



**ORDINARY MEETING OF THE COUNCIL**  
**GEWONE VERGADERING VAN DIE RAAD**  
**INTLANGANISO YESIQHELO YEBHUNGA**  
**MINUTES / NOTULE /**  
**IMIZUZU**

**DATE / DATUM / UMHLA : 31 MAY / MEI / MEYI 2023**

**VENUE / PLEK / INDAWO : BANQUETING HALL /  
BANKETSAAL**

**CIVIC CENTRE / BURGERSENTRUM / IZIKO LOLUNTU  
HERMANUS**

**TIME / TYD / IXESHA: 10:00**

# OVERSTRAND

MUNICIPALITY / MUNISIPALITEIT / U-MASIPALA

**MINUTES OF AN ORDINARY COUNCIL MEETING  
HELD IN THE BANQUETING HALL, CIVIC CENTRE,  
HERMANUS, ON 31 MAY 2023 AT 10:00**

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**PRESENT:** Councillors were present as per attached attendance register.


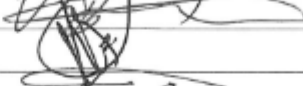

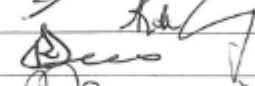
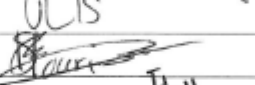
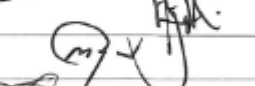

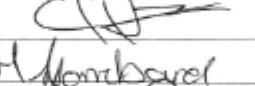
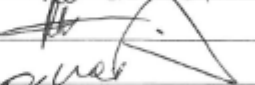
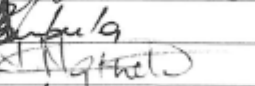

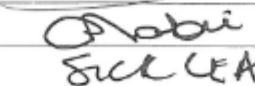








**OFFICIALS PRESENT:** Mr D O'Neill, Municipal Manager  
Ms D Arrison, Director : Management Services  
Ms S Reyneke-Naudé, Director : Finance  
Mr N Michaels, Director : Protection Services  
Mr S Madikane, Director : LED  
Mr S Müller, Director : Infrastructure & Planning  
Ms F Lloyd, Manager : Tourism  
Mr R Kuchar, Senior Manager : Town & Spatial Planning  
Mr R Fraser, Senior Manager : Traffic, Law Enforcement & Task Team  
Ms R Louw, Senior Manager : Strategic Services  
Mr L Smith, Senior Manager : Fire & Emergency Services and Disaster Management  
Mr A Wyngaard, Senior Manager : Hermanus Administration  
Mr T Marx, Acting Senior Manager : Gansbaai Administration  
Ms A Le Roux, Manager : Property Administration  
Ms H van Tonder, Manager : Council Support Services  
Ms N Zweni, Manager : Communications  
Mr L Tait, Accountant : Operating Budget  
Ms K Johnson, Accountant : Budget Office  
Ms S Swart, Administrative Officer : Council Support Services  
Ms R Steenekamp, Media & Social Media Liaison Officer  
Mr T Louw, Technical Support  
Ms M Middleton, Acting Senior Executive Support Officer

**ALSO PRESENT:** Members of the Public

**MINUTES/....**

OVERSTRAND MUNICIPALITY  
ATTENDANCE REGISTER

COUNCIL MEETING  
31 MAY 2023

ALDERMAN/COUNCILLORS	SIGNATURE
AFRICA, F	
BANDEZA, V	
BRICE, KD	
COETZEE, DP	
COHEN, G	
DE CONING, CA	
DEES, RM	
ELS, T	
FOURIE, SH	
GILLION, E	
GRIMBEEK, MD	
GWELE, T	
KOMANI, AS	
LERM, CH	
LOMBARD, H	
NGQANDANA, K	
NOMATITI, M	
NOMBULA, BG	
NQINATA, NNT	
NTSABO, L	
NUTT, R	
RABIE, AL	
RESANDT, CT	
SIHLAHLA, M	
TAFU-NWONKWO, CC	
VAN STADEN, JA	
WILLIAMS, SH	

**1. OPENING**

The Speaker, Cllr G Cohen, opened the meeting and welcomed those present. The Municipal Manager, Mr D O'Neill, read the convening notice and Cllr R Nutt opened with prayer.

**2. APPLICATIONS FOR LEAVE OF ABSENCE**

**Cllr C Resandt**

**RESOLVED:**

that the above-mentioned application for leave of absence **be approved**.

Cllr T Gwele joined the meeting at 10:05

Cllr C Tafu-Nwonkwo joined the meeting at 10:11 with permission from the Speaker.

**3. CONFIRMATION OF MINUTES**

- 3.1 Minutes of an **Ordinary Meeting** of the **Overstrand Municipal Council** held on **Monday, 24 April 2023** at **11:00**

**RESOLVED:**

that the Minutes of an **Ordinary Meeting** of the **Overstrand Municipal Council** held on **Monday, 24 April 2023** at **11:00** **be confirmed**.

**4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE SPEAKER / EXECUTIVE MAYOR****4.1 Schulphoek Housing Project:**

The Executive Mayor, Ald A Rabie, reminded councillors that the tender for the turnkey agent was awarded and the appeal period closed on 19 May 2023. One appeal was received which will now serve before the appeals committee.

**4.2 Department of Health, Western Cape Government : Overberg District Office : Governance Structure: Facility Boards & Clinic Committees:**

The Executive Mayor, Ald A Rabie, has nominated the following councillors to serve on the respective Clinic Committees, namely:

Kleinmond Clinic	:	Cllr S Williams
Hawston Clinic	:	Not to be filled currently
Hermanus CDC	:	Cllr H Lombard
Stanford Clinic	:	Ald D Coetzee
Gansbaai Clinic	:	Ald R de Coning
	:	Cllr A Komani as secundus to Ald de Coning

**RESOLVED (SUPPORTED BY 25 COUNCILLORS):**

that the appointment of the above-mentioned councillors to serve on the respective clinic committees, **be approved**.

The Executive Mayor, Ald A Rabie, thanked all staff and councillors for their assistance during the floodings of the previous night and reported that it rained between 80 – 100 mm.

The Executive Mayor, Ald A Rabie, requested Cllr L Ntsabo and the Director: Protection Services, Mr N Michaels, to provide council with a comparative report on crime statistics during the last quarter of last year vs the last quarter of this year.

The Executive Mayor, Ald A Rabie, informed Cllr M Sihlahla that she will not be having the planned meeting tonight with regards to electricity provision in Marikana/Zwelihle, due to the weather.

The Executive Mayor, Ald A Rabie, informed council that she will make a recommendation at the end of July 2023 on the restructuring and allocation of councillors on Section 80 committees. She requested that Cllr B Nombula take the seat on the Local Economic Development Portfolio Committee as well as the Community Services Portfolio Committee in the place of the late Cllr S Silo.

The Executive Mayor, Ald A Rabie, referred to the appointment of a Section 79 Committee in terms of the Municipal Structures Act in order to advise the Executive Mayor and council on the CBD Revitalisation programme. It was

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the following councillors **be appointed** on the Section 79 Committee for the CBD Revitalisation Programme:

- Cllr C Lerm, Investment & Infrastructure Portfolio (Chairperson)
- Cllr R Nutt, Community Services Portfolio
- Cllr L Ntsabo, Protection Services Portfolio
- Ald K Brice, Ward Councillor for Ward 3

The Executive Mayor, Ald A Rabie, reminded all councillors that new tariffs for the 2023/2024 financial year will come into effect on 1 July 2023 in terms of the 2023/2024 budget which is presented today. These new tariffs will be payable on 20 August 2023 and she urged councillors to ensure that everybody is aware of this.

The Speaker, Cllr G Cohen, congratulated the Executive Mayor, the Municipal Manager and all personnel on receiving the award as best Municipality in the Western Cape.

The Speaker, Cllr G Cohen, conveyed council's condolences to the CFO, Ms S Reyneke-Naudé, with the passing on of her mother.

The Speaker, Cllr G Cohen requested the Executive Mayor, the Deputy Executive Mayor and the Municipal Manager to hand over awards to the Overstrand fire-fighting team which came second in a challenge hosted by the Cape Winelands District Municipality on 4 May 2023, International Fire-Fighters' Day.

**5. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)**

**5.1 MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM) POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR APRIL 2023**

**(ITEM 6 PAGE 6 : MAYORAL COMMITTEE MEETING : 17 MAY 2023)**

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that the deviations from the procurement processes, approved in terms of the delegated authority for April 2023, **be noted**;
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for April 2023, **be noted**; and
3. that the awards made through the Bid Committee system, and formal written price quotations in excess of R30 000 and all price quotations below R30 000 for April 2023, **be noted**.

**RESPONSIBLE OFFICIAL :**

**C LE ROUX**

**TARGET DATE FOR IMPLEMENTATION :**

**TO BE NOTED**

**6. CONSIDERATION OF REPORTS****6.1****LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, NO.32 OF 2000, DELEGATION OF POWERS CONFERRED ON THE EXECUTIVE MAYOR IN RESPECT OF SECTION 62 APPEALS****C Le Roux  
19 May 2023****Deputy Director: Finance & SCM****(028) 313 8107**

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**EXECUTIVE SUMMARY**

The purpose of this report is to appoint an appropriate appeals authority to deal with section 62 appeals arising from the implementation of Overstrand Municipality's Supply Chain Management Policy.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that, in view of the limitation brought forward by section 117 of the Municipal Finance Management Act 2003 (Act 56 of 2003) on the function of the Executive Mayor in terms of section 62 of the Municipals Systems Act 2000, (Act 32 of 2000), the Executive Mayor **be authorised to delegate** the consideration of appeals for tenders in excess of R10 million, in the implementation of the municipality's Supply Chain Management Policy, to an appeal committee consisting of the following officials:
  - a) Senior Manager: Legal Services
  - b) Legal Advisor
  - c) Legal Advisor: Additional Court
  - d) Senior Manager: Property Administration
2. that the Executive Mayor retains no power to make a decision with regard to appeals against the implementation of the municipality's Supply Chain Management Policy, or to override the decision made by the delegated authority; and
3. that the Senior Manager: Legal Services be appointed as the Chairperson and the Legal Advisor be appointed as the Deputy Chairperson of the appeal committee.

**RESPONSIBLE OFFICIAL :****C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****31 MAY 2023**

**6.2****FINAL INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW FOR 2023/24****R Louw****Senior Manager: Strategic Services****15 May 2023****(028) 313 8071**

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**EXECUTIVE SUMMARY**

The purpose of this report is to present the final reviewed Integrated Development Plan (IDP) for the 2023/24 financial year. This will be the 1<sup>st</sup> reviewed document for the 2022/2027 IDP cycle.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the final IDP review for 2023/24 **be approved.**

**RESPONSIBLE OFFICIAL :****R LOUW****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2023**

**6.3****ADOPTION OF OVERSTRAND SPATIAL DEVELOPMENT FRAMEWORK:  
OVERSTRAND MUNICIPALITY****R Kuchar  
15 May 2023****Senior Manager: Town & Spatial Planning****(028) 313 8087**

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**EXECUTIVE SUMMARY**

The purpose of this report is for Council to confirm its previous adoption of the Overstrand Municipal Spatial Development Framework (OMSDF) for adoption by Council for the 2023/2024 financial year as part of the IDP.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the SDF as was adopted by Council at its meeting held on 31 May 2022 be confirmed without any amendments.

**RESPONSIBLE OFFICIAL :****R KUCHAR****TARGET DATE FOR IMPLEMENTATION :****4 JULY 2023**

**6.4****REVISION OF ALL BUDGET RELATED POLICIES OF THE OVERSTRAND MUNICIPALITY****5/B****S Reyneke-Naude  
8 May 2023****Director : Finance****(028) 313 8040**

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**EXECUTIVE SUMMARY**

The purpose of the report is to present council with the amended budget related policies for approval and implementation with effect from 1 July 2023.

**THE DEMOCRATIC ALLIANCE REQUESTED A CAUCUS AT 10:44****THE MEETING RESUMED AT 11:03****RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that the budget related policies attached to the item and amended as indicated in the report, except for the Indigent Policy, **be approved** without amendments and implemented with effect from 1 July 2023;
2. that the Indigent Policy **be approved** with the following **amendments**:
  - the definition of 'income' excludes all other government support grants except the old age pension grant;
  - the average monthly consumption for electricity and water referred to in Items 5(A); (B) and (C) be calculated over a period of three (3) months and not six (6) months.
3. that a workshop on the Indigent Policy and the Customer Care, Credit Control and Debt Collection Policy be held during June 2023 where proposed changes to the wording be considered and the amended Policies be resubmitted to Council at its meeting of 28 June 2023 for approval; and
4. that the implementation date of the Indigent Policy be reconsidered to be no later than 1 August 2023 in order to revisit the applications that may be affected by any amendments.

**RESPONSIBLE OFFICIAL :****S REYNEKE-NAUDE****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2023**

**6.5****FINAL BUDGET FOR OVERSTRAND MUNICIPALITY : 2023/2024 MTREF**

**BA King**  
**23 May 2023**

**Senior Manager: Financial Services**

**(028) 313 8154**

**EXECUTIVE SUMMARY**

This report presents the proposed budget of Overstrand Municipality for the 2023/2024 to 2025/2026 MTREF (Medium Term Revenue and Expenditure Framework) period.

**THE SPEAKER, CLLR G COHEN, AFFORDED THE EXECUTIVE MAYOR, ALD A RABIE, TIME TO DELIVER HER BUDGET SPEECH**

**THE EXECUTIVE MAYOR, ALD A RABIE, DELIVERED HER BUDGET SPEECH, A COPY OF WHICH IS ATTACHED AS ANNEXURE A TO THE MINUTES**

**THE AFRICAN NATIONAL CONGRESS REQUESTED A CAUCUS AT 11:33**

**THE MEETING RESUMED AT 11:45**

**THE DEMOCRATIC ALLIANCE REQUESTED A CAUCUS AT 11:46**

**THE MEETING RESUMED AT 11:52**

**THE AFRICAN NATIONAL CONGRESS COUNCILLORS, C TAFU-NWONKWO, N NQINATA, M SIHLAHLA AND B NOMBULA REQUESTED THAT THEIR ABSTENTION FROM THE 2023/2024 BUDGET BE MINUTED**

**RESOLVED (SUPPORTED BY 22 COUNCILLORS):**

1. that, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003), the annual budget of the Municipality for the 2023/2024 to 2025/2026 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved** as set out in the following schedules:

- Schedule 1:** Budgeted financial performance (revenue & expenditure by municipal vote)
- Schedule 2:** Budgeted financial performance (revenue by source & expenditure by type)
- Schedule 3:** Budgeted multi- and single year capital appropriations by standard classification (vote) and funding by source
- Schedule 4:** Budgeted financial position
- Schedule 5:** Budgeted cash flow
- Schedule 6:** Cash backed reserves and acc. surplus reconciliation

**Schedule 7:** Asset management  
**Schedule 8:** Basic service delivery measurement

2. that the property rates reflected **be imposed** for the budget year 2023/2024;
3. that tariffs and charges reflected **be approved** for the budget year 2023/2024;
4. that the Municipal Manager be authorised to sign the necessary documents to give effect to the 3rd draw down of the proposed three-year borrowing programme for external loans amounting to R50 million per year;
5. that the following schedules be noted:  
  

**Schedule 9:** Budgeted financial performance (revenue & expenditure by standard classification)  
**Schedule 10:** Budgeted capital appropriations by municipal vote
6. that **cognisance be taken** of the letters of comment received from the community and the SIME: LG MTEC Assessment Report by Provincial Treasury and the Provincial Department of Local Government; and
7. that **cognisance be taken** of the 2023/2024 Budget Report.

**RESPONSIBLE OFFICIALS:**

**S REYNEKE-NAUDE  
BA KING**

**TARGET DATE FOR IMPLEMENTATION:**

**1 JULY 2023**

**6.6  
AMENDMENTS AND ADDITIONS TO THE DELEGATION OF POWERS AND  
DUTIES: MUNICIPAL MANAGER**

**D Arrison  
17 May 2023**

**Director : Management Services**

**(028) 313 8001**

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**EXECUTIVE SUMMARY**

The purpose of the report is to obtain interim approval for amendments and additions to the Municipal Manager's delegations of powers and duties conferred on him.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the additions to the Municipal Manager's delegations of powers and duties conferred on him, **be approved**.

**RESPONSIBLE OFFICIAL:**

**DS ARRISON**

**TARGET DATE FOR IMPLEMENTATION:**

**31 MAY 2023**

**THE SPEAKER CHANGED THE ORDER OF BUSINESS AND THIS ITEM WAS CONSIDERED AT THE END OF THE MEETING**

**THE MEETING STOOD DOWN AT 12:16 TO ALLOW THE PUBLIC AND OFFICIALS TO LEAVE THE BANQUETING HALL**

**THE MEETING RESUMED AT 12:20**

**6.7  
WRITING OFF OF IRRECOVERABLE DEBT**

This item was distributed under separate cover at the meeting.

In terms of Section 20(1) of the Local Government: Municipal Systems Act, No 32 of 2000, read with Rule 17 of the Overstrand Municipality's By-law on Rules of Order for Internal Arrangements, this item was considered "in committee".

The resolutions under this item shall be minuted in a separate minute book in terms of section 20(1) of the Local Government: Municipal Systems Act, No 32 of 2000 read with Rule 17 of the Overstrand Municipality's By-law on Rules of Order for Internal Arrangements.

**6.8**

**IN PRINCIPLE APPROVAL FOR DIRECT ALIENATION OF ERF 279 FISHERHAVEN (SITUATED IN SCHOOL ROAD, FISHERHAVEN) TO THE WESTERN CAPE GOVERNMENT VIA ITS DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (WESTERN CAPE EDUCATION DEPARTMENT) TO DEVELOP A NEW JUNIOR HIGH SCHOOL AS PART OF THE RAPID SCHOOL BUILD PROGRAMME**

**A Le Roux  
24 May 2023**

**Manager: Property Administration**

**(028) 316 - 3724**

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**EXECUTIVE SUMMARY**

To obtain in principle approval for the direct alienation of Erf 279 Fisherhaven (3,9575 ha in extent) (hereinafter called the "property"), situated in School Street, Fisherhaven, to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Western Cape Education Department), herein after referred to as "the Department" to develop a new Junior High School as part of the Rapid School Build Programme.

**RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

1. that the direct alienation of Erf 279 Fisherhaven (3,9575 ha in extent) to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Western Cape Education Department), at a nominal purchase price of R100.00 (ONE HUNDRED RAND) (VAT included) to develop a new Junior High School as part of the Rapid School Build Programme, **be approved in principle**;
2. that it be noted that it is not necessary to follow a competitive process for the alienation and transfer as this transaction is exempted in terms of Regulation 20 of the Municipal Asset Transfer Regulations (R. 878 of 2008);
3. that it be noted that a final transfer approval must still be obtained before the property may be transferred to the Department in the Deeds Office;
4. that it be noted that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003);
5. that it be noted that there are economic and community value to be received in exchange for the municipal property as a new school will be established for the community;

6. that the alienation of said Erf 279 Fisherhaven be subject to a suspensive condition that the Department obtains at own cost all required land use planning, environmental and related approvals;
7. that all the costs pertaining to the transaction, e.g. land use planning, environmental and related processes costs, the registration of the transfer of the property in the Deeds Office, and possibly the costs for the public participation, should they request that it be advertised, be borne by the Department;
8. that a condition be registered against the title deed of the property that the property may only be used for Educational Purposes;
9. that a servitude be registered in favour of the Municipality against the title deed of the property to secure the municipal services situated thereon; and
10. that a consent be issued to the Department:
  - (a) to apply for rights on the property and to submit all necessary applications including, but not limited to, any land use management, planning, environmental, heritage and any other development rights in terms the relevant legislation;
  - (b) to submit courtesy building plans for the proposed development on the property;
  - (c) to gain early occupation of the property before signature of a deed of sale and pending the finalisation of the alienation process in order to start the construction of the school, subject to all other required approvals; and
  - (d) to apply for the necessary municipal services connections for the property.
11. that a public participation process be followed at the cost of the Department.

**RESPONSIBLE OFFICIAL:****A LE ROUX****TARGET DATE FOR IMPLEMENTATION:****30 JUNE 2023****TARGET DATE TO INFORM APPLICANT:****30 JUNE 2023****TARGET DATE TO INFORM OBJECTOR:****N/A**

**CLLR C LERM LEFT THE MEETING AT 12:14 WITH PERMISSION FROM THE SPEAKER**

**7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER (IF ANY)**

None

**8. CONSIDERATION OF NOTICES OF MOTIONS / QUESTIONS**

None

**9. CONSIDERATION OF MOTIONS OF EXIGENCY (IF ANY)**

The Executive Mayor, Ald A Rabie, submitted a motion of exigency regarding the approval of unforeseen and unavoidable expenditure due to additional budget requirements for operational expenditure due to constant, prolonged loadshedding implemented by Eskom. An Adjustments Budget in this regard will serve at the Council meeting during June 2023. The motion is attached to the minutes as Annexure B.

**The meeting adjourned at 12:28**

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**DATE**

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**THE SPEAKER – G COHEN**

**MAYOR – FINAL BUDGET SPEECH: 31 MAY 2023**

During the public participation process in April 2023, after tabling of the draft budget on 29 March 2023, our communities were reminded of the context and strategy followed since April 2020, immediately after the announcement of the COVID pandemic at the time -

Stringent measures were implemented during those budget processes to ensure minimal increases in tariffs for municipal services approved over the past 3 years with only 4,5% across the board for 2020/21, followed by 4% for 2021/22 and increases ranging from 4.9% for water, refuse at 5.9% and sewage service charges at 4,3% for the current financial year (2022/23).

This strategy was implemented after careful consideration of our own position, as conscious decisions to contain at least the cost of municipal services for these two budget cycles, in view of the COVID-19 hard lockdown and subsequent devastating effect on our communities, causing many businesses to close doors for months and in some instances permanently closing down, causing job losses and hardship for those who were self-employed at the time.

This approach represented the extreme caution and care exercised by this municipality to contribute in alleviating the burden on communities in containing rates- and tariff increases. Financial sustainability is a key driver of effective service delivery and attraction of investment. Our sustainability is supported by a 4.2- month buffer as at year end 30 June last year.

The municipality was however confronted since February 2022 with skyrocketing oil prices, which caused petrol and diesel prices to rise drastically over the past year. Before-mentioned context provided the basis for the compilation of the draft MTREF budget for 2023/24, and the recommended tariffs tabled in Council at the end of March 2023.

Subsequent to before-mentioned process, the Budget Steering Committee considered 28 comments received from the community as well as other stakeholders. Very few comments dealt with the essence of unhappiness with the budget per se. There were a lot of personal attacks and telling us how bad we are - but the essence of why the budget is not acceptable, was not forthcoming.

The Strategic Integrated Municipal Engagement (SIME) process as co-ordinated by the Provincial Treasury, is an important conformance stage to ensure compliance with the Municipal Finance Management Act (MFMA), the Municipal Systems Act (MSA), the Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars and Environmental and Development Planning Legislation and Guidelines. The findings of this conformance assessment is detailed in the documentation included in the budget report.

The draft revenue projections for 2023/24 were also reviewed and tariff increases are now finalised, based on the draft tariffs, inclusive of the Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for the Municipal Tariff Approval Process for the 2023/24 Financial Year **with the electricity tariff increases for municipal consumers stating at 15,10%.**

**NERSA agreed to an increase of 18,68% to Eskom – that means an additional 3.6% has to be absorbed by this Council.**

The recommendation for the increase in water tariffs, specifically related to the water tariff sliding scale applied, was based on the decision of the Budget Steering Committee of the municipality considering comments received in response to the Draft Budget.

**The recommendation of sliding scale increases now, represents a less steep increase in the brackets as previously proposed.**

The increases for the respective basic municipal services as presented to Council for approval range from 6,5% to 7,5%. The steeper increase in water sliding scale tariffs exceeding 6,8%, is applicable on consumption above 18 kl per month, encouraging sparingly consumption of a limited resource.

Whilst on this point, let me refer to the cholera break-out and your questions whether we are ready. The Blue and Green drop reports are available. Our most recent report gives us 100% for water and 82% for sewer, primarily as a result of oxidation pond system and upgrade of activated sludge system in Kleinmond.

The electricity tariffs increase with 15,10%, as mentioned. The impact of load-shedding on the sewerage water and storm water network cannot be over-emphasised. The more water and sewage we use, the more under stress the network is when we have 4 and 6 hours of load shedding. Our systems cannot carry that.

A new, discounted rate in the rand in comparison with current rate, will be applicable for the calculation and levying of property rates, which calculations will furthermore be based on the new property valuations in accordance with the new Valuation Roll for implementation from 1 July 2023.

± 1 800 objections were lodged. Very few of the objections proved the valuations incorrect, most were due to the fact that residents mentioned they could not afford the higher rates to follow. Property owners who objected to the new valuations of their properties will receive the outcome of their objections by 19 June 2023.

Those property owners who are still not happy with the decision of the valuer on their objections, have 30 days to lodge an appeal which will be heard by an independent Valuation Appeals Board. The last general valuation was effective from 1 July 2016 and for nearly 8 years we did not increase the valuation roll.

The impact of the new, discounted property rate in the rand is as follows:

- A property that is currently R880 000 and the valuation increases to R1.5 million (value goes up with 70%) if the nett increase in the total municipal account will be 12%
- A property that is currently R1 million and the valuation increases to R2 million (value goes up with 100%) if the nett increase in the total municipal account will be 14%
- A property that is currently R1.68 million and the valuation increases to R3.696 million (value goes up with 120%) if the nett increase in the total municipal account will be 18%

The Budget Steering Committee of the municipality furthermore considered comments received in response to the proposed property rates (2023/24 Draft Budget). Before-mentioned resulted in the rebated amount for the category, “applicable on the older than 60, who’s gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month” category, **recommended to increase from 50% rebate, to 70% rebate**, as enhanced support to ratepayers exceeding 60 years with limited income.

**The Pensioners Rebate will thus be as follows:**

- **100%** to approved applicant who are older than 60, who’s gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month.
- **70%** to approved applicant who are older than 60, who’s gross monthly household income may not exceed the amount of four times (4X) of state funded social pensions per month.
- **40%** to approved applicant who are older than 60, who’s gross monthly household income are more than four times (4X) but less than eight times (8X) of state funded pension per month.

**A The proposed budget for the 2023/24 financial year:**

1. The budgeted revenue **excluding** capital grants received, amounts to R1,676 billion.
2. The budgeted operational expenditure amounts to R1,742 billion – this includes non-cash items like depreciation.

Hence an accounting deficit of R65,635m is reflected.

3. The Capital budget amounts to R209,409m. It is to be used for very specific Capital projects.

**B. Projected Revenue per functional classification, including capital grants are:**

Governance and administration	R460,614m
Community and Public Safety	R177,203m
Economic and Environmental services	R20,693m
Trading services	R1,072 billion

Trading services include electricity/energy; water management, waste water management, and waste management.

TOTAL REVENUE (Including capital grants) R1,731 billion

**C. Projected Operational Expenditure per functional classification, are:**

Governance and administration	R334,581m
Community and Public Safety	R297,549m

Economic & Environmental Services	R210,462m
Trading services	R895,516m
Other	R4,104m
<b>TOTAL OPEX EXPENDITURE</b>	<b>R1,742 billion (with a nett deficit of R11,342m)</b>

**A surplus on any trading service is crucial** as it is intended and required to generate surplus cash to partly fund capital expenditure such as vehicles and ICT infrastructure. This is to ensure adequate cash backing of reserves and funds.

**To be noted that the budgeted surplus for the Electricity Services as presented during the public participation process, deteriorated from 5,36% to 4, 89%**, due to the budgeted revenue revised and downwards adjusted with the final budget process, based on the updated year to date actual electricity sales performance negatively impacted by loadshedding.

#### **D. Employee and Councillor related remuneration.**

Provision of R550,425m is made for employee related costs and the remuneration of Councillors. This is 31,59% of the total operating expenditure and is within the National Treasury norm of 25 – 40%.

The proposed increase in the salary budget is 5.4% and notch increases, which average 2% have also been budgeted for in view of the Agreement, thus a 7.4% increase.

Staff vacancies are still frozen and may only be filled following a motivation to The Municipal Manager. No new posts were considered for inclusion in this draft budget.

#### **E. Mr Speaker before I confirm the new tariffs on basic services for the next financial year, allow me to reference the cost of rendering services.**

**With regards to electricity** our total expenditure is R595,047m and our income R625,656m which allows for a lesser surplus of R30,609m or a margin of 4.89%, versus the margin of 5,36% for the Draft Budget.

**In the case of water**, our expenditure is R165,465m against an income of R164,563m giving us a negligible deficit margin of 0.55% or R0,902m.

**Wastewater management** provides for a net surplus of 2.84% or R3,623m. This is against an income of R127,423m and an expenditure of R123,800m.

**Waste management**, Mr Speaker carries with a total income of R104,634m against an expenditure of R104,393m, also leaving negligible surplus of 0.23% or R0,241m.

\*\*\*As mentioned, both Electricity Revenue & Expenditure was reduced due to the current energy crisis and the effect of Stage 6 loadshedding on economic growth, since the most recent data for the past 2 months (March, April 2023) are available since the tabling of the 2023/24 Draft Budget.

The effect of regular stage 6 occurrence caused the downward adjustment of the electricity revenue, resulting in a lesser performance of the Electricity Service, with an anticipated surplus/deficit of only 4,89% now.

Originally, we anticipated a surplus of R34 million (5%). Circumstances changed and we now work on a surplus of only R20 million (or 4,89%).

\*\*\*The shift in the surplus/deficit position of Water & Wastewater Management Expenditure is because of an essential project for emergency generators to mitigate the severe effects of electricity load shedding on this services. The funding source for the expenditure will be amended to grant funding once we receive an outcome of the roll-over application to NT & PT.

Similarly, waste-water management decreased from an indicative 3,25% surplus to a surplus of 2,84%. In relation to water services, we anticipated a surplus of 2,11% in the draft budget but the final budget it decreased to a deficit of 0.55%.

**F. Mr Speaker, allow me to now deal with the tariffs for the next financial year.**

The following increases are proposed:

1. The Rates increase approved almost a year ago for the current financial period (2022/2023) is 5.9%.

**However, to note that the rate in the rand is downwards adjusted for 2023/2024, as follows:**

Current Business rate (c/R) 0.0073680	0.009940	Discounted	Draft	rate	(c/R)
Current Residential rate (c/R) 0.0042100	0.006570	Discounted	Draft	rate	(c/R)
Current Vacant Erven rate (c/R) 0.0063150	0.008990	Discounted	Draft	rate	(c/R)
Current Farms rate (c/R) 0.0010530	0.001640	Discounted	Draft	rate	(c/R)

**Calculations, based on the new valuations, are the basis for the new rate in the rand recommended in the draft budget to Council for consideration. The calculation will entail the following formulae:**

- i. A rebate of R15 000 on all residential properties will be rewarded.
- ii. An additional rebate of R35 000 on improved residential properties will also be awarded.

*The adjusted (decreased) cent in the Rand assessment on Urban Residential erven with improvements, will be:*

R0,004210 X the property value after rebates = R YYY

MINUS a further 20% rebate of the property rates payable if used for residential purposes only.

The adjusted (decreased) cent in the Rand assessment for bona fide Agricultural land is:

R0,001053 X the property value = R ZZZ

**Pensioners Rebates on Property Rates will still be considered, as already mentioned.**

**Other Tariffs proposed are as follows:**

2. Sewer 6.8% Basic/Fixed 7.5% unit costs (Average 7.21%)
3. Refuse 6.8%
4. Water 6.5% Basic/Fixed 6.8% unit costs (Average 6.65%)
5. Electricity 15.10% indicative, based on Eskom increases

The average increase of this basket of services excluding Electricity amounts and Property Rates, relate to an average increase between 6.5% and 7.5%. In instances where water consumption exceeds 18kl, the increase might be higher.

6. Sundry tariffs - ranging from 6% to variable deductions or to a cost recovery adjustment. The extended list of tariffs is available.
7. Implemented as part of our pro-poor approach in the current budget, to continue for indigent households, the benefit of 10 kl of free water and in respect of sewerage the 4.2 kl free sewerage units of 7 kl.

Comparison between basic charges 2022/23 and the increases for 2023/24 (Vat excluded)

Electricity from R438.66 to R504.90 (15.10%)

Water from R155.62 to R165.74 (6.5%)

Refuse from R213.48 to R228 (6.8%)

Sanitation Basic (1) (can connect to network) R137.88 to R147.40 (6.8%)

(2) (tanker services) R92.91 to R99.32 (6.8%)

Availability charges are needed to ensure that the fixed costs to have a 365-day operational service and networks in place to provide a service to every erf across the Overstrand, at any time that the service is required and at the capacity and place where it is needed.

**G. Division of revenue allocation (DORA) grants have been published and are therefore receivable from the National and/or Provincial Governments in total R351,604m**

The contribution is as follows:

**NATIONAL**

Equitable Share	R157,935m
FMG	R1,550m
EPWP	R3,565m
MIG	R25,565m
INEP (electricity)	R24,380m
Energy efficiency & demand side management	R4,2m
Water infrastructure grant	R5m
<b>TOTAL</b>	<b><u>R222,195m</u></b>

**PROVINCIAL**

Resource funding K9 unit	R 3,345m
Reaction Unit	R 4,065m
Human Settlements Development Grant	R 79,918m
Informal Settlements Upgrading Partnership Grant	R 32,440m
Title Deeds Restoration Grant	R766,000
Construction of Transport Infra-structure	R 400 000
Provincial Library Services Grant	R 8,399m
Thusong services centres grant	R 0
Community Development Workers	R76,000
<b>TOTAL</b>	<b><u>R129,409m</u></b>

It is important to note that these amounts consist of both operational and capital budget transfers.

MIG, INEP, Water Infrastructure grants and a portion of the Housing grant are examples of capital grants.

## **H. CAPITAL BUDGET.**

The Overstrand Capital budget ONLY amounts to R209.4m for 2023/2024. The decreased own funding from surplus is due to the limited availability of cash for capital investment for the 2023/2024 capital budget.

The dedicated infrastructure upgrading and/or replacement project for water and sewerage networks had a 3-year lifespan, which came to an end on 30 June 2021, except for a roll-over amount of R54 m which was spend during the previous and current financial year.

Our own funding through new borrowings is anticipated at R50m. Borrowings contribute 42.69% of the funding over the 2023/24 MTREF. Internally generated funds contribute 3.57% and capital grants 53,74%

For 2023/2024 an amount of R145,4m has been appropriated for the development of basic services infrastructure which represents 69.44% of the total capital budget of R209,4m.

Wastewater infrastructure has the second highest allocation of the basic service infrastructure at R59,4m or 40.88%;

Water management at 17,85% or R25,9m.

Waste management represents 0,34% or R0,4m and 40.93% or R59,5m is going towards electricity.

Over the 3-year MTREF, the capital housing grant expenditure relating to housing infrastructure provision amounts to R135,2m.

### **The top 10 capital projects are:**

1. Low-cost Housing Construction Contracts across the Overstrand @ R41,890m
2. Kleinmond Wastewater Treatment Works-Refurbish Upgrade @ R32,1m
3. Electrification of low-cost housing areas @ R27,4m
4. Franskraal Kleinbaai Birkenhead-New 66 11kv Substation @ R21,4m
5. Replacement of Overstrand Water Pipes @ R11,5m
6. Upgrade Stormwater Infrastructure- Proteadorp, Mountain view, Ext 6 & Overhills @ R10,5m
7. New Disinfection Systems at Wastewater Treatment @ R7,0m
8. Upgrade Hermanus Well Fields Phase 2 @ R7,0m
9. Hermanus Medium Voltage & Low Voltage Upgrade Replacement @ R5,2m
10. Community Projects @ R5,0m

Our Capital project needs far exceed our capacity to generate sufficient own funding. Whilst we would like to tap into the Infrastructure Fund of National Government, their baseline

single project value is R1 billion. It must be a single project and not a collective of capital projects.

We have applied to this Fund for basic services upgrades, but we were declined. We then thought that the Schulphoek Development would meet the bar, but that also, at this time, is below R1 billion.

Ends/

**EXECUTIVE MAYOR ANNOUNCEMENT****APPROVAL OF UNFORESEEN AND UNAVOIDABLE EXPENDITURE DUE TO  
ADDITIONAL BUDGET REQUIREMENT FOR OPERATIONAL EXPENDITURE  
DUE TO CONSTANT, PROLONGED LOADSHEDDING IMPLEMENTED BY  
ESKOM****31 MAY 2023, COUNCIL MEETING****Mr Speaker,**

The Executive Mayor was requested to consider approval of additional budget required for the day to day operation of bulk Water and Wastewater facilities, impacted due to support to these facilities with generators, due to constant and prolonged loadshedding implemented by Eskom.

The budget provided for this purpose will be depleted before the end of the financial year on 30 June 2023, due to intensified loadshedding occurrence and duration.

The additional Operational Budget requirement as estimated at the end of May 2023 is as follows:

Water Services: Expenditure – Contracted Services	R4,098m
Wastewater Services: Expenditure – Contracted Services	R3,903m

**Apart from having to make the following announcement now at this meeting of Council in terms of section 29 of the Local Government: Municipal Finance Management, Act 56 of 2003 (MFMA), I will also provide the information to the Provincial Ministers of Finance and of Local Government, Environmental Affairs and Development Planning.**

**Mr Speaker,**

In terms of the provisions of section 29 of the MFMA I need to inform you that I have on request from the Municipal Manager, authorised unforeseen and unavoidable expenditure, for which project provision has to be approved in the 2022/2023 Budget of the Municipality with an Adjustment Budget on Council's Agenda in June 2023.

**Executive Mayor****Dr. Annalie Rabie**