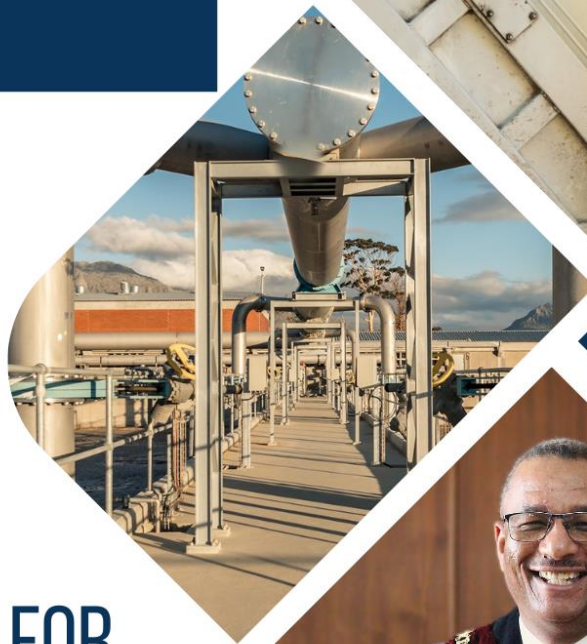


2025/26

MTREF

BUDGET

SPEECH



**A BUDGET FOR
ALL THE PEOPLE**



STELLENBOSCH

STELLENBOSCH • PNIEL • FRANSCHHOEK

MUNISIPALITEIT • UMASIPALA • MUNICIPALITY

BUDGET SPEECH BY EXECUTIVE MAYOR JEREMY FASSER

A BUDGET FOR ALL THE PEOPLE

COUNCIL MEETING: 31 MARCH 2025

Stellenbosch Council Chambers

Honourable Speaker,

Deputy Mayor,

Members of the Mayoral Committee,

Chief Whip,

Fellow Councillors,

Municipal Manager,

Chief Financial Officer,

Directors,

Esteemed Colleagues,

Members of Team Stellenbosch,

Guests,

and Members of the Public,

Goeiemôre, molweni, as-salamu alaykum, good morning.

It is a great honour and privilege for me, as the newly elected Mayor of this remarkable municipality, to table the proposed budget for the 2025/2026

financial year. This budget is the product of rigorous planning, extensive public participation and a shared vision to build a resilient, inclusive and thriving Stellenbosch.

A BUDGET FOR ALL THE PEOPLE

Speaker, today, we present a budget that speaks to the needs of all residents of our municipal area, from Langrug to Lanquedoc, Kylemore to Kayamandi, Jamestown to Johannesburg, Mostertsdrift to Ida's Valley, Cloetesville to Klapmuts and Dalsig to Devon Valley. This is a budget that serves every ward, every community and every resident. From the outset my instruction to the administration has been clear and they have heard me: This must be a budget for ALL PEOPLE.

Speaker, as we table this item today, we must take cognisance of the economic reality in our country as well. The South African economy has experienced over a decade of stagnation, with GDP growth averaging below 2%, which is far below the level needed to meet national needs. In 2024, growth was a mere 0.6% and is projected to average 1.8% over the medium term. National Treasury revised the 2024 forecast from 1.3% to 1.1%, attributing this to stop-start economic activity, stubborn inflation, and intermittent setbacks in structural reforms. Although domestic initiatives have reduced load shedding, its resurgence continues to threaten service delivery and the survival of many businesses. Rising living costs and persistent high unemployment add to the challenges faced by households.

Despite these challenges, Stellenbosch Municipality stands as a shining beacon of hope in a country where many municipalities are in crisis. While others struggle to keep the lights on, pay Eskom, provide clean water, repair infrastructure and even pay their own employees, we remain financially stable, transparent and accountable. Our clean audits over multiple years are not just a symbol of good governance - they are a testament to our

unwavering commitment to financial responsibility and zero tolerance for corruption.

This municipality is built on integrity. We do not tolerate financial mismanagement and we demand the highest standards of accountability from all our officials. We ensure that every rand is spent wisely to provide services, attract investment, create jobs and offer opportunities for our people to thrive. Stellenbosch is not just a success story; it is a model for what local government should be - a place where all residents, regardless of background, receive the services they deserve.

The ward allocations are increased from R120 000 in the current financial year to R200 000 in the 2025/2026 financial year.

The ward committee member stipend per month has increased from R500 to R750, subject to conditions stipulated in the Ward Committee Policy.

TOTAL BUDGET OVERVIEW

The total budget quantum for the 2025/2026 financial year stands at **R3 367 060 129**, of which:

- **R2 713 027 866 (81%)** is allocated to the operating budget, ensuring day-to-day service delivery.
- **R654 032 263 (19%)** is dedicated to capital investment in key infrastructure projects.

STRATEGIC INTERVENTIONS USING THE CAPITAL EXPENDITURE FRAMEWORK (CEF)

Our municipality leverages the Capital Expenditure Framework (CEF) to address economic challenges and drive development.

Infrastructure Investment for Economic Growth

- Upgrading road and electrical networks, investing in mobility infrastructure and expanding the landfill site.
- Developing LED hubs to support entrepreneurship and SMEs.

Job Creation & Skills Development

- Investing in training programmes for residents and SMEs.
- Expanding public works programs for employment in construction and renewable energy.
- Ensuring that municipal construction projects employ at least 50% of semi-skilled labour and 100% of unskilled labour from local communities.
- Allocating R100 million over three years to the Extended Public Works Programme (EPWP).

Housing & Urban Development

- Prioritizing low-cost and affordable housing projects to accommodate population growth.
- Expanding water and sanitation services to meet urban demand.

Renewable Energy & Sustainability

- Investing in alternative energy solutions for key municipal buildings.
- Supporting climate resilience projects.
- Reducing reliance on Eskom by procuring renewable energy sources, which will also lower the cost of providing electricity.

Tourism & SME Support

- Allocating funds to improve tourist attractions.
- Strengthening local economic development by leasing municipal agricultural land to small farmers.

Financial Management & Economic Planning

- Ensuring fiscal responsibility through regular financial reporting and budget monitoring.
- Aligning budget priorities with the 2024-2025 Integrated Development Plan (IDP) to drive economic recovery and infrastructure expansion.

CAPITAL BUDGET HIGHLIGHTS

The capital budget has increased from R520 012 559 in 2024/2025 to R654 032 263 in 2025/2026 - a 31% increase in infrastructure services expenditure.

Key Capital Projects (Above R50 million):

The following projects included in the three-year MTREF budget are above R50 million:

Project Description	2025/2026	2026/2027	2027/2028	MTREF Total
Upgrade of IdasValley WTP	2 000 000	10 000 000	40 000 000	52 000 000
Upgrade of WWTW: Klapmuts	25 000 000	55 000 020	1 000 000	81 000 020
Extention Of WWTW: Stellenbosch	6 000 000	30 000 000	46 200 000	82 200 000
Bien don 66/11kV substation new	23 847 227	44 920 700	25 000 000	93 767 927
Calcatta Memorial Park	48 820 550	3 500 000	8 000 000	60 320 550
Bulk Water Supply Pipe and Reservoir: Stellenbosch	100 503 600	43 281 936	-	143 785 536

Major capital expenditure is planned in the following areas during the MTREF:

Water: R322 million to upgrade and expand bulk water supply infrastructure and replace aging pipelines. The major projects are:

Project Name	MTREF Total
Bulk Water Supply Pipe and Reservoir: Stellenbosch	R143,7 million
Upgrade of IdasValley Water Treatment Plant	R52 million
New Reservoir & Pipeline: Vlottenburg	R30,9 million
Bulk Water Supply Pipe: Cloetesville/ Idas Valley	R28 million
Waterpipe Replacement	R22 million
Upgrade and Replace Water Meters	R9 million

- **Sanitation:** R263 million to upgrade the wastewater treatment works. The major projects are as follows:

Project Name	MTREF Total
Extention Of WWTW: Stellenbosch	R82,2 million
Upgrade of WWTW: Klapmuts	R81 million
Upgrade of WWTW Wemmershoek	R31 million
Sewerpipe Replacement	R20 million
Refurbish Plant & Equipment - Raithby WWTW	R10 million

- **Electricity and Energy Security:** R445 million for investing in renewable energy sources like solar energy, installation of alternative energy solutions at key municipal buildings to ensure business continuity. The major projects are as follows:

Project Name	MTREF Total
Bien don 66/11kV substation new	R93,7 million
Upgrade transformers at Main substation 7.5MVA to 20MVA	R35,1 million
Cable replacement 66kV	R31,4 million
Third transformer and associated works 20MVA Cloetesville	R29,9 million
Kayamandi (Costa grounds) new substation 11 kV switching station	R24,5 million
Switchgear Substation University	R20 million
SCADA Implementation	R12 million

- **Roads and Traffic Management:** R269 million for road rehabilitation, intersection upgrades, and non-motorized transport projects. The major projects are as follows:

-

Project Name	MTREF Total
Adam Tas - Technopark Link Road	R 25,5 million
Main Road Intersection Improvements: Strand / Adam Tas / Alexander	R 25 million
Jamestown Transport Network - School Street	R 20 million
Lanquedoc Access road and Bridge	R 18 million
Adhoc Reconstruction Of Roads (WC024)	R 15 million
Reseal Roads - Stellenbosch & Surrounding	R 12,5 million

- **Human Settlements:** R173 million for social housing projects, backyarder support programs, and the development of integrated housing solutions.

The major projects are as follows:

Project Name	MTREF Total
Northern Extension: (Adam Tas Corridor Precinct 10)	R 48 million
Jamestown: Housing (Phase 2 & 3)	R 42 million
Erf 7001 Cloetesville (380) FLISP	R 16 million
Rehabilitation of Langrug Dam and Engineering Services	R 12,9 million
La Motte Old Forest Station (±430 services & ±430 units)	R 12 million
Klapmuts La Rochelle (100)	R 9 million

- **Safety and Security:** R64 million for the expansion of CCTV surveillance, improved law enforcement, and enhanced fire and rescue services.

Project Name	MTREF Total
Fire Station - Jamestown	R 25 million
Specialized Vehicles: Traffic	R 7,7 million
Traffic Fleet	R 6 million
Replacement of vehicles	R 5 million
Install and Upgrade CCTV/ LPR Cameras In WC024	R 5,8 million
Vehicle Fleet: Law Enforcement	R 5,5 million

- **Waste Management:** R59 million to support landfill expansion, plant and vehicle projects, and recycling initiatives.

Project Name	MTREF Total
Expansion of the landfill site (New cells)	R21 million
Plant and Vehicles: Solid Waste	R 11,5 million
Major Drop-Offs: Construction - Franschhoek	R 10,7 million
Major Drop-Offs: Construction - Franschhoek	R 9,1 million

TARIFF INCREASES & FINANCIAL RELIEF MEASURES

We recognize the economic strain on our residents. As such, tariff increases have been kept as low as possible:

- Property Rates: -18.36%
- Electricity: 9.95% (despite Eskom's 11.32% increase, we are absorbing some of the costs).
- Water: 6.00%
- Sanitation: 6.00%
- Refuse Removal: 6.90%

FINANCIAL SUPPORT AND PROTECTING THE VULNERABLE

We continue to support indigent households through our robust indigent policy, ensuring access to free basic services for qualifying residents. The question may be asked if we acknowledge the plight of the vulnerable residents like the elderly, the indigents, the child headed households and financially challenged. The answer is a positive YES. As a caring, financially stable and proactive local government, it is our job to ensure that money is spent in a way that makes life better for all the people of our municipal area. We have to do what we can to improve the lives of our residents by shielding the poor from extreme poverty and delivering better basic services to all residents. We must take into consideration the financial implications for every

family, and we must aim to shield every resident from economic blows wherever we can, irrespective of their financial standing.

Speaker, we have one of the most progressive Indigent Policies in place to protect our most vulnerable residents. Through this policy, we provide support to households who are unable to pay or struggle to pay for their basic services. These consumers must apply to be registered as an indigent household on our indigent register in order to obtain these benefits or to qualify for rebates from their municipal basic services or property rates levied. The maximum qualifying income level defined as the Indigent Income Threshold for a household has been increased from R7 000 to R 7 500 per month.

For the new financial year, indigent households in the Stellenbosch Municipal Area will receive:

- free sanitation services;
- free refuse removal services;
- 6 kilolitres of free water per month; and
- 100 units of free electricity per month.

The Rates Policy was amended to allow for an additional R100 000 Reduction for Indigent Consumers over and above the total of R250 000 Reduction/Exclusion already granted to owners of residential properties.

Rates

In the 2025/2026 financial year, the Property Rates Tariff paid by owners will decrease with 18.36%, whilst total rates also increased with 7%. The new General Valuation Roll will be implemented on 01 July 2025. There will be an increase in valuations due to new properties being registered, improvements to existing properties and an increase in property valuations. Rates rebates to senior citizens and disabled persons are also available as per the

requirements of the amended Rates Policy to qualifying ratepayers with a monthly income of R15 000 or less.

Electricity

According to NERSA, the inclining block rate tariff structure is commonly used to charge water usage. The feature of this tariff structure is that the more you use, the higher the average price. The objective of the inclining block tariff is to provide protection for lower usage customers against high price increases resulting in a reduction in tariffs to these customers. This means that higher consumption customers will see increasingly punitive charges based on their electricity usage. Council's attention is further drawn to the fact that the proposed electricity tariff is at 9.95% whereas the increase in electricity bulk purchases for the 2025/2026 financial year is 11.32% as approved by NERSA (National Electricity Regulator of South Africa) for implementation by all municipalities.

The municipality is in the process of procuring energy from renewable sources. The expectation is that renewable energy will cost less than what the Municipality is currently paying to Eskom, furthermore it will also reduce the reliance on Eskom. This will lower the cost of the providing electricity to residents and limit the impact of above inflation increases from Eskom.

Municipalities are also urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service, so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.

Water

Taking cognizance of the challenges that the country is currently experiencing due to the severe drought, the plight of the poor and the affordability of basic services, the average tariff increase for the rest of the

consumptive water scales is 6.00%. The tariff is designed to cater for current and future capital investment in basic water infrastructure and the need to generate surpluses

Sewerage (Sanitation)

The proposed increase in this tariff is 6.00%. Sanitation services is classified as an economical service. This means that the service charges for sanitation must cover the cost of providing the service, i.e. it must at least break even. This tariff increase is necessitated by operational requirements, maintenance of existing aging infrastructure, new infrastructure financing/provision and to ensure that the service is delivered in a sustainable manner.

Refuse (Solid Waste)

Refuse removal services, like sanitation are also classified as an economical service. This means that the service charges for refuse must cover the cost of providing the service, i.e. it must at least break even. The municipality will implement an above inflation tariff increase as this service does not break even. The solid waste tariffs were modelled to give effect to the principle of the service charge being cost reflective as the service cannot be cross-subsidized. It is proposed that the tariff increases by 6.90% because of the before mentioned.

GOOD GOVERNANCE & ACCOUNTABILITY

As custodians of public funds, we uphold the highest standards of transparency and accountability. Our municipality has achieved consecutive clean audits, reinforcing our commitment to responsible financial management.

A CALL TO ACTION

Speaker, this budget is not merely a set of numbers - it is a blueprint for growth, a commitment to service delivery and a vision for a better future.

We remain steadfast in our commitment to getting the basics done - and getting them done right. This means delivering better services to all our residents while maintaining an absolute zero-tolerance approach to fraud and corruption.

This budget of R3 367 060 129 is not ours - it belongs to the people. It is our duty to ensure that every cent is spent transparently and where it is needed most. For all the people!

While much of the country grapples with prolonged power outages, economic stagnation and failing infrastructure, Stellenbosch Municipality stands as a beacon of hope. Hope for a better future, hope for improved living conditions and hope for greater opportunities. Together, we can build a community where all residents can thrive.

Let us take hands and ensure that Stellenbosch remains a shining example of what local government can achieve when it truly serves its people.

Honourable Speaker, it is my privilege to table this budget, and I humbly call on all parties to support it - because this is more than just numbers on a page. It is a commitment to our community and to the future of our Valley.

I urge all councillors, regardless of political affiliation, to support this budget.

I hereby proudly table the budget for the 2025/2026 financial year.

Thank you, enkosi, baie dankie