

OPINION

Price of upliftment

Durban Mayor Mlaba faced heavy opposition when he announced the municipality's R23.4bn budget, writes **Heinz de Boer**

HUGE in its scope, and jam-packed with promises of improved service delivery – the eThekweni Municipality's 2008/2009 budget has for the first time also attracted the fiercest opposition from the city's political sector.

If Durban Mayor Obed Mlaba is to be believed, Durban's R23.4 billion budget (R5.9 billion capital and R17.5 billion operating), holds promise for the further roll-out of basic services in townships and rural regions, while

continue to enjoy sustained municipal support.

But according to opposition parties and the DA in particular, this year's budget could be a double edged sword with the real potential to cripple dozens of businesses and high-end ratepayers, who will largely cross-subsidise the city's low-end ratepayers.

In pushing the budget at this week's full council meeting against heavy opposition, the ANC has effectively adopted one of the highest rate ranges in South Africa after changing to a market-

related value rating system. The conversion itself, together with the valuation of Durban's more than 500 000 properties' has also not been without controversy.

Initial claims by the DA that the roll was flawed, did not reflect all potential rateable properties and was under-valued by R50 billion was hotly denied by the ANC and city officials.

Then on Tuesday, city treasurer Krish Kumar revealed that about 7 000 mainly sectional title units had been left off the roll.

Then came a failed High Court bid to prevent the council from adopting the budget by the Assagay Ratepayers' Association on Wednesday.

Now adopted, eThekweni's rate randage of R0.009 essentially means that a homeowner with a municipal valued home of R750 000 will pay in the region of R6 750 in rates annually. A R500 000 home equates to R4 500.

The adoption of the budget has paved the way for at least a quarter of Durban's poor to pay no rates.

Thousands of low-cost homeowners, who are to be the biggest beneficiaries of the R24 billion budget, will not fork out a cent for the municipal services they enjoy.

This thanks to the across-the-board R120 000 rates rebate. Pensioners, disability grantees and child headed households receive a further rebate of R280 000.

Coupled with the adoption of the budget was the approval of a series of tariff increases that will hit large water and electricity consumers hard, while the poorest of the poor benefit from bigger free water and electricity allocations.

Ironically, Durban's electricity users now also find themselves in a catch-22 situation when it comes to load-shedding and electricity saving.

Electricity

On the one hand, consumers are being strongly urged to save 10% electricity to avoid shedding, but are however being slapped with a 3% surcharge on their bills as the council tries to recoup lost revenue.

The council is set to lose almost R100 million in electricity revenue from shedding and power saving. It has, with the budget, approved a possible electricity price hike of 30%.

Eskom has asked the National Energy regulating Authority of South Africa (Nersa) for permission to implement a 53% electricity hike, but hearings into the request will only be held later this month.

If approved, Durban could face an effective 30% hike from Eskom, coupled with a 12% annual increase from the council and the 3% surcharge.

It's these increases that have sent jitters through the already

shaking textile industry.

Said DA councillor and textile expert, Rory Macpherson: "It will not be long before the first set of retrenchments come through."

"Then there will be those businesses that simply fold under the financial burden ... or relocate to safer, more competitive regions."

High-end water consumers can now also brace for punitive water tariffs aimed at curbing high consumption and the partial cross-subsidisation of the poor.

A monthly consumption threshold of 24 kilolitres (kl) will determine individual customer's increases or decreases.

Use 50kl and expect to pay an additional R58, much of which will "allow the council to take certain bold initiatives to make water more affordable to the poor".

The roll-out of water services, replacement of major water mains and cement fibre pipes responsible for many bursts have also been made possible by the 2% water tariff increase by Umgeni Water.

This below-market value increase has given the council a chance to cash in after implementing a 9.9% tariff hike – essentially earning the municipality a profit of 7.9% on the billions of litres sold each year.

And despite promises of a major crackdown on water thieves, Durban's water loss figure stands at an all-time high, with 36% of water purchased from Umgeni Water being lost through theft or leaks each year.

Infrastructure committee

chairman Visvin Reddy on Wednesday promised that water loss would be brought under control within two years, thanks to a multi-part committee that is to investigate the losses.

To date 30 816 leaks have been repaired and plans are in place to replace more than 70km of faulty piping.

Basic services aside, this year's budget holds potential for better policing, housing, tourism ventures and transport systems.

A total of 100 000 new homes will be built for the poor, while hundreds of new vacancies are to be made available in some of the most critically staffed departments.

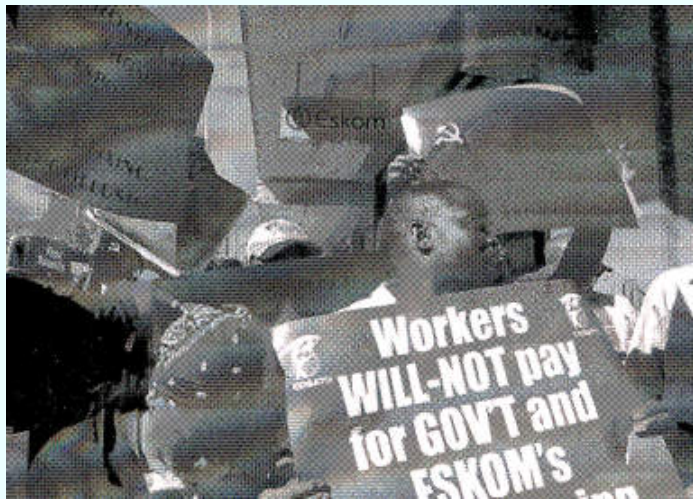
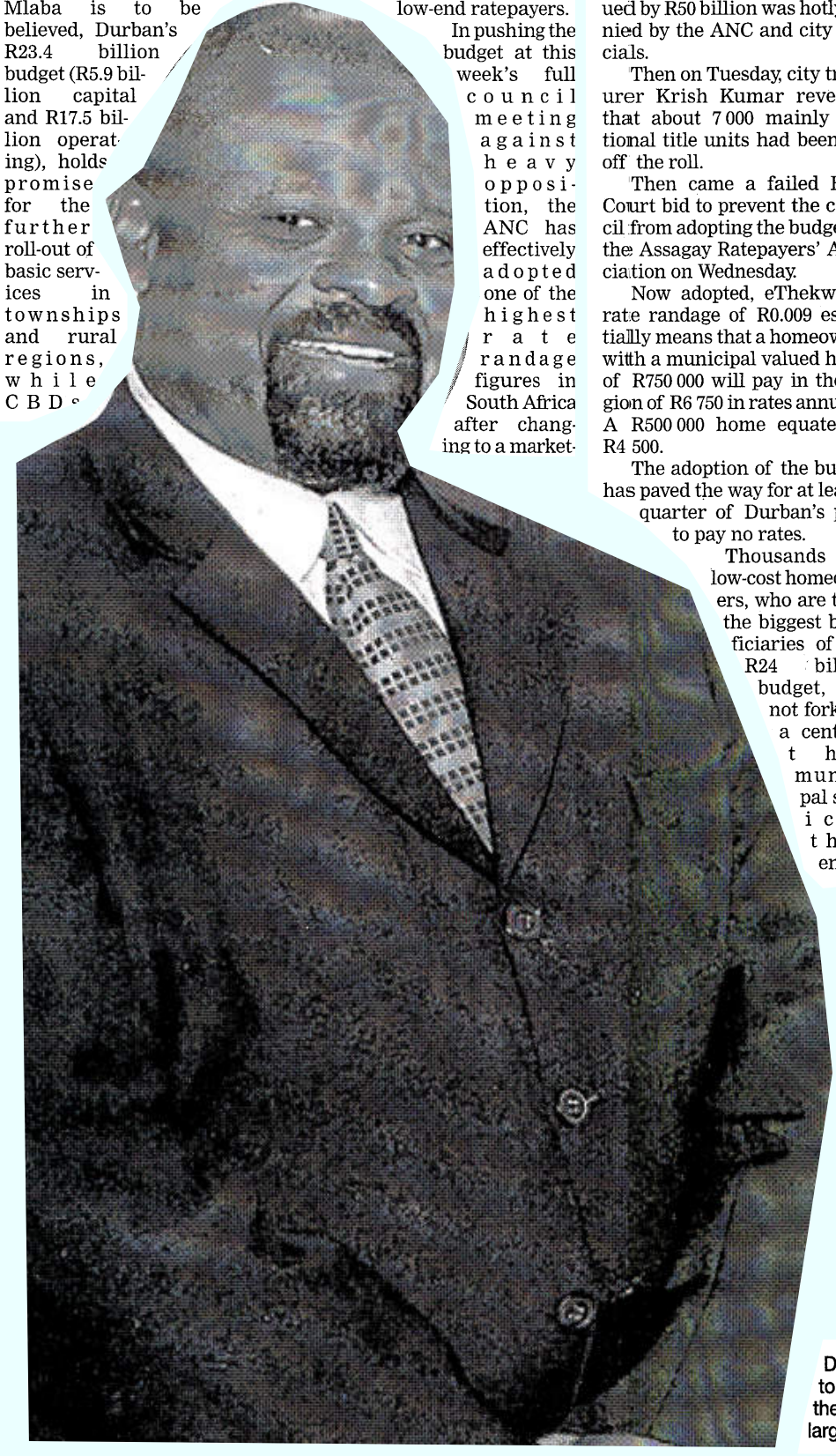
Tourism

Coupled with this is Durban's massive stake in the King Shaka Airport and Moses Mabhida Stadium, both of which have potential for massive tourism spin offs.

New co-operation between the council and the SAPS will see local officers wielding new policing powers directly aimed at safeguarding city streets. There is an ambitious plan to recruit 200 new policemen and women each year.

A further R1.4 billion will go toward electricity infrastructure, R725 million to roads, and R70 million to a public transport plan. Metro Police will get R432 million.

Said Mlaba: "We may come from different political parties, but there is one thing that has brought us together, and that is our collective desire to improve the lives of our communities."



DURBAN Mayor Obed Mlaba said this year's budget has paved the way for at least a quarter of Durban's poor to pay no rates. This essentially means businesses and high-end ratepayers will subsidise the poor. It promises the roll-out of basic services to townships and rural areas. Council approved a series of tariff increases that will hit large water and electricity consumers hard, while the poor benefit from bigger free water and electricity allocations

PICTURES: DAILY NEWS ARCHIVES

