

JULY 2015

Bulletin

Official newsletter of the Overstrand Municipality

2015/16 BUDGET IN A NUTSHELL

Total Revenue



R895 million
Up by 10,5%
This increase is due to an increase in grant funding, which includes additional equitable share of R12,5 million and funding for housing top structures amounting to R17 million.

Total Expenditure

R964,5 million
Up by 3,3%



The shortfall of R69,5 million between income and expenditure constitutes non-cash items, one of the biggest being depreciation. However, once other cash flows have materialised, such as the redemption of external loans, Overstrand will be left with a cash surplus of R8,1 million.

TARIFFS

Property Rates



Increases by 6,85% on residential and commercial property as well as on undeveloped erven

Electricity

Basic electricity fee increases by 6%



Consumption costs across the inclining blocks will rise by 12,2% on average.

Water

Only indigent households will receive first 6 kℓ free. 11,5% increase applicable to water consumption ranging from 0 to 6 kℓ per month.



Sewerage

Increases by 6%



Waste Removal

Increases by 6%



Capital Budget

R103,9 million
Down by 15,4%



This reduction is due to availability of resources to fund the capital budget. An estimated R100m is required annually to sustain capital infrastructure.

BUDGET CREDIBLE AND SUSTAINABLE, DIFFICULT ECONOMIC CLIMATE DESPITE

On tabling the 2015/16 budget for approval on 28 May 2015, Mayor Nicolette Botha-Guthrie informed Council that the municipality firmly believes in involving all citizens in the process of ensuring a people-led government. Structured community participation in the matters of the municipality is ensured by way of Overstrand's ward committees, and she can assure Council that the voices of all were heard and taken into consideration in the compilation of the budget.

Moreover, the 2015/16 budget was informed by the third review of Overstrand's five-year Integrated Development Plan (IDP), which sets Council's strategic direction. This process commenced in August last year. The municipality's five strategic goals remain unchanged, and the budget has been allocated in accordance with the strategic goals set in the IDP review *[see Budget and IDP go hand in hand elsewhere in this issue]*.

Reflecting on the broader economic factors that informed the 2015/16 budget, Botha-Guthrie admitted that the country still finds itself in a difficult economic climate and indications are that the year ahead is not likely to bring about any improvement. "Our consumers will again this year be negatively affected by the excessive electricity increase approved for Eskom, which will have a huge negative impact on the electricity tariffs of the municipality, including the reality that load shedding will be part of our lives for the foreseeable future," she said.

Given this state of affairs, the municipality approached INCA Portfolio Managers to conduct an independent financial assessment of Overstrand Municipality, which included an assessment of the municipality's Integrated Development Plan and sector master plans. This was done for the purpose of identifying material matters that could impact on the long-term financial sustainability of the municipality as well as to inform proposals regarding future policy directions.

Stemming from this assessment, it was recommended that the municipality, amongst others -

- 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.

[see Costs drastically contained elsewhere in this issue]

Moving on to outline some of the major challenges that had to be faced in the compilation of the 2015/16 budget, the Mayor said Council is painfully aware that pensioners and people whose only form of income is the interest on their life savings, cannot afford sharp increases in municipal rates and tariffs. "The affordability of tariff increases are thus of utmost importance to the municipality, and the level of services versus the associated cost is a constant consideration," Botha-Guthrie said.

Nationally, according to the Mayor, the following also impacted the budget:

- At the beginning of the budget process, political guidance was given to the administration that increases in tariffs should be limited to 6% and the increase in property rates should not increase by more than 7%. This excludes electricity where NERSA had given Eskom the right to increase their rates in excess of inflation.
- Since 2014, only residents who are registered for the indigent grant received the 6 kℓ free water per 30-day period. Given that National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective, the second level of phasing in the increase in the 0 – 6 kℓ category to recover the cost of the production of water was postponed in 2014/15. This has now been implemented, representing an 11,5% increase applicable to the consumption of water between 0 – 6 kℓ per month.
- The guideline provided for an increase in sundry fees, for example building plan approval, is a maximum of 10%. *[see Budget in a Nutshell on page 1 of this issue]*.

In conclusion, the Mayor said Overstrand takes pride having achieved clean audit status for two consecutive years and in being judged the most productive local municipality in South Africa, as well as coming first in the Back-to-Basics programme. She did, however, add that the newly published regulation on the Standard Chart of Accounts (SCOA) is bound to have a profound effect since this in essence involves a reform of the business of local government as a whole *[see Budget in keeping with SCOA elsewhere in this issue]*.

She thanked the community of the Overstrand and all role-players for their support and participation in the IDP review and budget processes as well as Finance Chair, Cllr Dudley Coetzee, the municipal manager and all directors for their commitment, dedication and support during the budget process.

Overstrand Municipality's 2015/16 budget and IDP review were adopted unanimously by Council.

Costs drastically contained to ensure sustainable service delivery

Non-core spending was largely eliminated and some drastic cost-containing measures were implemented in the 2015/16 budget to generate a substantial surplus from the operating budget and to address the challenge of infrastructure renewal and maintenance.

Some of the cost-saving measures include:

- Vacancies have been significantly rationalised downwards, and a total of twenty-three posts were abolished from the organisational structure;
- The Protection Services directorate has been restructured whereby a shift system has been introduced, resulting in substantial savings on overtime and standby allowances;
- Only one new member was appointed to the Mayco following on the retirement of two members last year. This is in addition to a pre-existing vacancy on the Mayco;
- The municipality has approved participation in a shared service appointment of a Risk Manager, where this appointment will benefit all municipalities in the Overberg District;
- All remuneration increases have been budgeted for at 6,1%, pending the outcome of salary negotiations and determinations.

Further positive adjustments to the budget include:

- Rebates in terms of the Property Rates Policy have been increased;
- Parking fees at Overstrand beaches have been abolished;
- Cemetery fees have not been increased in the 2015/16 budget;
- The tariffs for building line departures have also not been increased.

MAJOR 2015/16 CAPITAL PROJECTS: HOUSING TOPS THE LIST, BUT ROADS, ELECTRIFICATION AND WATER TO RECEIVE ATTENTION TOO

In its 2015/16 budget, Overstrand appropriated an amount of R103,9 million to either develop and/or upgrade major infrastructure facilities, generally referred to as capital projects. The top-ten projects to be undertaken in this financial year, alongside the funding resources for each, can be summarised as follows:

Project description	Funding source	2015/16 Budget		
		Council funded	External (grants)	TOTAL
Zwelihle Mandela Square - 83 sites	PROV ¹		4,685,648	4,685,648
Zwelihle Admin Site - 164 sites	PROV		9,864,644	9,864,644
Zwelihle Site C2 - 132 sites	PROV		7,939,836	7,939,836
Zwelihle - rehabilitation of existing paved road (labour intensive construction)	MIG ²		4,200,000	4,200,000
Mt Pleasant - rehabilitation of roads and upgrading of storm water	MIG		6,375,527	6,375,527
Kleinmond (Overhills) - electrification of low-cost housing areas	INEP ³		8,000,000	8,000,000
Replacement of Overstrand water pipes	EL6 ⁴	9,652,800		9,652,800
Upgrading of pump stations	EL6	3,547,200		3,547,200
Mt Pleasant new 1 m ³ /s-reservoir	MIG		3,566,328	3,566,328
Swarddam Road - Integrated residential development programme (IRDP)	PROV		3,313,558	3,313,558

¹ Provincial Housing Grant

³ Integrated National Electricity Programme Grant

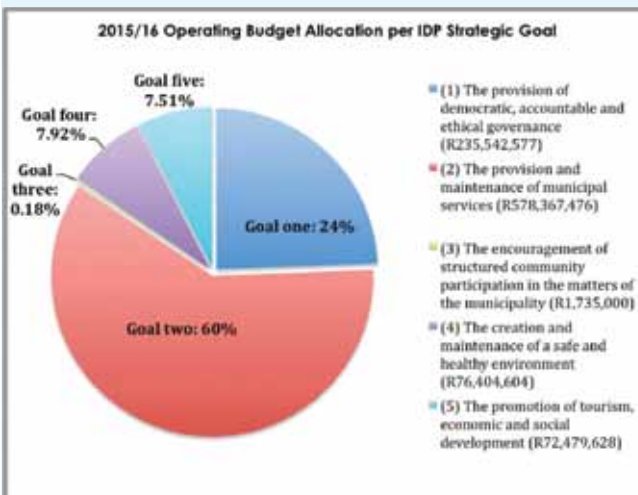
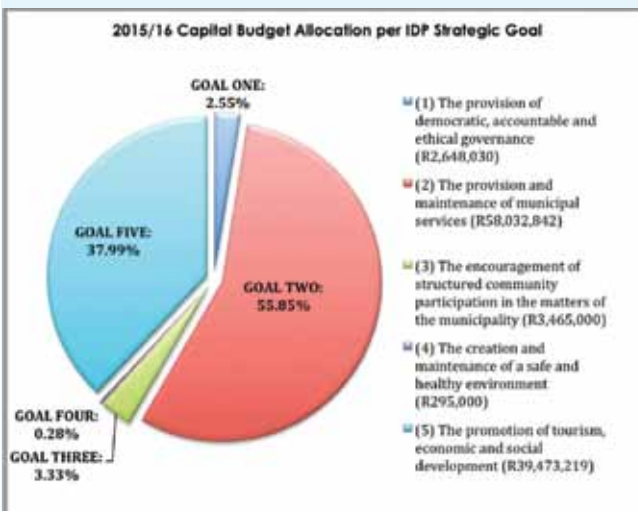
² Municipal Infrastructure Grant

⁴ External Loan 6

BUDGET AND IDP GO HAND IN HAND

The budget is the municipality's financial plan and indicates how much money will go towards the implementation of the strategic goals set in the Integrated Development Plan (IDP). The IDP is Council's five-year development plan and is reviewed annually. The reviewed IDP for 2015/16 was approved by Council on 28 May 2015 and represents the third review of this 5 year plan.

In layman's terms, the IDP informs the budget, and the two graphs below illustrate how the capital and operating budgets for 2015/16 will be spent to deliver on the five strategic goals set in the 2015/16 IDP review.



BUDGET'S FORMAT IN KEEPING WITH SCOA

National Treasury's publication of the regulation on the Standard Chart of Accounts (SCOA) on 22 April 2014 heralded the largest reform in the requirements for financial reporting at local government level since the promulgation of the Municipal Finance Management Act in 2003 and will have a profound effect on the business of the municipality, especially since Overstrand has been identified as one of the national pilot sites for the early implementation of SCOA and the Bytes financial system.

Already the budget formats prescribed in the Municipal Budget and Reporting Regulations identify the categories of municipal information required when a budget is developed. As a next step, SCOA will ensure that the detailed information captured in the implementation of the budget is properly and credibly aligned by improving data quality and achieving a greater level of standardisation and uniform data sets. To this end, Overstrand's 2015/16 budget has been compiled in accordance with the SCOA classification framework.

TRULY A BUDGET FOR THE PEOPLE

Given the trying economic times faced by the country as whole, Overstrand did its best to devise a budget that is credible and sustainable, yet will have as low an impact as possible on its residents.

- We have managed to limit the overall impact of the tariff increases on household bills to below 6,3% and the increase for indigent households to 2,6%.
This excludes the impact of electricity tariff increases.
- We have budgeted for a small surplus on the operational budget to provide funds from our own resources for capital expenditure during the 2017/18 financial year.
- We will continue essential maintenance of our infrastructure.
- We will continue to focus on increasing productivity.

In addition, Overstrand undertakes to continue lobbying national and provincial government for an increase in its equitable share and to eliminate unfunded mandates. It also plans to continue lobbying the Department of Human Settlements for an increase in the MIG grant for affordable housing to ensure that this does not place an undue financial burden on the municipality.

MUNICIPAL ACCOUNTS:

WHAT THE 2015/16 TARIFFS WILL MEAN FOR YOUR POCKET

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2015/2016				
<u>High consumption with prepaid electricity meter</u> Valuation: R3,5 m				
	Year 2014/2015	Year 2015/2016	Amount	% increase
Rates	952,20	1 017,43	65,23	6,85
Sewerage* Tariff Code: SE7A1+SE8A	450,24	477,41	27,17	6,03
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00
Refuse Once per week	130,18	137,99	7,81	6,00
Water 50 kℓ	854,08	906,31	52,23	6,12
VAT	206,67	218,88	12,21	5,91
SUBTOTAL	2 635,07	2 799,71	164,65	6,25
Electricity: Prepaid meter 1500kWh	2 176,66	2 429,52	252,87	11,62
VAT	304,73	340,13	35,40	11,62
TOTAL	5 116,45	5 569,37	452,91	8,85
<i>HPP if applicable</i>	<i>95,22</i>	<i>101,74</i>	<i>6,52</i>	<i>6,85</i>

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2015/2016				
<u>Sub-economic consumption (Indigent)</u> Valuation: R100,000				
	Year 2014/2015	Year 2015/2016	Amount	% increase
Rates	13,80	14,75	0,95	6,85
Sewerage* Tariff Code: SE7A1	28,73	30,46	1,74	6,04
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00
Refuse Once per week	0,00	0,00	0,00	0,00
Water 10 kℓ	34,40	36,48	2,08	6,05
VAT	14,68	15,21	0,53	3,64
SUBTOTAL	133,30	138,60	5,30	3,97
Electricity: Prepaid meter 350kWh	310,24	348,09	37,85	12,20
VAT	43,43	48,73	5,30	12,20
TOTAL	486,98	535,42	48,44	9,95

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2015/2016				
<u>Medium consumption with prepaid electricity meter</u> Valuation: R2,5 m				
	Year 2014/2015	Year 2015/2016	Amount	% increase
Rates	676,20	722,52	46,32	6,85
Sewerage* Tariff Code: SE7A1+SE8A	270,69	287,01	16,32	6,03
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00
Refuse Once per week	130,18	137,99	7,81	6,00
Water 25 kℓ	322,63	343,11	20,48	6,35
VAT	107,13	113,37	6,25	5,83
SUBTOTAL	1 548,53	1 645,70	97,18	6,28
Electricity: Prepaid meter 800kWh	1 122,32	1 246,55	124,24	11,07
VAT	157,12	174,52	17,39	11,07
TOTAL	2 827,97	3 066,77	238,81	8,44
<i>HPP if applicable</i>	<i>67,62</i>	<i>72,25</i>	<i>4,63</i>	<i>6,85</i>

MONTHLY BASKET OF TARIFFS - BUSINESS - 2015/2016				
<u>Business - Medium (Three-phase)</u> Valuation: R3,2 m				
	Year 2014/2015	Year 2015/2016	Amount	% increase
Rates	1 672,00	1 786,53	114,53	6,85
Sewerage* Tariff Code: SE7D1+SE8A 1	460,50	488,29	27,79	6,03
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00
Refuse Once per week 3	390,54	413,97	23,43	6,00
Water 40 kℓ	639,28	686,12	46,84	7,33
VAT	214,48	228,21	13,73	6,40
SUBTOTAL	3 418,50	3 644,82	226,33	6,62
Electricity: Credit meter 7000kWh	9 733,12	10 895,20	1 162,08	11,94
VAT	1 362,64	1 525,33	162,69	11,94
TOTAL	14 514,25	16 065,35	1 551,09	10,69
<i>HPP if applicable</i>	<i>167,20</i>	<i>178,65</i>	<i>11,45</i>	<i>6,85</i>

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2015/2016				
<u>Low consumption with prepaid electricity meter</u> Valuation: R1 m				
	Year 2014/2015	Year 2015/2016	Amount	% increase
Rates	262,20	280,16	17,96	6,85
Sewerage* Tariff Code: SE7A1+SE8A	198,87	210,85	11,98	6,02
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00
Refuse Once per week	130,18	137,99	7,81	6,00
Water 15 kℓ	199,18	212,22	13,04	6,55
VAT	79,79	84,39	4,60	5,76
TOTAL	911,92	967,31	55,39	6,07
Electricity: Prepaid meter 600kWh	821,08	908,56	87,48	10,65
VAT	114,95	127,20	12,25	10,65
TOTAL	1 847,94	2 003,07	155,12	8,39
<i>HPP if applicable</i>	<i>26,22</i>	<i>28,02</i>	<i>1,80</i>	<i>6,85</i>

MONTHLY BASKET OF TARIFFS - VACANT ERVEN - 2015/2016				
<u>Valuation Average</u> Valuation: R250,000				
	Year 2014/2015	Year 2015/2016	Amount	% increase
Rates	117,92	125,99	8,08	6,85
Sewer can connect Availability	109,65	116,23	6,58	6,00
Refuse Availability	65,08	68,98	3,90	5,99
Electricity Availability	204,56	216,83	12,27	6,00
Water Availability	102,28	108,42	6,14	6,00
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00
VAT	73,26	77,30	4,04	5,52
TOTAL	714,44	755,46	41,01	5,74
<i>HPP if applicable</i>	<i>11,79</i>	<i>12,60</i>	<i>0,81</i>	<i>6,85</i>

HPP - Hermanus Public Protection

SAFE AND CARING AFTERSCHOOL ENVIRONMENT NOW ALSO AFFORDED AT MOUNT PLEASANT PRIMARY

Not even the cold and wet weather could dampen the spirits of guests and learners who attended the official launch of the Just Care! afterschool programme at Mount Pleasant Primary on Tuesday 2 June 2015.

This programme is based on the concept of "schools as community hubs", which Wendy Colyn from the Futures Trust introduced in Overstrand. With the full and generous support of Mt Pleasant Primary, the programme is a collaborative effort between the school, Overstrand Municipality and Just Care, a public benefit organisation which was established by trustee Jacquie Rathfelder in memory of her late father, John Rathfelder, who was a school teacher for 25 years.

In Jacquie's own words, the objective is "to improve the quality and value of children's lives". "This is a story about building stronger communities, and the strongest foundation for any community is education and care," she added. Just Care is the project implementer, and the municipality's support takes the form of EPWP workers from the community who assist with the various afterschool activities.

The programme started on 4 May 2015 with 77 children. Three days later, it had reached its capacity of 120 learners. Children attend the programme daily from 14:00 till 17:00 during which time they are assisted with homework, partake in sports activities and enjoy a light meal.

In her keynote address, Mayor Botha-Guthrie said, "I am extremely passionate about education and support any programme that will ensure holistic and well-rounded schooling for children. I urge the Hermanus community to get behind Jacquie Rathfelder and afford her the support she may need to ensure the success of this project. In time to come, I'm sure it will be a model that others will seek to replicate and build on."

This programme is making a difference through the dedication and drive

of the Just Care staff, but they need support to sustain it. Anyone wanting to assist or donate can call Jacquie on **082 570 9757** or send an e-mail to jacquier@telkomsa.net. To learn more about the programme, visit their website at www.justcare.co.za.



Mayor Nicolette Botha-Guthrie, keynote speaker at the official opening of the Just Care! afterschool programme, is handed a bouquet by one of the beneficiaries.

INDIGENT POLICY AMENDED

Overstrand Municipality provides a social package of free basic services to assist households that are poor or face other circumstances that limit their ability to pay for municipal services.

For the 2015/16 financial year, the following amendments to the municipality's Indigent Policy have been approved:

Policy reference	Definitions
"basic services"	The amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this policy are restricted to the delivery of electricity, refuse, sewerage and water services.
"income"	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board and lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
3 k	A list of indigent customers will be maintained and may be made available to the general public, subject to the Promotion of Access to Information Act ("PAIA") and/or Protection of Personal Information Act ("POPI Act").
5 A	Indigent households with a property value greater than R220 000 and electricity consumption less than 400kWh-
5 A (v)	Must be a South African citizen; and
5 B	Indigent households with a property value less than R220 000 and electricity consumption less than 400kWh (no income restriction):-
5 B (iii)	Indigent households with a property value less than R220 000 may apply for 50kWh of free electricity units where the household income does not exceed four times the social pension amount, plus R1.00 per month where the average monthly consumption of electricity does not exceed 400kWh.
5 C	Indigent households with a property value less than R220 000 and electricity less than 500kWh (no income restriction)
5 C (i)	The property value must be less than R220 000
5 D	Indigent households with a property value greater than R220 000 and electricity less than 500kWh (income not exceeding the sum of four times the amount of the state-funded social pension):

In accordance with the municipality's Indigent Policy, registered households are entitled to 6kℓ free water, 50kWh free electricity and 4,21kℓ free sewerage per month, as well as a full rebate on property tax. An updated version of Overstrand's Indigent Policy is available on www.overstrand.gov.za or from your local municipal office.

CLARINETIST AND FLAUTIST BOUND TO LEAVE AUDIENCE BREATHLESS



South Korean clarinetist **Sang Yoon Kim** and Russian flautist **Matvey Demin** walked off with the laurels in UNISA's first International Flute and Clarinet Competition in 2014 and managed to bag no fewer than three special prizes at the same time: Best interpretation of a South African work, best interpretation of a Sonata and best recital.

On the afternoon of Sunday 26 July, music lovers in Overstrand will have the privilege of listening to these virtuosos when, accompanied by Tertia Visser Downie on the piano, they will play works by Widor, Poulenc, De Sarasate, Mozart, Duvernoy, Hendrik Hofmeyr, Génin, Schubert, Saint-Saëns, Connession and Shostakovich.

The concert will commence at 15:30 in the Civic Auditorium, Hermanus.

Tickets are R120 (R60 for students). Phone **BELLINI** on 028 312 4988 to book. Direct further enquiries to secretary **René du Plooy** on 082 940 4238.



Sang Yoon Kim and Matvey Demin