



Knysna's Council approves new 'pro-poor' Budget

The Knysna Council approved the annual 2021/2022 Medium Term Revenue and Expenditure Framework (MTREF) Budget during a special meeting held on Monday 31 May 2021. Executive Mayor Elrick van Aswegen explained that this budget addresses the operating budget and tariffs as well as the capital budget and funding sources, to ensure this municipality renders services to our residents in a financially sustainable manner.

"While we are focussing on optimising our available revenue streams, I believe that it is necessary to change the status quo," said van Aswegen. "I aim to manage a pro-poor fiscal strategy. The financial challenges experienced by the majority of low-income households because of a variety of contributing economic factors, makes it imperative that we support a pro-poor 2021/2022 MTREF budget. This does not suggest that any growth should benefit the poor disproportionately. But the relationship between growth and distribution must be scrutinised to ensure that growth, and the associated gain, is distributed equally amongst all of greater Knysna's people and communities."

"We can achieve this by ensuring that municipal resources are applied effectively, efficiently and economically," he continued. "But it is not simply about saving money. Knysna Municipality has various streams of revenue that we have worked hard to optimise and enhance. While we are not in the business of making money, it is our responsibility to ensure that we are generating an appropriate income to allow us to continue delivering services and creating and maintaining our infrastructure."

"We are facing challenges and an uncertain and unpredictable future economic climate, which means that a cautionary and conservative budgetary approach has been followed. The operating budget surplus, excluding capital grants, represents a fully funded budget based on realistically anticipated revenues to be collected in order to fund operating budget expenditure," he said.

The operating revenue budget, excluding capital grants, equates to R972.8 million and operating expenditure equates to R972.1 million for the 2021/2022 financial year. This leaves us with a mere surplus of R722 thousand.

The total capital expenditure budget amounts to R143.6 million for the 2021/2022 fiscal year. This expenditure is to be funded through government grants (R47.7 million), external loans (R86.9 million) and own internal reserves (R9 million). It costs money to run a local municipality.

The municipality's main five revenue sources remain the rates and tariffs charged for basic services. In order to supplement these, the following increases will come into effect from 1 July:

- property rates 6.10%;
- water 5.10%;
- sanitation 5.10%;
- refuse 5.10%; and
- electricity 14.59%.

“The refuse removal tariffs were restructured and households will pay R14.37 or 12.4% more for one wheelie bin removal per week per month. The new monthly charge will be R130.00 (VAT included) compared with the R115.63 (VAT included) of the current financial year.”

“The proposed increase in the electricity tariff is 14.59% considerably less than the 17.8% increase allowed by the municipal tariff guideline consultation paper released by the National Energy Regulator of South Africa (NERSA) on 12 March 2021,” said van Aswegen. “This proves our commitment to our residents and taking their financial circumstances into account.”

Six strategic objectives have directly informed the compilation of this budget, namely:

1. to improve and maintain current basic service delivery through specific infrastructural development projects;
2. to create an enabling environment for social development and economic growth;
3. to promote a safe and healthy environment through the protection of our natural resources;
4. to grow the revenue base of the municipality;
5. to structure and manage the municipal administration to ensure efficient service delivery; and
6. to encourage the involvement of communities in the matters of local government through the promotion of open channels of communication.

“The eradication of imbalances in our society can only be realised through a credible integrated development planning process,” said van Aswegen. “Municipalities must use integrated development planning as an approach to future development and determine the best solutions to achieving sound long-term development goals. The IDP aligns the resources and capabilities of the municipality with the overall development aims, which guides our budget.”

“Both these documents were compiled in accordance with relevant legislation and a public participation process,” he concluded. “Thank you to those residents who submitted their input to the drafting of these vital documents. Your opinions have assisted us in creating a budget that will not only work to the betterment of greater Knysna as a whole, but that of our poor communities too. This pro-poor budget will guide us towards building and maintaining an inclusive, innovative, inspired Knysna.”

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