Mayor's Report

Honourable Speaker, Deputy Mayor, Members of the Mayoral committee, Aldermen, Alder Ladies, Councillors, Municipal Manager, Directors, guests, ladies and gentlemen, good afternoon.

It is my privilege to table the budget for 2020/2021 and MTREF as prescribed in Section 16 of the Municipal Finance Management Act.

This budget was drafted under very challenging circumstances with the South African economy heading into a recession after not really getting out of the blocks over the last 4 years. This is further exacerbated by the effect of the Corona Virus hitting the shores of the Republic, the declaration of the National State of Disaster, the subsequent Lockdown and the effect that the aforementioned has on the National, Provincial, District as well as the Bergrivier local economy.

The world economy is in a downward spiral and the economic meltdown is comparable to that encountered during the Great Depression of 1929, small businesses are especially affected by the COVID -19 measures that are being implemented to ensure social distancing, personal hygiene and safety. The lockdown announced on 23 March by the honourable President Ramaphosa has had a profound effect on the National, Regional and Local Economy over the last 2 months as well as on the municipal budget insofar revenue generation and financial sustainability is concerned. Although service delivery will continue as part of the municipal mandate, utmost care will be taken to protect the community as well as municipal staff and their families from contracting the Corona Virus.

The focus of the municipality has been broadened over the last 9 weeks to include social needs, health and humanitarian assistance and municipal resources have been set aside to care for the homeless, indigent and poorest of the poor. Own resources have been supplemented by contributions from business, agriculture, private individuals and the West Coast District municipality to aide with humanitarian relief efforts and I would like to express my sincere appreciation to those that have contributed as well as all the NGO's, municipal staff and all the volunteers that have assisted in preparing and distributing much needed relief to those in need.

The prospect of financial recovery and economic growth as alluded to by president Ramaphosa during the State of the Nation address seems unachievable and very distant on the horizon when considering the current position that we find ourselves in.

Upon the tabling of the Draft Budget, the anticipated economic growth percentage was less than one per cent for 2020/2021, this has now changed to an estimated decline in domestic growth of 7.4 per cent. The world is heading for a global recession and equity markets have recorded losses not encountered for decades. It is expected that unemployment will

rise by more than 6 per cent and may end up to total between 40% and 50%. It is anticipated that the Economy will take at least 3 years to recover to the same levels as before the outbreak of the pandemic and we need to gear ourselves to do more with less in the coming years and ensure that we not only explore additional sources of revenue, but also protect our rates base from further financial shocks.

The budget and IDP revision presented here today is a culmination of intensive planning processes undertaken through the ward committee and other IDP processes as well as extensive in-house deliberations and negotiations to ensure that municipal resources are optimally used for the improvement of the livelihood of our communities.

The operating revenue budget (excluding capital transfers and contributions) amounts to R 364,567 million. The bulk of the income is derived from assessment rates and user charges for services. Operational expenditure from own funds amount to R 378,593,852 with the main two categories of operational expenditure being salary related expenditure and bulk purchases that account for 62.4 per cent of the total operational expenditure.

The capital budget amounts to R 43,336,196. The capital budget is once again focussed at infrastructure development and 74.66 per cent of the capital budget is therefore allocated for infrastructure and engineering services.

Infrastructure spending included in the capital budget will be allocated as follows: Water services infrastructure R 4,655,000; Electricity infrastructure R 7,018,696; Sanitation infrastructure R 6,933,611 and roads infrastructure R 13,747,389

Sport and recreational facilities receive R 3,385,000 and social and community facilities receive R 1,675,000 the remainder of the budget consists of machinery and equipment, furniture, transport assets as well as computer equipment needed in the delivering of services to our communities.

In accordance with a new capital funding mix, a new loan of R15.2 million will be taken up in the financial year, further own funding through the Capital Replacement Reserve in the amount of R12.3 million will be added to fund the capital budget in addition to the R 15,769,696 in grant receipts of the 2020/2021 financial year.

Employee related cost remain a major component of the municipal budget and the following adjustments to the employee related costs were necessary:

- The general salary increase of 6.25% in accordance with the collective agreement between the employer and organised labour.
- Notch increases are limited to 2.3% where applicable.

Employee related cost as a percentage of total expenditure equals 35.4% of total expenditure and the impact of COVID -19 forced us to decrease employee cost by R1.2

million from the current year budget allocation, the expenditure for this category remain within the norm and will be carefully managed over the MTREF to ensure that it remains so.

Given the global and more specifically the national economic reality the council's tariff increases in respect of water, refuse removal and sewer charges have been reduced to 4.6% from an original 6% as reflected in the draft budget. Tariff increases for electricity will be 6.22% as prescribed by NERSA determined in accordance with the multi-year Eskom approval of 6.9%. The tariff for assessment rates will remain at 6% as communicated in the tabled draft budget during March 2020.

It is the responsibility of the political leadership as well as management within local government environment to strengthen the link between the electorate and government's vision, policy, priorities and spending plans. The goal of the municipality therefore remain the enhancement and improvement of service delivery that will contribute to improving the quality of life for all people within Bergrivier Municipality.

In the difficult economic circumstances budgeting choices that the municipality have to make between competing priorities and fiscal realities becomes more intense and care needs to be taken when priorities are weighed up against one another to ensure that the expectations of the citizens are met. The challenge is to do more with the available resources and to ensure value for money with every transaction where public resources are spent. We need to remain focused on the delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of prudent financial management principles in the compilation of the municipality's financial plan is not only essential, but critical to ensure that Bergrivier Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

It is our responsibility as a sphere of government to ensure that the quality of life of everyone that live and work in the Bergrivier Municipal area is continuously improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction.

The municipality will continue in its endeavour to assist the poorest of the poor with its indigent subsidy program where qualifying indigent households will receive an indigent support package consisting of 50 units of free electricity, 6000 litres of free water as well as a 100% subsidy on a standard household refuse and sewerage tariff per month. Households with a combined household income of less than R5000 per month will qualify for the subsidy. In addition thereto a subsidy of 60% will be provided on assessment rates for qualifying pensioners registered as indigents. It is anticipated that the number of indigent

households will increase during the Covid -19 pandemic and additional funds are set aside to assist in this regard.

The Council will continue to pursue and encourage community participation in programmes, plans and strategies to ensure that our plans are in line with community needs.

In conclusion, I would like to thank the Budget Steering Committee under the leadership of the Deputy Mayor, the Municipal Manager, the Chief Financial Officer and the staff in the Strategic Service and Budget Offices, Directors and other personnel who were involved in compiling this IDP and budget. The effort and hard work that have already gone into this have not gone unnoticed and I would like to express my appreciation to all involved.

I would also like express my appreciation to all stakeholders and members of the public that have contributed to the budget process through their valuable input and deliberation during this process.

Speaker, I would therefore like to submit the 2020/2021 Budget and MTREF to the Council for consideration and approval.

I thank you.

ALDERMAN RAY VAN ROOY
EXECUTIVE MAYOR

Uitvoerende Burgemeester se Begrotingstoespraak 29 Mei 2020

Agbare Speaker, Onderburgemeester, lede van die Burgemeesterskomitee, Raadshere, Raadsdames, Raadslede, Munisipale Bestuurder, Direkteure, gaste, dames en here, goeie middag.

Dit is my voorreg om die begroting vir 2020 tot 2023 voor te lê soos voorgeskryf in Artikel 16 van die Wet op Munisipale Finansiële Bestuur.

Hierdie begroting is onder baie uitdagende omstandighede opgestel. Dit blyk dat die Suid-Afrikaanse ekonomie op pad is na ’n resessie en die ekonomiese insinking word verder vererger deur die effek van die Koronavirus wat die wêreld en Suid-Afrika getref het asook die maatreëls wat ingestel is om die verspreiding van die virus te beperk. Die verklaring van die Nasionale Rampstaat en die daaropvolgende inperking het oor die afgelope twee maande ’n negatiewe impak gehad op die ekonomie op nasionale, provinsiale,- en distriksvlak sowel as op Bergrivier se plaaslike ekonomie.

Die wêreldekonomie is in 'n afwaartse spiraal en die ekonomiese ineenstorting is vergelykbaar met die wat tydens die Groot Depressie van 1929 ervaar is. Klein ondernemings word veral geraak deur die COVID -19 maatreëls wat ingestel is om sosiale distansiëring, persoonlike higiëne en veiligheid te bevorder. Die inperking wat op 23 Maart 2020 deur die agbare President Ramaphosa aangekondig is, het die afgelope twee maande 'n beduidende uitwerking op die nasionale, streeks- en plaaslike ekonomie gehad, sowel as op die munisipale begroting wat inkomste generering en finansiële volhoubaarheid betref. Alhoewel dienslewering steeds voortgaan as deel van die munisipale mandaat, sal die munisipaliteit alles in sy vermoë doen om die gemeenskap sowel as munisipale werknemers en hul gesinne te beskerm.

Die munisipaliteit se fokus is die afgelope nege (9) weke verbreed om sosiale behoeftes, gesondheids- en humanitêre bystand in te sluit. Die munisipale hulpbronne is opsy gesit om na haweloses, behoeftiges en die armes om te sien. Hulpbronne is aangevul deur bydraes vanaf sakelui, landbou, privaat individue en die Weskus Distriksmunisipaliteit om hulp te verleen met humanitêre hulpverlenigingspogings. Ek wil my opregte dank en waardering uitspreek teenoor diegene wat bygedra het, sowel as al die NRO's, munisipale personeel en al die vrywilligers wat gehelp het met die voorbereiding en verspreiding van kospakkies aan behoeftiges.

Die vooruitsig op finansiële herstel en ekonomiese groei waarna deur President Ramaphosa tydens die *Staatsrede* verwys word, blyk onbereikbaar te wees en is baie ver verwyder van die posisie waarin ons onsself tans bevind.

Met die opstel van die konsepbegroting was die verwagte persentasie van ekonomiese groei minder as een persent vir 2020/2021, maar dit het nou verander na 'n geraamde daling

in Bruto Binnelandse Produk van 7,4 persent. Die wêreld is op pad na 'n wêreldwye resessie en aandelemarkte het verliese aangeteken wat vir dekades lank nie ondervind is nie. Daar word verwag dat werkloosheid met meer as 6 persent sal styg en in totaal tussen 40% of 50% kan beloop. Daar word verwag dat die ekonomie minstens drie jaar sal neem om terug te keer tot dieselfde vlakke as voor die uitbreek van die pandemie en dat ons onsself moet toerus om in die komende jare, meer met minder te doen. Ons moet ook verseker dat ons nie net addisionele bronne van inkomste ondersoek nie, maar dat ons ook ons belastingbasis beskerm teen verdere finansiële skokke.

Die hersiening van die begroting en GOP wat vandag hier ter tafel gelê word, is bereik deur intensiewe beplanningsprosesse wat deur die wykskomitee en ander GOP-prosesse onderneem is, asook uitgebreide interne beraadslaging en onderhandelinge om te verseker dat munisipale hulpbronne optimaal benut word vir die verbetering van die lewensgehalte van ons gemeenskappe.

Die bedryfsinkomste-begroting (kapitaaloordragte en bydraes uitgesluit) beloop R 364,567 miljoen. Die grootste deel van die inkomste word gegenereer uit eiendomsbelasting en tariewe vir beskikbaarheid en gebruik van dienste. Bedryfsuitgawes uit eie fondse beloop R 378,593,852; die twee hoof kategorieë van die bedryfsuitgawes is salarisverwante uitgawes en grootmaataankope wat 62,4% persent van die totale bedryfsuitgawebegroting uitmaak.

Die kapitaalbegroting beloop R43,336,196. Die kapitaalbegroting fokus weereens op infrastruktuurontwikkeling en 74,66% persent van die kapitaalbegroting word dus aan infrastruktuur- en ingenieursdienste toegewys.

Infrastruktuurbesteding wat by die kapitaalbegroting ingesluit is, word soos volg toegewys: infrastruktuur vir waterdienste R4,655,000; Elektrisiteitsinfrastruktuur R7,018,696; Sanitasie infrastruktuur R 6,933,611 en paaie infrastruktuur R13,747,389.

Sport- en ontspanningsfasiliteite ontvang R 3,385,000 en sosiale en gemeenskapsfasiliteite ontvang R 1,675,000, die res van die begroting bestaan uit masjinerie en toerusting, meubels, vervoerbates, sowel as rekenaartoerusting wat benodig word vir die lewering van dienste aan ons gemeenskappe.

In ooreenstemming met 'n nuwe kapitaal-finansierings-mengsel, word 'n nuwe lening van R15,2 miljoen in die boekjaar aangegaan en verdere eie befondsing deur die Kapitaalvervangingsreserwe ten bedrae van R12,3 miljoen sal bygevoeg word om die kapitaalbegroting te befonds, Toekennings ter kapitaalfinansiering beloop R 15,769,696 vir die 2020/2021 boekjaar.

Werknemersverwante koste bly 'n groot komponent van die munisipale begroting en die volgende aanpassings aan die werknemersverwante koste is nodig:

- Die algemene salarisverhoging van 6,25% in ooreenstemming met die kollektiewe ooreenkoms tussen die werkgewer en die georganiseerde arbeid.
- Kerfverhogings beloop tot 2.3% waar van toepassing.

Werknemersverwante koste as 'n persentasie van die totale uitgawes beloop 35,4% en die impak van COVID -19 het ons gedwing om hierdie koste met R1,2 miljoen te verlaag vanaf die huidige begroting teenoor die van die nuwe begrotingsjaar, die uitgawes vir hierdie kategorie bly binne die norm en sal sorgvuldig oor die Medium Termyn Inkomste- en Uitgaweraamwerk bestuur word om te verseker dat dit binne die norm bly.

Gegewe die wêreldwye en meer spesifiek die nasionale ekonomiese werklikheid, is die tariefverhoging van die Raad ten opsigte van water, vullisverwydering en rioolheffings verminder tot 4,6% vanaf 'n oorspronklike 6%, soos weerspieël in die konsepbegroting. Tariefverhogings vir elektrisiteit sal 6,22% wees soos voorgeskryf deur NERSA wat bepaal is ingevolge die meerjarige Eskom-goedkeuring van 6,9%. Die tarief vir eiendomsbelasting bly op 6%, soos in die konsepbegroting gedurende Maart 2020 gekommunikeer.

Dit is die verantwoordelikheid van politieke leierskap sowel as bestuur binne die plaaslike regeringsomgewing om die skakel tussen die kiesers en die regering se visie, beleid, prioriteite en bestedingsplanne te versterk. Die doel van die munisipaliteit is dus steeds om dienslewering te verbeter en die lewenskwaliteit vir alle mense binne die Bergrivier Munisipale Gebied te bevorder.

In die moeilike ekonomiese omstandighede word die begrotingskeuses wat die munisipaliteit moet maak tussen mededingende prioriteite en fiskale realiteite meer intensief en daar moet met sorg gehandel word wanneer prioriteite teen mekaar opgeweeg word om te verseker dat die inwoners se verwagtinge bereik word. Die uitdaging is om meer met die beskikbare hulpbronne te doen en om waarde vir geld te verseker met elke transaksie waar openbare hulpbronne bestee word. Ons moet gefokus bly op die lewering van kern munisipale dienste deur die toepassing van doeltreffende en effektiewe meganismes vir dienslewering.

Die toepassing van sorgvuldige finansiële bestuursbeginsels in die samestelling van die munisipaliteit se finansiële plan is nie net noodsaaklik nie, maar ook krities om te verseker dat die Bergrivier Munisipaliteit finansieel lewensvatbaar bly en dat volhoubare munisipale dienste ekonomies en billik aan alle gemeenskappe gelewer word.

Dit is ons verantwoordelikheid as 'n regeringsfeer om toe te sien dat die lewensgehalte van almal wat in die Bergrivier Munisipale Gebied woon en werk, voortdurend verbeter word. Ons sal voortgaan om op ‘n progressiewe en betekenisvolle wyse met ons gemeenskappe in gesprek te tree om sodoende ‘n duidelike weg te baan wat rigting sal gee aan bestuur en ontwikkeling.

Die munisipaliteit sal voortgaan om die behoeftiges by te staan met deernis subsidie waar kwalifiserende behoeftige huishoudings 'n deernisondersteuningspakket sal ontvang wat bestaan uit 50 eenhede gratis elektrisiteit, 6000 liter gratis water en 'n 100% -subsidie op 'n standaard huishoudelike vullis- en riooltarief per maand. Huishoudings met 'n gesamentlike huishoudelike inkomste van R5000 of minder per maand kwalifiseer vir die subsidie. Daarbenewens sal 'n subsidie van 60% op die eiendomsbelasting vir kwalifiserende pensioenarisse wat as hulpbehoewendes geregistreer is, voorsien word. Daar word verwag dat die getal van hulpbehoefende huishoudings sal toeneem gedurende die COVID -19 pandemie en addisionele fondse word opsy gesit om hiermee behulpsaam te wees.

Die Raad sal voortgaan om gemeenskapsdeelname by programme, planne en strategieë aan te moedig om te verseker dat ons planne in lyn is met die gemeenskapsbehoeftes.

Ter afsluiting wil ek die Begrotingloodskomitee onder leiding van die Onderburgemeester bedank asook die Munisipale Bestuurder, die Hoof Finansiële Beampte en die personeel in die Strategiesedienste- en Begrotingskantore, direkteure en ander personeel wat betrokke was by die samestelling van hierdie GOP en begroting. Die moeite en harde werk wat almal ingesit het, het nie ongemerk verby gegaan nie en ek wil my waardering uitspreek teenoor alle betrokkenes.

Ek wil ook my waardering uitspreek teenoor alle belanghebbendes en lede van die publiek wat bygedra het tot die begrotingsproses deur hul waardevolle insette en beraadslaging tydens hierdie proses.

Speaker, ek wil derhalwe die 2020/2021-begroting en MTREF aan die Raad voorlê vir oorweging en goedkeuring.

Ek dank u.

RAADSHEER RAY VAN ROOY
UITVOERENDE BURGEMEESTER