

The Greater Knysna Business Chamber NPC

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Chairperson: Pierre Gouws

30 May 2023 to:

The executive mayor, Cllr Aubrey Tsengwa atsengwa@knysna.gov.za

The municipal manager, Mr Ombali Sebola mm@knysna.gov.za

The Acting Director Financial Services, Ms. Londiwe Sotshede cfo@knysna.gov.za

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Knysna Municipality, knysna@knysna.gov.za

Comments on the Final 2023/2024 MTREF Budget Report

The Greater Knysna Business Chamber notes that the Final Budget report will be voted on by Council at a meeting scheduled for 31 May 2023.

We wish to highlight that our Chamber early in the process lodged a detailed and comprehensive commentary on the Draft Budget, for which we received Collab Number 1481416. In addition, another 813 of our supporters lodged comments. Of these 814 submissions, only 35% had been acknowledged by Knysna Municipality by close of business yesterday.

If this is the status of acknowledgements, we question whether the Knysna Municipality has objectively had time to review and consider the numerous comments you have received.

The mayor has indicated that a consolidated response to the Public Participation Process will be drafted. We would have expected this response to be available for the officials to consider as they revised the budget. How many of the concerns have been addressed?

The recent release of the Final budget has allowed inadequate time for a proper review, but our comments to date are:-

1. Rates

We are advised that the rate increase has been halved from 33% to 17% to “meet the people half way.” No justification is given for the 17% increase.

In future years the increase is at an acceptable 5%, which should be the increase this year.

Doctor Kevin Naidoo, Deputy Director of Policy Governance & Administration, has indicated that the Municipal Property Rates Act reflects that, where there are high increases in Rates values, the cents in the Rand factor should be reasonably reduced to curb excessive rates payable by property owners.

We note that the tariff reductions for Residential properties has been introduced at 10% and for Business properties at 9%. To our mind the net result is an unacceptable burden that will lead to a cost of living crisis leading to job losses and business closures.

The National Treasury MFMA circular 122 issued on 9 December 2022 includes inflation guidelines. These are clearly exceeded by the 17% increase that is now in the Final Budget. This has not been motivated in any shape of form and is clearly an aberration that needs to be corrected

2. Electricity

The across-the-board increase has now been set at 15% as a result of a lower ruling after the budget was prepared. So it is NOT a reduction but clearly updating to current data. However, we see no motivation for this NERSA increase to be applied across availability and a host of other charges. There is no motivation for this excessive increase.

3. Water

The increase has been left unchanged at 9%, again with no motivation and no plans to reduce the excessive and ongoing water losses.

4. Operating Expenses

We note reductions of some R59m across some broad headings, but have not had the opportunity to look at the detail. However we note that of this, R10m relates to reduced bad debt charges, but merely as a result of lower volumes. We still find the costs of nearly R150m totally unacceptable, and in the current crisis this should be a target to recover far more of what is due to the Knysna Municipality, and use these funds to further invest in the community

Trusting that our comments will be taken seriously, we remain

Yours faithfully

Greater Knysna Business Chamber