

JULY 2016

24-hour Emergency Fire Brigade 028 313 8000/8111
028 312 2400

Bulletin

Official newsletter of the Overstrand Municipality

2016/17 BUDGET IN A NUTSHELL

Total Revenue

R993 million-up by 10.9%. This increase is due to an increase in grant funding, which includes an additional equitable share of R8,3 million and funding for housing top structures amounting to R43.7 million.



Total Expenditure

R1,073 billion - up by 8.4%. The shortfall of R79,8 million between income and expenditure constitutes non-cash items, one of the biggest being depreciation. However, once other cash flows have been accounted, such as the redemption of external loans, Overstrand will realise a cash surplus.



TARIFFS

Property Rates

Increase by 7,2% on residential and commercial property, as well as on undeveloped erven.



Electricity

Basic electricity fee increases by 17,5%. Consumption costs across the inclining blocks will rise between 1 - 7,64% on average.



Water

Only indigent households receive first 6kl free.



11,5% increase applicable to water consumption ranging from 0 - 6 kl per month.

Sewerage

Increases by 6%.



Waste Removal

Increases by 6%.



Capital Budget

R88,4 million - down by 14,5%. This reduction is due to availability of resources to fund the capital budget and Overstrand's own cost-saving measures. An estimated R100m is required annually to sustain capital infrastructure.



MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL 2016/17

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2016/17					
High consumption with prepaid electricity meter					
Valuation: R3 500 000					
	Year 2015/16	Year 2016/17	Amount	% increase	
Rates	1016,6	1089,80	73,20	7,20	
Sewerage* Tariff Code: SE7A1+SE8A	477,41	505,95	28,54	5,98	
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00	
Refuse Once per week	137,99	146,99	8,27	6,00	
Water 50 kl	906,19	961,68	55,48	6,12	
VAT	218,86	231,78	12,92	5,90	
SUBTOTAL	2 798,74	2 977,16	178,42	6,38	
Electricity: Prepaid meter 1500kWh	2 429,52	2 613,41	183,89	7,57	
VAT	304,13	365,41	25,74	7,57	
TOTAL	5 568,39	5 956,45	388,05	6,97	
HPP if applicable	101,66	108,97952	7,31952	7,2	

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2016/17					
Medium consumption with prepaid electricity meter					
Valuation: R25 000 00					
	Year 2015/16	Year 2016/17	Amount	% increase	
Rates	721,93	773,91	51,98	7,20	
Sewerage* Tariff Code: SE7A1+SE8A	287,01	304,18	17,17	5,98	
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00	
Refuse Once per week	137,99	146,26	8,27	6,00	
Water 25 kl	343,02	364,75	21,74	6,34	
VAT	113,36	119,96	6,61	5,83	
SUBTOTAL	1 645,00	1 750,76	105,76	6,43	
Electricity: Prepaid meter 800kWh	1 246,55	1 340,06	93,51	7,50	
VAT	174,52	187,61	13,09	7,50	
TOTAL	3 066,07	3 278,43	212,36	6,93	
HPP if applicable	72,19	77,39	5,20	7,20	

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2016/17					
Low consumption with prepaid electricity meter					
Valuation: R1 000 000					
	Year 2015/16	Year 2016/17	Amount	% increase	
Rates	279,93	300,09	20,16	7,20	
Sewerage* Tariff Code: SE7A1+SE8A	210,85	223,47	12,62	5,99	
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00	
Refuse Once per week	137,99	146,26	8,27	6,00	
Water 15 kl	212,18	226,08	13,91	6,55	
VAT	84,38	89,25	4,87	5,77	
TOTAL	967,02	1 026,84	59,83	6,19	
Electricity: Prepaid meter 600kWh	908,56	976,24	67,69	7,45	
VAT	127,20	136,67	9,48	7,45	
TOTAL	2 002,78	2 139,76	136,99	6,84	
HPP if applicable	27,99	30,01	2,02	7,20	

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL - 2016/17					
Sub-economic consumption (Indigent)					
Valuation: R100 000					
	Year 2015/16	Year 2016/17	Amount	% increase	
Rates	14,73	15,79	1,06	7,20	
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 10 kl	36,48	38,64	2,16	5,92	
VAT	5,84	5,84	0,00	0,00	
SUBTOTAL	98,75	101,97	3,22	3,26	
Electricity: Prepaid meter 350kWh	149,18	150,67	1,49	1,00	
VAT	20,89	21,09	0,21	1,00	
TOTAL	268,82	273,74	4,92	1,83	

MONTHLY BASKET OF TARIFFS - BUSINESS - 2016/17					
Business - Medium (Three-phase)					
Valuation: R3 200 000					
	Year 2015/16	Year 2016/17	Amount	% increase	
Rates	1 786,67	1 915,31	128,64	7,20	
Sewerage* Tariff Code: SE7D1+SE8A 1	488,29	517,48	29,20	5,98	
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00	
Refuse Once per week 3	413,96	438,78	24,82	6,00	
Water 40 kl	686,06	736,64	50,58	7,37	
VAT	228,20	242,84	14,64	6,42	
SUBTOTAL	3 644,87	3 892,75	247,88	6,80	
Electricity: Credit meter 7000kWh	10 344,97	11 015,54	670,57	6,48	
VAT	1 448,30	1 542,18	93,88	6,48	
TOTAL	15 438,13	16 450,47	1 012,33	6,56	
HPP if applicable	178,67	191,53	12,86	7,20	

MONTHLY BASKET OF TARIFFS - VACANT ERVEN - 2016/17					
Valuation Average					
	Year 2015/16	Year 2016/17	Amount	% increase	
Rates	126,04	135,12	9,08	7,20	
Sewer can connect Availability	116,23	123,20	6,97	6,00	
Refuse Availability	68,98	73,12	4,14	6,00	
Electricity Availability	216,83	254,78	37,95	17,50	
Water Availability	108,42	114,93	6,51	6,00	
Infrastructure basic charge: water, electricity & sewerage	41,70	41,70	0,00	0,00	
VAT	77,30	85,08	7,78	10,06	
TOTAL	755,50	827,93	72,42	9,59	
HPP if applicable	12,60	13,51	0,91	7,20	

HPP - Hermanus Public Protection

FINANCIAL SUSTAINABILITY ASSURED

- despite economic downturn and rise in demand

ON TABLING THE 2016/17 BUDGET FOR APPROVAL ON 25 MAY 2016,

Mayor Nicolette Botha-Guthrie yet again confirmed that Overstrand has mastered the art of participative local governance by arriving at a budget and a revised IDP that will not only ensure the municipality's financial viability over the long term, but will also serve the best interests of its citizenry. This sentiment was echoed earlier during the same month by Des van Rooyen, Minister of Cooperative Governance and Traditional Affairs, who complimented Overstrand on its successful utilisation of the ward participatory model to strengthen community participation.

Structured community participation in matters that informed the fourth and final review of Overstrand's five-year Integrated Development Plan (IDP) and, as a direct consequence, the 2016/17 budget commenced as early as February when Council met with OMAF (Overstrand's municipal advisory forum). Towards the end of last year, the municipality also visited all wards to gauge success in terms of delivering on the 2012/17 IDP thus far. This was followed up in the course of April 2016 with roadshows on proposed amendments to the IDP and the concomitant 2016/17 budget.

The outcome of this process attests to the fact that Council has steadfastly and progressively worked towards **realising its vision, namely to be a centre of excellence for all it serves**. In short, all parties agreed that both this vision and the municipality's five strategic goals should remain unchanged, and that the budget should be allocated in accordance with those objectives prioritised in the fourth and final IDP review. *[See 'Budget and IDP go hand-in-hand' elsewhere in this issue.]*

Reflecting on the **broader economic factors** that informed the 2016/17 budget, Botha-Guthrie echoed the reservations the Governor of the South African Reserve Bank uttered in a press statement earlier in May. He said that although cost-of-living inflation has moderated since February, this respite is expected to be temporary: "The year-on-year inflation rate as measured by the consumer price index (CPI) for all urban areas has moderated after reaching a recent high of 7,0% in February. In March and April, CPI inflation measured 6,3% and 6,2%." Furthermore, domestic economic growth continues to disappoint and, according to the

Governor, indications are that recovery from an all-time economic low will be slow.

Elaborating on the bleak picture sketched by the Governor, the Mayor added that Overstrand is faced with the dilemma that as the **fastest growing municipality in the Overberg district**, it has to cater for an ever-increasing demand for services. Yet, slow economic growth means a reduction in revenue, especially in the form of grants, while an already overburdened citizenry who has to cope with rising fuel and food prices cannot be burdened with sharp increases in municipal rates and tariffs too.

"At the time of finalising our tariffs for core municipal services as well as for sundry tariffs," she said, **"the focus was acutely on financial sustainability**. We had to ensure that the municipality will be in a position to maintain its substantial investment in infrastructure and to render services to its rapidly growing community. This, however, had to be balanced against the financial realities of our residents, considering the large component of pensioners and people whose only form of income is the interest on their life savings."

Moreover, with the exception of property rates and electricity charges, the increase in consumer services has been limited to 6%, which is below the current inflation rate. Property rates will increase by 7,2%. *[See Budget in a Nutshell elsewhere in this issue.]*

"Sadly," the Mayor remarked, "NERSA has given Eskom the right to increase its rates in excess of inflation, which will yet again impact our consumers negatively." The basic charge for electricity increases by 17,5%. But to offset this, the tariff for the first 350 kWh consumed per month will only increase by 1%. Thus, when taking the increase in the basic charge plus the cost of the first 350 kWh into account, the rise in electricity costs is limited to 7,34%, which is slightly less than the allowed 7,64%. *[See Monthly Basket of Tariffs - Single Residential 2016/17.]*

In summarising the overall impact of the 2016/17 budget, the Mayor stated that "with inflation now expected to average 6,7% in 2016, Overstrand has managed to contain the overall impact tariff increases, excluding electricity, will have on household bills to 6,43% (2,66% for indigent households), which is below the forecasted inflation". To this she added that the 2016/17 budget provides for an estimated 7 100

households to be registered as indigent, all of whom will therefore be entitled to free basic services.

Continuing on a positive note, she added that the Western Cape Government's analysis of the municipality's operational and capital budgets found its water, electricity, wastewater and waste management **budget to be responsive to both current and future basic service needs**. The same report confirmed that the municipality will be able to meet its short-term obligations and that its **sustainability ratio is above the National Treasury norm of 100%**, a finding which is underpinned by a recently updated independent financial assessment which concluded that Overstrand has demonstrated its ability to generate revenue despite the constraints of a decline in economic growth and a rise in unemployment in the area.

On a cautionary note, though, she warned that the same independent assessment indicated that **Overstrand will have to increase its capital expenditure in the near future** if it is to avoid deterioration of its infrastructure assets.

Furthermore, given that the municipality relies proportionally more on income from sale of services than on income from rates, and seeing that local governments have no control over electricity prices, Overstrand will be well advised to gradually rectify this ratio in an attempt to safeguard its income.

In conclusion, the Mayor said Overstrand takes pride in having achieved a clean audit status for three consecutive years and in being judged the most productive local municipality in South Africa, as well as in ranking seventh amongst South Africa's top-ten municipalities. "Clearly, these achievements are indicative of our employees' and management's commitment to optimal delivery and intention to sustain municipal services and programmes of the highest standard," she said.

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 2016/17 budget and IDP review were adopted unanimously.

MAJOR 2016/17 CAPITAL PROJECTS:

- infrastructure tops the list, with some major upgrades in the pipeline

In its 2016/17 budget, Overstrand appropriated an amount of R88,4 million to either develop and/or upgrade major infrastructure facilities, generally referred to as major capital projects. The top-ten projects to be undertaken in this fiscal year, alongside the funding resources for each, can be summarised as follows:

Project description	Ward	Funding source	2016/17 Budget		
			Own funds	External funds	TOTAL
Upgrading of Franskraal-Kleinbaai-Gansbaai pipelines	01	EL7	8,400 000		8,400 000
Rehabilitation of existing paved road (LIC) phase 2	05	MIG		7,000 000	7,000 000
Upgrading of pump stations	Over-strand	EL7	5,588,072		5,588,072
Electrification of low-cost housing areas	04,05,06	INEP		5,000,000	5,000,000
Extension of Stanford's sewer network	11	EL7	4,411 928		4,411,928
Mandela Square/ Garden Site	06	PROV-H		4,308,419	4,308,419
Upgrading/ replacement of Hermanus' MV/LV network	03	EL7	4,000,000		4,000,000
New 1 m ³ /s reservoir OHW.B31	04	EL7/MIG	500,000	3,110,000	3,610,000
Upgrading of Stanford's waste-water treatment works	11	ACIP		3,500,000	3,500,000
CCTV, SCADA, minisub and upgrading of Gansbaai's MV/LV network	02	EL7	3,000,000		3,000,000

The capital budget appropriation for 2016/17 is 14,5% less when compared to the 2015/2016 adjustment budget. Furthermore, notwithstanding that an estimated R100 m is required annually to sustain capital infrastructure, the capital programme will only increase to R94,2 m and R107,3 m respectively in the outer years. This reduction can be ascribed to fewer external resources being available to fund capital projects as well as a reduction in own funding (borrowing) as part of Overstrand's cost-containment measures. Consequently, only 36% of the capital budget will be funded from borrowing over the MTREF, while the balance will be funded from internally generated funds (3%) and capital grants (61%).

COUNCIL IN RECESS

The municipal election is to take place on 3 August 2016. The Municipal Council will, except for a Special Council Meeting on Wednesday 27 July 2016, be in recess until the date of proclamation of the election results by the Electoral Commission.

The newly elected Council will, if everything goes according to plan, be constituted during a Special Council Meeting on 12 August 2016.

The first ordinary Council Meeting of the newly elected Council will take place on Wednesday 31 August 2016.

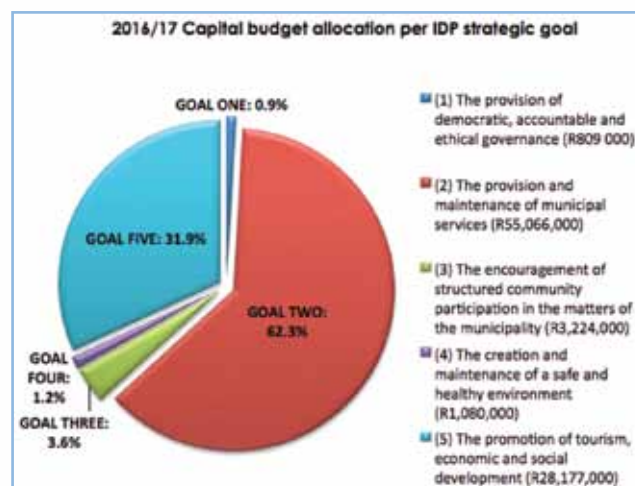
The recess will have no impact on the legal provisions regarding Council meetings. During the recess, urgent matters will be dealt with by the Executive Mayor in consultation with the Municipal Manager - except those matters specifically reserved by legislation for execution by Council.

• The next generation of Ward Committees will be elected between 15 and 18 August 2016.

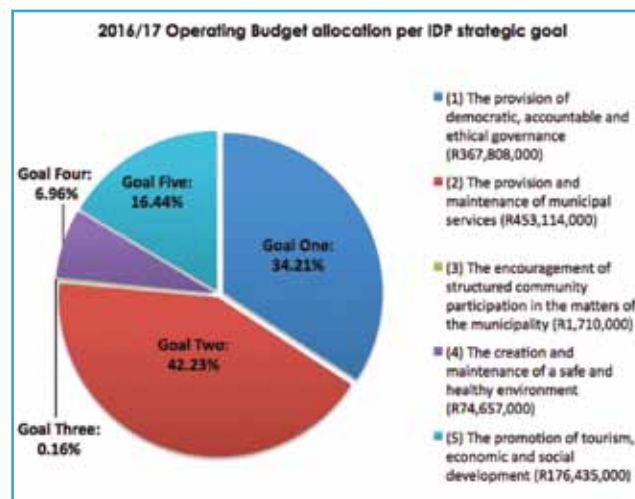
BUDGET AND IDP GO HAND IN HAND

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 2016/17 was approved by Council on 25 May 2016 and represents the fourth and final 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 2016/17 will be spent to deliver on the five strategic goals set in the 2016/17 IDP review.



The majority, 62.3% of the capital budget will be spent on IDP goal 2: the provision and maintenance of municipal services. The second highest capital budget allocation is on goal 5: the promotion of tourism, economic and social development and represents 31.9% of the total capital budget.



WOULD LOVE TO RECYCLE BUT UNSURE ABOUT THE WHAT AND HOW?

- here are some answers to your questions

Following on an article in the May edition of *Bulletin*, we had quite a number of enquiries from residents who would also like to recycle their household refuse, but were unsure about which articles are suitable for recycling and how to go about it.

The **how** is rather straightforward: Overstrand provides clear plastic bags in which recyclable items can be placed. All you have to do is to place that clear plastic bag on the sidewalk on the same day the municipality would normally collect your refuse.

The **what** is also a lot simpler than one would think: Recyclable household refuse broadly resorts under one of four categories: paper/cardboard, glass, plastics or cans made from steel/aluminium.

Below you will find an abbreviated table listing some of the common items resorting under one of these categories which you can safely dispose of in the clear plastic bag so that we can recycle them on your behalf:

Paper/cardboard

Newspapers, magazines, office paper and cardboard; smaller items made from cardboard such as the boxes containing your toothpaste, breakfast cereal or pills or in which eggs are sold

Glass

Bottles, containers or receptacles made from glass. Do note that large shards of shattered glass (windscreens, window panes) must be disposed of at building-rubble sites.

Plastics

Cold-drink, water and milk containers; containers containing items such as cooking oil and household cleansing aids; shopping and refuse bags; yoghurt and ice-cream containers; cling film

Cans

Cold-drink and food cans; deodorant and hairspray cans; cans containing household cleansing aids. Do note that tins containing things such as varnish, paint or thinners must be disposed of at building-rubble sites.

*NB: Unfortunately, it is not yet possible to recycle polystyrene cost effectively. Thank you so much for your willingness to contribute to a cleaner, healthier environment!

The elderly and those in need of special care first to benefit from handover of newly completed homes in Hermanus



Special-needs beneficiary Clara Mouries (67) flanked by Western Cape Minister of Human Settlements, Bonginkosi Madikizela, on the left and Overstrand Executive Mayor, Nicolette Botha-Guthrie, on the right when handed the keys to her new home. Looking on are Overstrand Deputy Mayor, Rudolf Smith (second left), and Chairperson of the Western Cape Provincial Parliament's Standing Committee on Environmental Affairs and Development Planning, Rodney Lentit.

All who had a hand in ensuring that the Mount Pleasant and Swartdamweg Site A housing project was delivered on time and within budget can rightfully pride themselves on a job well done.

All the more so because, when handed the keys to her new home, a visibly emotional Clara Mouries aged 67 remarked: "My prayers have been answered." Clara, a special-needs beneficiary, has suffered a stroke and apart from now having a decent house she can call home, she will in future be able to enjoy ease of access and the pleasures afforded by a specially-fitted bathroom.

Her sentiments were echoed by an elderly couple - the 68-year-old Jim Robertson and his 73-year-old wife Sebina - who could not believe that they will finally have "a proper roof" over their heads and a house that truly belonged to them.

For some, the wait has been a long and excruciating one: Maria and Daniel Alexander have been on the housing allocation list for almost two decades. However, to quote the couple, they can now "stand tall" and afford their children "a much better and secure future".

On handing the keys to a group of proud new home owners on 24 May 2016, Bonginkosi Madikizela - minister of human settlements in the Western Cape - remarked that state-subsidised houses are intended for the most deserving. "Those who have been on the housing allocation list for many years, the elderly and people with special needs - they're the ones we must concentrate our efforts on", he said.

In her address, Overstrand's Executive Mayor Nicolette Botha-Guthrie thanked the community, councillors, ward committees and social compact committees for their patience, support and trust: "Without you, we would not have been able to deliver this project within the prescribed budget of R37.5 million by the completion date of 31 March 2016. Your commitment bears testimony to the constructive working relationship that exists between all affected parties in Overstrand," she concluded.

BUTT WHAT'S THE PROBLEM?

Only 10% of smokers worldwide dispose of their cigarette butts in an environmentally acceptable manner. Although small in size, thoughtlessly discarded cigarette butts are certainly no trifling matter since 4.5 trillion of these end up polluting waterways and, inevitably, oceans every year.

Even those butts discarded in parking lots, along pavements and in gutters miles from the coast will eventually be washed out to sea along storm-water drains and rivers where the toxins that collected in their filters will gradually leach into the ocean. These toxins are hazardous to marine life, all the more so because birds and sea animals often mistake them for food and end up ingesting the butts.

And even if a butt is not swept out to sea, its toxic cocktail will eventually end up in the surrounding soil as the butt slowly decomposes - a process that can take up to 25 years!

As the most littered item on the planet, unsightly cigarette butts cause a major problem along our beaches, cliff paths and pavements and in our parks, picnic areas and parking lots. Because they are so small in size, municipal workers find it difficult to sweep them up effectively and since they hardly weigh anything, even the slightest gust can blow the butts all over the show again.

We can all do our bit to curb this problem: If you are a smoker, be sure to dispose of your cigarette butts in a wind-proof bin and, if you don't smoke, encourage your smoking friends to do so. In addition, be sure to keep the area around your home litter-free and to offer your assistance whenever a beach or town clean-up is organised in your area.

Also, do keep in mind that smouldering cigarettes flicked from moving vehicles can cause devastating brush fires and that smouldering cigarettes left unattended have been known to burn many a home to the ground.



A young gull mistaking a cigarette butt for food

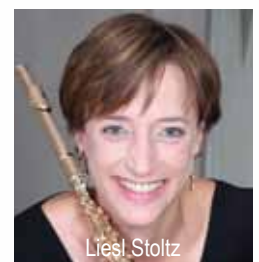
FLAUTIST AND PIANIST SET TO ENTHRAL



On Sunday afternoon 24 July, Overstrand Arts/Kunste (OAK) will be hosting two well-known South African artists in concert. **Liesl Stoltz** (flute)

will be accompanied by **Albie van Schalkwyk** on the piano.

The concert will commence at 15:30 in the Hermanus Civic Auditorium. Tickets are R120 (R60 for students). Book at BELLINI on 028 312 4988. For further enquiries, call OAK's secretary René du Plooy on 082 940 4238.



Liesl Stoltz



Albie van Schalkwyk