The 2014/2015 budget was approved at a Knysna Council meeting on 5 June 2014.

Executive Mayor Georlene Wolmarans said that the budget for the new financial year occurs at a critical point in the current national and local economic cycle. “At a national level the economy of the country is under stress with exchange rates at their weakest since 2007, with inflation under pressure and with low productivity and wage costs high. Paradigmically the economy of the Knysna municipal area may have already reached its turning point and the local economy is now on a positive albeit very slow growth trajectory.”

She said because Knysna remains fundamentally a tourism- and lifestyle-based economy, the national woes are not necessarily replicated in this area. According to the latest GDP figures tourism and financial services contribute 49% of local GGP. The consensus from all role-players in Knysna is that this latest holiday period was one of the best in living memory. The collapsing euro meant that South African citizens holidayed and spent their money locally. Conversely, overseas visitors are attracted because of the cheap rand, and this is particularly because of good marketing. In this regard the impact of the World Cup in 2010 and the fact that Knysna successfully hosted two European countries cannot be over-emphasised and is now paying off.

She singled out the grant to Knysna Tourism, saying that they were budgeted to receive R4 million in 2014/15. “Council has however requested the Knysna Tourism Board to review the future of Knysna Tourism, and has budgeted only for one year in terms of the current Service Level Agreement. I am positive that the outcome of this review will be for the benefit of our beautiful town.”

The new budget for Knysna Municipality amounts to some R610.9 million in 2014/15, being R70.2 million for capital expenditure and R540.7 million for operating expenditure.

Wolmarans said that the Knysna Municipality is an extremely well-run municipality that fights well above its financial weight. “The municipality achieved a clean audit from the Auditor-General. A clean audit means that the financial and managerial operations of the municipality are honest, open, and transparent. Very few municipalities have this accolade and the private sector is not audited at the extreme levels. It is a ‘clean audit’ because of the large financial resources of the municipality. A clean audit is an indicator which clearly reflects the ethos of the councillors, senior management and the organisation as a whole.”

From 1 July 2014 amendments have been approved for a number of financial policies, including the Funding and Reserves Policy and the Fi

The Mayor highlighted the following:

- The anticipated final outcome of the current 2013/14 budget is that Council will end with a surplus after all transfers of R47.2 million.
- The operational budget for 2014/15 projects R35.6 million operating revenue, R540.7 million operating expenditure, R39.5 million capital transfers and a surplus of R35.5 million.
- Capital expenditure: R241 million
- The capital budget for 2014/15 will total R70.2 million of which R39.5 million is funded from national and provincial grants and R50.7 million from internally generated funds and borrowings, which includes R4.3 million of unspent borrowings.
- R14.4 million is allocated to Community Services projects which include R3.3 million for Solid Waste, Environment and Public Health Monitoring.
- R13.1 million is allocated to Electricity for the electrical projects, R21.3 million for water and Sewer projects and R18 million for housing.
- Council has allocated a total of almost R13.3 million for road infrastructure. This includes R3.8 million for labour intensive paving; almost R2 million for maintaining and upgrading gravel roads; and almost R3 million for repairs and road closures. Of primary importance will be the resurfacing of Grey Street.
- The first phase of the upgrading of the CBD sewer reticulation will commence with Grey Street at a cost of R4.2 million. The total value of this project is R24.2 million.
- Additionally an amount of R2.5 million rising to R20 million in 2016 will be allocated to the Division of Revenue Bill for the Bitou Municipality for a joint venture regarding water supply. A status quo report on this project has recently been submitted to Council.
- Of great signiﬁcance is the R500 000 allocated to upgrade old external toilets in Honeymoon. This is a priority for Council and is the ﬁrst phase of a multi-year project.

Corporate Development Project will be developed and rolled out over the next few years. Additionally the Council has recently approved an initiative to market local traders over the holiday periods.

Wolmarans said a four month freeze will be mandatory on all vacanacies occurring after 1 July 2014. “This is in line with National Treasury instruction that all significant projects must be identified and speciﬁed in the budget if they are of a capital nature. The ﬁnal projects and programmes will be included in the approved budget and performance against the budget will be reviewed monthly.”

Other budget matters

Employee costs have risen by 5.3% on the 2013/14 budget ﬁgure. This includes the annual increase of 6.8% on basic remuneration as instructed by the Local Government Bargaining Council, however it also includes a 4% reduction (R1.6m) as a result of Council not ﬁlling vacancies from 1 July 2014. Without this approach the increase in staff costs would be in excess of 9% on the Adjustments Budget and would require another 3.5% rates rise above the 7.5% recommended by the Auditor-General.

The repairs and maintenance budget for 2014/15 will increase by 18% on the adjusted budget ﬁgure for 2013/14 from R29.4 million to R34.8 million. Council has noted that the recommendations of National Treasury in Circular 70 to increase Repairs and Maintenance.

In conclusion Wolmarans said that Knysna Municipality has been selected as a pilot site for the implementation of the Standard Chart of Accounts (SCoA). “This is a huge honour but will require a serious shift in the way our operational structures report and input. It will take an enormous amount of time, effort and probably money at all levels to ensure full compliance. The money will have to be provided nationally.”

She thanked the Director of Finance, Mr Grant Easton, and his team for drawing up a budget which “may not make everybody happy, but which financially renders the municipality viable.”

All of the basic information surrounding this year’s budget is available on the municipality’s ofﬁcial website www.knysna.gov.za.