

Budget 2022/23 – Mossel Bay Municipality is in a good financial position

The Executive Mayor tabled the first Budget in this Council's term at a special council meeting on 31 May 2022, saying that it will jump-start the next five years in office.

Both our Councillors and Administration have worked hard in drafting a budget mindful of the impact of the COVID-19 pandemic on our economy and the challenges it poses to the lives of our residents.

I thank our Mossel Bay residents for their continued support of the Municipality and for their commitment to a very high payment rate for their municipal accounts. This has had a profound impact on the Municipality's sustainability.

A Real Gross Domestic Product (GDP) growth of 2.1% is projected for 2022. Over the next three years, GDP growth is likely to average 1.8%, while headline inflation will likely remain in the 3% to 6% range over the 2022/23 Medium Term Expenditure Framework (MTEF).

National Treasury is of the view that industrial action in the manufacturing sector and the re-emergence of load-shedding have slowed the pace of economic recovery.

While Mossel Bay has experienced some recovery over the recent festive season, residents and businesses remain under pressure amidst rising fuel prices and the effects of the conflict in Ukraine on the global economy. The Ukrainian war will likely affect the production of a wide range of energy, food, and other commodities and disrupt global trade.

In the long run, the Municipality's sustainability remains one of our top priorities, and we are constantly exploring innovative solutions to improve this.

The Municipality has managed to generate an over-recovery of 4.2% of its set billable revenue budget in 2020/21 and appropriately budgeted for its revenue generation for this period. The result indicates that the Municipality not only budgets correctly but meets the set targets for billable revenue. These facts and repeated clean audit findings contradict the malicious and unfounded statements recently made on social media about the financial soundness of the Mossel Bay Municipality. It is dangerous to spread unfounded information as facts, based on desktop exercises, while not keeping in mind the context and local government legislation and compliance requirements like GRAP, and to then compare criteria with a totally different classification basis. This is comparing apples with coconuts. It is not only dangerous but misleading. I would therefore remind Councillors that spreading such unfounded information as

facts is in contravention with our Code of Conduct and can be regarded as bringing this Council into disrepute.

Mossel Bay Municipality's revenue growth has exceeded the consumer price index (CPI) for the reviewed period. This is an impressive feat as the revenue growth has increased above inflation, despite the global pandemic (COVID-19).

I again thank our residents for settling their municipal accounts timeously and diligently. With sustainability at the forefront of considerations, tariff increases have been kept to the absolute minimum for the 2022/23 financial year to ensure continued service delivery excellence. The Municipality is by no means safeguarded from the various inflationary pressures on operations. I assure residents that every effort was made to balance financially sustainable service delivery while being mindful of the economic pressures our residents are experiencing.

As a Municipality, we face difficult times ahead that requires a focused approach which includes accurate revenue forecasts, reductions within operating expenditure, and finding solutions to stimulate the economy through infrastructure development.

We strive to provide and maintain the highest standard of service delivery excellence in the country, despite facing challenges such as the impact of the COVID-19 pandemic, bulk electricity supply prices, and the re-emergence of load-shedding as well as infrastructure constraints, low business and consumer confidence, and a decrease in local government grant allocations.

SALARY INCREASES

As per the South African Local Government Bargaining Council circular 01/2022, received on 15 March, all parties have agreed to the 2022/23 Salary and Wage Increases, which will be 4.9%.

A salary adjustment of 4.9%, with normal notch increases and the filling of vacant and new positions, amounts to an increase in the employee-related cost of 10.3%.

BUDGET AND TARIFF INFORMATION

Much of the total Operational Budget - in fact almost 80% thereof - is made up of the bulk purchases of electricity, the cost of purified potable water, debt impairment, depreciation charges, employee-related costs, and the remuneration of Councillors.

This leaves the Council very little to no room for maneuvering.

Even though tariffs charged should be cost-reflective to have a credible budget, tariffs should also be affordable.

The Budget provides for R 1 40 137 778 for the operational budget, whilst the capital budget of R 284 937 020 tabled is funded by R 133 293 890 of own funding; R 60 100 000 of new borrowings, and R 91 543 130 of grants and donations.

AFFORDABILITY:

Retirees often regard Mossel Bay as a preferred destination due to its excellent services and affordable rates.

When comparing property rates on Residential Properties valued at R2 million, Mossel Bay is by far the most affordable, charging a mere R450. In comparison, neighbouring towns charge: - Bitou R660, Oudtshoorn R1600, George 1200, Hessequa R1155, and Kannaland R2165.

We are currently the most affordable Municipality in the Western Cape. It is most difficult to find the balance between a Cost reflective tariff versus an Affordable tariff.

PROPOSED INCREASES

The proposed tariff increases for the 2022/23 Budget year are:

- The proposed electricity tariff - increased in line with the NERSA tariff guideline - is 7%.
- Property rates tariff is proposed to increase by 9%, but remember, it is from among the lowest bases in the Western Cape
- Refuse removal tariffs increase by 8%, and
- Water and Sewerage services tariffs increase by 4%.

RELIEF MEASURES FOR HOUSEHOLDS

It is important to note that the normal credit control measures to get residential households into the safety net for assistance exist.

This safety net consists of benefits for indigent households and rebate subsidies to pensioners.

These measures are not limited to specific groups of the community only. It is available to all residents within the specified indigent categories.

New category

An additional provision was made for the number of indigent households as the Municipality is introducing a new category of Indigent Households based on the valuation of their property. Properties with a valuation of R125 000 or less will automatically be classified as indigent households. The new criteria will also drive down debt impairment with the added new benefits to the poorest of the poor.

An additional provision provides for the number of pensioners that will be able to apply for pensioner rebates.

INDIGENT BENEFITS

Indigent Households will again receive discounts on basic service charges such as Water, Electricity, Refuse Removal, Sanitation, and Property Rates.

The three levels of Indigent Subsidy provide economic relief to those residents in the community who truly need it. This relief extends to households catering to a person with a disability, should they comply with the necessary criteria.

Subsidies to Indigent households:

	Subsidies 2020/21	Subsidies 2021/22
Indigent Level 1 Household	R 776.08 (Incl. VAT)	R 823.09 (Incl. VAT)
Indigent Level 2 Household	R 388.04 (Incl. VAT)	R 411.53 (Incl. VAT)
Households that house a person with a disability	R 776.08 (Incl. VAT)	R 823.09 (Incl. VAT)
Indigent Level 3 Household (based on the valuation of R125 000)	N/A	R 823.09 (Incl. VAT)

The criteria on which the subsidies are based are listed in the tariff list under section 6.

Pensioners

The Municipality has not ignored the plight of our pensioners and has provided a pensioner discount on both the Property Rates and the Sewage Charges ranging between 30% and 50%, depending on the income of the qualifying pensioners.

Pro Service Delivery Budget

<i>Top 10 Capital Projects - Related to Budgeted amount</i>	<i>2022/2023</i>
Upgrading of Informal Settlements - Capital spares	60 000 000
Capacity increase of Great Brak WWTW	40 500 000
Upgrading of Informal Settlements	13 504 348
Main Sewer Network between Glentana & Great Brak	12 000 000
Capacity increase of Pinnacle Point WWTW	9 976 477
Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations	9 500 000
Midbrak Main Sewer Network	8 500 000
Upgrading of CBD stormwater	7 650 000
Upgrade Herbertsdale Water Reticulation-M.I.G	6 522 018
Tarring of Streets & Roads :Construction of access road to Danabay	6 425 000
TOTAL	R 174 577 843

Are we ready for Growth?

Water Projects – R22.5m / R22.9m

Sewerage Projects – R71.7m / R38.4m

Elect Projects – R17.9 m / R9m without NEF R13m

Roads Projects – R49.5m / 19,5m Without R400m Louis Fourie

Stormwater Projects – R16m / R12m

Housing Projects – R266m / R241m / R310m/ R190m

Census 2022

Our emphasis on Census 2022 and our plea for residents to participate in the Census was to improve the National government's equitable share of Mossel Bay to best benefit the vast number of indigent and pensioners residents in our town.

FINAL WORD

With this budget, Mossel Bay Municipality's Council consistently invests in its capital asset base throughout the review period. The Municipality's asset management seems impeccably based on the trend of acquisitions relative to expenditure, and that capital assets are continually replenished to provide adequate service delivery to citizens.

Our Municipality's net asset position is sound, indicating that the Municipality operates on a going concern basis. The Municipality is in a good financial position.

This Council is tabling a funded and credible 2022/23 MTREF budget with a clear linkage between planning and budgeting, thereby prioritising the quality of services and the lives of our

citizens despite the challenge to allocate limited resources amongst the vast actual needs of our community.

We, once again, convey our gratitude to our consumers who have diligently settled their monthly municipal accounts. It must be emphasized - people who can afford it should continue to pay their municipal accounts.

Should consumers be unable to meet their municipal obligations, they should please immediately engage with the Municipality to make the necessary arrangements to settle outstanding accounts. This applies to residential, commercial, and industrial consumers. All accounts outstanding will necessarily follow the municipality's debt collection processes.

We believe that, as the sphere of government closest to the people, the Municipality carries the profound obligation to respond directly, immediately, and positively to the needs and challenges of our stakeholders and communities.

I thank the Administration and the Budget Steering Committee for their exceptionally hard work and the long hours in compiling the Budget, IDP, and various Policy Documents. Mossel Bay Municipality really is fortunate to have personnel that consistently delivers quality work and are committed to serving their community.

Finally, I want to reaffirm the combined efforts of the political leadership and management to the Vision of Mossel Bay Municipality as a trendsetting, dynamic Municipality delivering quality services responsive to the demands and challenges of the whole society in line with our constitutional mandate.

I thank you

ALDERMAN DIRK KOTZÉ
EXECUTIVE MAYOR

Begroting 2022/23 – Mosselbaai-munisipaliteit se finansies is in 'n goeie posisie

"Ons is tans die mees bekostigbare munisipaliteit in die Wes-Kaap. Dit is die moeilikste om die balans te vind tussen 'n koste-reflektiewe tarief teenoor 'n bekostigbare tarief."

Die Uitvoerende Burgemeester het die eerste Begroting in huidige termyn van hierdie raad op 'n spesiale raadsvergadering op 31 Mei 2022 ter tafel gelê en gesê dat dit stukrag aan die volgende vyf jaar sal verleen.

Beide Raadslede en die Administrasie het hard gewerk om 'n begroting op te stel in ag genome die impak van die COVID-19-pandemie op ons ekonomie en die uitdagings wat dit aan ons inwoners stel.

Ek bedank daarom ons inwoners vir hul volgehoue ondersteuning aan die munisipaliteit en hul verbintenis tot 'n baie hoë betalingskoers van hul munisipale rekeninge. Dit het 'n groot impak op die munisipaliteit se volhoubaarheid.

'n Reële Bruto Binnelandse Produk (BBP)-groei van 2.1% word vir 2022 geprojekteer. Oor die volgende drie jaar sal BBP-groei waarskynlik gemiddeld 1.8% wees, terwyl wesensinflasie waarskynlik in die 3% tot 6%-reeks sal bly oor die 2022/ 23 Mediumtermyn-uitgaweraamwerk (MTBR).

Nasionale Tesourie meen dat nywerheidsoptrede in die vervaardigingsektor en die hernude beurtkrag die pas van ekonomiese herstel vertraag.

Terwyl Mosselbaai 'n mate van herstel oor die afgelope feestyd beleef het, bly inwoners en besighede onder druk te midde van stygende brandstofpryse en die uitwerking van die konflik in die Oekraïne op die wêreld ekonomie. Die Oekraïense oorlog sal waarskynlik die produksie van 'n wye reeks energie, voedsel en ander kommoditeite beïnvloed en globale handel ontwrig.

Op die langtermyn bly die Munisipaliteit se volhoubaarheid een van ons topprioriteite, en ons ondersoek deurentyd innoverende oplossings om dit te verbeter.

Die munisipaliteit het daarin geslaag om 'n oorverhaling van 4,2% van sy vasgestelde faktureerbare inkomstebegroting in 2020/21 te genereer en het toepaslik begroot vir inkomstegenerering vir hierdie tydperk. Die resultaat dui daarop dat die munisipaliteit nie net korrek begroot nie, maar ook aan die gestelde teikens vir faktureerbare inkomste voldoen. Dit en herhaalde skoon auditbevindinge weerspreek die kwaadwillige en ongegronde stellings wat op sosiale media oor die finansiële volhoubaarheid van die Mosselbaai-munisipaliteit gemaak word. Dit is gevaarlik om ongegronde inligting as feite te versprei, gebaseer op lessenaar-oefeninge, terwyl die konteks en plaaslike regeringswetgewing en voldoeningsvereistes soos GRAP nie in berekening gehou word nie en dan kriteria met 'n totaal ander klassifikasiebasis vergelyk. Dit is om appels met kwepers te vergelyk. Dit is nie net gevaarlik nie, maar ook misleidend. Ek wil daarom Raadslede herinner dat die verspreiding van sodanige ongegronde inligting as feite strydig is met ons Gedragskode en beskou kan word as bedoelend om hierdie Raad in oneer te bring.

Mosselbaai-munisipaliteit se inkomstegroei het die verbruikersprysindeks (VPI) vir die oorsigtydperk oorskry. Dit is 'n indrukwekkende prestasie aangesien die inkomstegroei bo inflasie toegeneem het, ondanks die wêreldwye pandemie (COVID-19).

Ek bedank weer eens ons inwoners vir die tydig en nougesette vereffening van hul munisipale rekeninge. Met volhoubaarheid aan die voorpunt van oorwegings, is tariefverhogings vir die 2022/23-boekjaar tot die absolute minimum beperk om voortgesette diensleweringsuitemendheid te verseker. Die munisipaliteit is geensins verskans teen die

inflasionêre druk op bedrywighede nie. Ek verseker inwoners dat elke moontlike poging aangewend is om finansieel-volhoubare dienslewering te balanseer terwyl ons bewus is van die ekonomiese druk wat ons inwoners ervaar.

As 'n munisipaliteit staar ons moeilike tye in die gesig wat 'n gefokusde benadering vereis wat akkurate inkomstevooruitskattings, vermindering in bedryfsuitgawes en die vind van oplossings om die ekonomie te stimuleer deur infrastruktuurontwikkeling, insluit.

Ons streef daarna om die hoogste standaard van diensleweringssuitnemendheid in die land te verskaf en te handhaaf, ondanks uitdagings soos die impak van die COVID-19-pandemie, grootmaat elektrisiteitsvoorsieningspryse, en die hernude beurtkrag sowel as infrastruktuurbeperkings, lae sake- en verbruikersvertroue en 'n afname in plaaslike regeringstoelaetoewysings.

SALARISVERHOGINGS

Soos per die Suid-Afrikaanse Plaaslike Regering Bedingsraad omsendbrief 01/2022, ontvang op 15 Maart, het alle partye ingestem tot die 2022/23 Salaris- en Loonverhogings, wat 4,9% sal wees.

'n Salarisaanpassing van 4,9%, met normale kerfverhogings en die vul van vakante en nuwe poste, kom neer op 'n verhoging in werknemerverwante koste van 10,3%.

BEGROTING EN TARIEFINLIGTING

Baie van die totale bedryfsbegroting - trouens amper 80% daarvan - bestaan uit die grootmaataankope van elektrisiteit, die koste van gesuiwerde drinkwater, skulddelging, waardeverminderingskoste, werknemerverwante koste en die vergoeding van raadslede.

Dit laat die Raad met baie min tot geen beweegruimte nie.

Selfs al moet tariewe wat gehef word koste-reflektief wees ter wille van 'n geloofwaardige begroting, moet tariewe ook bekostigbaar wees.

Die begroting maak voorsiening vir R 1 40 137 778 vir die bedryfsbegroting, terwyl die kapitaalbegroting van R 284 937 020 ter tafel gelê word gefinansier deur R 133 293 890 se eie befondsing; R 60 100 000 se nuwe lenings, en R 91 543 130 se toekennings en skenkings.

BEKOSTIGHEID:

Afgetredenes beskou Mosselbaai dikwels as 'n voorkeurbestemming weens die dorp se uitstekende dienslewering en bekostigbare tariewe.

Wanneer eiendomstariewe op Residensiële Eiendomme ter waarde van R2 miljoen vergelyk word, is Mosselbaai verreweg die mees bekostigbare, teen slegs R450. Ter vergelyking hef

buurdorpe: - Bitou R660, Oudtshoorn R1600, George 1200, Hessequa R1155, en Kannaland R2165.

Ons is tans die mees bekostigbare munisipaliteit in die Wes-Kaap. Dit is die moeilikste om die balans te vind tussen 'n koste-reflektiewe tarief teenoor 'n bekostigbare tarief.

VOORGESTELDE VERHOGINGS

Die voorgestelde tariefverhogings vir die 2022/23-begrotingsjaar is:

- Elektrisiteitstarief - verhoog in ooreenstemming met die NERSA-tariefriglyn - 7%.
- Eiendomsbelastingtarief verhoog met 9%, maar onthou, dit is vanaf die laagste basis in die Wes-Kaap
- Vullisverwyderingstariewe styg met 8%, en
- Water- en riooldienstetariewe styg met 4%.

HULPMAATREËLS VIR HUISHOUDINGS

Dit is belangrik om daarop te let dat die normale kredietbeheermaatreëls gevolg word om residensiële huishoudings in die veiligheidsnet vir bystand te kry.

Hierdie vangnet bestaan uit voordele vir hulpbehoewende huishoudings en afslagsubsidies aan pensioenarisse.

Hierdie maatreëls is nie net tot spesifieke groepe van die gemeenskap beperk nie. Dit is beskikbaar vir alle inwoners binne die gespesifiseerde behoeftige kategorieë.

Nuwe kategorie

'n Bykomende voorsiening is gemaak vir hulpbehoewende huishoudings aangesien die Munisipaliteit 'n nuwe kategorie hulpbehoewende huishoudings instel gebaseer op die waardasie van hul eiendom.

Eiendomme met 'n waardasie van R125 000 of minder sal outomaties as hulpbehoewende huishoudings geklassifiseer word. Die nuwe kriteria sal ook die skuldlas verminder met die bykomende nuwe voordele vir die armstes van die armes.

'n Bykomende bepaling maak voorsiening vir die aantal pensioenarisse wat vir pensioenkortings sal kan aansoek doen.

VOORDELE VIR BEHOEFTIGES

Behoeftige huishoudings sal weer afslag ontvang op basiese diensfooie ingesluit water, elektrisiteit, vullisverwydering, sanitasie en eiendomstariewe.

Die drie vlakke van Behoeftigesubsidie bied ekonomiese verligting aan daardie inwoners in die gemeenskap wat dit werklik nodig het. Hierdie verligting sluit in huishoudings wat 'n persoon met 'n gestremdheid versorg, sou hulle aan die nodige kriteria voldoen.

Subsidies aan behoeftige huishoudings:

Subsidies Subsidies

2020/21 2021/22

Behoeftige Vlak 1 Huishouding

R 776,08 (BTW ingesluit) R 823,09 (BTW ingesluit)

Behoeftige Vlak 2 Huishouding

R 388,04 (BTW ingesluit) R 411,53 (BTW ingesluit)

Huishoudings wat 'n persoon met 'n gestremdheid huisves

R 776,08 (BTW ingesluit) R 823,09 (BTW ingesluit)

Behoeftige Vlak 3 Huishouding

NVT R 823,09 (BTW ingesluit)

(gebaseer op die waardasie van R125 000)

Die kriteria waarop die subsidies gebaseer is, word in die tarieflys onder afdeling 6 gelys.

Pensioenarisse

Die munisipaliteit het nie die lot van ons pensioenarisse geïgnoreer nie en 'n verskaf pensioenarisaflaag op beide Eiendomsbelasting en Rioolheffings wat wissel tussen 30% en 50%, afhangend van die inkomste van die kwalifiserende pensioenarisse.

Pro diensleweringbegroting

Is ons gereed vir Groei?

Waterprojekte – R22.5m / R22.9m

Rioolprojekte – R71.7m / R38.4m

*Kies projekte – R17.9 m / R9m sonder NEF R13m *** nie seker oor vertaling nie!*

Paaieprojekte – R49.5m / 19.5m Sonder R400m Louis Fourie

Stormwaterprojekte – R16m / R12m

Behuisingsprojekte – R266m / R241m / R310m/ R190m

Sensus 2022

Ons klem op Sensus 2022 en ons pleidooi vir inwoners om aan die Sensus deel te neem was daarop gemik om die Nasionale regering se billike aandeeltoewysing aan Mosselbaai te verbeter tot die groot voordeel van die aantal hulpbehoewende en pensioenaris-inwoners in ons dorp.

SLOTWOORD

Met hierdie begroting belê Mosselbaai-munisipaliteit se Raad konsekwent in sy kapitaalbatebasis. Die Munisipaliteit se batebestuur is onberispelik gegrond op verkryging relatief tot uitgawes, en dat kapitaalbate voortdurend aangevul word om voldoende dienslewering aan inwoners te verseker.

Ons munisipaliteit se netto bateposisie is gesond, wat aandui dat die Munisipaliteit op 'n lopende saak-basis funksioneer. Die munisipaliteit is in 'n goeie finansiële posisie.

Hierdie Raad lê 'n befondsde en geloofwaardige 2022/23 MTREF-begroting ter tafel met 'n duidelike skakeling tussen beplanning en begroting, waardeur die kwaliteit van dienste en die lewens van ons burgers vooropgestel word ten spyte van die uitdaging om beperkte hulpbronne toe te wys onder die groot werklike behoeftes van ons gemeenskap.

Ons dra weer eens ons dankbaarheid oor aan ons verbruikers wat hul maandelikse munisipale rekeninge ywerig en betyds vereffen. Dit moet beklemtoon word dat mense wat dit kan bekostig, moet voortgaan om hul munisipale rekeninge getrou te betaal.

Indien verbruikers nie in staat is om hul munisipale verpligtinge na te kom nie, moet hulle asseblief onmiddellik met die munisipaliteit skakel om die nodige reëlins te tref om le uitstaande rekeninge. Dit geld vir residensiële, kommersiële en industriële verbruikers. Alle uitstaande rekeninge sal noodwendig die munisipaliteit se skuldinvorderingsprosesse volg.

Ons glo dat, as die regeringsfeer die naaste aan ons mense, die munisipaliteit die diepgaande verpligting dra om direk, onmiddellik en positief op die behoeftes en uitdagings van ons belanghebbendes en gemeenskappe te reageer.

Ek bedank die Administrasie en die Begrotingsbestuurskomitee vir hul besondere harde werk en die lang ure om die Begroting, GOP en verskeie beleidsdokumente saam te stel. Mosselbaai-munisipaliteit is werklik gelukkig om personeel te hê wat deurgaans kwaliteit werk lewer en toegewyd is om ons gemeenskap te dien.

Ten slotte bedank ek die politieke leierskap en bestuur vir die gesamentlike ywer om die visie van die Mosselbaai-munisipaliteit as 'n toonaangewende, dinamiese plaaslike owerheid wat kwaliteit dienste lewer en reageer op die eise en uitdagings van die hele samelewing in ooreenstemming met ons grondwetlike mandaat uit te dra.

Ek dank u

RAADSHEER DIRK KOTZÉ
UITVOERENDE BURGEMEESTER