From the Mayor’s Desk

Dear readers, we are at the end of a month where the youth was the main focus in a variety of ways. We started with Child Protection Week that included International Children’s Day on the 1st of June, and Youth Day was celebrated on the 16th of June.

As a Council we’ve been involved in numerous initiatives to support, equip, and facilitate development of opportunities. One of the initiatives close to my heart was our continued support of the youngest members of our communities through Early Childhood Development Centres, which create the footing for our children. I am also excited about KnysnaON, a massive ICT infrastructure development that will bring superfast fibre-optic broadband to Knysna. Along with it comes the prospect of investment and job creation – from health and education to IT, from film productions to call centres. It also promises to overcome the current barriers to information and communication tools experienced by our poorer communities, due to the discriminatory nature of current data packages. KnysnaOn will open the world to our town, and open Knysna to the world.

Believing that a focus on sport will help to direct our youth away from the substance abuse and other social ills that plague the town, we are continuously investing in the upgrading of sport and multi-purpose community centres. Smutsville Multi-purpose centre will be completed soon, and there are plans for upgrades to the sportsfields in Hornlee, Dam-se-Bos and Rheenendal.

However, let’s be honest. The Youth makes up 60% of our population, if we do not get their input and buy-in, and their commitment to help create collective solutions for collective problems like poverty, crime, substance abuse, child abuse, the state of schools and lack of respect generally – we have a problem. That is why we recently established the Knysna Youth Council. This is an instrument to bridge a divide, in this instance between generations and most importantly between what our generation assumes the next generation desires and what the youth actually want for their future.

We say the youth are the leaders of the future, however I think that we need them to be involved now to be part of the solutions for the issues we face. As I wind down my responsibilities towards August, one of my hopes is that the Youth Council will flourish and take ownership of the issues important to them, and that the future Council will support them every step of the way.

Georlene Wolmarans  
Executive Mayor
Themed “A prosperous future for Knysna,” Wolmarans touched on the highlights of the past term and shared her vision for Knysna for the years ahead: “It is my sincere hope that the next council will build on the achievements we have attained during this term in office and will strive to overcome the challenges that faced us over the last five years.”

“The budget for the next financial year continues to reflect the strategies and priorities of the town, chief among them the need to address our dire water security issues”, Wolmarans said in her initial remarks.

“The new budget for Knysna Municipality amounts to approximately R914 million comprising of R175.5 million in capital expenditures and R739 million for operating expenses. This constitutes a considerable increase of 16% on the adjusted budget for 2015/2016 which amounted to a total of R789 million.”

The approximated funds in the capital budget have been earmarked as follows: R57 million for housing and infrastructure, R23 million for upgrades to the pumping scheme at Charlesford dam, a R10 million NDPG grant for multi-purpose centres, R8 million for the water treatment plant, R3 million for a new cemetery and R5 million for upgrades to Grey Street. R400 000 has been allocated to each ward for their respective projects.”

“The cost of increased service delivery to our ever-growing population is clearly becoming an increasing burden on our limited revenue budget,” continued Wolmarans.

“The topography of the town means that the basic services we are constitutionally obliged to provide are always costlier than other municipalities. The knock-on effects of Eskom tariffs and our water scarcity are also substantial.”

Turning to the state of the town’s roads, Wolmarans said: “We are demonstrating a clear commitment to improve and maintain our roads infrastructure by approximately doubling the expenditure on repairs and maintenance of our roads, to R35 million in the next financial year.”

To fund the budget, the municipality depends on revenue income obtained from rates and taxes, various provincial and national government grants, and the Equitable Share from National Treasury, which has increased after the relevant formula was adjusted to reflect the latest census figures.

Of main concern to the residents of Knysna are the changes in tariffs, rates and rebates which are as follows:

- The electricity revenue tariff will increase by 7.6%, as approved by the National Energy Regulator.
- The first two consumption tiers for the water tariff will increase by 7% with tariffs in subsequent tiers rising more as consumption increases. The free water allocation to indigent residents will remain at 6 kilo-litres per month, while for non-indigent residents the allocation will be lowered to 3 kilo-litres.
- The sewerage tariff and refuse tariff will increase by 7.5% and 8% respectively. The refuse tariff will most likely be adjusted upwards when the transport and operating cost of the new Eden landfill site near Mossel Bay becomes operational.
- Other minor tariffs will also increase by 8.9%, unless specifically shown to be different in the tariff book.
- In terms of domestic assessment rates, the increase in the rate of the rand will be 7% for domestic and non-domestic properties.
- The assessment rate rebate for domestic owners will be reduced to 10%, with the Green Rate reduced to 5% and the Rural Rebate scrapped in its totality. The additional portion of domestic property value which is excluded will remain at R100 000.

“Knysna is predominantly domestic in its tax base and the downturn in the national economy means development has virtually ceased, which has necessitated council to fast track economic development,” explained Wolmarans.

“Thus there are three options which we must avidly pursue: firstly, aggressively grow our status as a preferred national and international tourist hub taking advantage of the exchange rate, secondly to actively seek investment in eco-friendly manufacturing to create more jobs and, lastly, create more jobs by attracting more service-based companies to the area.”

Wolmarans highlighted the fact that Knysna has obtained three consecutive “clean” audits by the Auditor General.

The final budget documents are available on www.knysna.gov.za or copies can be obtained from the Municipal Offices in Queen Street.
### Projected Revenue for the 2016/2017 MTREF

<table>
<thead>
<tr>
<th>Revenue By Source</th>
<th>2016/2017 MTREF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>188 901 000</td>
</tr>
<tr>
<td>Property rates - penalties &amp; collection charges</td>
<td>3 225 000</td>
</tr>
<tr>
<td>Service charges - electricity revenue</td>
<td>228 212 800</td>
</tr>
<tr>
<td>Service charges - water revenue</td>
<td>67 271 400</td>
</tr>
<tr>
<td>Service charges - sanitation revenue</td>
<td>13 254 000</td>
</tr>
<tr>
<td>Service charges - refuse revenue</td>
<td>17 824 400</td>
</tr>
<tr>
<td>Service charges - other</td>
<td>4 330 400</td>
</tr>
<tr>
<td>Rental of facilities and equipment</td>
<td>5 969 800</td>
</tr>
<tr>
<td>Interest earned - external investments</td>
<td>8 170 600</td>
</tr>
<tr>
<td>Interest earned - outstanding debtors</td>
<td>3 094 600</td>
</tr>
<tr>
<td>Fines</td>
<td>90 000 300</td>
</tr>
<tr>
<td>Licences and permits</td>
<td>1 399 300</td>
</tr>
<tr>
<td>Agency services</td>
<td>2 596 000</td>
</tr>
<tr>
<td>Transfers recognised - operational</td>
<td>98 404 001</td>
</tr>
<tr>
<td>Other revenue</td>
<td>4 333 000</td>
</tr>
<tr>
<td>Gains on disposal of PPE</td>
<td>250 000</td>
</tr>
<tr>
<td>Total Revenue (excluding capital transfers and contributions)</td>
<td>737 236 601</td>
</tr>
<tr>
<td>Transfers recognised - capital</td>
<td>90 620 000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>827 856 601</td>
</tr>
</tbody>
</table>

### National and Provincial Grants:

#### National Grants

<table>
<thead>
<tr>
<th>Grant Description</th>
<th>2016/17 Medium Term Revenue &amp; Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Equitable Share</td>
<td>62 982 000</td>
</tr>
<tr>
<td>Finance Management Grant (FMG)</td>
<td>1 475 000</td>
</tr>
<tr>
<td>CoGTA: Municipal Infrastructure Grant (MIG)</td>
<td>23 891 001</td>
</tr>
<tr>
<td>DME: Integrated National Electrification (INEP)</td>
<td>3 001 000</td>
</tr>
<tr>
<td>NT: Neighbourhood Development Partnership (NDPG)</td>
<td>10 000 000</td>
</tr>
<tr>
<td>Extended Public Works Program (EPWP)</td>
<td>1 292 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>102 641 001</strong></td>
</tr>
</tbody>
</table>

#### Provincial Grants

<table>
<thead>
<tr>
<th>Grant Description</th>
<th>2016/17 Medium Term Revenue &amp; Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>LG&amp;H: Integrated Housing &amp; Human Settlements</td>
<td>76 673 000</td>
</tr>
<tr>
<td>LG&amp;H: Community Development Workers</td>
<td>57 000</td>
</tr>
<tr>
<td>PW: Maintenance of Proclaimed Roads</td>
<td>81 000</td>
</tr>
<tr>
<td>CA: Library Conditional</td>
<td>9 452 000</td>
</tr>
<tr>
<td>PT: Financial Management Capacity Building Grant</td>
<td>120 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>86 383 000</strong></td>
</tr>
</tbody>
</table>
### HIGHLIGHTS ON CAPITAL PROJECTS 2016/17

<table>
<thead>
<tr>
<th>Project Description</th>
<th>2016/17 Amounts</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Knysna Vision Project</td>
<td>59 108 000</td>
<td>33%</td>
</tr>
<tr>
<td>Hornlee</td>
<td>11 353 000</td>
<td>6%</td>
</tr>
<tr>
<td>Qolweni</td>
<td>10 000 000</td>
<td>6%</td>
</tr>
<tr>
<td>Bloemfontein</td>
<td>8 000 000</td>
<td>4%</td>
</tr>
<tr>
<td>Ethembeni</td>
<td>8 000 000</td>
<td>4%</td>
</tr>
<tr>
<td>Knysna Vision 2002: Damsebos</td>
<td>8 000 000</td>
<td>4%</td>
</tr>
<tr>
<td>Hlalani</td>
<td>5 000 000</td>
<td>2%</td>
</tr>
<tr>
<td>Happy Valley</td>
<td>4 000 000</td>
<td>1%</td>
</tr>
<tr>
<td>Knysna Vision 2002: Oupad</td>
<td>3 000 000</td>
<td>1%</td>
</tr>
<tr>
<td>Khayalethu Library Upgr &amp; Refurbishment</td>
<td>1 755 000</td>
<td>1%</td>
</tr>
<tr>
<td>Northern Corridor (NDPG): MPC White Location</td>
<td>10 000 000</td>
<td>6%</td>
</tr>
</tbody>
</table>

### PROJECTED EXPENDITURE FOR THE 2016/17 MTREF

<table>
<thead>
<tr>
<th>Expenditure By Type</th>
<th>2016/2017 MTREF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee related costs</td>
<td>203 055 903</td>
</tr>
<tr>
<td>Remuneration of councillors</td>
<td>8 287 910</td>
</tr>
<tr>
<td>Debt impairment</td>
<td>76 463 600</td>
</tr>
<tr>
<td>Depreciation &amp; asset impairment</td>
<td>31 100 000</td>
</tr>
<tr>
<td>Finance charges</td>
<td>18 341 900</td>
</tr>
<tr>
<td>Bulk purchases</td>
<td>157 138 000</td>
</tr>
<tr>
<td>Other materials</td>
<td>28 203 302</td>
</tr>
<tr>
<td>Contracted services</td>
<td>24 635 500</td>
</tr>
<tr>
<td>Transfers and grants</td>
<td>6 225 000</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>185 918 854</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>739 369 969</td>
</tr>
</tbody>
</table>

### REPAIRS AND MAINTENANCE BY MAIN ASSET CLASS 2016/17

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2016/2017 MTREF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure - Road transport</td>
<td>34 925 000</td>
</tr>
<tr>
<td>Infrastructure - Electricity</td>
<td>6 107 940</td>
</tr>
<tr>
<td>Infrastructure - Water</td>
<td>9 609 130</td>
</tr>
<tr>
<td>Infrastructure - Sanitation</td>
<td>14 089 090</td>
</tr>
<tr>
<td>Infrastructure - Other</td>
<td>100 000</td>
</tr>
<tr>
<td>Community</td>
<td>1 642 900</td>
</tr>
<tr>
<td>Other assets</td>
<td>9 051 965</td>
</tr>
<tr>
<td>Intangibles</td>
<td>3 334 700</td>
</tr>
<tr>
<td><strong>Total Repairs and Maintenance</strong></td>
<td>78 860 725</td>
</tr>
</tbody>
</table>

### DATES TO REMEMBER - COMMEMORATIVE DAYS & EVENTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10 July</td>
<td>Pick ‘n Pay Knysna Oyster Festival</td>
</tr>
<tr>
<td>18 July</td>
<td>Mandela Day</td>
</tr>
</tbody>
</table>

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