for 2016/2017 **be approved.**

RESPONSIBLE OFFICIAL :

H BLIGNAUT

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.10**REVISION OF ALL BUDGET RELATED POLICIES OF THE OVERSTRAND MUNICIPALITY****(ITEM 8, PAGE 14 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****THE ANC REQUESTED THE MEETING TO ADJOURN FOR A CAUCUS AT 11:25****THE MEETING RESUMED AT 11:35****RESOLVED (UNANIMOUSLY):**that the revised policies **be approved** and implemented with effect from 1 July 2016.**RESPONSIBLE OFFICIAL :****S REYNEKE-NAUDE****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2016**

5.11

FINAL BUDGET FOR OVERSTRAND MUNICIPALITY : 2016/2017

(ITEM 9, PAGE 285 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

THE SPEAKER, ALD A COETSEE, REQUESTED THAT IT BE MINUTED THAT HE AFFORDED THE EXECUTIVE MAYOR, ALD N BOTHA-GUTHRIE, TIME TO DELIVER HER BUDGET SPEECH.

THE EXECUTIVE MAYOR, ALD N BOTHA-GUTHRIE, DELIVERED HER BUDGET SPEECH, A COPY OF WHICH IS ATTACHED AS ANNEXURE A TO THE MINUTES.

THE ANC REQUESTED THE MEETING TO ADJOURN FOR A CAUCUS AT 12:20

THE MEETING RESUMED AT 12:30

MEMBERS OF THE ANC INDICATED THAT THEY ARE AGAINST THE RECOMMENDATION AND CLLR V MACOTHA MADE A COUNTER PROPOSAL TO THE EFFECT THAT THE FINAL BUDGET FOR 2016/2017 NOT BE APPROVED.

WHEN PUT TO VOTE, 10 MEMBERS VOTED AGAINST THE RECOMMENDATION OF THE EXECUTIVE MAYOR AND 15 MEMBERS VOTED IN FAVOUR OF THE RECOMMENDATION OF THE EXECUTIVE MAYOR. THE RECOMMENDATION OF THE EXECUTIVE MAYOR WAS THUS CARRIED.

RESOLVED:

1. that, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003), the annual budget of the Municipality for the 2016/17 to 2018/2019 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved** as set out in the following schedules:

- Schedule 1:** Budgeted financial performance (revenue & expenditure by municipal vote)
- Schedule 2:** Budgeted financial performance (revenue by source & expenditure by type)
- Schedule 3:** Budgeted multi- and single year capital appropriations by standard classification (vote) and funding by source
- Schedule 4:** Budgeted financial position
- Schedule 5:** Budgeted cash flow
- Schedule 6:** Cash backed reserves and acc. surplus reconciliation
- Schedule 7:** Asset management

Schedule 8: Basic service delivery measurement

2. that the property rates reflected in **Annexure A** to the item, **be imposed** for the budget year 2016/17;
3. that tariffs and charges reflected in **Annexure A** to the item, **be approved** for the budget year 2016/17;
4. that the Municipal Manager be authorised to sign all the necessary agreements and documents to give effect to the second draw down of the three year borrowing programme for external loans amounting to R30 million per annum;
5. that the following schedules be noted:

Schedule 9: Budgeted financial performance (revenue & expenditure by standard classification)

Schedule 10: Budgeted capital appropriations by municipal vote

6. that **cognisance be taken** of the letters of comment received from the community and the LG MTEC 3 Assessment Report by Provincial Treasury and the Provincial Department of Local Government, included in Annexures J and K respectively of the budget report; and
7. that **cognisance be taken** of the 2016/2017 Budget Report.

RESPONSIBLE OFFICIAL :

BA KING

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.12

HERMANUS, RESCISSION OF COUNCIL RESOLUTION FOR THE TRANSFER OF THE REMAINDER OF ERF 2834 (EXCLUDING ERF 2836 AND INCLUDING ERF 2837), SANDBAAI, ±39,5ha IN EXTENT, FOR MIXED RESIDENTIAL DEVELOPMENT AND A RETIREMENT VILLAGE

(ITEM 10, PAGE 348 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RESOLVED (UNANIMOUSLY):

that the item **be withdrawn** from the agenda and **be resubmitted** at the forthcoming Special Council Meeting of 27 July 2016.

RESPONSIBLE OFFICIAL :	A KOTZE
TARGET DATE FOR IMPLEMENTATION :	8 JUNE 2016
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

5.13

OVERSTRAND JUNIOR TOWN COUNCIL FUNDING FOR 2015/16**(ITEM 11, PAGE 352 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

1. that a deviation from the following restrictions in the Grant-in-Aid Policy **be approved**:
 - (a) *"no transfer may be made which exceeds R50, 000.00";*
 - (b) *"funding applications will only be considered on an annual basis in response to the annual advertisement";* and
 - (c) *"only applications made on the prescribed form may be considered."*
2. that a transfer of R70, 000.00 to Enlighten Education Trust for the Management of the Overstrand Junior Town Council **be approved**.

RESPONSIBLE OFFICIAL:**GG SMIT****TARGET DATE FOR IMPLEMENTATION:****JUNE 2016**

5.14

PROPOSED EXTENSION OF CONTRACT SC1379/2013: PROVISION OF PARKING MANAGEMENT SYSTEM FOR HERMANUS CENTRAL BUSINESS DISTRICT**(ITEM 12, PAGE 356 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

1. that **cognisance be taken** of the reasons for the proposed amendment to contract SC1379/2013 for provision of Parking Management System for Hermanus Central Business District, in terms of the enabling provisions of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003);

Ref no	Service Provider Name
SC1379/2013	Numque 20 CC

2. that the Municipal Manager be authorised to sign the necessary agreement and documents for the above contract; and
3. that, subject to the consideration of recommendations or representations to be received on or before 16 May 2016, if any, cognisance to be taken **of the reasons for the proposed amendments to contracts for Parking Management related systems and services as listed in the schedule below, in terms of the enabling provisions of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003).**

Service Provider / Supplier:		Numque 20 CC		SCM Supplier #	2959
Service / Goods Provided:		Parking Management System for Hermanus Central Business District			
Vote:	Item Description	OperLease:Machinery&Equipment		Cost Code	N/A
	Cost Account	11130203670000			
	Unique Key	20150212018364			
Amount (Excl. VAT)		Tariff based: 14% of income (Refer to annexure C of the item)		Contingency:	N/A
Escalation Percentage:		N/A		Escalation Date:	N/A
Contract Owner:		Solomzi Madikane		Contract Champion:	Xolile Kosi
CONTRACT PERIOD:					
Implementation date:	01 July 2016	End date:	30 June 2017	Period:	12 Months

RESPONSIBLE OFFICIALS :

**S MADIKANE
X KOSI**

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.15

**PROPOSED AMENDMENTS TO BUSINESS SYSTEM CONTRACTS
TERMINATING ON 30 JUNE 2016****(ITEM 13, PAGE 365 : MAYORAL COMMITTEE MEETING : 25 MAY
2016)****RESOLVED (UNANIMOUSLY):**

1. that, subject to considering the reasons for the proposed amendment of the contracts or agreements, and any representation to be received from the public on or before 23 May 2016, regarding the proposed amendment of the contracts or agreements procured through the supply chain management policy of the Municipality, **consent be given to the amendment of the contracts or agreements for ICT related systems and services as listed in the schedule below, to give effect to the provisions of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003).**

Ref no	Service Provider Name
SC1327(v)/2013	Altech Netstar (Pty) Ltd
SC1327(vii)/2013	Business Engineering (Pty) Ltd
SC1327(ii)/2013	Bytes Systems Integration A Division Of Altron TMT (Pty) Ltd
SC1327(i)/2013	Bytes Universal Systems, A Division Of Altron TMT (Pty) Ltd
SC1327(viii)/2013 SC1327(x)/2013	Geodebt Solutions CC
SC1327(vi)/2013	Ignite Advisory Services
SC1418A/2013	Maxitec
SC1327(ix)/2013	Payday Software Systems (Pty) Ltd
SC1327(iv)/2013	Water Management Services CC
SC1335/2013	Wesbank First Auto

2. that the Municipal Manager be authorised to sign the necessary agreements and documents for the above contracts.

RESPONSIBLE OFFICIALS:

**DESIREÉ ARRISON
RODERICK WILLIAMS
SANTIE REYNEKE-NAUDE
STEPHEN MULLER
SOLOMZI MADIKANE
MORNE POTGIETER
ELMARIE HOONEBERG
HANLIE VAN TONDER
HANNES VORSTER
JOHN SIMSON
JOHNET VAN ASPEREN
LUCINDA BUCCHIANERI
MIKE BARTMAN
NOLUTHANDO ZWENI
RIAAN KUCHAR
ROCHELLE LOUW
THEO LOUBSER**

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.16

PROPOSED OVERSTRAND MUNICIPALITY DEVELOPMENT CONTRIBUTION POLICY**(ITEM 14, PAGE 510 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RESOLVED (UNANIMOUSLY):**

that, in terms of the by-law on Municipal Land use Planning , section 81(1),(2),(3), read with section 11(3)(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Development Contribution Policy **be adopted**.

RESPONSIBLE OFFICIAL :**D HENDRIKS****TARGET DATE FOR IMPLEMENTATION :****1 JUNE 2016**

6. CONSIDERATION OF REPORTS

6.1

ADOPTION OF A JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE CHARTER FOR THE OVERSTRAND MUNICIPALITY

3/2/3/12

CC Groenewald
19 May 2016

(028) 313 8003

Municipal Manager

EXECUTIVE SUMMARY

The purpose of the report is for Council to adopt a Joint Audit and Performance Audit Committee Charter.

RESOLVED (UNANIMOUSLY):

1. that the Audit Committee Charter of Overstrand Municipality adopted on 20 June 2005 and amended from time to time, **be revoked**; and
2. that the Joint Audit and Performance Audit Committee Charter as amended, **be approved**.

RESPONSIBLE OFFICIAL:

D C VAN DER HEEVER

TARGET DATE FOR IMPLEMENTATION:

26 MAY 2016

7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER

The Municipal Manager, Mr C Groenewald, mentioned that, although it is not an urgent matter, he would like to wish politicians all the best for the forthcoming elections and informed the meeting that the Administration will carry on with its duties during the recess period.

8. CONSIDERATION OF NOTICES OF MOTIONS / QUESTIONS

None

9. CONSIDERATION OF MOTIONS OF EXIGENCY

None

The meeting adjourned at 12:45

DATE

THE SPEAKER – A COETSEE

MAYORAL SPEECH ON THE BUDGET/IDP AT THE COUNCIL MEETING ON 25 MAY 2016

Mr Speaker
Deputy Executive Mayor
Mayoral Committee Member for Finance
Councillors
The Municipal Manager
Officials
Ladies and gentlemen

I hereby present the 2016/17 IDP review and 2016/17 budget for the Overstrand Municipality to Council for consideration and approval.

However, before I discuss the budget process in more detail, I wish to briefly reflect on the **4th and final review of the 5-year Integrated Development Plan (IDP) for the period 2012/2017**, as adopted by council on 30 May 2012.

As many of you know, the IDP sets the strategic direction of Council and it informs the Budget.

In the 2016/17 IDP review our **Vision, Mission and 5 Strategic Goals remain unchanged**. Moreover, the Council's **strategic direction has also remained on course for the 5-year IDP period (2012/17)**.

This 4th and Final IDP review for 2016/17 is testament to Council's steadfast commitment to progressively over the past 4 years deliver on the Overstrand Vision **"To be a centre of excellence for the community"**.

Chapters 4, 11 and 14 of the 2016/17 IDP review articulates our delivery on the 5-year IDP targets (2012/2017).

Public participation and consultation formed an integral part of the 2016/17 IDP review and Budget preparation. The key public consultation platforms were the OMAF of 23

February 2016, the IDP delivery feedback road show held across the wards from November to December 2015 and the April 2016 IDP review/Budget road show.

In his 2016 Budget address of 3 May 2016, Minister of Cooperative Governance and Traditional Affairs, Des van Rooyen, congratulated Overstrand Municipality for good practices in the implementation of the ward participatory model to strengthen community participation at the local level.

The positive assessment by the Western Cape Provincial Government on our draft IDP review for 2016/17 Budget, including the two outer years, on 10 May 2016 is also worth noting. The said assessment notes the alignment of the budget with National, Provincial and IDP priorities, as well as the full compliance of the draft IDP review with section 26 of the Municipal Systems Act.

In proceeding to the 2016/2017 Budget, I will briefly reflect on the broader economic factors impacting on this budget -

To this end, the latest press statement of the Monetary Policy Committee, issued on 19 May 2016 by the Governor of the South African Reserve Bank, informs as follows:

Quote - "South Africa's inflation and growth dynamics continue to highlight the policy dilemma facing monetary policy. Although headline CPI inflation has moderated since February, the respite is expected to be temporary, as food and petrol price pressures continue to intensify.

The recovery in the rand exchange rate in April also proved to be short-lived, as both domestic and external factors weighed on the currency.

At the same time, domestic economic growth continues to disappoint. While there are signs that the economy may be reaching the low point in the growth cycle, the recovery is expected to be slow with downside risks.

Global economic growth and financial market conditions have stabilised somewhat since the previous MPC meeting, but a high degree of risk and uncertainty persists.

The year-on-year inflation rate as measured by the consumer price index (CPI) for all urban areas has moderated after reaching a recent high of 7,0% in February. In March and April, CPI inflation measured 6,3% and 6,2%." - unquote

A slow economic growth will also mean lower revenue. Moreover, it will impact on the allocation of national conditional grants to municipalities.

Overstrand, as the fastest growing municipality in the Overberg District, and the 3rd fastest in the Province for the period 2005 – 2013, presents further challenges in the provision of infrastructure and services to our residents which, according to 2015 statistics, has a population of 86 711.

In a climate that is marked by rising inflation, increasing interest rates, a weakening currency, along with declining consumer and business confidence as well as a high unemployment rate, these are some of the key challenges to consider.

A skilled workforce must be a priority, whilst a respect for the environment must be considered in all decisions, to be balanced with opportunities for our community, in order to achieve the goals in the IDP.

At the time of finalising our tariffs for core municipal services as well as for sundry tariffs, the focus was acutely on financial sustainability on the one hand. However, on the other, this was weighed against our responsibility of ensuring that our residents will not be burdened unduly with tariff increases in excess of inflation projections for 2016.

With that in mind, we have to ensure that the municipality will be in the position to maintain our substantial investment in infrastructure, and to render services to our rapidly growing community.

This had to be balanced with the financial realities of our residents, considering the large component of pensioners and people whose only form of income is the interest on their life savings, and who cannot afford sharp increases of municipal rates and tariffs.

An increase of 6% is proposed for 2016/2017 for consumer services, except for property rates, with an increase of 7.2%, and the first 6kl of water, with an increase of 11.5%.

This excludes electricity, where NERSA had given Eskom the right to increase their rates in excess of inflation. Our consumers will thus again this year be negatively affected by the electricity increase as approved for Eskom.

The basic charge for electricity increases by 17.5% BUT to offset this, the tariff for the first 350kwh consumed per month has only been increased by 1%. The increase in the basic charge plus the cost of 350kwh, thus increases only by 7.34%, which is slightly less than the 7.64% allowed to municipalities.

The alignment of the basic charge to the principle of covering the cost of providing the service, is addressed in the increases of 17.5% and 1% as mentioned. The electricity tariff for the next two steps, 351-600kwh and above 600kwh, will increase by 7.64%.

The increase for sundry fees, for example building plan approval, is limited to a 6%.

The Independent Financial Assessment of the Overstrand Municipality done in 2014, was updated recently.

The outcome of the assessment included, amongst others, the following comments:

- The Municipality has demonstrated the ability to generate revenue notwithstanding the constraints of slowing economic growth and high unemployment in the area.
- Capex has declined during the past 3 years, indicating some prudence in the light of the high gearing and liquidity crunch, but should increase again in future to avoid deterioration of infrastructure assets.
- Proportionally, the Municipality relies more on income from the sale of services than on rates income. Due to the regulated nature of the electricity price, the municipality is advised to proportionally increase its reliance on rates - which is under its control.
- The current high Collection Rate may pose a risk if not maintained into the future.
- The 3-year capital budget is feasible and within the range of affordable capital investment determined by IPM's model.

The Municipality is committed to:

- avoid excessive overtime and standby time costs by filling critical vacancies;
- optimise the use of internal capacity and external service providers, and;
- explore more sharing of services with other municipalities.

We went out of our way to eliminate non-core spending and we are continuously focusing on cost-containing measures. As part of the Municipality's cost reprioritisation and cash management strategy, vacancies have been significantly rationalised downwards. The outsourcing of the management of the water and waste water treatment plants, in respect of operational efficiencies, has been implemented.

We are mindful of the fact that repairs and maintenance of municipal assets are required to ensure the continued provision of services, and this has been taken into account during compiling of the budget.

On the positive side, I can confirm that –

- The Hermanus Additional Municipal Court is now fully operational. It has proved to be a huge success in not only offering an efficient and user friendly service, but it is also a source of significant revenue for the area.
- During last year, we reduced the parking tariffs in the Hermanus CBD and these tariffs remain unchanged for the 2016/2017 financial year.
- The tariffs for Building Line Departures have again not been increased.
- The cost of photo copies on A4 paper has been reduced to make it affordable for learners to make copies of documents.
- A daily tariff has also been introduced for the use of the Auditorium and Banqueting Hall to make it more affordable for functions and festivals.
- The analysis of the Municipality's operational budget and capital budget by the Western Cape Government revealed that the Municipality's water, electricity, wastewater and waste management budget is responsive to both the current and future basic service needs.
- The analysis report also confirms that reported Cash Flow information indicates that the Municipality is able to meet its short term obligations and the sustainability ratio is above the National Treasury norm of 100%.

The publishing of the regulation on the Standard Chart of Accounts (SCOA) on 22nd of April 2014 will have a profound effect on the business of local government. This reform is not limited to a financial reform, but a business reform as a whole. It is the largest reform since the promulgation of the Municipal Finance Management Act in 2003.

Overstrand municipality was identified as one of the national pilot sites for the early implementation of SCOA and the Bytes financial system. This was first implemented for the 2015/2016 financial year and has continued with the 2016/17 MTREF also being compiled according to the SCOA classification framework.

Total operating revenue has grown by 8,8% for the 2016/17 financial year when compared to the 2015/2016 Adjustments Budget. For the two outer years, operational revenue will increase by 2,4 and 6,5% respectively. The higher increase for 2016/17 is informed by increased grant

funding, which includes an additional equitable share of R8,4m and housing top structures amounting to R14,4m. This attributes to the perceived lower increase in revenue for 2017/18.

Total operating expenditure for the 2016/17 financial year has been appropriated at R1,073bn and translates into a budgeted deficit of R79,8m. When compared to the 2015/2016 Adjustments Budget, operating expenditure has grown by 8,4% in the 2016/17 budget and by 1,1 and 5,9% for each of the respective outer years of the MTREF. The increase of 8,4% for 2016/17 is also attributable to the additional allocation for housing top structures amounting to R14,4m, which in turn attributes to the perceived lower increase in expenditure for 2017/18.

It should be noted that although the 2016/2017 operational budget and indicative years show budgeted deficits, this does not reflect the actual cash position.

The negative difference between income and expenses of R79.8 million is represented by non-cash items, one of the biggest items being depreciation. After other cash outflows such as the redemption of external loans, a cash surplus will be realized.

The capital budget of R88,4m for 2016/17 is 14,5% less when compared to the 2015/2016 Adjustments Budget. The reduction is due to the available resources to fund the capital budget.

The capital programme increases to R94,2m and R107,3m in the outer years, notwithstanding that an estimated R100m is required annually to sustain capital infrastructure. The reduction in own funding (borrowing) is largely due to cost containment measures as a smaller portion of the capital budget (36%) will be funded from borrowing over the MTREF with anticipated borrowings of R100m. The balance will be funded from internally generated funds (3%) and capital grants (61%).

So what are we achieving with this budget?

- With inflation now expected to average 6,7% in 2016, we have managed to limit the overall impact of the tariff increases on household bills for municipal services, excluding electricity, to an increase below the forecasted inflation. In all instances, the overall impact of the tariff increases on household bills, excluding electricity increases, should not exceed 6,43% - with the increase for indigent households at 2,66%. The electricity tariff increase as announced by Eskom raises this level to 6,93% & 1,34% respectively.
- The budget provides for 7 100 households to be registered as indigent in 2016/17, all of which are therefore entitled to receiving Free Basic Services.
- We will continue to implement the infrastructure maintenance strategy and the repairs and maintenance plan.
- We will continue to focus on increased efficiency and productivity.
- We will continue to lobby National and Provincial Government to increase our equitable share and to address unfunded mandates.
- We will also continue to lobby the Department of Human Settlements to increase funding for affordable housing to ensure that this does not put an additional financial burden on the Municipality.

In conclusion:

Overstrand Municipality takes pride in achieving Clean Audit status for three consecutive years, and may I again point out that we were judged as the most productive local municipality in South Africa by the Municipal IQ during December 2014.

Added to that, Overstrand scored 7th place and was recognised as one of the top ten municipalities in the country in the recently released Government Performance Index municipal survey. This achievement reflects the efforts of our employees and management toward the optimal delivery and maintenance of municipal services and programmes.

To that end, I have to extend my immense gratitude to the community, and all concerned parties, for the support and participation in the IDP review and Budget processes, which ultimately has ensured accountability and good governance for all the people of Overstrand.

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Mr Speaker, I have pleasure in proposing the adoption of the 2016/17 IDP review and 2016/17 Budget.

CLLR NICOLETTE BOTHA-GUTHRIE
EXECUTIVE MAYOR: OVERSTRAND
25 May 2016