



**ORDINARY MEETING OF THE COUNCIL**

**GEWONE VERGADERING VAN DIE RAAD**

**INTLANGANISO YESIQHELO YEBHUNGA**

**MINUTES / NOTULE /**

**IMIZUZU**

**DATE / DATUM / UMHLA : 31 MAY / MEI / MEYI 2024**

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

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

**TIME / TYD / IXESHA: 10:00**

# OVERSTRAND

MUNICIPALITY / MUNISIPALITEIT / U-MASIPALA

## MINUTES OF AN ORDINARY COUNCIL MEETING HELD IN THE BANQUETING HALL, CIVIC CENTRE, HERMANUS, ON 31 MAY 2024 AT 10:00

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**PRESENT:** Councillors were present as per attached attendance register.

**OFFICIALS PRESENT:**

- Mr D O'Neill, Municipal Manager
- Ms S Reyneke-Naudé, Director : Finance
- Ms D Arrison, Director : Management Services
- Mr N Michaels, Director : Protection Services
- Mr S Swartz, Director : Community Services
- Mr S Müller, Director : Infrastructure & Planning
- Mr S Madikane, Director : LED
- Mr C Le Roux, Deputy Director: Finance
- Mr B King, Senior Manager: Financial Services
- Mr R Kuchar, Senior Manager : Town & Spatial Planning
- Ms R Louw, Senior Manager : Strategic Services
- Ms A Le Roux, Manager : Property Administration
- Mr R Fraser, Senior Manager: Traffic, Law Enforcement & Task Team
- Mr L Smith, Senior Manager : Fire & Emergency Services and Disaster Management
- Ms H van Tonder, Manager: Council Support Services
- Ms B Plaatjies, Acting Senior Manager : Hermanus Administration
- Ms N Zweni, Manager: Communication
- Mr L Tait, Accountant: Operating Budget
- Ms R Steenekamp, Media Liaison & Social Media Liaison Officer
- Mr T Louw, Technical Support : Auditorium
- Mr A Lekay, Senior Clerk
- Ms S Swart, Administrative Officer : Council Support Services

**ALSO PRESENT:** Members of the Public

**MINUTES/....**

OVERSTRAND MUNICIPALITY  
ATTENDANCE REGISTER

COUNCIL MEETING  
31 MAY 2024

ALDERMEN/COUNCILLORS	SIGNATURE
AFRICA, F	Zoom
BANDEZA, V	Absent
BEYI, S	
BRICE, KD	
COETZEE, DP	
COHEN, G	
DE CONING, CA	
DEES, RM	
ELS, T	
FOURIE, SH	
GILLION, E	
GRIMBEEK, MD	
KOMANI, AS	
LERM, CH	
LOMBARD, H	
NGQANDANA, K	
NOMATITI, M	
NOMBULA, BG	
NQINATA, NNT	
NTSABO, L	
NUTT, R	
RABIE, AL	
RESANDT, CT	
SIHLAHLA, M	
TAFU-NWONKWO, CC	
VAN STADEN, JA	
WILLIAMS, SH	

**1. OPENING**

The Speaker, Ald G Cohen, opened the meeting and welcomed those present. The Municipal Manager, Mr D O'Neill, read the convening notice and Cllr M Grimbeek opened with prayer.

**2. APPLICATIONS FOR LEAVE OF ABSENCE**

**Cllr V Bandeza**

**RESOLVED:**

that it be noted that Cllr V Bandeza was **absent without leave**.

**3. CONFIRMATION OF MINUTES**

- 3.1 Minutes of an **Ordinary Meeting** of the **Overstrand Municipal Council** held on **Wednesday, 24 April 2024** at **10:00**

**RESOLVED:**

that the Minutes of an **Ordinary Meeting** of the **Overstrand Municipal Council** held on **Wednesday, 24 April 2024** at **10:00** be confirmed.

**4. MATTERS ARISING FROM THE MINUTES**

None

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

The Speaker, Ald G Cohen, requested all councillors to focus on municipal matters as the elections are over.

**Schulphoek Housing Project:**

The Executive Mayor, Ald A Rabie, reported that the Terms of Reference for the above project has been signed by all parties and that the public participation process has closed.

The Executive Mayor, Ald A Rabie, was of the opinion that the ward committee system does not work and that there is a need for a training session for all ward committees. She further requested all ward councillors to

demand minutes from the various organisations represented in ward committees, and that the review of the Ward Committee Policy be added to the next ward committee agendas.

**6. CONSIDERATION OF REPORTS****6.1****MONTHLY REPORT TO COUNCIL ON THE SUPPLY CHAIN MANAGEMENT (SCM) POLICY FOR APRIL 2024****C Le Roux  
06 May 2024****Deputy Director: Finance & SCM****(028) 313 8107**

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**EXECUTIVE SUMMARY**

The purpose of this report is to inform Council of procurement by the delegated authority in terms of the Supply Chain Management Policy for April 2024.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that the deviations from the procurement processes, approved in terms of the delegated authority for April 2024, **be noted**;
2. that the awards made in terms of Paragraph 17(1)(c), approved in terms of the delegated authority for April 2024, **be noted**; and
3. that the awards made through the Bid Committee system and formal written price quotations for April 2024, **be noted**.

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

**6.2****PROPOSED AMENDMENT OF CONTRACT NO. SC2156/2020 INTEGRATED CLOUD AIDED DISPATCH SOLUTION****N Michaels  
9 May 2024****Director: Protection Services****(028) 313 8054**

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**EXECUTIVE SUMMARY**

The purpose of this report is to provide the necessary information and motivation with regards to the proposed first amendment of Contract SC2156/2020: Integrated Cloud Aided Dispatch Solution, in terms of the enabling provisions of sections 116(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), MFMA, to enable Council to make an informed decision whether to consent to the proposed amendment of the contract.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that Council takes cognisance of the reasons for and the estimated financial implications of the proposed amendment of Contract SC 2156/2020 between Overstrand Municipality and Spinningyourweb (Pty) Ltd for the Integrated Cloud Aided Dispatch Solution, in terms of the enabling provisions of Sections 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003); and
2. that Council consents to the proposed amendment of Contract SC2156/2020A between Overstrand Municipality and Spinningyourweb (Pty) Ltd for the Integrated Cloud Aided Dispatch Solution.

**RESPONSIBLE OFFICIAL:****N MICHAELS****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2024**

**6.3****PROPOSED AMENDMENT OF SC 2152/2020: PROVISION OF METER READING SOFTWARE FOR MOBILE DEVICES****E Hooneberg**  
**21 May 2024****Senior Manager: Revenue****(028) 313 8149**

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**EXECUTIVE SUMMARY**

Overstrand Municipality has an existing contract with Market Demand Trading 773 (Pty) Ltd for the provision of meter reading software for mobile devices.

The purpose of this report is to provide the necessary information and motivation for the proposed amendment of **Contract SC2152/2020: Provision of Meter Reading Software for Mobile Devices**, to enable Council to make an informed decision whether to consent to the proposed amendment of the contract in terms of Section 116(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that **cognisance be taken** of the reasons for the proposed amendment of **Contract SC2152A/2020: Provision of Meter Reading Software for Mobile Devices for a Contract Period ending 30 June 2026**, in terms of the enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendment be consented to; and
2. that **cognisance be taken** that no recommendations or representations were received from the local community by the closing date of 22 March 2024.

**RESPONSIBLE OFFICIAL:****EM HOONEBERG****TARGET DATE FOR IMPLEMENTATION :****01 JULY 2024**



## 6.4

**REQUEST FOR THE REDUCTION OF THE ANNUAL TARIFF FOR ONRUS CARAVAN PARK SEMI-PERMANENT STANDS****B Plaatjies**  
**3 April 2024****Acting Senior Manager: Hermanus Administration****(028) 313 8112**

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**EXECUTIVE SUMMARY**

The Council approved tariff for the annual rental for the 2023/2024 financial year for a semi-permanent stand at Onrus the Caravan Park increased with 97.22% from the previous financial year. As a result, a request was received from Mr Smit on behalf of a group of the lessees of the semi-permanent stands in the Onrus Caravan Park for Council to reconsider the increase

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that, as Council is obligated by legislation to levy a market related rental per stand, and as the current approved tariff R30J1 is confirmed to be market related, the proposal for the reduction in the annual rental tariff R30J1 for the leasing of semi-permanent stands at the Onrus Caravan Park as received **not be approved**.

**RESPONSIBLE OFFICIAL :****B PLAATJIES****TARGET DATE FOR IMPLEMENTATION :****28 JUNE 2024****TARGET DATE TO INFORM APPLICANT :****18 JUNE 2024**

**6.5****FINAL INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW AND AMENDMENT FOR 2024/25****R Louw  
20 May 2024****Senior Manager: Strategic Services****(028) 313 8071**

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**EXECUTIVE SUMMARY**

The purpose of this report is to present the final reviewed and amended Integrated Development Plan (IDP) for the 2024/25 financial year. This will be the 2<sup>nd</sup> reviewed document and 3<sup>rd</sup> proposed amendment for the 2022/2027 IDP cycle.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the final IDP review and amendment for 2024/25 **be approved.**

**RESPONSIBLE OFFICIAL :****R LOUW****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2024**

## 6.6

**FINAL WATER SERVICES DEVELOPMENT PLAN FOR 2024/25****H Blignaut**  
**10 May 2024****Deputy Director: Engineering Planning****(028) 313 5047**

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**EXECUTIVE SUMMARY**

The purpose of this report is to table the Final Water Services Development Plan (WSDP) or IDP Water Services Sector Input Report for the 2024/25 financial year for approval.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the Final Water Services Development Plan (WSDP) for 2024/25 be **approved**.

**RESPONSIBLE OFFICIAL:****H BLIGNAUT****TARGET DATE FOR IMPLEMENTATION:****1 JULY 2024**

**6.7****FINAL DISASTER MANAGEMENT PLAN FOR 2024/25****N Michaels  
23 May 2024****Director: Protection Services****(028) 313 8054**

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**EXECUTIVE SUMMARY**

The purpose of this report is to table the Final Disaster Management Plan for the 2024/25 financial year for approval.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the Final Disaster Management Plan for 2024/25 **be approved**.

**RESPONSIBLE OFFICIAL:****NJ MICHAELS  
L SMITH****TARGET DATE FOR IMPLEMENTATION:****1 JULY 2024**

**THE EXECUTIVE MAYOR REQUESTED THAT THE MEETING STANDS DOWN  
AT 10:33**

**THE MEETING RESUMED AT 10:39**

**THE EXECUTIVE MAYOR, ALD A RABIE, ON BEHALF OF MIN A BREDELL,  
HANDED OVER A CERTIFICATE OF APPRECIATION FROM CAPE NATURE  
FOR ONGOING SUPPORT DURING THE 2023/2024 FIRE SEASON TO MR L  
SMITH, ALD L NTSABO AND DIR N MICHAELS**

**6.8****ADOPTION OF THE CURRENT OVERSTRAND SPATIAL DEVELOPMENT FRAMEWORK, AND REVIEW OF THE SDF FOR 2024/25 AND 2025/26 FINANCIAL YEAR: OVERSTRAND MUNICIPALITY**

**R Kuchar**  
**7 November 2023**

**Senior Manager : Town & Spatial Planning**  
**(028) 313 8019**

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**EXECUTIVE SUMMARY**

The purpose of this report is for Council to confirm its previous adoption of the Overstrand Municipal Spatial Development Framework (OMSDF) for the 2025/2026 financial year as part of the Integrated Development Plan (IDP).

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that the SDF as was adopted by Council on 31 May 2023 be confirmed without any amendments;
2. that the Draft Capital Expenditure Framework form part of the Spatial Development Framework Review for the 2024/25 and 2025/26 financial year; and
3. that the Growth Management Framework be updated and included in the five-year review of the Spatial Development Framework for the financial year 2025/26.

**RESPONSIBLE OFFICIAL/S :**

**R KUCHAR**

**TARGET DATE FOR IMPLEMENTATION :**

**4 JULY 2024**

**6.9****REVISION OF ALL BUDGET RELATED POLICIES OF THE OVERSTRAND MUNICIPALITY****S Reyneke-Naude**  
**21 May 2024****Director : Finance****(028) 313 8040**

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**EXECUTIVE SUMMARY**

The purpose of the report is to present council with the amended budget related policies for approval and implementation with effect from 1 July 2024.

**THE DEMOCRATIC ALLIANCE REQUESTED A CAUCUS AT 10:48****THE MEETING RESUMED AT 10:57****RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the budget related policies attached to the item and amended as indicated in the report, **be approved** and implemented with effect from 1 July 2024.

**RESPONSIBLE OFFICIAL :****S REYNEKE-NAUDE****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2024**

## 6.10

**FINAL BUDGET FOR OVERSTRAND MUNICIPALITY : 2024/2025 MTREF**

BA King  
22 May 2024

Senior Manager: Financial Services

(028) 313 8154

**EXECUTIVE SUMMARY**

This report presents the proposed budget of Overstrand Municipality for the 2024/2025 to 2026/2027 MTREF (Medium Term Revenue and Expenditure Framework) period.

**THE SPEAKER, ALD G COHEN, AFFORDED THE EXECUTIVE MAYOR, ALD A RABIE, TIME TO DELIVER HER BUDGET SPEECH. THE EXECUTIVE MAYOR DELIVERED HER BUDGET SPEECH, A COPY OF WHICH IS ATTACHED AS ANNEXURE A TO THESE MINUTES**

**THE AFRICAN NATIONAL CONGRESS, CONSISTING OF COUNCILLORS C TAFU-NWONKWO, B NOMBULA, M SIHLAHLA AND ALD N NQINATA, INDICATED THAT THEY DO NOT ACCEPT THE 2024/2025 FINAL BUDGET**

**THE SPEAKER PUT THE RECOMMENDATION TO THE VOTE WITH THE FOLLOWING RESULTS:**

**IN FAVOUR OF THE RECOMMENDATION: 22**

**AGAINST THE RECOMMENDATION: 4**

**RESOLVED (SUPPORTED BY 22 COUNCILLORS):**

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 2024/2025 to 2026/2027 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 **be imposed** for the budget year 2024/2025;
3. that tariffs and charges reflected **be approved** for the budget year 2024/2025;
4. that the Municipal Manager be authorised to sign the necessary documents to give effect to the 1<sup>st</sup> draw down of the proposed three-year borrowing programme for external loans amounting to R65m, R90m and R70m respectively;
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 schedule of comments from the community and the SIME: LG MTEC Assessment Report by Provincial Treasury and the Provincial Department of Local Government, included in Annexures M and N respectively of the budget report; and
7. that **cognisance be taken** of the 2024/2025 Budget Report.

**RESPONSIBLE OFFICIALS:**

**S REYNEKE-NAUDE  
BA KING**

**TARGET DATE FOR IMPLEMENTATION:**

**1 JULY 2024**



**THE FOLLOWING ITEM WAS DEALT WITH AS THE LAST POINT ON THE AGENDA:**

**THE MEETING STOOD DOWN AT 11:58 TO ALLOW THE PUBLIC AND OFFICIALS TO LEAVE THE BANQUETING HALL**

**THE MEETING RESUMED AT 12:03**

**6.11 WRITING OFF OF IRRECOVERABLE DEBT**

This item was distributed under separate cover.

In terms of Section 20(1) of the Local Government: Municipal Systems Act, No 32 of 2000, read with Rule 17 of the Overstrand Municipality's By-law on Rules of Order for Internal Arrangements, this item was considered "in committee".

The resolutions under this item shall be minuted in a separate minute book in terms of section 20(1) of the Local Government: Municipal Systems Act, No 32 of 2000 read with Rule 17 of the Overstrand Municipality's By-law on Rules of Order for Internal Arrangements.

**7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER (IF ANY)**

None

**8. CONSIDERATION OF NOTICES OF MOTIONS / QUESTIONS**

None

**9. CONSIDERATION OF MOTIONS OF EXIGENCY (IF ANY)**

None

**The meeting adjourned at 12:25**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**THE SPEAKER – G COHEN**

**DRAFT BUDGET 2024/2025**

Speaker,

We have invited our communities and stakeholders after the tabling of the draft budget towards the end of March 2024, to participate in the 2024/25 Integrated Development Plan (IDP) review and proposed amendment, and in the Budget process.

We have also attended to public meetings for all wards during the public participation process in April 2024, where more information was shared with our communities, inclusive of the opportunity to take questions and discuss issues raised by community members.

As mentioned at the time, a draft budget is indeed tabled for inputs from residents and relevant stakeholders. These inputs are taken into account with the final IDP review and amendment and the budget, for final approval by Council before the end of May. The closing date for comments was 3 May 2024, it thus allowed sufficient time for this process.

I have also emphasized during these sessions that ward councillors must make sure the IDP ward priorities are a true reflection what is needed and wanted by their specific wards.

The administration subsequently received a revised Ward 13 priority list on 30 April, for inclusion in the Final IDP review of 31 May 2024. The Budget Steering Committee also considered more than 170 comments from the community and other stakeholders. Inputs received represent to a large extent comment regarding the baboon programme and the lapse of the assignment of the function for baboon management from the Provincial Government at the end of 2024.

**The Strategic Integrated Municipal Engagement (SIME) process** as co-ordinated by the Provincial Treasury, is an important conformance stage to ensure compliance with the Municipal Finance Management Act (MFMA), the Municipal Systems Act (MSA), the Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars and Environmental and Development Planning Legislation and Guidelines.

The findings of this conformance assessment is detailed in the documentation included in the budget report.

**Mr Speaker, before I confirm the new budget and tariffs for the next financial year, allow me to refer to our current reality with regard to the cost of rendering services –**

I have previously shared the approach followed by the municipality over the past 4 years with the compilation of the annual budget since the COVID pandemic and the subsequent prolonged devastating impact on our communities and the economy.

Stringent measures were implemented during those budget years to ensure minimal increases in tariffs for municipal services, representing the extreme caution and care exercised by the municipality to contribute in alleviating the burden on communities in containing rates- and tariff increases.

Also of utmost importance in compiling the annual budget, the requirement to maintain a position to ensure effective service delivery and protect the financial stability of the municipality, being crucial for the attraction of investment in our area.

Our budget for 2024/24 should thus realistically reflect these requirements, though in an increasingly challenging environment, also taking the following into account where tariff increases could be regarded as high -

- Operational costs for both Sewerage services and Refuse Services are severely impacted by fuel price hikes and strict regulatory compliance, where tanker services and refuse trucks are part and parcel of rendering a service.

- The consequence of loadshedding, with an impact on increased operational costs for these services, such as additional fuel costs to run generators during loadshedding at our bulk sewer works across the Overstrand are compounding factors contributing to increased costs.

We take note of the National Treasury advising that CPI must be considered when preparing municipal budgets - the following should however also be considered:

For the Draft 2024/2025 MTREF Budget. The projected Headline inflation as communicated in December 2023, was expected to moderate to 4,9% in 2024.

We are also aware that these forecasts are often impacted by various factors. We recently had an upswing for two months, stated at 5,6% for February 2024, with a slight decline to 5,3% for March 2024, to 5,2% in April 2024 as the latest CPI available.

**The municipality would have ideally preferred costs for rendering of services not increasing with more than inflation, however a few realities need to be considered –**

- Drastic fluctuations in Fuel Prices due the oil price thus representing increased costs as part of operational costs for the municipal fleet, impacting on all services across the board.
- Substantially higher than inflation Eskom Price increases.
- Loadshedding
- Fuel as indirect costs incurred due to prolonged loadshedding instances, to run generators at multiple Bulk Water and Waste Water Works.
- Additional Overtime to unsure re-fueling of generators inclusive of remote Bulk works, regulation of peak traffic slots.
- Substantial increase in infrastructure maintenance/ refurbishment/ replacement of Equipment (Electrical & Mechanical components at Electrical / Telemetry installations due to increased switching instances, Bulk Water - & Sewer Works, etc)
- Additional Security Expenses due to increased risk related to Council assets
- Increased Vandalism during loadshedding
- Impact of the exchange rate on various operational and capital costs (ICT, telemetry, sensors and other items/components).
- Nationally negotiated annual Salary increase for staff is above inflation, and salary scales for municipal staff not within the municipality's authority to change.

Taking into account the impact of most of the above cost drivers on the 4 basic services (Water, Elec, Refuse, Sewerage Services), as well as various Community orientated services such as Traffic, Law Enforcement, Fire Services, Cleansing, Environmental Services, Stormwater, etc across the coastal stretch of 250 km, **it is clear that limitation of expenditure to CPI is not possible.**

### **FINAL BUDGET 2024/2025**

#### **A The budget for the 2024/2025 financial year:**

1. The budgeted revenue **excluding** capital grants received, amounts to R1,837 billion.
2. The budgeted operational expenditure amounts to R1,944 billion – this includes non-cash items like depreciation.

**Hence an accounting deficit of R106,9m is now reflected after the final revision.**

**It is important to note that the accounting deficit also includes non-cash items as depreciation, as mentioned.**

3. The **Capital budget** amounts to R184,6m. It is to be used for very specific Capital projects - more about this later on.

**B. Revenue per functional classification, including capital grants are:**

Governance and administration	R534,699m
Community and Public Safety	R193,553m
Economic and Environmental services	R14,207m
Trading services	R1,160 billion
Trading services include electricity/energy; water management, waste water management, and waste management.	
<b>TOTAL REVENUE (Including capital grants) R1,903 billion</b>	

**C. Projected Operational Expenditure per functional classification, are:**

Governance and administration	R247,182m
Community and Public Safety	R353,370m
Economic & Environmental Services	R219,096m
Trading services	R1,120 billion
Other	R3,923m
<b>TOTAL OPEX EXPENDITURE</b>	<b>R1,944 billion (with a nett deficit of R41,415m )</b>

**D. Employee and Councillor related remuneration.**

In the budget a provision of R600,2m is made for employee related costs and the remuneration of Councillors. This is 30,86% of the total operating expenditure and is within the National Treasury norm of 25 – 40%.

The proposed increase in the salary budget is 5,7% and notch increases, which average 2% have also been budgeted for.

Staff vacancies are still frozen and may only be filled following a motivation to the Municipal Manager. The revised organisational structure was considered and approved by Council during the past few months, with the implementation phase now in process.

**Overtime -**

The overtime budget has increased over the past few years with more in comparison with the salary budget increases due, to the following –

- Additional overtime due to loadshedding
- Additional overtime due to prevention of illegal structures on informal settlements, prevention of erection of unauthorized structures on municipal open space, demolishing of illegal structures etc
- Additional overtime due to major impact of climate change incidents occurring, which had to, and will have to be actively managed over prolonged periods, to assist communities and/or prevent severe damage or properties lost of lives, for example June 2023 storms, Sept 2023 storms, January - Februarie 2024 wild fires.

The municipality is aware of the cost implications of before-mentioned and has embarked on a process to contain costs as far as possible.

**E. Before announcing the new tariffs on services for the next financial year, we need to reference the cost of rendering services.**

A surplus on any trading service is crucial as it is intended and required to generate surplus cash to partly fund capital expenditure such as vehicles and ICT infrastructure. This is to ensure adequate cash backing of reserves and funds.

**It is important to note that the following figures are inclusive of overheads and excludes all capital revenue:**

- **With regards to electricity** our total expenditure is R653,305m and our income R670,014m which allows for a surplus of R16,709m or a surplus margin of only 2.49%.
- **In the case of water,** our expenditure is R179,516m against an income of R189,693m giving us a surplus margin of 5.37% or R10,177m

The next two services, namely **Wastewater management (Sewerage) and Waste Management (Refuse)**, are currently our focus area with regard to basic services, due to the following:-

**Operational costs** for both Sewerage services and Refuse Services are severely impacted by **fuel price hikes and strict regulatory compliance**, where tanker services and refuse trucks are part and parcel of rendering a service.

The **consequence of loadshedding**, with an impact on increased operational costs for these services, such as **additional fuel costs to run generators during loadshedding at our bulk sewer works across the Overstrand** are compounding factors contributing to increased costs.

- **Wastewater management** are thus now steered with this final budget to an improved position, still reflecting a deficit of 5.01%. This is against the background of actual costs for the past year resulting in a deficit. Monitoring of the performance of this service will be a high priority. The budgeted income amounts to R135,675m with the expenditure budget at R142,478m.
- **Waste management,** carries with a total income of R123,641m against an expenditure of R126,149m leaving a deficit of 2.03% or R2,508m.

**F. We now deal with the tariffs for the next financial year.**

The draft MTREF draft budget for 2024/25, provides for tariffs increases for the respective municipal services ranging between 6% and 11%, the details as follows –

**Property Rates: 8%** (applied as a percentage increase in the cent in the Rand rate from 0.004547 to 0.004210 for residential properties)

**Water: 6%**

**Sewerage: 8,9%**

- **Connection to recent expansion of the Sewer Network:**

Currently, we have identified a number of households that can be seamlessly connected to our existing sewer network infrastructure. This presents a significant opportunity for us to reduce the pressure on our tanker services, as these households will no longer require regular tanker services for sewer removal.

By connecting these households to the sewer network, we can provide them with a more efficient and sustainable waste water management solution. Furthermore, this initiative will contribute to the overall improvement of our services, as it will improve our tanker services for other areas that still rely on them.

We will thus be notifying these households of the requirement to connect and also advise the alternative approaches available to expedite the process of connecting these households to our sewer network.

**Refuse Removal: 11%**

**Electricity tariffs, with the new Cost of Supply (Cos) tariffs, as follows,**

Electricity tariffs **should be considered as a newly introduced, phased, cost reflective set of tariffs, in combination with the indicative Nersa increase of 10.04%.**

- **IMPORTANT TO NOTE** that the municipality will release a booklet / guide on the new CoS tariffs as soon as NERSA confirmed the final approval of the Overstrand Electricity Tariffs.

- The booklet will be made available on our website and promoted via social media.

An important principle of the CoS tariffs will be the option for individual consumers to migrate to, or to choose the most cost effective capacity charge tariff, allowing consumers to manage this portion of electricity costs, as well as consumption levels, which are already managed by the consumer.

The draft electricity tariff increase recommended for municipal consumers of the municipality, is in accordance with electricity consumer categories, **now also offering a capacity charge, for the consumer to determine the level of services required, directly in relation to the price structure.** The increase should be determined in combination with the capacity charge tariff applicable to the consumer, together with the unit costs (kWh) consumed.

The national annual increase for municipalities to implement, as issued by the National Energy Regulator of South Africa (NERSA), represents a 10.04% increase, **but the final increase per category consumer is to be considered in view of phase one of the Cost of Supply (CoS)Tariff structure.**

**An important principle of the CoS tariffs will be the option for individual consumers to migrate to, or to choose the most cost-effective capacity charge tariff, allowing consumers to manage this portion of electricity costs, as well as consumption levels, which are already managed by the consumer.**

**The final approval of tariffs by NERSA is still awaited, where the final increase of tariffs will be in accordance to this approval.**

Implementation will follow a phased approach with four phases over the next four years, starting with phase one of the revised Cost of Supply (CoS) electricity tariff structure for 2024/25.

**Before-mentioned implementations also involves the phasing out over four years of the familiar sliding scale for electricity unit costs, previously prescribed for a number of years by NERSA.**

**Sundry tariffs will increase with 6%,** unless circumstances indicate either a lesser increase, or cost reflective tariff, or alternatively a punitive tariff level.

Availability charges are needed to ensure that the fixed costs to have a 365 day operational service and networks in place to provide a service to every erf across the Overstrand, at any time that the service is required and at the capacity and place where it is needed.

#### **Additional relief to vulnerable groups**

The municipality is furthermore now also with this budget, improving on the provision of additional relief in line with the municipality's focus to render support to vulnerable groups –

- Owners of residential properties with a municipal valuation below R300 000 (Three hundred thousand Rand), will no longer pay property rates.

#### **-Registered indigents are granted the following subsidies:**

- (i) 100% of the basic levy for electricity for one service point per month;
- (ii) 100% of the basic levy for water for one service point per month;
- (iii) 100% of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) 100% of the basic levy for refuse removal for one service point per month;
- (vi) The first 70 kWh in the tariff block 0-350 of electricity per month shall be free of charge;
- (vii) 10 kℓ of water;
- (viii) 7 kℓ of water consumption for sewerage; and
- (ix) R11.84 in regard of Infrastructure Levy.

**To be noted that the increased electricity units allocation from 1 July 2024, from 50 kWh, to 70 kWh per 30-day period free of charge, in the instance that they qualify for this indigent benefit.**

**-As on today, we are supporting 5 142 households.**

**The following rebates on Property Rates will also be maintained -**

- i. A rebate of R15 000 on the rateable value of on all residential properties is awarded.
- ii. An additional rebate of R35 000 on improved residential properties is awarded.
- iii. A further 20% rebate on the calculated property rates as calculated, if improved properties are used for residential purposes only.

**G. Division of revenue allocation (DORA) grants have been published and are therefore receivable from the National and/or Provincial Governments in total R339,906m, thus a decreased allocation in comparison with the final budget allocations published for the 2023/2024 final budget a year ago (R351,604m)**

**The contribution is as follows:**

**National**

Equitable Share	168,794,000
FMG	1,700,000
EPWP	1,898,000
MIG	25,165,000
INEP	19,334,000
Water Infrastructure Grant	8,000,000
<b>TOTAL</b>	<b>224,891,000</b>

**Provincial**

Resource Funding for Establish & Support of K9 Unit	3,772,000
Law Enforcement Reaction Unit	4,223,000
Human Settlements Development Grant	90,110,000
Informal Settlements Upgrading Partnership Grant	7,429,000
Construction Of Transport Infrastructure	450,000
Provincial Library Services Grant	8,608,000
Community Development Workers	76,000
Western Cape Financial Management Capability Grant	160,000
Title Deeds Restoration Grant	187,000
<b>TOTAL</b>	<b>115,015,000</b>

**TOTAL (NATIONAL & PROVINCIAL)**

**339,906,000**

It is important to note that these amounts consist of both operational and capital budget transfers.

MIG, INEP, Water Infrastructure grants and a portion of the Housing grant are examples of capital grants.

**H. CAPITAL BUDGET.**

The Overstrand Capital budget amounts to R184.6m for 2024/25. The increased own funding from surplus is due to availability of cash for capital investment for the 2024/25 capital budget.



The dedicated infrastructure upgrading and/or replacement project for water and sewerage networks had a 3 year lifespan, which came to an end on 30 June 2021. The municipality however continues with the water pipe replacement programme, albeit at a slightly lower pace, with a R8.9m allocation for 2024/25. Our own funding (Borrowing - R93m and Internally generated funds/ Own Surplus – R26,1m) is anticipated at a total of R119,1m (64.5 per cent) and capital grants amount to R65,5 million (35,5%). For 2024/25 borrowing has been provided at R93 million (inclusive of roll-over borrowing). For 2024/25 an amount of R145,2m has been appropriated for the development of services infrastructure which represents 78.6 per cent of the total capital budget of R184.6m -

- **waste water infrastructure** has the second highest allocation at R45,5m in 2024/25 which equates to 31.3 per cent of the basic services infrastructure allocation,
- **water** management followed at 30 per cent, R43.6m,
- **waste** management 1.8 per cent, R2.6m and
- **electricity** as the highest allocation at 36.9 per cent, R53,5m.

**Over the 3-year MTREF, the capital housing grant expenditure** relating to housing infrastructure provision, amounts to R22,129m.

**The top 10 capital projects are:**

Electrification Of Low Cost Housing Areas	22,334,000
Low Cost Housing Services	13,129,000
Upgrading of pumpstations & Rising Mains	11,025,510
Kleinmond WWTW Refurbishment Upgrade	10,795,320
Upgrade Hermanus Well Fields Phase 2	10,100,000
Upgrade Hawston Sport Complex (New Stadium)	9,900,000
Replacement of Overstrand Water Pipes	8,875,470
Hermanus Medium & Low Voltage Upgrade Replacement	7,692,213
Upgrade Stormwater Infrastructure -Proteadorp,Mountain View,Ext 6 & Overhills	6,963,000
Replacement of Water Pipes Proteadorp	6,800,000

**Lastly, an update on the Renewable Energy Scenario for Overstrand –**

Renewable energy strategy for Overstrand Municipality is based on -

- **Small Scale Embedded Generation (SSEG):**, referring to our electricity consumers installing solar and other renewable energy generation capacity, and in some instances selling excess electricity units generated to the municipality (back into our grid). The municipality has implemented a SSEG Policy as well as an approved tariff over the past number of years already;
- **Develop renewable energy sources:** Investigations at this point indicate that the capacity requirement for Overstrand does not meet the minimum threshold to consider a viable project for an Independent Power Producer (IPP)
- **Procuring renewable energy from Independent Power Producers:** This option will be considered as soon as the industry developed a strategy to supply to an area, instead of a single municipality; and

- **Making the municipality's electrical network available to compliant and approved energy producers and energy traders to wheel energy over the municipal electrical network:** This option is currently explored in the drafting of a wheeling policy, possibly to serve internal wheeling applications, but also taking into account current challenges and complexities associated with this scenario as discussed in the public domain, especially relevant to any external wheeling considerations outside the municipal network area.

End/