



IDP AND BUDGET SPEECH 2009/2010 - EXECUTIVE MAYOR: CLR KA KLAASEN

Speaker, fellow Councillors and more importantly our special guests, the members of the public. Today's Council meeting is not just about budgetary matters or about adopting and accepting a budget for 2009/2010. Today marks both a significant and surely a historical event in the lives of the inhabitants of Witzenberg Municipality.

I say this because the decisions we take today will either alleviate the plight of many people in our community living in adverse circumstances, or if we respond negatively to what is recommended through our budget, we may worsen the plight of our people. Either way Council needs to take cognisance of the fact that the budget and budgetary speeches does not speak to finances and processes, it speaks to people and the impact our decisions will have on their lives.

At our previous Council meeting I alluded to the fact that as a leadership we are at a turning point in Witzenberg. We have arisen above our label as a project consolidate and are working toward changing the profile and image of this municipality to a financially self sufficient institution free from external loans and debt.

It gives me great pride as the Executive Mayor to give my support to a "pro poor" budget, a budget in favour of poverty alleviation and assistance to the poor. Our administration needs to be commended for carrying out this leadership's mandate in finding ways to assist the poor and marginalized in Witzenberg.

Despite the disparities between the rich and the poor in Witzenberg, never ever in the history of this municipality has there even been an attempt to adopt a "pro poor" budget. What is more significant is that when we look at other municipalities in their various categories, be it the Metro or district municipalities, those who have embraced a "pro poor budget" were by the means to do so.

We on the other hand, ironically carry the status of being a "project consolidates" municipality, meaning we cash trapped! And yet despite our status we arose above it and decided that, despite not having, we will find ways to help our people, thus our "pro poor" budget!

Capital Budget

The Capital budget of the Municipality for the next three years is R 50.8; R 49.0; and R46.5 million. Over 85% of the capital is allocated towards infrastructural assets. In most instances capital replacement programs were included for infrastructural assets. It must be noted that these programs are still not sufficient, but are driven by affordability of tariff increases by the clients.

A vehicle replacement program has been included for the first time. An allocation was gazetted by the Provincial Administration directed towards the Sport and recreation, the final projects in this regard will be determined in conjunction with the Sporting body for Witzenberg.

The completion of the Pine Valley housing project is included in the 2009/2010 budget as well as the start with the ground work of Chris Hani project in Tulbagh. It is clear in the budget that the capital budget is still linked to the Housing program and the spending thereof. With Wolseley and Tulbagh respectively receiving R 21 and R 7.9 million of the capital budget; almost 60% of the capital budget.

Operational Budget

The operational budget makes provision for innovative ways to deliver a better service to the community at large. Some of the increases and decreases will perhaps not make sense now, for instance the decrease in the maintenance budget. Allocations normally directed towards this portion of the budget has been directed towards the purchases of equipment in order to perform better on the maintenance side. Even appointments in the Technical department are directed towards maintenance although the expenditure is reflected under employee related costs.

The three major movements are employee related cost, Electricity purchases and the decrease in the provision for bad debt.

Employee related cost increases by 21.86% due to a salary increase of 10.5%, the implementation of the new post grading system, TASK and 14 additional positions. These positions is however critical positions in terms of the achieving of our strategic goals as included in the IDP.

The increase in Electricity purchases in the budget is due to a 25% increase from Eskom and a 2c per unit levy by Government. This can be even higher and we are expecting a final % announcement by the 15 June 2009 according to NERSA (National Electricity Regulator of South Africa). This means that perhaps some intervention will be needed in a short space of time to amend and make provision for the changes before commencement of the budget year.

The provision for bad debt decrease by R 7.43 million and decreases over the MTEF period even more. This is due to a big emphasis that's going to be placed on debt collection. The necessary capacity has been created in terms of manpower and training. We are going on a drive to collect what is due to the Municipality from those who can afford to pay but is not willing to contribute their portion. Be aware that we are going to stick to timeframes and follow-up actions.

The operational budget increase over the medium term expenditure framework from R 221 million to R 306 million in the 2011/2012 financial year.

Tariff Increases

In most instances, this part of the budget speech is not something that is liked by the majority of political parties. As the DA coalition we are proud to say given the major increases in salary bill and Eskom increases, over which we have little or no control, we could have changed some of the figures to adhere to the plights and complains received after and during the public participation period.

The complaints from the bulk consumers were addressed by creating a framework within which the increases in the coming years is less. Over the MTEF period the increases will be 3.5% less than the rest of the clients. Provision for rebates due to Expansion by these clients have also been provided for.

With regard to the 27 complains received from the Prince Alfred's Hamlet residents, the only changes are the lowering of the overall increase of property rates income source. We were not in a position to change the basis of differentiation and therefore the permitted use basis will be applied and will mostly affect the clients of Op-die-Berg, Prince Alfred's Hamlet, Wolseley and Tulbagh.

In terms of Property Rates it is impossible to mention a general increase % of the tariff. In all cases the tariff has decreased but the affect on the accounts due to the new General Valuation roll varies. The increases are:

- Water it is 6%
- Sewerage 6 %
- Refuse removal 5.8% and
- Electricity between 25% and 29% percent for Residential clients

It is clear in the Budget documents that the move is undeniably towards the poor. The movement is away from the fixed costs, toward the variable costs for clients. Simplistically stated, services that the clients have control over, water usage, property rates and electricity consumption. This movement will continue to happen till in 2011/2012.

Though we predicted opposition toward the "pro poor" budget from certain sectors, we were pleasantly surprised. The rich who will be paying more taxes so as to assist with the principle of poverty alleviation came out in full support and praised the municipality for "finally" as John Vischini said, getting it right.

We have listened to the voices of our people, we have incorporated their recommendations and concerns and the administration has captured it in the budget.

Mr. John Schuurman, from Bella Vista, proposed a once off assistance to clients that have tampered with meters. We have listened and an amnesty campaign has been provided for and will be included in the budget recommendations of the DA coalition, thanks for that thought Mr Schuurman.

Also the inputs of the Schools were heard. Mr. Ballie of Ceres Secondary School has requested assistance for school hostels and although everything is not finalised we have provided for an assistance of ± 25% of the hostels municipal accounts. The details of this will be communicated to all schools.

For a long time the Council has struggled with ways and means on how to assist the farm workers and there families. The subsidy to schools and hostels route, provides us with the opportunity to also indirectly contribute to the agricultural sector of our community.

This is why I say that history is in the making in Witzenberg. For the first time in 15years we boast an unqualified auditors report, for the first time we have a fully functional ward committee structure and for the first time we are present today to accept and adopt a "pro poor budget"

Let us listen to the voices of our people, let us as Council take a collective and united decision to invest in a better quality of life for all who live in Witzenberg. Let us accept this "pro poor" budget so that the vulnerable and the less fortunate may have a new hope, a new beginning and a brighter tomorrow.

In conclusion, it is with great pleasure that I present this budget for 2009/2010 for your consideration and adoption.

I thank you, dankie, enxosi