

PRO-POOR BUDGET ADOPTED

OVERSTRAND MUNICIPALITY'S BUDGET REFLECTING A TOTAL EXPENDITURE OF R1.83 BILLION FOR THE 2022/23 FINANCIAL YEAR WAS APPROVED IN COUNCIL ON 31 MAY 2022.

During the same meeting, Council adopted a resolution to extend the lifespan of the existing Integrated Development Plan (IDP) to include the 2022/23 financial year.

"This will afford us the opportunity to design a next generation IDP that will fully focus on communication, crime prevention, cutting costs and cutting red tape so that we can realise our vision of an Overstrand for all", Executive Mayor Rabie said, adding that consultations on drafting the next generation IDP will commence early in August this year.

Countering objections from the ANC that the budget does not address the needs of the poorest of the poor, Mayor Rabie pointed out that electricity tariffs will only be increased by 7.47% and that several line items reflected on municipal accounts have either been scrapped or substantially reduced.

"Poverty management extends well beyond simply providing water and electricity and rendering a service to remove sewage and refuse: Unless national government allows municipalities to invest in infrastructure in informal settlements, the mess we find ourselves in will never be resolved", she added.

"Nevertheless, as part of the municipality's pro-poor approach to the budget, the benefit of 6 kℓ of free water for indigent households will be increased to 10 kℓ effective 1 July 2022 and in respect of sewerage, the 4,2 kℓ afforded free of charge will increase to 7 kℓ."

Turning to the budget for the 2022/23 financial year, Mayor Rabie said the budgeted revenue (excluding capital grants received) amounts to R1.498 billion and operational expenditure to R1.594 billion (including non-cash items like depreciation). Hence, a deficit of R96.8 million is reflected.

With reference to the capital budget, the Mayor indicated that the allocated R236 million will be used for very specific projects. She also pointed out that due to a decrease in own funding from the surplus available for capital investment in 2022/23, this amount is 0.8% less than the 2021/22 allocation.

Planned capital projects

An amount of R166.6 million has been appropriated for the development of basic services infrastructure. Of this, 39.3% will go towards electricity, 34.6% towards waste water, 24% towards water and 2.1% towards waste management.

Furthermore, provision has been made for R66.4 million that will go towards providing infrastructure for housing over the next three years.

*For highlights on the capital budget, see "2022/23 BUDGET IN A NUTSHELL" overleaf.

Revenue and expenditure

The total projected revenue, including **capital grants**, amounts to R1.583 billion and will be derived as follows:

- Governance and administration: R384.9 million
- Community and public safety: R152.6 million
- Economic and environmental services: R24.3 million
- Trading services (i.e. electricity/energy, water, sewerage and waste management): R1.0 billion

Given that the total projected operational expenditure will amount to R1.594 billion, a net deficit of R11.9 million will be realised.

*For details on capital grants, both national and provincial, see "2022/23 BUDGET IN A NUTSHELL" overleaf.

Remuneration of municipal employees and councillors

A provision of R516.8 million has been made for employee-related costs and the remuneration of councillors. This is 32.4% of the total operating expenditure and is within the National Treasury's norm of 25-40%.

As a statutory requirement, R21.9 million has been provided for long-term liability (post-retirement benefits) in respect of employees and a further R12.3 million in respect of councillors.

In this regard, note that the South African Local Government Bargaining Council signed a collective wage and salary agreement for the three-year period 1 July 2021 to 30 June 2024 which must be implemented by all municipalities countrywide.

Furthermore, the final determination of upper limits of members of municipal councils' salaries, allowances and benefits indicating an increase of 3% were only published on 2 June 2022, in other words after this budget was tabled.

Vacancies on the municipality's establishment will remain frozen, and no new posts have been considered for inclusion in this budget.

Balancing the cost of providing basic services against income

The municipality's total expenditure for electricity amounts to R543.8 million and the income to R578.5 million, which allows for a surplus margin of 6% (i.e. a surplus of R34.7 million) for this service.

In the case of water, expenditure amounts to R148.9 million against an income of R154.4 million (i.e. a surplus margin of 3.61% or R5.6 million).

Waste water management provides for a net surplus margin of 4.70% or R5.3 million (i.e. an income of R112.2 million against an expenditure of R106.9 million).

Waste management will generate a total income of R96.8 million against an expenditure of R97.8 million, leaving a deficit of -0.96% or -R932 thousand (just short of a million).

Commenting on these figures, the Mayor said "a surplus on any trading service is crucial as it is intended to generate surplus cash that can partially fund capital expenditure on items such as vehicles and ICT infrastructure".

Tariff increases in sum

Excluding electricity, the average increase for an average household in terms of rates, sewerage, refuse and water will amount to 5%. Adding electricity, the basket increase will be around 6.4%, depending on consumption.

*For details on tariff increases, see "2022/23 BUDGET IN A NUTSHELL" overleaf.

By way of conclusion, Mayor Rabie pointed out that proof of sustainability is a key driver when it comes to attracting investors: "Given that we currently have sufficient funding to cover close on five months' operational expenditure, we are in a safe position, given that the National Treasury's norm is one to three months." She also thanked residents for their proposals and comments on the draft budget and confirmed Council's commitment to follow up on a number of issues that were raised.

EXPENDITURE BUDGET TOTALS






R1.83 BILLION

FOR 2022/23 FINANCIAL YEAR

2022/23 BUDGET IN A NUTSHELL

Revenue (excluding grants) = R1.498 billion
Basket of services (electricity included) to increase by 6.4% on average



LINE ITEM	% INCREASE	NOTES	LINE ITEM	% INCREASE	NOTES
Electricity 	7.47%	Increase based on NERSA guidelines must still be approved.	Refuse 	5.9%	
Property rates 	5.9%	A rebate of R15 000 on all residential properties plus an additional R35 000 on improved residential properties will be granted. • Note that pensioners, disabled persons and bona fide farmers can qualify for an additional rebate on rates subject to certain conditions. Direct a detailed enquiry in this regard to enquiries@overstrand.gov.za.	Sewerage 	4.3%	Free water/sewerage for indigent households to increase from 4,2 kℓ to 7 kℓ
			Water 	4.9%	Free water for indigent households to increase from 6 kℓ to 10 kℓ

National & provincial grants = R334.9 million

NATIONAL

Energy efficiency & demand-side Management	R5.0 million
Equitable Share	R141.9 million
Expanded Public Works Programme	R2.6 million
Finance Management	R1.55 million
Integrated National Electrification Programme	R21.3 million
Municipal Infrastructure	R24.6 million
Water Infrastructure	R27.4 million

TOTAL R224.4 million

PROVINCIAL

Community development workers	R75 thousand
Human Settlements Development K9 unit	R96.5 million
Library Services	R2.4 million
Reaction Unit	R8.3 million
Thusong services centres	R2.9 million
Transport Infrastructure	R150 thousand

TOTAL R110.5 million

R236 million allocated for planned capital projects, including:

	PROJECT	LOCALITY	ALLOCATION
HOUSING	Construction of low-cost housing	Overstrand	R38.8 m
	Electrification of low-cost housing areas	Overstrand	R16 m
	Masakhane housing project	Gansbaai, Ward 2	R7.6 m
ELECTRICITY	New 66 kV substation	Gansbaai: Franskraal, Kleinbaai, Birkenhead	R37.5 m
	MV/LV upgrade/replacement	Hermanus, Ward 3	R6 m
WATER & SEWERAGE	Upgrading of pump stations and rising mains	Overstrand	R27.5 m
	Refurbishing/upgrading of waste-water treatment plant	Kleinmond	R22.4 m
	Upgrading of water lines and replacement of pump station's booster valves	Gansbaai, Ward 2	R7 m
	Upgrading of bulk water supplies	Stanford, Ward 1	R5.6 m
COMMUNITY SERVICES	Upgrading of Zwelihle library	Ward 12	R4.4 m

For a detailed explication of Overstrand Municipality's 2022/23 budget, please visit www.overstrand.gov.za

PROPOSED 3 YEAR HOUSING BUDGET 2022-2025

PROJECT	ORIGINAL BUDGET 2022/2023	FUNDING SPENT IN 2021/2022	REVISED BUDGET 2022/2023	BUDGET 2023/2024	BUDGET 2024/2025	
Hawston TS (378)						Top Structures
Blompark TS (539)	R22 360 000,00	R10 654 175,00	R11 705 825,00	R20 190 000,00	R13 000 000,00	
Swartdam Road Site C1 TS (150)	R195 000,00		R195 000,00			
Masakhane TS (295)	R26 000 000,00	R3 586 907,00	R22 413 093,00	R13 000 000,00	-	
Stanford TS (783)	R23 400 000,00		R23 400 000,00	R13 000 000,00	R13 000 000,00	
TOTAL OPEX	R71 955 000,00	- R14 241 082,00	R57 713 918,00	R46 190 000,00	R26 000 000,00	Services such as Stormwater, Roads, Water etc.
Masakhane UISP ¹ wetcores (1179)	R19 933 000,00	-	R16 522 638,00			
Site C1 & C2, Swartdam Road boundary wall			R3 410 362,00			
Masakhane UISP ² Wetcores (1179)	R8 892 000,00		R8 892 000,00	R5 130 000,00	-	
Tambo Square & New Camp (82)				R8 500 000,00	R1 700 000,00	
Mount Pleasant IRDP infill (315)	R8 260 000,00	R1 000 000,00	R7 260 000,00			
Kleinmond IRDP	R800 000,00		R800 000,00	R1 000 000,00	R1 500 000,00	
Kleinmond Overhills UISP	R600 000,00		R600 000,00	R1 000 000,00	R1 200 000,00	
Greater Hermanus (Hawston Seafarms)	R1 000 000,00		R1 000 000,00			
Buffeljagsbaai	R300 000,00		R300 000,00	R600 000,00	R1 000 000,00	
Afdakrivier purchase				R5 000 000,00	R1 000 000,00	
TOTAL CAPEX	R39 785 000,00	R 1 000 000,00	R38 785 000,00	R21 230 000,00	R6 400 000,00	
GRAND TOTAL	R111 740 000,00	- R15 241 082,00	R96 498 918,00	R67 420 000,00	R32 400 000,00	

Division of Revenue Act 2022/2023	R116 740 000,00
Provincial projects (Dept. Human Settlements)	- R5 000 000,00
Municipal budget	R111 740 000,00
Funding spent in 2021/2022	- R15 241 082,00
Reduced 2022/2023 budget	R96 498 918,00

NEXT FIRST THURSDAY EVENT

Join Overstrand Executive Mayor, Annelie Rabie, and the members of her mayoral committee as well as Municipal Manager, Dean O'Neill, and his top management team on Thursday, **7 July 2022** from 17:00 till 19:00 in the **Hermanus Municipal Auditorium** for the next First Thursday event.

Don't miss out on this opportunity to engage in a one-on-one dialogue on how the municipality can improve its services as well as how the executive can become more responsive to the needs of the communities it serves. No appointment is needed as the sessions will be conducted on a first come, first serve basis and will be kept brief so that as many people as possible can be accommodated.



CONSTRUCTION OF NEW GANSBAAI SUBSTATION UNDERWAY

The largest electrical project ever undertaken in the history of Overstrand Municipality will see the construction of a new 66/11 kV indoor substation just outside Gansbaai at a cost of R64.6 million plus a further R7.4 million in connection charges.

Given that this project involves the installation of a new 66 kV overhead steel monopole power line from Eskom's metering point to the newly built substation equipped with a 20 MVA transformer, it is anticipated that the new indoor Birkenhead substation will go a long way towards alleviating the strain currently experienced in the area and will provide adequate capacity for future developments.

Currently, a single Eskom supply to the Gansbaai main intake substation and existing network configuration limits the electricity distribution capacity in the area.

The recommendation was thus to redistribute existing and future loads to a second supply point at the higher intake voltage of 66 kV to enable distribution closer to the envisaged future load centre. From there, the load will be stepped down to the existing 11 kV network, which will also be reconfigured as part of the project.

The new 66 kV Birkenhead substation was designed by iX Engineers and MLB Architecture. The electrical engineering and installation company, Adenco Construction, will manage and implement the construction and installation of the various components.

In the interest of promoting skills development and the use of local labour, one of the requirements for this project stipulated that 30% of the construction value be subcontracted to qualifying small enterprises and exempt micro-enterprises registered on the Central Supplier Database. Furthermore, under the auspices of Overstrand Municipality's community investment initiative, Adenco will assist Gansbaai Academia with the establishment of a computer resource centre to the value of R50 000.

The Birkenhead Substation is set to be completed by mid-2024 and is jointly funded by the Department of Mineral Resources and Energy and Overstrand Municipality.

PEARLY BEACH CLINIC TEMPORARILY RELOCATED



Early in June, the satellite clinic in Pearly Beach had to be closed and temporarily relocated to the community hall.

This came about because Western Cape Government Health and Wellness will be undertaking some much needed renovations and repairs at the existing clinic over the next two months.

According to the department, the intention is to improve the safety and dignity of patients who attend this clinic. For this reason, matters such as ease of access for the physically disabled, improvements to the pre-wait area, proper signage and perimeter fencing will also be attended to.

While renovations are underway, clinic services will be available every second Thursday from 09:00 – 15:00 in the community hall.

The department apologises for any inconvenience caused and requests that all enquiries in this regard be directed to 028 384 1917.

WHAT 2022/2023'S MONTHLY MUNICIPAL ACCOUNTS WILL LOOK LIKE

SRA Rate as might be applicable to be added

MONTHLY BASKET OF TARIFFS – SINGLE RESIDENTIAL 2022/2023				
High consumption with prepaid electricity meter Valuation: R3 500 000	Year 2021/22	Year 2022/23	Amount	% increase
Rates	1 426,00	1 510,13	84,13	5,90
Sewerage* Tariff Code: SE7A1+SE8A	653,35	681,44	28,09	4,30
Infrastructure basic charge: water, electricity & sewerage	53,54	53,54	0,00	0,00
Refuse Once per week	201,59	213,48	11,89	5,90
Water 50 kℓ	1 246,73	1 307,82	61,09	4,90
VAT 15%	323,28	338,44	15,16	4,69
SUB TOTAL	3 904,49	4 104,86	200,37	5,13
Electricity: Prepaid meter 1500kWh	3 901,21	4 192,63	291,42	7,47
VAT 15%	585,18	628,89	43,71	7,47
TOTAL	8 390,88	8 926,38	535,51	6,38

MONTHLY BASKET OF TARIFFS – SINGLE RESIDENTIAL 2022/2023				
Medium consumption with prepaid electricity meter Valuation: R2 500 000	Year 2021/22	Year 2022/23	Amount	% increase
Rates	1 012,67	1 072,41	59,75	5,90
Sewerage* Tariff Code: SE7A1+SE8A	392,78	409,66	16,89	4,30
Infrastructure basic charge: water, electricity & sewerage	53,54	53,54	0,00	0,00
Refuse Once per week	201,59	213,48	11,89	5,90
Water 25 kℓ	476,08	499,41	23,33	4,90
VAT 15%	168,60	176,41	7,82	4,64
SUB TOTAL	2 305,25	2 424,92	119,68	5,19
Electricity: Prepaid meter 800kWh	1 999,66	2 149,03	149,37	7,47
VAT 15%	299,95	322,35	22,41	7,47
TOTAL	4 604,85	4 896,31	291,46	6,33

MONTHLY BASKET OF TARIFFS – SINGLE RESIDENTIAL 2022/2023				
Low consumption with prepaid electricity meter Valuation: R1 000 000	Year 2021/22	Year 2022/23	Amount	% increase
Rates	392,67	415,83	23,17	5,90
Sewerage* Tariff Code: SE7A1+SE8A	288,55	300,95	12,41	4,30
Infrastructure basic charge: water, electricity & sewerage	53,54	53,54	0,00	0,00
Refuse Once per week	201,59	213,48	11,89	5,90
Water 15 kℓ	297,06	311,62	14,56	4,90
VAT 15%	126,11	131,94	5,83	4,62
SUB TOTAL	1 359,51	1 427,37	67,85	4,99
Electricity: Prepaid meter 600kWh	1 456,36	1 565,14	108,79	7,47
VAT 15%	218,45	234,77	16,32	7,47
TOTAL	3 034,32	3 227,28	192,96	6,36

MONTHLY BASKET OF TARIFFS – SINGLE RESIDENTIAL 2022/2023				
Sub-economic consumption (Indigent) Valuation: R50 000	Year 2021/22	Year 2022/23	Amount	% increase
Rates	0,00	0,00	0,00	0,00
Sewerage* Tariff Code: SE7A1	0,00	0,00	0,00	0,00
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 6 kℓ	0,00	0,00	0,00	0,00
VAT 15%	6,26	6,26	0,00	0,00
SUB TOTAL	47,96	47,96	0,00	0,00
Electricity: Prepaid meter 150kWh	216,99	233,20	16,21	7,47
VAT 15%	32,55	34,98	2,43	7,47
TOTAL	297,49	316,13	18,64	6,27

MONTHLY BASKET OF TARIFFS – BUSINESS 2022/2023				
Business – Medium (Three Phase) Valuation: R3 200 000	Year 2021/22	Year 2022/23	Amount	% increase
Rates	2 504,00	2 651,74	147,74	5,90
Sewerage* Tariff Code: SE7A1+SE8A	668,24	696,97	28,73	4,30
Infrastructure basic charge: water, electricity & sewerage	53,54	53,54	0,00	0,00
Refuse Once per week	604,77	640,45	35,68	5,90
Water 50 kℓ	950,83	997,42	46,59	4,90
VAT 15%	341,61	358,26	16,65	4,87
SUB TOTAL	5 122,99	5 398,38	275,39	5,38
Electricity: Credit meter 7000kWh	17 223,63	18 510,24	1 286,61	7,47
VAT 15%	2 583,54	2 776,54	192,99	7,47
TOTAL	24 930,16	26 685,15	1 754,99	7,04

MONTHLY BASKET OF TARIFFS – VACANT ERVEN 2022/2023				
Valuation Average Valuation: R250 000	Year 2021/22	Year 2022/23	Amount	% increase
Rates	176,88	187,31	10,44	5,90
Sewer can count Availability	132,20	137,88	5,68	4,30
Refuse Availability	100,79	106,73	5,95	5,90
Electricity Availability	408,17	438,66	30,49	7,47
Water Availability	148,35	155,62	7,27	4,90
Infrastructure basic charge: water, electricity & sewerage	53,54	53,54	0,00	0,00
VAT 15%	126,46	133,87	7,41	5,86
TOTAL	1 146,38	1 213,61	67,23	5,86

HAWSTON LIKELY TO HOUSE PROPOSED TECHNICAL SCHOOL

Having rescinded a previous decision to permit a technical school in Long Street, Sandbaai, Council now proposes that this school be erected in the Fisherhaven/Hawston area instead.

By way of motivation for this decision, Mayor Rabie pointed out that the business park currently under construction in the Hawston area will provide the ideal opportunity for learners to gain on-the-job training with the possibility of being permanently employed.

She also pointed out that learners from the Hangklip-Kleinmond area will have to travel quite a distance to attend a technical school in Sandbaai, a situation that could exacerbate the congested peak-hour traffic in and around the area even further.

Given that sites in the Fisherhaven/Hawston area are already zoned for school purposes, Mayor Rabie is of the opinion that locating the technical school here would be in the best interest of the community and, especially, the learners who need to access the school.

Her suggestion is that Erf 2825, Sandbaai previously allocated for the development of the school be used for community health purposes since there is a dire need for these services given the growing population in the Greater Hermanus area.

This matter is currently being reviewed by the relevant provincial authorities and the public will be kept abreast of any developments in this regard.