



MEDIA RELEASE

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EMBARGO: Immediate

Knysna Executive Mayor, Georlene Wolmarans, presented the annual Budget at a Council meeting held on Friday May 29th.

The Mayor's address reflected on the past financial year, from 1 July 2014, ending 30 June 2015. It is expected that Knysna Council will have spent over 90% of its capital budget (R70 Million) and probably the full operating funding of R540.7 million. "The new budget for Knysna Municipality amounts to some R738.5 million. This is made up of R102.7 million for capital expenditure and R635.8 million for operating expenses. It is considerably more than the budget approved for 2014/15. This new budget represents an increase of 21% from the 2014/15 approved budget.

Mayor Wolmarans listed a number of significant projects that will be rolled out in the year ahead. These include an amount of R29 million for housing and related infrastructure; R6 million for the Rheenendal Multi-purpose Centre; R6 million for high-mast lighting; the electrification of 70 informal dwellings in Die Gaaitjie in Smutsville; R16.2 million for roads upgrades; R11.2 million for water projects; and R8 million for the new 20MVA transformer station. The latter will enable Council to fully upgrade the reticulation networks in Hornlee and Northern areas.

The Executive Mayor noted that the constraints imposed by the lack of funding to update and expand the town's infrastructure remain a serious concern. "Our aging infrastructure represents an environmental threat in terms of potential pollution incidents and also means we must use funds that could otherwise be used to expand the infrastructure capacity. The expansion and modernization of the town's infrastructure capacity is critical to realise the economic potential of the town."

"The Municipality has awarded a tender for the installation of a high speed fibre-optic and microwave based network across the municipality. Mayor Wolmarans explained that this will "involve the investment of R150 million in the Knysna municipal area by the successful tenderer, including the establishment of businesses in the data management value chain. It will also create a range of economic opportunities in the media, education, business and conferencing sectors.

Fibre-optics is merely one of the economic development initiatives designed to harness the resources of private sector investors, together with what funding can be obtained from government, that are planned. These include a convention centre; developments along the Concordia Road and in Nekkie; developments in the Hornlee business area and in the centre of Knysna town. These projects will come to light during the course of the year and should place the economy of the town on a clear upward trajectory by the end of the financial year."

She said the successful ward capital projects will continue in 2015/16, with an allocation of R 200 000 per ward, and an additional R500 000 will be allocated under Community Services for operating related Council projects. These community projects will be fully integrated with the ward based development program.

"Despite the significant public investment by the Municipality in information technology; bulk infrastructure; housing and social facilities, the Executive Mayor did warn that it is highly unlikely that the economic position of Knysna will change much in the next three to four

budget cycles. Some of the more significant reasons for this is outside of the control of Council, such as the NERSA approved Eskom increase, and the union pay demand of a basic 15% rise.”

Wolmarans said in order to meet the financial requirements placed by the Integrated Strategic Development Framework and the Integrated Development Planning processes, defined in conjunction with our various communities, a number of initiatives are required.

“Firstly, the Municipality has embarked upon a major debt restructuring exercise to work in conjunction with the Integrated Strategic Development Framework. This will assist to finance investment and economic-based capital infrastructure identified for inclusion in the budget via the IDP. It will also ensure the Medium Term Revenue and Expenditure Framework remains pragmatic and therefore economically and financially sustainable rather than the often theoretical and usually meaningless planning followed by public sector bodies.

Much of the economic activities in Knysna are heavily dependent upon the national economy and thus are not major forces in the drive for local job creation. Furthermore, much of Knysna’s retail property is owned by businesses outside Knysna and thus any profits obviously flow outside of Knysna. Hence, Council will be looking at a differential rates tariff for businesses owned within Knysna as opposed to those owned externally.”

She said that Knysna Municipality continues to grow, as do the demands of all our residents. “There is an increase in demand for services from areas where services and service standards were historically poorer, and an expectation from the more advantaged areas that service levels and standards be maintained at least at current levels and not be allowed to fall.

The movement towards communities wanting and receiving a higher standard level by means of an additional premium will become the norm. Hence, special rating districts or areas are now being investigated within the greater Knysna community and will be encouraged.

Additionally the Municipality will be undertaking a review and analysis of the utilisation of domestic property by means of measuring electricity usage. The possibility of an absentee property owners charge, similar in principle to the electricity daily charge, will then be examined for possible future introduction.”

In late 2015 a new tender will be awarded to undertake a general valuation of all properties in the municipal area. Wolmarans said that this will include all transferred properties in the previously informal areas such as Nekkie, Khayaletu and White Location, and as from 1 July 2016 all privately owned properties will be fully taxed in all areas.

“With regards to tariffs increases, water, sewer and refuse tariffs will increase by 7.5%.

The National Electricity Regulator (NERSA) has approved an increase in the bulk tariff from Eskom of 14.24%. The National Treasury has advised local authorities “to limit electricity increases to 12.29%” but that excludes a 2 cents in the rand for the Environmental Levy. Thus an average increase of 14.24% will be implemented for electricity.

Minor tariffs will be increased by 9% on average unless specifically shown in the tariff book.

The increases on the availability charges for vacant land will also be 7.5%.

In terms of assessment rates, the increase in the rate in the rand will be 7.5% for domestic as well as non-domestic properties. The assessment rate rebate currently applied to domestic owners remains at 15% and the first R100 000 of property value will remain exempted.

The current rural rebate and the green rebate will both be reduced to 10%. Pensioner rebates, heritage rebates and the new business rebates will all remain the same.”

Mayor Wolmarans thanked her fellow-Councillors, the Municipal Manager and staff. She also made special mention of the Executive Deputy Mayor, Cllr Esmé Edge, who was absent from Council today due to her daughter, Nadine, undergoing a series of medical interventions due to a traumatic accident.

She concluded her address by acknowledging that the challenge for Knysna remains the reversal of a legacy of hundreds of years of discrimination. “It is not an easy battle to wage, but I am sure you agree that we are on course. The leadership of your town continues to grow, develop, and innovate in order to ensure change for the better.” She called on all community members to join her and the Knysna Council on the exciting and promising journey forward.

Council also bid farewell to two Councillors, Cllr Michelle Wasserman and Cllr Richard Dawson. Cllrs Wasserman and Dawson both served as Speaker to Council, as well as Members of the Mayoral Committee. Both will be undertaking activities in the private sector.

ENDS

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