



DRAKENSTEIN

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Paarl | Wellington | Gouda | Saron | Simondium

Executive Mayor Budget Speech

2019/2020 Budget

31 May 2019

A city of excellence

Speaker;
Chief Whip;
Members of the Mayoral Committee;
Councillors;
City Manager, CFO and Executive Directors;
Ward Committee Members;
Members of the public;
Representatives of the Media; and
All protocol observed.



Acting Executive Mayor
Cllr GC Combrink

Good morning ladies and gentlemen,

Speaker, the budget presented today is based on the Integrated Development Plan also referred to as the IDP. Our five-year IDP supports our vision of **“A city of excellence”**. We will achieve our vision by addressing the following seven Key Performance Areas (KPAs):

1. Good Governance;
2. Financial Sustainability;
3. Institutional Transformation;
4. Physical Infrastructure and Services;
5. Planning and Economic Development;
6. Safety and Environmental Management; and
7. Social and Community Development.

The seven KPAs are supported by 56 Key Focus Areas (KFAs) that are, in turn, aligned to the Performance Management System of Drakenstein. Key Performance Indicators (KPIs) and targets are developed and included in the annual performance agreements of the Members of the Mayoral Committee and executive management.

REVIEW OF THE 2018/2019 BUDGET COMMITMENTS

In the Budget of the 2018/2019 financial year, the Executive Mayor made various commitments to the community. I would like to reflect on some achievements:

1. Bulk and basic infrastructure services for the **Vlakkeland Housing Project**, in which approximately 94 houses of the 180 houses under construction will be completed in the 2018/2019 financial year at a cost of **R125.6 million**;



2. Construction of basic infrastructure at Lantana and Schoongezicht at a cost of **R11.7 million**;
3. The Strawberry King Bulk Water Pipeline from the N1 to Wellington which ensures water provision for the Vlakkeland Development and the Northern City Corridor Catalytic Zone was completed at a cost of **R28.1 million**;
4. Boreholes with pumps and filtration plant equipment were completed at a cost of **R75.8 million**;



5. The Wellington and Paarl Waste Water Treatment Works, a multi-year project over three financial years, was completed at a cost of **R294 million** (**R60.7 million** in the current financial year);



6. An estimated amount of **R70.9 million** was spent on the upgrade and construction of water treatment plants, a reservoir and bulk water networks, providing water to Paarl and Wellington;
7. An amount of **R25.1 million** was spent on the electrification of informal settlements. An estimated 850 structures will be electrified by 30 June 2019. These structures are in the following areas; Palmiet River (Ribbok Street), Bosbok Flats (Paarl East), Brickfields, Joe Williams Camp, Siyahlala Phase 1 and OR Tambo;



8. Bulk electricity supply through the upgrade of 66KV electricity cables and a substation at an estimated cost of **R100 million**;

9. An amount of **R3 million** was contributed towards the upgrading of the floodlights at Boland Park, thus enabling Drakenstein to host international events;
10. The Berg River Boulevard class 1 dual carriage way project was completed and **R37.6 million** was spent during the financial year;



11. The Van der Stel Street Project will be completed at an estimated cost of **R21.9 million** in this financial year;

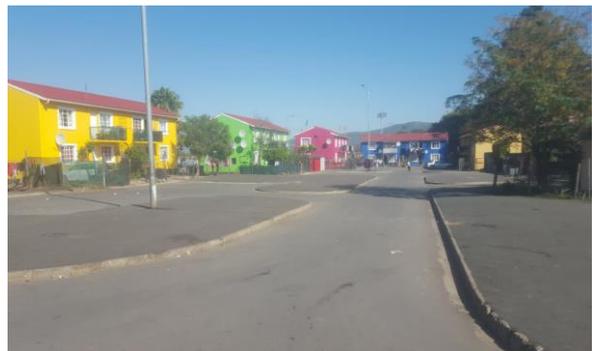


12. An estimated **R6.5 million** was spent on tarring of pavements and the construction of speed bumps;
13. Streets and stormwater infrastructure were upgraded in Saron at a cost of **R12.1 million**;
14. Vehicles and equipment to enhance service delivery to the value of **R14.9 million** were procured of which **R3.4 million** was spent on fire fighting vehicles;

15. The construction and upgrading of sport facilities at Boy Louw, New Orleans Park, Dal Josaphat, De Kraal, Pelican Park, Mbekweni, Parys, Newton and Faure Stadium at a cost of **R30.1 million**;



16. Swimming pools were upgraded at an estimated cost of **R3 million**;
17. Community halls, public facilities, Paarl Town Hall and Early Childhood Development (ECD) infrastructure were upgraded at a cost of **R5.1 million**;
18. Library services infrastructure were upgraded at a cost of **R6.7 million**;
19. Parks, open spaces and play grounds were upgraded at a cost of **R3.4 million**;
20. An amount of **R2.4 million** was spent on the construction of aprons around the rental stock;



21. A further **R1.7 million** was spent on the upgrading of the rental stock;
22. An amount of **R1.1 million** was spent on the establishment of the new Safety Control Centre;

23. An estimated **R5 million** was spent on the “**Paint my Story**” project;



24. An amount of **R2.3 million** was spent to promote tourism in Drakenstein;
25. Financial support to sporting and other events amounted to **R9.9 million**;
and
26. **R809 thousand** was spent on bursaries and driver’s license training programmes for the youth.

Speaker, actual and committed capital expenditure after ten months of the financial year stands at 88.9% and it is envisaged that **actual capital expenditure** at year end will be more than 95% of the current capital budget of **R615.3 million**. Roll-overs to the 2019/2020 financial year will be limited as procurement and actual spending is at a level that exceeds previous financial years by far.

PUBLIC PARTICIPATION PROCESS

This speech draws its substance from the extensive public participation process that was embarked on since the draft IDP and budget were approved on 28 March 2019. Louis Leo Holtz, a former American football player, coach and analyst said: “**I follow three rules: Do the right thing, do the best you can, and always show people you care**”. Speaker, this quote befits this budget, for it is truly an expression of how Drakenstein Municipality responded to all our stakeholders in doing what is right for our community to the best of our abilities in a caring manner.

Housing Summits were conducted in all relevant municipal wards during March 2019 preceding the IDP engagements. In total, 14 summit meetings were conducted. The objective of the summits were to share information on the current state of housing in the municipality as well as planned interventions. The sessions were generally well received and feedback sessions are planned towards the end of 2019.

The public participation process was further enhanced through the **Mayoral Business and Stakeholder Initiative (MBSI)** which took place on a monthly basis with different stakeholder groups. The themes covered during the 2018/2019 financial year included; education, tourism, youth, arts and culture, women, children and people with disabilities. These engagements provided the various groups with a platform to raise matters relating to their field of interest.

Council approved the draft IDP, draft budget, reviewed budget related policies and draft tariffs on 28 March 2019 and our public participation programme was rolled out through an IDP and budget roadshow arranged in all the 33 wards from 7 to 30 April 2019. An IDP Representative Forum meeting was also held on 15 May 2019 with the Cape Winelands District Municipality, provincial sector departments and community based organisations.

Drakenstein Municipality was praised for good service delivery and also made aware of problem areas which would have to be addressed going forward. There is still an outcry for low cost housing, electricity for informal and backyard structures, upgrading and establishment of parks, safety and security, road safety in rural areas, roads infrastructure, tarring of pavements, job creation and various other issues. We have re-committed ourselves through a budget that can be described as pro-poor, to address these matters.

COMMENTS RECEIVED FROM THE PUBLIC

In addition to the many verbal inputs gathered during public meetings, the people of Drakenstein also submitted written comments to the draft IDP and budget for 2019/2020.

All the verbal comments received during the 33 ward meetings and at the IDP Representative Forum were documented and is recorded in the revised IDP. Five written comments were received on the draft budget and one of these were in the Provincial IDP and Budgeting Assessment Report, attached to the budget item as Annexure A. We have also received a written proposal from Radio KC, which will be considered with all other comments.

Speaker, taking into consideration all the verbal and written comments received from the public, a number of changes were made to the draft capital and operating budget. The proposed changes will improve the quality of life of the poor and vulnerable individuals in our community. To fund the capital projects, we will take up new external loans to the amount of **R160 million** which is substantially lower than the previous four (4) years. This will ensure that our current gearing ratio decreases to an estimated 69.3% in 2019/2020 and to an estimated 47.2% in the 2023/2024 financial year.

CAPITAL AND OPERATING BUDGET

Speaker, the total proposed budget for the 2019/2020 financial year amounts to **R2.857 billion**, comprising of a **R2.479 billion** operating and **R378 million** capital budget. I will discuss the budget in terms of the following categories:

1. Expanded Public Works Programme;
2. Human Settlements;
3. Water and Sanitation;
4. Electricity;
5. Roads and Stormwater;
6. Sport Facilities, Parks and Cemeteries;
7. Tourism and Economic Development;
8. General Community Projects;
9. Ward Projects;
10. New Initiatives; and
11. Financial Assistance to the Poor.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Speaker, it is important for us to facilitate the creation of job opportunities in a fair and transparent manner, increase the chances of beneficiaries to create sustainable livelihoods and improve service delivery. During the current financial year, Council approved adjustments to the EPWP Policy to increase control over recruitment, selection and contract administration for better service delivery, as well as a 25% increase to the wages paid to the EPWP beneficiaries.

The Drakenstein Municipality was also acknowledged for its excellent performance by the Director: EPWP Provincial Coordination and Compliance Monitoring. The targets for work opportunities and Full Time Equivalent were far exceeded for the period of 1 April 2018 to 31 December 2018.

The Expanded Public Works Programme for 2019/2020 makes provision for approximately 1030 job opportunities at an estimated cost of **R10.4 million**. The National Department of Transport and Public Works EPWP grant contributes **R5.2 million** and Drakenstein Municipality **R5.2 million**. The EPWP will focus on the following projects:

Social Sector Projects (2 projects):

1. Emergency Controllers; and
2. Peace Officers

Environmental Sector Projects (7 projects):

1. Cleaning and beautification of informal settlements;
2. Cleaning of high density areas;
3. Cleaning of stormwater systems;
4. Cleaning of swimming pools and resorts;
5. Cleaning of parks and cemeteries;
6. Cleaning of public and informal settlement toilets; and
7. Cleaning of community services buildings.

Enterprise Development Sector Project (1 project):

1. Business skills development in area cleaning

Infrastructure Sector Projects (3 projects):

1. Electrical sub-stations maintenance;
2. Sport facilities maintenance; and
3. Rental stock maintenance.

HUMAN SETTLEMENTS

Speaker, in terms of Schedule 4 (Part A) of the Constitution, housing is a National and Provincial Government competence. National housing legislation prescribes that a municipality must perform this function on behalf of national government with financial assistance from the national fiscus.

Bulk and basic infrastructure services for about 667 sites in the Vlakkeland Housing Project and 487 new houses should be constructed in the 2019/2020 financial year at a cost of **R107.1 million**.

During the current financial year, we also focused on restoring the pride and dignity of our communities in informal settlements through the following projects:

1. Replacing doors of ablution facilities with recycled compressed plastic which has no resale value (Simondium and Brickfields were completed). This is an ongoing project into the 2019/2020 financial year; and
2. A contractor was also appointed to improve the access to basic services in informal areas. Janfiskaal and Bosbok informal areas are in the process of being completed and work in the Grysbok and Spooky Square areas are next in line. Improving access to basic services are set to continue in the new financial year. The objective is to provide all 43 informal settlements with dignified basic services.

WATER AND SANITATION

Two basic services that Drakenstein must provide is clean drinking water and sanitation. For the 2019/2020 financial year we are budgeting **R121.4 million** for these services and will include the following:

1. Construction of a bulk water pipeline and a water treatment works at Saron – **R62.9 million** (Grant funding – **R47.7 million**);
2. Construction of bulk services (water treatment works, reservoirs and water networks) – **R21.6 million**;
3. Replacement of water reticulation networks – **R9.6 million**;
4. Upgrading of infrastructure at the Wellington and Paarl Waste Water Treatment Works – **R7.1 million**;
5. Installation of purification equipment at boreholes – **R5 million**;
6. Infrastructure for the recycling of purified sewer effluent – **R4.2 million**;
7. Construction of bulk and internal sewer networks – **R3.9 million**; and
8. Basic water and sanitation infrastructure in informal settlements – **R3.3 million**.

ELECTRICITY

The 2019/2020 budget makes provision for **R46.9 million** to cater inter alia for the following electricity infrastructure projects:

1. Bulk electricity supply to the Vlakkeland Housing Project – **R16.2 million**;
2. Upgrading and/or replacement of high tension , medium tension and low tension networks – **R13.2 million**;
3. Upgrading of electricity substations – **R4.8 million**; and
4. Electrification of informal settlements – **R10 million**.

Speaker, Section 152(1)(b) and (2) of the Constitution determines that one of the objectives of local government is to ensure the **provision of services** to communities in a **sustainable manner** within its **financial** and **administrative capacity**. Access to electricity is regarded as a basic need and currently

Drakenstein's equitable share, Municipal Infrastructure Grant (MIG) and Integrated National Electrification Programme (INEP) allocations are insufficient.

The purpose of the INEP allocation from the Department of Energy and Mineral Affairs is to provide **access to electricity** for Breaking New Ground (BNG) **houses for the poor** that we build on behalf of **National** and **Provincial Government**.

No national grant funding is made available for the electrification of structures in informal settlements. By allocating **R10 million** to the electrification of informal settlements, an approximate **250 additional informal structures** can be provided with **access to electricity**. This allocation will speed up the electrification programme of informal settlements and improve the quality of life for people staying in informal structures. Drakenstein Municipality is very aware that **a lack of electricity keeps people impoverished**. This results in a deprivation of access to key opportunities such as education, skills development, job opportunities, etc.

The allocation of **R10 million** must also cater for the upgrade of transformers and electricity networks. The informal settlements electrification programme for 2019/2020 will include the following:

1. Noordkamp and Maylaan;
2. Dalvey Store (Sand Street);
3. Plankiesdorp (Dietman Street);
4. Siyahlala phase two (2);
5. Drommedaris Street (Mbekweni);
6. New Orleans Park (Silver Five); and
7. Touch lights and smoke detectors for those informal structures that cannot be supplied with electricity next year.

Speaker, it is important to note that some of the above mentioned informal areas are subject to consent from private land owners, and if any structures fall within Eskom or any other servitude, it may not and will not be electrified.

ROADS AND STORMWATER

Speaker, integrated urban planning, economic growth and sustainable development starts with a well-developed and maintained integrated road network. Therefore maintenance of and investment in roads and stormwater infrastructure is very important and we have provided **R27.5 million** for the 2019/2020 financial year. The main projects are the following:

1. Starting with the construction of a dual carriageway in Oosbosch Street from the Berg River Boulevard to Jan van Riebeeck Road – **R17.5 million**;
2. The resealing of streets – **R6 million**;
3. Traffic calming, traffic signals and traffic lights – **R3 million**; and
4. Tarring of sidewalks – **R1 million** to ensure that sidewalks are walkable during the rainy season.

SPORT FACILITIES, PARKS AND CEMETERIES

Speaker, the infrastructure for sport, parks and cemeteries is also an important focus area in our IDP and we provided **R42.1 million** for the 2019/2020 financial year. The main capital and operating projects for next year are:

1. The upgrading and construction of parks, swimming pools and sporting infrastructure and facilities at Boy Louw, Newton, Dal Josaphat, Fairyland, De Kraal and Parys – **R25.9 million**;
2. The upgrading of play parks and open spaces – **R3.3 million**; and
3. The development and upgrading of cemeteries – **R12 million**.

TOURISM AND ECONOMIC DEVELOPMENT

Speaker, one of our key performance areas is to promote and facilitate economic development. Tourism is one of the main economic drivers in Drakenstein and this budget provides **R12.6 million** for the following projects and initiatives:

1. Contribution towards various sporting and other events – **R5.2 million**;

2. Boland Park Floodlights – **R3 million**;
3. Contribution towards the Drakenstein Local Tourism Association – **R3 million**; and
4. Infrastructure for informal traders – **R1.4 million**.

GENERAL PROJECTS

Speaker, other general projects, programmes and initiatives that we will support to improve service delivery and the living conditions of our community in the next financial year are:

1. The **“Paint my Story”** project to paint the municipal rental stock – **R4.6 million**;
2. Extension and upgrading of the traffic centre – **R3.5 million**;
3. Tarring of aprons around municipal rental stock – **R3 million** to ensure that aprons are walkable during the raining season;
4. The purchasing of vehicles and equipment – **R12.3 million**;
5. Investing in Early Childhood Development infrastructure - **R1.1 million**; and
6. Rural development programmes that will include skills development and bursaries – **R900 thousand**.

WARD COMMITTEE SUPPORT

Speaker, each ward will receive an allocation of **R170,000** for operational projects. Each ward committee member will receive a **quarterly stipend** of **R750**.

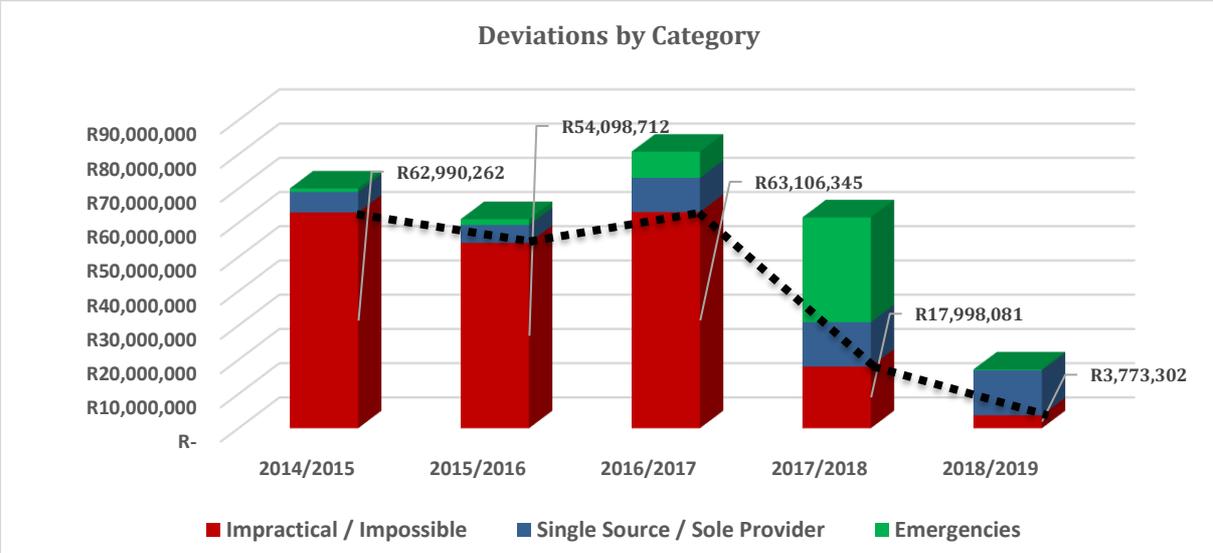
NEW INITIATIVES

1. Reducing Deviations

An initiative that proved to be successful was the reduction of impractical/impossible (or red) deviations approved by and reported to Council. During the 2014/2015 financial year the impractical/impossible deviations amounted to **R62.9 million**. It then decreased to **R54.1 million** in 2015/2016 before it

increased to **R63.1 million** in 2016/2017. In 2017/2018 it reduced to **R17.9 million** and currently it stands at **R3.7 million** for the **2018/2019 financial year**.

This significant decrease was achieved through better procurement planning and by ensuring that rates tenders are in place for construction projects as well as for goods and other services to be procured.



2. Revenue and Expenditure Management

The City Manager established a project team to focus on revenue and expenditure management. The purpose of the project is to streamline all business processes involved in revenue management and billing as well as expenditure. All revenue leakages will be detected and standard operating procedures needs to be developed to ensure that all revenue are billed and collected.

3. Administrative Adjudication of Road Traffic Offence (AARTO) Act

The Administrative Adjudication of Road Traffic Offence Act, No. 46 of 1998 (AARTO), as amended, has been submitted to the Office of the Presidency for signature, after which it will become an enforceable act of law.

In essence AARTO regulates how future traffic infringements will be captured, categorised, adjudicated and enforced. The municipality must log, capture and verify the traffic infringement and notify the traffic offender in a prescribed manner to be paid within 32 days, failing which, the infringement is then followed by the Road Traffic Infringement Agency (RTIA) taking over the administrative process of collecting the outstanding fine. If payment is made by the offender within 32 days, a 50% discount will apply. Should it not be paid within the 32 days, no discount will apply and the municipality will receive 47% of the full amount.

It further has removed the possibility of the offender approaching the court for assistance as AARTO has introduced an Appeals Tribunal as per Chapter 4 of the Bill which removes the jurisdiction of a municipal court for administering traffic fines.

4. Drakenstein Smart Safety Network (DSSN) Project

The DSSN is a partnership project between the Drakenstein Municipality, Provincial Department of Community Safety, the South African Police Services (SAPS), community-based safety organisations (neighbourhood and farm watches) and the private sector (security companies). The DSSN will provide a platform to work together and share information on safety and security incidents and threats in real time using cutting edge technology. Phase one (1) of the project will be rolled out during the 2019/2020 financial year and an amount of **R2.1 million** has been budgeted.

In addition, discussions were held with provincial government regarding cooperation and funding opportunities for the project as well as innovative ways to improve safety and security within the municipal area.

5. Safe Havens

A significant challenge throughout South Africa is the growing numbers of homeless street people. We will focus on a multi stakeholder intervention, including measures to support the provision of adequate shelter and on job creation measures to proactively engage street people with the aim of reintegrating them into social family structures.

An amount of **R400 thousand** is allocated in the 2019/2020 budget for NGO/ NPO/ CBO support to assist with above mentioned challenges.

FINANCIAL ASSISTANCE TO THE POOR

Speaker, the equitable share we receive to assist indigent households is insufficient and we are proposing changes to our Credit Control Policy to align it to the Cooperative Government and Traditional Affairs (COGTA) guidelines.

Our current policy makes provision to subsidise indigent households with a monthly income threshold of up to R4,250. Retired and disabled persons with a monthly income threshold between R4,251 to R6,250 received financial assistance varying between 80%, 50% or 20% of the indigent subsidy guidelines.

It is now proposed that we amend our policies and tariffs to give financial assistance to **all households** (people receiving SASSA allowances, child headed families, retired people, the disabled and the unemployed) based on the following sliding scale:

1. **Category A: All households** with a monthly income of up to **R4,450** will receive **100%** of the financial assistance package we offer;
2. **Category B: All households** with a monthly income between **R4,451** to **R4,950** will receive **80%** of the financial assistance package we offer;
3. **Category C: All households** with a monthly income between **R4,951** to **R6,200** will receive **50%** of the financial assistance package we offer; and

4. **Category D: All households** with a monthly income between **R6,201** to **R6,500** will receive **20%** of the financial assistance package we offer.

Speaker, the financial assistance we will provide to **all households** described in categories A, B, C and D above comprise of the following:

1. Property rates will be subsidised up to the first R500,000 of the municipal valuation of the property;
2. The basic charge of 30 ampere electricity connections will be subsidised – please note that 20 ampere electricity connections do not have a basic charge;
3. One hundred (100) free units of electricity for Category A and B households and fifty (50) free units of electricity for Category C and D households;
4. The basic charge for water connections will be subsidised;
5. Six (6) kiloliters of free water for all categories;
6. One refuse bin per household will be subsidised;
7. Basic sewerage charge will be subsidised based on that for an erf of 550m²;
8. One toilet per household will be subsidised; and
9. Flat rentals up to the maximum of the basic services will be subsidised.

Speaker, to ensure that everyone understands the new financial assistance package we must define a **“household”** and **“household income”**. The definitions below are aligned to the National Policy for The Provision of Basic Refuse Removal Services to Indigent Households by the Department of Environmental Affairs, Notice 413 of 2011.

“Household” means all persons (registered owner/s, occupier/s, vulnerable person/s or tenant/s) jointly living on a stand or site receiving sanitation, refuse removal, water and/or electricity services that is billed by the Municipality.

“Household income” means the gross sum of all monthly income from all sources including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by all persons residing on the property.

Speaker, no policy on the matters raised above can be cast in stone. There will always be exceptional circumstances that needs to be catered for. In addition, the financial assistance sliding scale might lead to the underutilisation of the equitable share. Therefore, the Credit Control Policy will also make provision for the Executive Mayor, in consultation with the City Manager, to adjust the income thresholds upwards after three months of the 2019/2020 financial year should the equitable share be underutilised. Furthermore, the City Manager, in consultation with the Chief Financial Officer, will have the delegated powers to migrate households from Category D to C, C to B and B to A in exceptional circumstances as noted in the revised Credit Control Policy.

BUDGET RELATED POLICIES

Speaker, no written comments were received on our budget related policies. All proposed policy changes will be implemented, if approved by Council today.

INTEGRATED URBAN DEVELOPMENT GRANT (IUDG)

Speaker, some good news. Drakenstein Municipality was identified by COGTA as one of six (6) secondary cities qualifying to take part in the IUDG programme. As from 1 July 2019 the municipality will migrate from the Municipal Infrastructure Grant **(MIG)** Programme to the Integrated Urban Development Grant **(IUDG)** Programme. The MIG allocation for the 2018/2019 financial year amounted to **R34.4 million** and the IUDG allocation for the 2019/2020 financial year is **R49.0 million**.

Drakenstein together with Polokwane, Sol Plaatje, Mogale City, uMhlathuze and Stellenbosch are the secondary cities on this grant programme. For this purpose we had to compile a Capital Expenditure Framework **(CEF)** for the next ten financial years and the CEF Business Plan is attached to the budget item as Annexure D for Council's approval.

NEW TARIFFS

Speaker, two written comments were received on our new tariffs to be implemented as from 1 July 2019.

The Paarl Rate Payers' Association questioned the high refuse removal tariffs. After benchmarking our tariffs with other municipalities in the Western Cape we came to the conclusion that our refuse removal tariffs are cost reflective and we do not recommend any changes to these tariffs.

The Federal Hospitality Association of South Africa (FEDHASA) and Lemoenkloof Guest House questioned the "high" additional sewerage levy per toilet based on the fact that the hospitality industry occupation rate for guest houses is not 100% all year round. We propose a **new tariff** for each additional toilet as set out in the Tariff Book attached as Annexure C to the budget item.

Based on the Draft NERSA guidelines issued on electricity tariffs, the electricity tariffs will on average increase with 13.93% and not the 14.02% as communicated with the public. We have submitted our electricity tariffs to NERSA and await their approval. The remaining tariffs are unchanged as communicated with the public.

Speaker, at this stage I want to thank the public for honouring their commitments in paying their property rates and service charges. We budgeted for a revenue collection rate of 97.8% on billed revenue and for the shortfall of 2.2% we made provision for bad debt impairment. The quality of services we render is only possible due to the cooperation of our community in honouring the payment of their municipal bills.

CONCLUDING REMARKS

Speaker, building on our successes over the past eight years, the proposed final budget is pro-poor, supports economic growth, the socio-economic needs of the residents of Drakenstein and our financial sustainability. Drakenstein's Vision

2032 and its strategic objectives are aligned to the national and provincial strategic objectives and outcomes. The proposed final budget is based on realistic revenue streams and is credible and sustainable as the assessment report from Provincial Government confirms.

I want to make it clear that **Drakenstein Municipality** pays all creditors, Councillors and officials punctually every month.

Speaker, allow me a final remark.

A report was published by National Treasury in June 2018 on **The State of Local Government Finances and Financial Management as at 30 June 2017**. This report **assesses the financial health** of all municipalities in South Africa through **eight indicators** and they are:

1. **Cash availability** to meet its fixed operating expenditure requirements;
2. Persistence of negative cash balances (**bank overdrafts**);
3. **Overspending** of original **operating budgets**;
4. **Underspending** of original **capital budgets**;
5. **Debtors** as a **percentage of own revenue**;
6. Year on year **growth in debtors**;
7. **Creditors** as a **percentage of cash investments**; and
8. **Reliance** on National and Provincial government **grants**.

Speaker, in the category of the 27 largest municipalities in South Africa, made up of the 8 metros and 19 secondary cities, Drakenstein was rated **number one** jointly with Richards Bay (uMhlatuze) in Kwazulu Natal.

With regard to the **Western Cape Province**, which performed the best of all provinces, in terms of the metros and secondary cities, Drakenstein was rated **number one**, followed by Stellenbosch in the second place and the City of Cape Town and George jointly in the third place.

Speaker, **Drakenstein** for the 2017/2018 financial year also received an **eleventh consecutive unqualified audit opinion** from the **Auditor-General**. As Acting Executive Mayor, I am proud of the achievements of Drakenstein Municipality and I would like to thank all Councillors, the City Manager, Executive Directors and staff members for their contributions to achieve these excellent results.

Speaker, with these remarks, I herewith present Drakenstein's Final 2019/2020 Budget. I respectfully submit the 25 recommendations in the budget item to Council for consideration and approval.

I thank you.