



5 June 2019

Mr. F Palm
Chairman: Langebaan Ratepayers Association
P O Box 120
Langebaan
7357

Dear Sir

RESPONSE TO COMMENTS RECEIVED ON THE DRAFT 2019/2020 MTREF BUDGET

Thank you for your comments on the Draft 2019/20 MTREF budget.

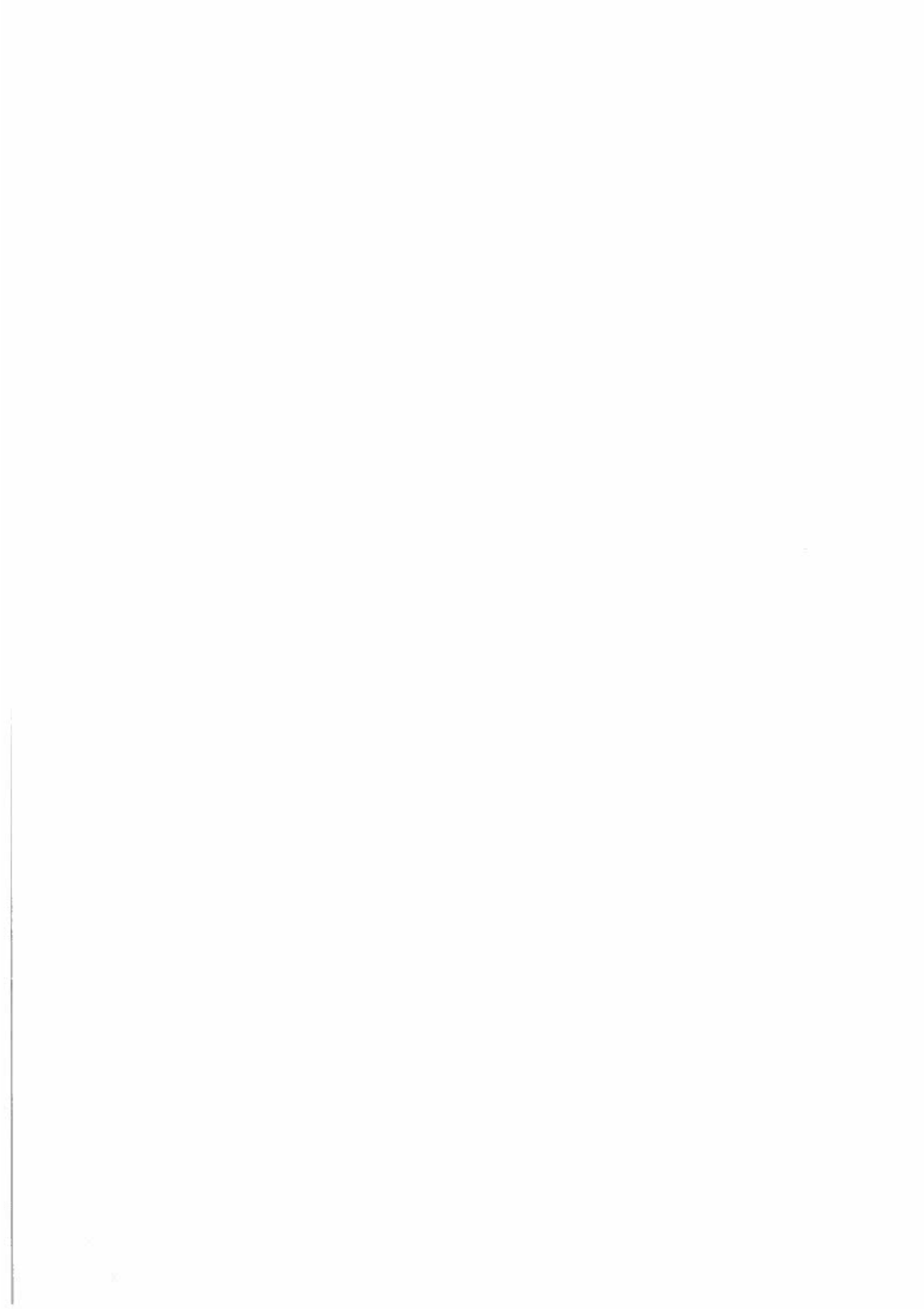
The Council considered all objections received from consumers during a workshop that was held on 13 May 2019. Response to your input are as follow:

As so many times before, this Association welcomes the opportunity to submit its comments on the 2019/20 draft budget. Firstly, the Association wishes to compliment the Municipality on the compilation of the documentation. The document is very user friendly, easy legible and consists of a host of supporting documents. For the first time minutes of the Budget Steering Committee is included.

However, the following criticism is submitted, and it is trusted the remarks made will be considered at the proposed workshop to be held before the budget is finalized.

Capital Budget

It is noted that this budget is the largest since 2009/2010 viz. R 323.7 m. The years after that it will be much smaller viz. R189m in 2020/21 and R178m in 2021/22. The question arises what the reason for this is. Why such a huge capital programme for the whole municipal area and why at this point in time? The Association is of the opinion that the



economic situation country wide does not warrant capital expenditure of such an amount in this municipality at this point in time.

Associated with such a budget is the amount to be borrowed from external sources. The amount to be borrowed is R 54m representing 17% of own revenue which is also the largest amount since 2013/14. The reason for this loan amount can only be speculated about but it is clear that the status of the CRR is such that funding from that source is in its final stretches which in turn is a very negative situation.

Response:

The reason for the high capital budget for year 1 (2019/20) of the 3-year MTREF capital budget is mostly related to roll-over projects. These projects are those budgeted in the previous financial year, but for various reasons could not have been completed during that year. During the most recent adjustment budget in January 2019, the 2018/19 capital budget was reduced by R111 million and subsequently the new capital budget for 2019/20 was increased with those projects. In August 2019, Council will consider further projects to be rolled over from the previous financial year that ended on 30 June 2019 that were not completed, further increasing the 2019/20 capital budget.

The capital budget for year 2 (2020/21) and year 3 (2021/22) is inherently lower than year one. Additional funding sources becomes available at the end of each financial year. For example: information about grants that will be received in future years are not always available when compiling the initial 3-year budget. Additional transfers to the CRR reserve from operational surpluses realized during the year, if any, are made at the end of each financial year. This provides an additional funding source for the capital budget for future years. The sustainability of the CRR is of concern and Council is always advised to budget conservatively to ensure that the CRR, as the main funding source of the capital budget, is maintained. For the 2019/20 MTREF 3-year capital budget, the borrowing requirements is R165 million as the CRR is being depleted over the 3-year period. The gearing ratio (Borrowings to Revenue) is currently 17%. In terms of Council's budget policy, the gearing ratio may not exceed 25%.

It is also noted from the documentation that Langebaan (Wards 6 and 14) is awarded the biggest chunk namely R70.2m or 21.6% of the budget. The Council should regard the recent unrest due to "non-delivery of services" as a warning that such an unrealistic division of funds will not be acceptable much longer. Perhaps the time has come to re-prioritize the services to be delivered – instead of white elephant sports stadiums and community centres, the Council should concentrate on infrastructure and housing.

Response:

Over the 3-year MTREF period, on average 81% of the total capital budget of Council will be spent on Infrastructure relating to service delivery. Housing is not the mandatory function of Local Government and the municipality can only spend funds on housing that is being received as a grant from the Provincial Government.

In Langebaan, over the 3-year MTREF period, a total of 16% of the total capital budget of the municipality is allocated to that town. For 2019/20, the ratio is 21.6%. The majority of the projects are service delivery related. The top 10 Langebaan projects for 2019/20 are listed in the table below for illustration purposes.

Project	Funding source	Ward	Cost
366-Development of new landfill	CRR	Ward 6 Langebaan/Farms	18,622,309
390-Meeuwklip Reservoir	CRR	Ward 6 Langebaan/Farms	12,349,996
353-Upgrading Oostewal Street Phase 2	CRR	Ward 6 Langebaan/Farms	10,044,736
378-Upgr Lbn Sewerage Works	Borrowings	Ward 14 Langebaan: Long Acres/Mykonos	10,000,000
221-Lbn Sport Ground Develop New Sport Grounds	CRR	Ward 6 Langebaan/Farms	5,444,132
376-Upgr Lbn Sewerage Works	CRR	Ward 14 Langebaan: Long Acres/Mykonos	4,535,331
370-Upgrade Langebaan Sewer Phase 7	Borrowings	Ward 6 Langebaan/Farms	1,857,837
353-Resurface Mykonos Str	CRR	Ward 14 Langebaan: Long Acres/Mykonos	900,000
353-Resurface Suffren Str	CRR	Ward 14 Langebaan: Long Acres/Mykonos	800,000
353-Resurface Loop Str	CRR	Ward 14 Langebaan: Long Acres/Mykonos	650,000
Total			<u>65,204,341</u>

The project "*Langebaan Sports Ground Development*" of R5.4 million consists of the initial planning, environmental impact assessment and other related cost for the future development of the sports ground. It is estimated that the development of the sports ground will cost more than R33 million. These costs have not been included in the 2019/20 MTREF budget as the budget steering committee resolved that the department must source external funding as co-funding for the project. The municipality currently does not have the financial resources to fund the sports ground from its own financial resources. Langebaan does not have a sufficient sport facility and there is a requirement from the community for this.

It is also noted that it is anticipated that the Council will spend 90% of the Capital Budget. History has shown otherwise. In the last 10 years the average amount spent was 71%. The Auditor General has shown that in the 2017/18 financial year, the expenditure level was 75% of the budget. The expected expenditure in 2018/2019 is 85%. One will have to wait for the end of the financial year to establish whether this target was reached. As regards the 2019/20 financial year, the question arises what different steps are being taken to ensure that this target will be achieved? In 2014/15 the figure was 96% and that shows that an achievement of 90%+ can be reached. That being said, why not setting the target between 95% to 100%? Or is it a situation that the Council is not confident enough to set such a target.

Response:

Included in the capital budget is the provision for a 10% contingency on capital projects. In the tender pricing documents, the bidders include the 10% as part of their price and it is budget accordingly. However, the contingencies are only expensed if it fulfils certain conditions. Therefore, the capital budget is potentially overstated with 10%. It might also be that the capital budget for a project is higher than what the actual tender value, which will result in a saving.

The Municipal Supply Chain Regulations in some instances can hinder the progress of a project. All tenders are subject to formal appeal processes which can be time consuming. It is therefore unlikely that the capital expenditure ratio will be higher than 90%.

Why is such a target important? The rolling over of projects from one financial year to the other is negative in the sense that it has a detrimental effect on future capital programmes. Secondly, the applying of loans to finance portions of the Capital Budget and then not spending the money has a detrimental effect on the loan charges to be financed. This additional loan charges places an unwanted burden on the budget and on the taxpayer.

It appears from the budget that priorities are not always determined. The existing economic climate makes it imperative that priorities should be set and the objectives be achieved in order to obtain value for money and to eradicate the budget from nice to have's. This viewpoint will have a positive impact on the taxpayer and citizen.

Response:

Council does have a model to determine priorities. The compilation of the capital budget of a municipality is complex in nature and consist of a variety of different inputs.

<u>No</u>	<u>Category</u>	<u>Priority</u>	<u>Weighting</u>
1	Statutory requirement: Legislation regulates this project	1	10
2	This expenditure is already committed through a awarded tender, contract or council resolution	2	9
3	Project is fully funded by a grant	3	8
4	The project is a basic service (roads and storm water, electricity, water, sanitation and waste removal), and is partially funded by a grant and the grant is secured	4	7
5	The project will enhance service delivery (Roads and storm water, electricity, water, sanitation, and waste removal)	5	6
6	There is a risk factor (health,safety etc.) in not executing this capital project	6	5
7	The project is an essential service	7	4
8	The execution of this project will stimulate investment in the local economy	8	3
9	The project will contribute to social development of the community	9	2
10	Any desirable project that is not a need	10	1
11	Approximately 10% of capital budget is allocated to tools of the trade and operational infrastructure (vehicles, plant, equipment, computer software, communication software, office furniture and equipment, machinery tools and equipment, municipal office buildings etc. that does not relate to the above. A specific amount is to be provided for this in budget		

Examples:

Vehicles. R12.2 m. One wonders whether there is a policy which serves as a guideline for the replacement of vehicles and new vehicles. Each year it is seen that new vehicles are acquired.

Response:

Please find below, the responses why new vehicles are acquired every year. The manager: mechanical services is concerned regarding the state in which the SBM fleet will be if vehicles beyond the replacement age, in some cases, double- or three-times past replacement age, are not replaced. What will the maintenance cost be to maintain items more than 15 years of age? In which way will service delivery be rendered?

Please refer to a few examples below of vehicles/plant age and models still in operation: 1997 Mercedes Benz Water tanker (22 years), 1991 Mercedes Benz Electrical maintenance crane truck (28 years old), 2001 Nissan CW290 refuse compactor (18 years old) Also refer to Point B for a detailed summary of vehicles/plant and age. The transport policy approved by Council includes guidelines for the replacement point of vehicles and plant. Please see extracts out of the approved Transport Policy regarding vehicle replacement schedule, **Point A** below.

Also see a vehicle and plant analysis report regarding the general age of vehicles which clearly indicates that a **larger** percentage of the budget must be allocated for new vehicles and plant, **Point B** below.

A: VEHICLE/PLANT REPLACEMENT POLICY

16.1. Vehicle Replacement Policy

1) The purpose of a Vehicle Replacement Policy.

The purpose of the replacement policy is to ensure that:-

- units are replaced timeously to prevent the expense of keeping units in service beyond the replacement point;
- availability of parts will not become a problem;
- mechanical downtime is kept to a minimum;
- funds available for Fleet maintenance will be used optimally;
- timeous replacement of units will always ensure the availability of the latest technology and
- a positive image of the Municipality is reflected by the continued good mechanical condition of municipal vehicles and implements.

2) Capital Budget

The policy is based on the principles above and the economical replacement intervals of the vehicles and equipment, and even though the criteria listed hereunder will be used to evaluate the vehicles/equipment, the physical replacement of such will be determined by the

availability of funds in the Capital Budget. However, funds must be provided annually to replace vehicles to avoid the repairs of vehicles which are not economical to maintain.

3) Replacement Evaluation Table

VEHICLE GROUP	CRITERIA	REPLACEMENT
1 Motor Cycles	1. Age 2. Km 3. Mech. evaluation*	5 years 80 000km < 50%
2 LDV and Cars (Capacity <1 ton) (Light Duty)	1. Age 2. Km 3. Mech. evaluation	5 - 7 years 160 000km < 50%
3 LDV (1 ton) (Heavy Duty)	1. Age 2. Km 3. Mech. evaluation	5 - 7 years 180 000km < 50%
4 Medium vehicles (Capacity 3 - 5 ton)	1. Age 2. Km 3. Mech. evaluation	10 years 200 000km < 50%
5 Heavy vehicles (Capacity 6 - 9 ton)	1. Age 2. Km 3. Mech. evaluation	10 years 200 000km < 40%
6 Extra heavy vehicles (Capacity 10 ton +)	1. Age 2. Km 3. Mech. evaluation	10 years 250 000km < 40%
7 Tractors	1. Age 2. Hrs 3. Mech. evaluation	12 - 15 years 15 000hrs < 40%
8 Earth moving equipment	1. Age 2. Hrs 3. Mech. evaluation	15 years 15 000hrs < 40%
9 Refuse compactor (NOT the cab/chassis)	1. Age 2. Mech. evaluation	7 - 10 years < 40%
10 Fire engines	3. Age 4. Mech evaluation 5. Tech. evaluation*	15-20 years <60% <80%
11 Small Plant		
11.1 Trimmers, Chain saws Small lawnmowers Compactors, etc.	1. Age 2. Mech. evaluation	3 years < 40%
11.2 Self-propelled mowers, bush beaters, etc.	1. Age 2. Mech. evaluation	3 - 5 years <60%
11.3 Rollers, pumps, Compressors, Generators, etc.	1. Age 2. Mech. evaluation	5 - 7 years < 50%
11.4 Cement mixers, Bitumen machines, etc.	1. Age 2. Mech. evaluation	7 - 10 years < 40%
12 Related equipment	1. Mech. evaluation	< 40%

* - See Table 2 and Table 3 for Mechanical and Technical evaluation

OR in all cases where: 1] **Cumulative repair cost > purchase price**, or 2] **Annual repair cost > valuation** (resale value). It is further suggested that a unit be replaced if the repair cost is equal to or greater than the original purchase cost (Table 1). Where the cost history of the vehicle is currently insufficient for a full economic analysis, the following guidelines are suggested as additional criteria for the replacement of a unit: -

Annual repair cost < purchase value x annual devaluation rate 100

i.e. if the annual repair cost is more than the interest and redemption on the capital (purchase cost), the unit must be replaced. It is suggested that the annual C.C.D.L.F. advance (loan) rate (currently □ 16,5%) be used as devaluation rate. (See annexure 2 for mechanical evaluation form).

16.2. Replacement Point

By using the current vehicle cost history, it is easy to calculate the economical replacement point for any unit. As soon as this information is available, it is suggested that a unit be replaced at □ 80% of the economical replacement point. The delay from the time of submitting recommendations for replacement until the new unit is purchased and delivered is ± 10 - 12 months, by which time the unit will probably have reached the economical replacement point. Factors that are considered in the calculation of the economical replacement point, are: -

- 1) Replacement value of the unit
- 2) Resale value (Balance value)
- 3) Total repair costs
- 4) Production, i.e. km or hrs completed.

B: VEHICLE/PLANT AGE ANALYSIS REPORT (Extract of report to the Director: IPS)

FLEET INFORMATION

In general, the fleet is outdated, and a great percentage of vehicles and heavy plant is way past the replacement age. The department conducted a study to determine the age of the fleet and the percentage that urgently needs to be replaced.

The study only included self-propelled light vehicles, heavy vehicles and heavy plant (Loaders, Digger Loaders, Graders)

AGE	QTY VEHICLES AND PLANT	PERCENTAGE OF FLEET
Older than 20 years	25	6.5%
15-20 years	35	9.5%
10-15 years	71	20%
5-10 years	122	33%
0-5 years	119	31%
TOTAL	372	100%

Please refer to the extended schedule below.

The serious concern is 60 vehicles/plant that is older than 15 years. These critical vehicles and machines still in everyday use. These items are highlighted.

The critical replacements required is as follows:

Graders

The fleet only consist of 3 graders. The latest model is a 2012. The two below reflects the age and parts are basically unobtainable and very expensive if sourced. SBM does road maintenance and construction. Projects are not completed on time due to unavailability of graders.

S32	Padskraper WRIGHT 140G	1982
S16	Padskraper MITSUBISHI 3	2002

Loaders

Department Solid Waste is under extreme pressure in terms of landfill site compliance. The two loaders below are critical to ensure compliance. Very high maintenance expenditure and unavailability of machines adds to the pressure of non-compliance reports.

S8	Laaigraaf CAT IT14G	1998
R38	Case 621D	2007

Water Trucks

SBM has only 2 Water trucks. The models are noted below. SBM must provide a water service to the community and for construction purposes. During the drought crisis, SBM experienced difficulty to keep up with the demand, resulting extreme pressure on the water and sanitation department

S31	MBenz Watertenker 2426	1997
S100	UD 290 Water tanker	2005

Crane and tipper Trucks

The electrical departments still operate with a 1991 model (**27 years old**) crane truck (E10) and 15 years old (E0), delivering essential services. The department only has 2 construction trucks with ages noted above. Service delivery is frequently interrupted due to maintenance of vehicles. THE REPLACEMENT OF THE TRUCK WAS INCLUDED IN THE 2017/18 BUDGET BUT REMOVED DURING BUDGET CUT. The department is under pressure to deliver services with the outdated truck. The same applies for other crane and tipper trucks.

E8	Nissan SVM 5,5 Ton UD55	1998
E0	MBenz 4x4 1517 Atego	2003
E10	MBenz SVM 1214 KRAAN	1991
S42	Nissan UD70 Platbak met kraan	2003
S2	Toyota Tipper 12-146 HINO	1995

Compactors and skip loaders

Please refer to the refuse compactors below. Respective ages 20, 19 and 15 years old. The maintenance on the trucks and compacting units are very high due to age.

R44	Nissan KOMPAKT CW290PHN	1998
R35	Nissan KOMPAKT CW290PHN	1999
R3	Nissan KOMPAKT UD90	2003
R1	Nissan KOMPAKT UD290	2001
R12	Nissan Skiploader UD80	1999

Sewer Tankers

R7 below are close to 800 000km and 19 years old, D2 on 455 000km, R40 on 550 000km and still in everyday use. The sewer suction service is under huge pressure to complete daily suction schedules of households with old trucks frequently referred for maintenance.

R7	Nissan Tenker CW290PHN	1997
D2	Nissan Tenker CW290PHN	2007
R40	Nissan Tenker CW290PHN	2004

Other trucks

S131	Isuzu Platbak V/M F6500	1995
S84	Nissan Wipbak V/M CM10F	1996
P10	Nissan MVM Cabstar	1997
S91	Nissan WipbakV/M CM10	1997
P5	Isuzu MAW NQR500T	1999
S17	Nissan UD290WD Voorhaker	2003
P80	Nissan Cabstar 40	2003
P81	Nissan Cabstar 20	2003
S62	Nissan Cabstar 20	2003
R66	Isuzu Platbak V/M NQR500	1998

Light vehicles

M12	Toyota BUS 2200 HI- ACE	1989
V71	Isuzu KB250D	1997
S13	Mazda LAW B2500D	1998
S23	Mazda LAW B2500D	1998
S34	Nissan Tipper UD80	1998
S43	Trekker New Holland 70-56	1998
B15	Mazda Sedan 130	1999
C15	Nissan Law 1400	1999

D5	Mazda LAW 2500D	1999
D50	Nissan LAW 2.7D	1999
E30	Nissan PLATBAK V/M 6 Ton UD60	1999
M10	Toyota Conquest Carri 130	1999
S6	Nissan Platbak V/M UD70	1999
S22	Nissan Platbak V/M Cabstar 35	1999
S64	Mazda LAW B2500d	1999
B47	Ford LAW 2500D	2000
S14	Nissan Tipper Cabstar 40	2001
C0	Mazda Rustler 130	2003
S0	Toyota Bussie Condor 1800	2002
A1	Citroën Paneelwa Berlingo 1.4i	2003
A9	Opel Corsa Utility 1.4i	2003
E3	Isuzu LAW KB250D LAA	2003
E6	Opel Corsa Utility 1.4i	2003
G3	Opel Corsa Utility 1.4i	2003
E6	Opel Corsa Utility 1.4i	2003
G3	Opel Corsa 140.i	2003
S69	Ford Bantam 1300i	2003
T10	Opel Corsa Utility 1.4i	2003
T12	Ford Bantam 1300i(PR483646)	2003
V8	Ford Bantam 1300i(PR483645)	2003
V74	Isuzu LAW KB200	2003

SUMMARY:

The mechanical department is under extreme pressure to ensure 100% availability of old and outdated vehicles and plant. Up to date the department was successful. No sewer, water and solid waste removal services was interrupted for the past 5 years due to the unavailability of of vehicles and continued satisfactory. It however comes with an increasing maintenance cost and huge pressure on the staff. It will also not be sustainable for future years with the ageing fleet if not replaced as a matter of urgency.

Sports & Development.

R9.0m Langebaan is awarded R5 764 132. This is done despite that the Ward Committee has indicated that the project should be scaled down because the need does not justify a second "regional sports complex "which may become a white elephant.

Response:

The planned phase 1 is a scaled down facility with an estimated cost of R33 million. Currently there are not sufficient funding to start with the project in the up-coming financial year. Once the rezoning and subdivision and bio-diversity study has been completed a final cost-estimate will be undertaken. We will manage the allocated budget during the MTEF.

Resorts. R842 000. The budget for fridges and furniture for Oostewal is set at R30 000 and R80 000 respectively.

Parks. R3 785 000. Inter alia a creepy crawley for Tabakbaai at R 10 000.

Response:

The tariffs of the resorts were raised last year with 20% therefore the chalet content also need to be upgraded. The R 30 000 and R80 000 is for the replacement of fridges and furniture in the 15 chalets which is still operational. The amount budgeted for Parks include beautification the replacement of vehicles, development of Public Open Spaces, upgrading of Jacobs Bay town entrance and fencing around play parks.

Municipal Buildings. R 13 118 455. Amongst others for the upgrading of the Mayor's office for R 500 000; a security kiosk for the Mayor's office at R 40 000; the fire station for R 1.0 m and to install wheelchair friendly accesses throughout the municipality for R 800 000. The latter matter is of importance to show that the Council is serious to improve the lives of its citizens.

Response:

The capital budget of R13 118 455 for Municipal Building is confirmed, it should however be noted that 21% of the budget is a donation received from Transnet i.e. 330-Rehabilitation of Existing Structure into a Tourism and Hospitality Facility. Upgrades to the mayor's office and security kiosk is to improve the operational efficiency and to provide for better security for the occupants of the office. The office of the mayor has also grown in occupants and necessitates upgrading. Upgrades to the Diazville satellite fire station is to improve service delivery in providing a quicker response to emergencies.

Road construction programme. The programme of R 53 696 825 is a very ambitious programme. From this Langebaan will receive R11.7 m (Ward 6) and R2.4 m for Ward 14.

Response:

The tender processes for projects with a total value of more than 75% of the tabled capital budget (2019/2020 funding for road & stormwater construction projects) are concluded and projects will be ready for implementation at 01 July 2019. The department is confident that the programme is achievable and realistic.

Reservoir Meeuklip. R 12 349 996. What is the capacity of this reservoir? Will the pressure problem in some areas of the town be addressed? How far has the tender process progressed?

Response:

The new Meeuklip Reservoir will have a 3MI capacity. We have appointed Sirrocon as the Consulting Engineer for this project. The new reservoir will not address any pressure problems, this will be done with pressure management and rezoning.

Langebaan Rd Aquifer. R 20 154 000. More particulars please.

Response:

This is funding which is rolled over from the 2018/19 financial year for the construction of Boreholes and Civil Infrastructure at Phase 2 of the Well field project. An item will be tabled at Council to request the creation of a new budget segment named Arial Geophysics. Approximately R 10 000 000.00 of the funding will then be transferred to the Arial Geophysics segment to enable SBM to conduct Arial geophysics which will cover the whole Municipal area. The data from the Arial geophysics and the resulting modulation of the aquifers within our area will ensure that SBM can manage the aquifers effectively without harm to the environment. It will provide clarity on the number of aquifers, boundaries of the aquifers, indication of the recharge points of the aquifer and the low flows that feeds the natural environment. Managed Aquifer Recharge methodology will also be compiled with the new information and models available. The remaining funding will be utilised to investigate and where feasible implement Managed aquifer recharge to ensure the sustainability of the Well fields. Water banking is also a real possibility where water could be stored in the aquifer during wet months for utilisation during future droughts. This has been proven very valuable in Windhoek and other countries.

New refuse dump. R 18 622 309 and the rehabilitation of the old dumping site R 101 595.

Please confirm that this is associated with the existing dump site and transfer station to be completed.

Response:

The funding will be utilised to complete the Langebaan Transfer station and outstanding works at the Waste Management facility. The tender for the completion of the construction work has been advertised and we envisage to have a new contractor on site by August/September 2019.

Revenue.
Tariffs.

Despite the fact that the CPIX was determined at 5.2% the Council worked on a CPIX of 5.4%. Except for the tariffs in respect of refuse removal and sundry tariffs, all the tariffs are in excess of 5.2%.

Response:

The CPIX that is published in the MFMA Budget Circulars are being used in the budget workings. MFMA Circular 93 was issued by National Treasury on 7 December 2018 and included a CPIX forecast of 5.4%.

However, in MFMA Circular 94, that was issued on 8 March 2019, the CPIX forecast was reduced to 5.2%. As the tabled budget is submitted to Council also in March 2019, it is not possible, at that point in time to change the budget calculations and various inputs.

Assessment rates. 6.2%

As far as assessment rates are concerned, the Association is disappointed that there is no additional relieve for older ratepayers. The income levels of the pensioners have been increased by 5.2% according to the report but the tax has been increased by 6.2%.

The suggestion was made to investigate an additional rebate for residents older than 70 years despite their income bracket on condition that the property is a residential property used for domestic purposes by the applicant. An alternative to this suggestion is to create a separate income level for owners above 70 years of age with different income levels. An undertaking was given that this suggestion is still under investigation.

Response:

Council amended the pensioners rebate at its budget workshop of 13 May 2019 and this was approved with the budget on 30 May 2019. The rebates for 2019/20 are as follow:

INCOME	REBATE 2019/20
R 0 - R 10 000	100%
R 10 001 - R 15 000	70%
R15 001 - R20 000	50%

Water usage 5.8%
Sewage 15%
Electricity 13.81%.

It is general knowledge that Eskom is bankrupt, and the stated increase may not be the final figure. What is concerning is the fact that the inherent discriminatory tariff of a service or capacity charge between the conventional meter system (R285.00 pm for a 60-amp meter) and the pre-paid meter system (R 100.00 pm for a 60-amp meter). The Association maintains that this distinction is discriminatory and unfair if not unconstitutional and illegal.

The phasing out of the conventional meter system is supported by the Association. What assistance will be afforded to the home owner who wants to convert meter systems. The allocation of a rental free loan to ratepayers should be considered. The amount could be divided over 12 months and added to the utility account.

Response:

The technical proposal was to implement equal tariffs for both pre-payment and convention metering. Council suspended the CAPCITY CHARGE for prepaid meters for the 2018/0 financial year and made the decision to phase in the technical proposal for the 2019/20 financial year. The phasing out of conventional meters will only relate to new installed meters. If those conventional consumers want to convert to pre-paid, it must be done at their own cost.

Fines. The collection of fines is one of two revenue sources that were cut on the budget from R 45.5 m in 2018/19 to R 33.6 m in 2019/20. This fact is directly linked to the efficiency of the law enforcement division. It is our opinion that the collection of fines is a direct indication of productivity.

Response:

The Revenue budget reflects traffic fines issues and not cash collected from the issued fines. The primary objective of issuing traffic fines is to ensure law enforcement wherein unlawful conduct is discouraged through issuing of fines. The municipality doesn't seek to maximize fines issued for revenue generation purposes. The fines are issued as a deterrent to law offenders and to forester a culture of compliance with laws on our roads and community at large.

Before the introduction of mobile cameras and stricter traffic law enforcement, there was a general lack of consequences for traffic violations on our roads. As the mobile cameras were introduced and traffic officer's visibility on our roads increased this led to the traffic offenders being issued fines. In the long term, the improved visibility of traffic officials and cameras discourages unlawful conduct which results in less fines being issued. The decline in traffic fine revenue is that a positive indicator that the law enforcement strategy implemented is yielding results as the behaviour of road users is starting to change.

Expenditure

Personnel expenditure.

The Association is aware that the Council is bound by the industrial agreement valid for 3 years. The total salary budget is 33% of the total budget. This constitutes a slow increase from the 31% in 2012/13 to an expected 34% in 2020/21. One schedule in the budget indicates that the salary and allowances of the 27 councillors and the 6 top senior officials constitutes R22 925 358 pa and is 5.41% of the total salary budget.

Response:

The remuneration to the 27 councillors of the municipality for 2019/20 is R13.1 million. National Government provides a grant of R5.9 million to the municipality to subsidize this cost. Remuneration to the top 6 officials, the Municipal Manager and the 5 Directors comprises of R9.8 million for 2019/20.

Costing

It is noted that remarks are made in reports that it is intended to implement a more accurate costing system by employing a costing accountant. The importance of such a step cannot be over emphasized.

Response:

The budget steering committee will during the next budget cycle consider the salary budget and whether additional budget funding will be made available for new positions, including this position.

Yours Faithfully,



Accounting Officer