

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023 TO 2024/2025



ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

**2022/2023 TO 2024/2025
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

Table of Contents

PART 1 – ANNUAL BUDGET	3
1.1 MAYOR'S REPORT	3
1.2 COUNCIL RESOLUTIONS	3
1.3 EXECUTIVE SUMMARY	7
1.4 OPERATING REVENUE FRAMEWORK	18
1.5 OPERATING EXPENDITURE FRAMEWORK	29
1.6 CAPITAL EXPENDITURE	32
1.7 ANNUAL BUDGET TABLES	33
PART 2 – SUPPORTING DOCUMENTATION.....	48
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	48
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	49
2.3 OVERVIEW OF BUDGET AND RELATED-POLICIES	57
2.4 OVERVIEW OF BUDGET ASSUMPTIONS	59
2.5 OVERVIEW OF BUDGET FUNDING	61
2.6 EXPENDITURE ON GRANTS	68
2.7 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY	69
2.8 COUNCILOR AND EMPLOYEE BENEFITS	69
2.9 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	71
2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CAPITAL.....	71
2.11 CAPITAL EXPENDITURE DETAILS	75
2.12 LEGISLATION COMPLIANCE STATUS.....	85
2.13 OTHER SUPPORTING DOCUMENTS.....	85
2.14 MANAGER'S QUALITY CERTIFICATE.....	86

Part 1 – Annual Budget

1.1 Mayor's Report

Recommendation of the final budget.

1.2 Council Resolutions

The following council resolutions pertaining to the tabling of the final multi-year capital and operating budgets, amended budget and related policies, property tax rates, tariffs and other charges for 2022/2023; 2023/2024 and 2024/2025;

- (a) That having considered the inputs received from the public and province as articulated in **(Annexure E, Inputs received on Draft Budget)** it's our considered view that no amendments to the policies or budget are required as it relates to the 2022/2023 MTREF Draft Budget;
- (b) That council takes note that the costs as envisaged by Section 19 (2)(a)(b) were derived after consultation with the respective director(s) who has confirmed the operational costs as per **(Annexure A: 2022/23 – 2024/2025 Final Budget and Tariff File)**;
- (c) That council prior to approving the capital projects above R50 million as listed in **(Annexure B: 2022/23 – 2024/25 Capital Projects ito Sec 19)**, first consider the projected cost covering all financial years until the project is operational and the future operational costs and revenue on the project, including municipal tax and tariff implications;
- (d) That council takes note that the Department of Sport has not timeously issued letters of recommendation for the additional R10 MILLION in specific sport projects resulting in the projects not being registered under the MIG program. Consequently the projects cannot be implemented in the 2022/2023 financial year. The Department of Sport has however approved that the funds be utilised in the 2023/2024 financial year;
- (e) That cognisance be taken of the acceleration of the Resealing Program in the current financial year as a result of the underspending on the Moorreesburg Waste Water Treatment Works project, subject to the budget for the Resealing Program having been reduced by the same amount in the 2022/2023 year and the funds having been reallocated to the Moorreesburg Waste Water Treatment Works;
- (f) That council approve in principle the taking up of an external loan in 2023/24 or 2024/25 to partly finance the Highlands Refuse Site and Bulk electricity capital projects to the tune of around R50 MILLION;
- (g) That council considers the funding sources linked to council's capital program and take note that these funding sources are available and have not been committed for other purposes;

FINANCING SOURCES	Final Budget 2022/2023	Final Budget 2023/2024	Final Budget 2024/2025
Capital Replacement Reserve (CRR)	R 115 812 892	R 122 483 903	R 129 755 722
Municipal Infrastructure Grant (MIG)	R 23 810 000	R 34 711 000	R 25 670 000
Dept. Human Settlements	R 20 059 000	R 33 600 000	R 5 000 000
Integrated National Electrification Programme (INEP)	R 17 600 000	R 5 000 000	R 5 225 000
RSEP	R 1 200 000		
Contributions / Donations	R 12 533 913		
Dept. Cultural Affairs and Sport	R 50 000		
Community Safety Grant	R 30 000	R 40 000	R 40 000
GRAND TOTAL	R 191 095 805	R 195 834 903	R 165 690 722

- (h) That council deemed it appropriate to consider the entire capital program excluding the 3 contractually combined projects above R 50 million as the aforementioned capital program's operational cost, inclusive of future costs will be covered by the rates regime and the normal cost centres found in the operational budget;
- (i) That council approves the capital projects as part of its consolidated capital program as per **(Annexure A: 2022/23 – 2024/25 Final Budget and Tariff File)**;
- (j) That the final high-level multi-year Capital and Operating budgets in respect of the 2022/23 – 2024/25 financial years, be approved as final, in accordance with sections 16, 17 and 19 of the MFMA;

	Original Budget 2021/22	Adjustments Budget 2021/22	Final Budget 2022/23	Final Budget 2023/24	Final Budget 2024/25
Capital budget	166 435 729	170 040 448	191 095 805	195 834 903	165 690 722
Operating Expenditure	911 967 149	953 347 356	1 029 478 873	1 061 530 679	1 140 028 445
Operating Revenue	968 875 613	1 013 254 106	1 093 983 965	1 123 993 180	1 174 158 797
Budgeted (Surplus)/ Deficit	(56 908 464)	(59 906 750)	(64 505 092)	(62 462 501)	(34 130 352)
Less: Capital Grants & Contributions	47 912 409	52 027 246	77 109 000	73 351 000	35 935 000
(Surplus)/ Deficit	(8 996 055)	(7 879 504)	12 603 908	10 888 499	1 804 648

- (k) That council approves the notice given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004, to levy the final property tax rates, exemptions and rebates on property reflected in the schedule below and in the property rates policy for the 2022/2023 financial year with effect from 1 July 2022;

Category of property	Rate ratio	(c/R) rate determined for the relevant property category
Residential properties	1: 1	0,5624
Business and Commercial properties	1: 1,4586	0,8203
Industrial properties	1: 1,4586	0,8203
Agricultural properties	1: 0,25	0,1406
Mining properties	1: 1,4586	0,8203
Public Service Infrastructure	1: 0,25	0,1406
Properties owned by an organ of state and used for public service purposes	1: 1,4586	0,8203
Public Benefit Organisations	1: 0	0,0000
Vacant properties	1: 1,3470	0,7575
Municipal properties	1: 0	0,0000
Conservation Areas	1: 0	0,0000
Protected Areas	1: 0	0,0000
National Monuments	1: 0	0,0000
Informal Settlements	1: 0	0,0000

Exemptions and Reductions

- **Residential Properties:** For all residential properties, the municipality will not levy a rate on the first R15 000 of the property's market value. The R15 000 is the statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

Rebates in respect of a category of owners of property are as follows:

- **Indigent owners:** 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 000;
- **Qualifying senior citizens and disabled persons:** A rebate to an amount equal to the rates payable on the first amount of the valuation of such property to a limit of R300 000.

NB: Please refer to the municipality's property rates policy in respect of all rebates offered.

- (l) That council approve the final tariff structures and charges for water, refuse removal, sewerage and other sundry charges as set out in **(Annexure A: 2022/23 – 2024/25 Final Budget and Tariff File)**;
- (m) That council approve the electricity tariffs as final for the 2022/2023 financial year, **bearing in mind that it is still subject to NERSA's final approval;**

- (n) That the annual budget tables as required by the Budget and Reporting Regulations be approved as set out in **(Annexure C: Budget Report and A-Schedules 2022/23 – 2024/25)**;
- (o) That the **amendments** to the budget and related policies as set out in **(Annexure D: Final Amendments to Budget & Related Policies 2022/23)** hereto, be approved as final;
- (p) That the training budget be limited to **0,65%** of the salary budget in the amount of **R1 911 192** for the 2022/2023 financial year;
- (q) That Council takes note of the increases of the Directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:
 - In respect of all personnel, an increase of **4.9%** for 2022/2023; **4.4%** for 2023/2024 and **4%** for the 2024/2025 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable;
 - All salary adjustments are adequately budgeted for;
 - Provision has been made for a **3%** increase for political office bearers which is within the mid band of the inflation targets set by the South African Reserve Bank (SARB).
- (r) That Council takes note of the budgeted operating surpluses and that the budget is “cash-funded” as a result of cash reserves in table A8, the total expenditure growth of **8%** from the current to the new financial year and the revenue streams with growth in revenue of **8% (only 5.6% excluding capital grant income)** for the MTREF period as well as the cash flow statement as per **(A-schedule A7)** for the next three financial years;
 - the budgeted risk factor for cash coverage for operating expenses are **8.9 months** for 2022/23, **8.4 months** for 2023/24 and **7.8 months** for the 2024/25 financial year (this can materially be impacted but not possible to determine scientifically at this stage);
 - over the next three financial years the planning is such that operating net deficits are envisaged for 2022/23 to an amount of **R 12 603 908**, for 2023/24 an amount of **R 10 888 499** and for 2024/25 an amount of **R 1 804 648 (excluding capital grant income)**, which is manageable within the risk appetite of the municipality supported by the improved payment rates.
- (s) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;
- (t) That Council take note that the budget was prepared in the new mSCOA Version 6.6 as required by National Treasury;

for purposes of completeness and implementation the English version of the recommendations will be relied upon.

Note: Annexures A and E are for consumption of the municipal council only and not legislatively prescribed budget documentation.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circulars No. 112 and No.115 supported and guided the compilation of the 2022/23 MTREF (Medium-term Revenue and Expenditure Framework).

As this budget constitutes the financial plan for the next 3 years, it naturally impacts the community as a whole and it is thus necessary to consult the community in a bid to create awareness and to gain support for joint ownership and responsibility in managing the municipality's financial affairs and programs. The budget was communicated through the normal legally required advertisements, our website and budget documentation in this regard was made available at municipal buildings and libraries as advertised, to allow for input up until 29 April 2022. Inputs and representations received from the public and province were considered prior to final approval and consideration was given in line with Section 23 of the MFMA. After careful consideration of the inputs pertaining to the budget, no amendments were effected.

Council's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the council to contain service delivery within the affordability levels of the community whilst focusing on the five strategic focus areas that council wish to strive to achieve over the next three years:

- Improved quality of life for citizens;
- Inclusive economic growth;
- Quality and sustainable living environment;
- Caring, competent and responsive institutions, organisations and business;
- Sufficient, affordable and well-run services.

To achieve the above, a balancing act is required between the set objectives and available financial resources, while taking into consideration the effect of tariff adjustments on the community as a whole, and more particularly the needs of the poor and vulnerable. In addition, like the rest of the country we have not escaped the downturn in the economy, which has had a considerable influence to not only disposable income levels in our area, but has further lowered the level of unemployment and growth prospects. Economic challenges will continue to pressurise municipal revenue generation and collection hence a realistic approach is advised for projecting revenue.

The following were highlighted in National Treasury Budget Circulars 112 and 115 (dated 6 December 2021 and 4 March 2022) to inform the Final 2022-2023 MTREF

The South African economy and inflation targets

The National Treasury projected real economic growth of 5.1 per cent in 2021, following an expected contraction of 6.4 per cent in 2020. Real GDP growth is expected to moderate to 1.8 per cent in 2022, 1.6 per cent in 2023 and 1.7 per cent in 2024. South Africa experienced its largest recorded decline in economic output in 2020 due to the strict COVID-19 lockdown. Real GDP contracted by 7.2 per cent in 2020 compared to 0.1 per cent increase in 2019. It is expected to increase by 6.2 per cent in 2021/22 and moderate by an average increase of 1.7 per cent over the 2022/23 MTEF. The main risks to the economic outlook are slowdown in economic growth. The evolution of COVID-19 and slow progress in vaccine rollout reinforces uncertainty and poses risks to economic recovery.

Slow implementation of structural reforms continues to weigh on business confidence and private investment. Electricity supply constraints, which worsened over the short term, are a drag on economic growth. In contrast, progress on energy reforms poses upside risks to fixed investment and the overall economic outlook.

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery. The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS.

To maximise the value of spending, government needs to contain costs, more especially consumption related spending, exercise prudent and compliant financial management, and eradicate wasteful treatment of public funds and resources. Compensation of employees remains a major cost pressure. It remains critical for municipalities to adhere to compensation ceilings, manage headcounts proactively and conduct staff audit to ensure the staff complement is aligned to the approved organogram. This will assist government is to improve its fiscal position.

Headline inflation is expected to remain between 3 to 6 per cent target range of the SARB over the 2022/23 MTREF.

The Macro-economic forecasts as illustrated below:

Table 1: Macroeconomic performance and projections, 2020 - 2025					
Fiscal year	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Estimate	Forecast		
CPI Inflation	2.9%	4.5%	4.8%	4.4%	4.5%

Key focus areas for the 2022/23 budget process

- Transfers to local government will be increased by R17.8 billion, including R9.3 billion from the local government equitable share, R1.5 billion from the general fuel levy and R6.9 billion in direct conditional grants over the 2022 MTEF period. The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2022 MTEF period. Over the 2022 MTEF period, direct transfers to municipalities will grow above inflation, at an annual average rate of 7.9 per cent. Direct conditional grants grow at an annual average rate of 5.3 per cent over the MTEF, while the Local Government Equitable Share (LGES) grows faster, at an annual average rate of 10.3 per cent over the same period.
- Municipalities are advised to refer to the guidance (refer to the email sent by CoGTA to all municipalities on 20 October 2021) provided through the joint National Treasury/ Department of Cooperative Governance/ South African Local Government Association (NT/DCoG/SALGA) Joint Circular No.1 on the transitional measures in relation to the IDP consultation process.
- Similar to the rest of government, **municipalities face a difficult fiscal environment**. The **weak economic growth** has put **pressure on consumers' ability to pay for services**, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending.
- National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation **is forecasted to be within the lower limit of the 3 to 6 per cent** target band; therefore, municipalities are required **to justify all increases in excess of the projected inflation target for 2022/23 MREF** in their budget narratives and pay careful attention to tariff increases across all consumer groups. In addition, municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.
- The **emphasis is on municipalities** to comply with Section 18 of the MFMA and ensure that they **fund their 2022/23 MTREF budgets from realistically anticipated revenues** to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates. It is **essential that municipalities reconcile their** most recent **valuation roll data** to that of **the billing system** to ensure that revenue anticipated from property rates are accurate. Municipalities are also advised to **enforce a culture of payment** for services through their normal **credit control processes**.
- The **National Energy Regulator of South Africa (NERSA)** is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 17.8 per cent in the 2021/22 municipal financial year. Eskom's need for increased funding means that over the period ahead

they are applying for much higher tariff increases. In their Multi-Year Price Determination (MYPD 5) application Eskom requested approval for municipal bulk tariff increases of 20.5 per cent in 2022/23, 15 per cent in 2023/24 and 10 per cent in 2024/25. NERSA rejected this revenue application at the end of September 2021 and in October 2021 ESKOM filed an application in the High Court to review NERSA's decision. Following the deliberations, NERSA has approved a 9.6 per cent tariff increase for Eskom starting from April 2022 and this figure accounts for a 3.49 per cent increase in 2022/23. **The final increase for bulk purchases is 8.61% and an increase of 7.47% for electricity reselling.**

- The **Salary and Wage Collective Agreement** for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2022/23 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2022 and 01 July 2023 an **increase based on the projected average CPI** percentages for 2022 and 2023. The forecasts of the Reserve Bank, in terms of the January 2022 and January 2023, shall be used to determine the projected average CPI. Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, in order to root out ghost employees.
- Municipalities are advised to budget for the **actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits** of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from the councilor(s) concerned.

Municipalities are under pressure to generate revenue as a result of the economic landscape, the COVID-19 pandemic, weak tariff setting and increases (in excess of realistic revenue growth) in key cost drivers to provide basic municipal services. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2022/23 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;
- Ensuring value for money via very restrictive and impeding procurement processes;
- Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of assets to enable reliable service delivery;
- The setting of coexisting cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act, 2000 which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service;
- The affordability of providing free basic services to all households;
- Not taking on unfunded or under-funded mandates, i.e SAPS related responsibilities, etc;

- *Strictly control and fix water infrastructure to enable the sustainable provision of water;*
- *Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation;*
- *Unsustainable growth of the salary bill resulting in a potential multiplier effect on future tariff increases.*

IMPORTANT NOTE: Council, the public and other stakeholders must take note that the Adjustment budget revenue and expenditure figures, as well as the Final budget growth figures as reported in the A-schedules and Budget Report to National and Provincial Treasury which forms part of the budget documentation, will differ considerably from the figures mentioned above, due to the fact that departmental charges are accounted for differently. The end result however in respect of the overall surpluses and deficits over the MTREF remains unchanged.

AREAS COVERED DURING THE BUDGET STEERING COMMITTEE MEETING:

- Struggling South African Economy
- **Conservative budgeting w.r.t the revenue budget and therefore the amounts in years 2 and 3 of the MTREF are indicative only and not fixed, mainly to mitigate the risks and to periodically review assumptions given the global and local poor economic conditions. In this regard expenditure will have to be curbed with careful monitoring of budget performance and payment rates**
- Key focus risk areas for the 2022/23 Budget process
- Extensive revenue modelling informing tariff increases to ensure services are delivered **sustainably and cost reflective** over the longer term with emphasis on the impact of increases on disposable income levels given the dire state of the economy
- Expenditure and Revenue Consolidation and audited basis informing growth from 2021-2022 to 2022-2023
- Revenue streams from trading and economic services insufficient, given the impact of Capital budget programs and Indigents on the Operating account
- Future operational cost of 2 800 housing opportunities, Landfill sites cost of compliance and Rehabilitation, ± R52.6mil capital & R26.9mil operating
- Further initiatives will need to be considered for revenue growth, revenue protection and preventing revenue leakage going forward
- Extensive consideration and review of the draft budget given the public input received.

POTENTIAL AND REAL RISKS IMPACTING FINANCIAL PLANNING OVER THE MTREF AND ULTIMATELY THE REVENUE MODELLING EXERCISE FORMING THE BASIS FOR THE MTREF:

- Pressure on supply and demand as a result of the Ukraine and Russia conflict, compounding local inflation in the form of Food and Fuel increases which could potential see the SARB increasing the REPO rate;
- Weaker exchange rates already resulted in an increase in the fuel account;
- Slower recovery of the economy;
- The upward pressure and multiplier effect of increases in staff salaries.

Taking all of the above into consideration, I submit to you the following estimated expenditure, summarised as follows:

TYPE	Adjustment Budget	2022/23 Medium Term Revenue & Expenditure Framework		
	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)
Capital expenditure	170 040	191 096	195 835	165 691
Operating expenditure	939 555	1 029 332	1 061 375	1 139 864
TOTAL	1 109 596	1 220 428	1 257 210	1 305 555

The following table is a consolidated overview of the 2022/23 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2022/23 MTREF (R'000)

R thousand	Current Year 2021/2022	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025
Total Operating Revenue	947 435	1 016 875	1 050 642	1 138 224
Total Operating Expenditure	939 555	1 029 332	1 061 375	1 139 864
Surplus / (Deficit) excluding capital transfers and development charges	7 880	(12 457)	(10 733)	(1 640)
Capital Transfers & Development Charges	52 027	77 109	73 351	35 935
Surplus / (Deficit) for the year	59 907	64 652	62 618	34 295

Total operating revenue **excluding capital grants** for the 2022/23 financial year has been appropriated at R 1 016 875 million and is expected to grow by 7.33 percent or R 69 440 million for the 2022/23 financial year when compared to the 2021/22 Adjusted Budget. For the two outer years, operational revenue will increase by 3.32 and 8.34 per cent respectively, equating to total revenue growth of R 190 789 million over the MTREF (2022/23 to 2024/25). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2022/23 financial year has been appropriated at R 1 029 332 million and translates into a budgeted deficit of R 12 457 million (**before capital transfers**). When compared to the 2021/22 financial year, operational expenditure is projected to grow by 9.56 per cent in the 2022/23 budget; 3.11 per cent in the 2023/24 budget and 7.39 per cent in the 2024/25 budget (based on current assumptions) equating to total expenditure growth of R 200 309 million over the MTREF (2022/23 to 2024/25).

The municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not requiring the ratepayer to fund these operations through property taxes or cross subsidization.

The financial performance of all departments over the MTREF can be summarised as follow:

Vote Description	Budget Year 2022/2023			Budget Year 2023/2024			Budget Year 2024/2025		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
Revenue & Expenditure by Vote									
Vote 1 - Corporate Services	12 358	41 651	(29 293)	11 554	43 824	(32 270)	12 080	46 020	(33 940)
1.1 - Administration	132	14 699	(14 567)	100	15 712	(15 612)	102	16 311	(16 209)
1.2 - Human Resources	333	6 521	(6 189)	366	6 534	(6 168)	388	7 035	(6 647)
1.3 - Libraries	11 766	12 142	(376)	10 953	12 803	(1 850)	11 447	13 431	(1 984)
1.4 - Marketing and Tourism	32	2 322	(2 289)	34	2 444	(2 409)	36	2 571	(2 535)
1.5 - Community Halls and Facilities	95	5 967	(5 872)	100	6 332	(6 231)	106	6 671	(6 565)
Vote 2 - Civil Services	287 762	337 147	(49 385)	293 800	354 255	(60 455)	303 859	382 140	(78 281)
2.1 - Administration		3 736	(3 736)		4 228	(4 228)		4 447	(4 447)
2.2 - Cemeteries	1 079	980	99	1 144	1 037	106	1 212	1 078	134
2.3 - Municipal Property Maintenance	13 462	20 055	(6 593)	13 774	20 037	(6 263)	14 095	20 797	(6 702)
2.4 - Parks and Recreational Areas	1 060	20 294	(19 234)		21 607	(21 607)		23 029	(23 029)
2.5 - Proclaimed Roads	18 470	4 782	13 688	170	483	(312)	3 170	3 483	(313)
2.6 - Refuse Removals	51 128	32 418	18 710	54 543	36 374	18 169	77 693	40 021	37 672
2.7 - Street Cleaning		9 569	(9 569)		8 440	(8 440)		8 921	(8 921)
2.8 - Solid Waste Disposal(Landfill Sites)		10 287	(10 287)		10 945	(10 945)		11 650	(11 650)
2.9 - Sewerage Services	79 417	56 414	23 003	84 035	63 786	20 249	88 983	65 863	23 120
2.10 - Waste Water Treatment		4 646	(4 646)		4 199	(4 199)		4 357	(4 357)
2.11 - Sportgrounds	157	5 222	(5 066)	10 166	5 323	4 843	176	5 607	(5 431)
2.12 - Streets	9 289	54 027	(44 738)	16 218	54 535	(38 316)	7 538	61 141	(53 603)
2.13 - Stormwater		18 185	(18 185)		19 622	(19 622)		20 546	(20 546)
2.14 - Swimming Pools	350	5 440	(5 089)	372	6 045	(5 674)	394	6 811	(6 417)
2.15 - Water Distribution	113 350	91 091	22 259	113 377	97 595	15 782	110 597	104 388	6 209
Vote 3 - Council	299	19 043	(18 743)	305	19 926	(19 621)	312	20 814	(20 502)
3.1 - Council General Expenses	299	19 043	(18 743)	305	19 926	(19 621)	312	20 814	(20 502)
Vote 4 - Electricity Services	424 953	391 436	33 517	446 852	426 008	20 844	481 244	462 255	18 990
4.1 - Administration	-	1 889	(1 889)	-	1 972	(1 972)	-	2 053	(2 053)
4.2 - Distribution	424 953	371 798	53 156	446 852	405 676	41 176	481 244	441 017	40 227
4.3 - Street Lighting	-	1 640	(1 640)	-	1 720	(1 720)	-	1 803	(1 803)
4.4 - IT Services	-	16 109	(16 109)	-	16 640	(16 640)	-	17 383	(17 383)
Vote 5 - Financial Services	253 248	68 931	184 316	274 239	72 753	201 486	304 471	76 790	227 681
5.1 - Administration		2 021	(2 021)		2 108	(2 108)		2 192	(2 192)
5.2 - Finance	100 356	48 602	51 754	107 824	51 644	56 180	121 401	54 471	66 929
5.3 - Budget and Treasury		5 292	(5 292)		5 161	(5 161)		5 432	(5 432)
5.4 - Asset Management		1 455	(1 455)		1 551	(1 551)		1 640	(1 640)
5.5 - Grants and Subsidies - FMG	1 550	1 550		1 550	1 550		1 550	1 550	
5.6 - Fleet Management		1 250	(1 250)		1 327	(1 327)		1 410	(1 410)
5.7 - Property Rates	151 342	1 142	150 201	164 865	1 289	163 576	181 520	1 450	180 070
5.8 - Supply Chain Management		7 620	(7 620)		8 124	(8 124)		8 646	(8 646)
Vote 6 - Development Services	63 075	64 887	(1 813)	42 104	32 560	9 544	13 842	33 427	(19 585)
6.1 - Administration	1	2 475	(2 474)	1	2 598	(2 597)	1	2 724	(2 723)
6.2 - Caravan parks - Yzerfontein	3 149	2 833	316	3 338	3 015	323	3 538	3 285	253
6.3 - Community Development	1 598	3 525	(1 927)	38	3 807	(3 769)	38	4 024	(3 986)
6.4 - Multi-Purpose Centres	12	1 671	(1 659)	163	1 900	(1 737)	13	1 840	(1 826)
6.5 - Planning and Valuations	1 051	10 197	(9 146)	1 113	9 655	(8 542)	1 179	8 918	(7 739)
6.6 - Building Control	3 215	3 508	(293)	3 408	3 756	(349)	3 612	4 013	(401)
6.7 - Housing	54 049	38 458	15 590	34 044	5 487	28 556	5 460	6 157	(697)
6.8 - Occupational Health and Safety		2 219	(2 219)		2 341	(2 341)		2 466	(2 466)
Vote 7 - Municipal Manager	-	10 335	(10 335)	-	10 781	(10 781)	-	11 296	(11 296)
7.1 - Administration	-	5 202	(5 202)	-	5 415	(5 415)	-	5 631	(5 631)
7.2 - Strategic Planning	-	2 840	(2 840)	-	2 938	(2 938)	-	3 100	(3 100)
7.3 - Internal Audit	-	2 293	(2 293)	-	2 428	(2 428)	-	2 565	(2 565)
Vote 8 - Protection Services	52 289	95 902	(43 613)	55 139	101 267	(46 128)	58 352	107 123	(48 771)
8.1 - Administration	-	2 529	(2 529)		2 669	(2 669)	-	2 807	(2 807)
8.2 - Civil Protection		825	(825)		831	(831)		838	(838)
8.3 - Fire Fighting	10	8 720	(8 710)	10	9 017	(9 007)	10	9 374	(9 364)
8.4 - Harbour Yzerfontein	318	410	(92)	337	438	(101)	357	468	(110)
8.5 - Road and Traffic Regulation	11 037	10 359	678	11 699	10 927	772	12 401	11 529	872
8.6 - Policing and Law Enforcement	40 924	73 059	(32 135)	43 093	77 385	(34 292)	45 584	82 108	(36 524)
Total Revenue & Expenditure by Vote	1 093 984	1 029 332	14 652	1 123 993	1 061 375	62 618	1 174 159	1 139 864	34 295

The municipality is in a very privileged position to be able to invest a total of R 368 053 million of its own funds over the 2022/23 MTREF.

The following capital program is proposed as final by the municipality:

Description	Adjustment Budget		2022/23 Medium Term Revenue & Expenditure Framework					
	2021/2022 (R'000)	%	2022/2023 (R'000)	%	2023/2024 (R'000)	%	2024/2025 (R'000)	%
Funded by:								
National Government	34 656	20%	41 410	22%	39 711	20%	30 895	19%
Provincial Government	14 471	9%	21 339	11%	33 640	17%	5 040	3%
Other Transfers and Grants	1 000	1%	12 534	7%	-	0%	-	0%
Borrowing	-	0%	-	0%	-	0%	-	0%
Internally generated funds	119 913	71%	115 813	61%	122 484	63%	129 756	78%
Total Capital Funding	170 040	100%	191 096	100%	195 835	100%	165 691	100%

The total final Capital budget for 2022/2023 amounts to R 191 096 million with around R 115 813 million invested from Council's own funds in year 1 and the total application of capital investment over the three fiscal years amounting to R 552 621 million. An increase of R 113 157 million from the previous approved adjusted MTREF of R 439 464 million. The ongoing investment in revenue generating and other bulk infrastructure is important as an economic stimulant given the multiplier effect that infrastructure investment has on the local economy and more-over, now than ever before. **The leveraging of these investments in creating jobs remains a key consideration bearing in mind the impact the capital budget have on the operating account.**

ADDITIONAL NOTE:-RESEALING OF ROADS

An additional amount of R4 million MIG funding was received of which R2 450 million was allocated towards the Resealing of roads in the current financial year. This amount however is relatively small when compared to expenses incurred for the establishment of a resealing plant. It is therefore advantageous to use opportunities to increase the amount in order to mitigate the establishment costs. An underspending of R4 750 million has been identified at the Moorreesburg Waste water treatment works project in the current financial year due to the unavailability of certain mechanical and electrical equipment sourced from Europe. Accordingly, the amount of R4 750 million has been re-allocated from the Moorreesburg Waste water treatment works to the Resealing of Roads in the current financial year, therefore the same reversed allocation of funds must be applied to the above mentioned projects for the 2022/2023 financial year.

HOUSING PROJECTS

Note: The allocations in the provincial gazette for housing projects in year 2 and 3 are indicative at this stage because of provincial commitments not yet guaranteed.

Section 19(2)(b) requires a municipal council to consider future operational costs and revenues on Capital Budget projects, including the municipal tax and tariff implications, before approving projects individually or as part of a consolidated programme. To give effect to this requirement, the future operational cost and revenue of projects/programmes are reflected in the **attached Annexures**.

1.3.1 Financial indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2022/23 MTREF. (Derived from the National Treasury A-schedules **and not** as prescribed by Circular 71)

Description of financial indicator	Basis of calculation	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<u>Borrowing Management</u>						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	2.3%	2.3%	2.2%	1.9%
Capital Charges to Own Revenue	Finance charges & Repay ment of borrowing /Own Revenue	3.3%	2.7%	2.8%	2.6%	2.3%
Borrowed funding of 'own n' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>						
Gearing	Long Term Borrowing/ Funds & Reserves	37.1%	40.5%	30.9%	23.7%	18.1%
<u>Liquidity</u>						
Current Ratio	Current assets/current liabilities	5:1	6:1	6:1	6:1	6:1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5:1	6:1	6:1	6:1	6:1
Liquidity Ratio	Monetary Assets/Current Liabilities	4:1	5:1	5:1	4:1	4:1
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	95%	95%	96%	96%	96%
<u>Creditors Management</u>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		14.7%	14.4%	15.0%	15.5%	15.6%
<u>Other Indicators</u>						
Electricity Distribution Losses (2)	Total Volume Losses (kW)	12 096 519	12 096 519	12 096 519	12 217 484	12 339 659
	Total Cost of Losses (Rand '000)	15 784 639	15 784 639	17 308 534	18 521 862	19 820 245
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.0%	6.0%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	779 450	779 450	857 395	865 969	874 629
	Total Cost of Losses (Rand '000)	5 035 247	5 035 247	5 538 772	5 649 547	5 762 538
	% Volume (units purchased and generated less units sold)/units purchased and generated	18.0%	18.0%	21.0%	21.0%	21.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.7%	28.0%	28.9%	29.5%	28.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.0%	29.1%	30.0%	30.6%	29.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	6.3%	6.3%	5.9%	6.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.0%	11.9%	11.7%	12.6%	12.7%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within	15.6	15.6	18.2	18.7	20.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.6%	17.7%	20.2%	21.3%	22.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.9	9.6	8.9	8.4	7.8

Note: The gearing ratio in the above table is not a true reflection of the municipality's borrowing position as the formula is not the same as prescribed by NT's Circular 71 ratios.

Performance indicators and benchmarks

1.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators formed part of the compilation of the 202/2023 MTREF:

- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions).

1.3.1.2 Safety of Capital

The gearing ratio in the context of the Schedule measures the total long term borrowings over funds and reserves.

1.3.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to service or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet current creditor obligations.

1.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 60 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Current payment levels are considered problematic to the sustainability of services as a direct result of having had to relax credit control during the hard lockdown but moreover given the unfavourable and struggling economy.

1.3.1.5 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement, unless queries or disputes dictate otherwise. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business. The aforementioned statement is qualified to the extent that no disputes or invoice queries resulted in payment delays.

1.3.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels from a National Treasury norm perspective.
- Employee costs as a percentage of operating revenue (excluding capital grants) over the MTREF is between 28.9% and 29.5%. Total remuneration as a percentage of operating revenue (excluding capital grants) over the MTREF is between 29.9% and 30.6%. The employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Contracted services expenditure increased by around R 15 486 million for the 2022/23 financial year when compared to the 2021/22 adjustments budget, mainly due to Housing Top structure sorting under “contracted services”.

1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) “An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years’ surpluses committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years.”

In these unprecedented tough economic times strong revenue management is still fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The objective with the exercise of tariff determination was to ensure that trade and economic services show surpluses over the next three to five years in order to sustain quality service delivery to which our consumers in the Swartland area have become accustomed to, but more importantly to finance some other community services and the refurbishment/ renewal of council’s bulk infrastructure. This was however not possible with refuse removal which is rendered at a loss.

The following table is a summary of the 2022/2023 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source (excluding capital transfers)

Description R thousands	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Financial Performance					
Property rates	138 386	140 332	148 224	161 499	177 887
Service charges	519 684	522 269	564 834	609 465	654 250
Investment revenue	37 706	37 769	35 667	35 739	38 017
Transfers recognised - operational	152 542	160 849	186 257	160 102	179 486
Other own revenue	58 731	86 215	81 894	83 837	88 584
Total Revenue (excluding capital transfers and contributions)	907 049	947 435	1 016 875	1 050 642	1 138 224

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, **capital transfers and contributions are excluded** from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Summary of revenue classified by municipal vote (including capital transfers)

Vote Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote					
Vote 1 - Corporate Services	11 506	12 463	12 358	11 554	12 080
Vote 2 - Civil Services	248 096	260 859	287 762	293 800	303 859
Vote 3 - Council	295	295	299	305	312
Vote 4 - Electricity Services	383 738	384 780	424 953	446 852	481 244
Vote 5 - Financial Services	227 643	244 765	253 248	274 239	304 471
Vote 6 - Development Services	47 074	44 873	63 075	42 104	13 842
Vote 7 - Municipal Manager	–	–	–	–	–
Vote 8 - Protection Services	36 609	51 428	52 289	55 139	58 352
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Total Revenue by Vote	954 961	999 462	1 093 984	1 123 993	1 174 159

Percentage portion of Revenue Sources from Total Revenue:-

Vote Description	Current Year 2021/2022		2022/23 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2022/23	%	Budget Year 2023/24	%	Budget Year 2024/25	%
Revenue by Source								
Property rates	140 332	15%	148 224	15%	161 499	15%	177 887	16%
Service charges - electricity revenue	370 364	39%	400 667	39%	434 512	41%	467 963	41%
Service charges - water revenue	75 585	8%	80 786	8%	85 829	8%	91 008	8%
Service charges - sanitation revenue	46 978	5%	51 390	5%	54 099	5%	56 944	5%
Service charges - refuse revenue	29 342	3%	31 991	3%	35 025	3%	38 334	3%
Rental of facilities and equipment	1 628	0%	1 627	0%	1 725	0%	1 828	0%
Interest earned - external investments	37 769	4%	35 667	4%	35 739	3%	38 017	3%
Interest earned - outstanding debtors	2 984	0%	3 458	0%	3 925	0%	4 469	0%
Fines, penalties and forfeits	32 671	3%	34 607	3%	36 676	3%	38 869	3%
Licences and permits	4 445	0%	4 778	0%	5 061	0%	5 360	0%
Agency services	5 699	1%	6 040	1%	6 403	1%	6 787	1%
Transfers and subsidies	160 849	17%	186 257	18%	160 102	15%	179 486	16%
Other revenue	11 701	1%	15 508	2%	16 423	2%	17 390	2%
Gains	27 088	3%	15 877	2%	13 626	1%	13 881	1%
Total Revenue (excluding capital transfers and contributions)	947 435	100%	1 016 875	100%	1 050 642	100%	1 138 224	100%
Total Revenue from Property Rates and Service Charges	662 601	70%	713 058	70%	770 964	73%	832 136	73%

Revenue generated from property rates and services charges form a significant percentage of the revenue basket for the Municipality. Property rates and service charge revenues comprise between 70 and 73 percent of the total revenue mix for the 2022/23 MTREF. In the 2022/23 financial year, revenue from property rates and services charges amounts to R 713 058 million or 70 per cent of total revenue mix (**growth of 7.6%**). This figure increases to an estimated R 770 964 million or 73 per cent (**growth of 8.1%**) and R 832 136 million or 73 per cent (**growth of 7.9%**) in the respective financial years of the 2022/23 MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget and in this regard the municipality is cognisant of the fact that this source must be grown responsibly. For this reason, the municipality should strive to at least maintain these revenue streams and if possible explore all other additional avenues to increase revenue from additional sources.

More than 90 per cent of revenue is derived from the following sources:

- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

1.4.1 Operating and Capital Grants

Grants usually fluctuates upwards or downwards from year-to-year as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The following grant allocations are currently factored into the budget of the municipality:

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
RECEIPTS:					
<u>Operating Transfers and Grants</u>					
National Government:	112 178	112 178	129 651	141 847	157 567
Local Government Equitable Share	108 796	108 796	126 228	140 297	156 017
Finance Management	1 550	1 550	1 550	1 550	1 550
EPWP Incentive	1 832	1 832	1 873	–	–
Provincial Government:	40 062	45 043	56 273	17 889	18 678
Community Development Workers	38	38	38	38	38
Human Settlements	26 560	26 366	33 546	–	–
Municipal Accreditation and Capacity Building Grant	252	252	256	245	249
Libraries	10 394	11 351	11 573	10 801	11 286
Proclaimed Roads Subsidy	175	175	4 470	170	317
Thusong Grant	–	–	–	150	–
Establishment of a K9 Unit	2 393	4 511	2 390	2 476	2 576
Establishment of a Law Enforcement Reaction Unit	–	–	4 000	4 009	4 212
Total Operating Transfers and Grants	152 240	157 221	185 924	159 736	176 245
<u>Capital Transfers and Grants</u>					
National Government:	31 055	34 656	51 410	29 711	30 895
Municipal Infrastructure Grant (MIG)	22 700	26 301	33 810	24 711	25 670
Integrated National Electrification Programme (municipal)	8 355	8 355	17 600	5 000	5 225
Provincial Government:	15 661	16 412	21 339	33 640	5 040
Human Settlements	14 600	13 754	20 059	33 600	5 000
RSEP/VPUJ Municipal Projects	–	–	1 200	–	–
Libraries	50	50	50	–	–
Establishment of a K9 Unit	28	343	30	40	40
Total Capital Transfers and Grants	46 716	51 068	72 749	63 351	35 935
TOTAL RECEIPTS OF TRANSFERS & GRANTS	198 955	208 288	258 673	223 087	212 180

1.4.2 Property Rates

The final property rates increases for the 2022/23 financial year is **4.9%** for residential properties and **6.5%** for business and state owned properties. Increases over the remaining MTREF period, is limited to **5.9%** for residential properties and **6.9%** for business and state owned properties. Over the MTREF additional streams were factored in as a result of the implementation of the new general valuation envisaged for the 2024/25 financial year. Limited growth is forecasted for the years beyond the MTREF.

The categories of rateable properties for purposes of levying rates and the final rates for the 2022/23 financial year are as follows:

Property Rates	2021/2022 c / R	2022/2023 c / R	2023/2024 c / R	2024/2025 c / R	2022/23	2023/24	2024/25
Residential Properties	0,5361	0,5624	0,5955	0,6307	4.90%	5.90%	5.90%
Businesses, Commercial, Industrial and State owned Properties	0,7702	0,8203	0,8769	0,9374	6.50%	6.90%	6.90%

Refer to the resolution dealing with the property rate changes on all other property categories.

The following stipulations in the Property Rates Policy applicable to the 2021/2022 year are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted in 2021/2022 to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 000;
- For senior citizens and disabled persons as defined in Council's Property Rates Policy, a rebate of the rates payable to a maximum of R300 000 of the valuation of the property will be granted to owners of rate-able property subject to application by September of the previous calendar year. The rebate mentioned above as it relates to the 2022/2023 Policy will become effective in the 2023/2024 financial year.

1.4.3 Sale of Water and Impact of Tariff Increases

The final water tariff increases are :- **4.5%** for the first 15kls thereafter a **5.9%** increase for residential consumers, a **4.8%** increase for all businesses and sport clubs and **5.9%** for schools and government institutions. The final tariff increases, which are above the estimated headline inflation rate, are needed given the extent of water infrastructure investment required over the MTREF compounded by illegal connections and an increase in consumption to the south towards Cape Town.

R thousand	Current Year 2021/2022	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)
Revenue – Water Management	93 383	113 350	113 377	110 597
Expenditure – Water Management	80 680	91 450	97 953	104 745
Net Surplus / (Deficit)	12 703	21 900	15 424	5 852
Net Surplus / (Deficit) %	14%	19%	14%	5%
Unconditional grant	16 771	14 805	15 626	16 493
Capital grants & Contributions	600	15 000	9 000	-
Revenue – Water Management (excl. capital grants and development charges)	92 783	98 350	104 377	110 597
Net Surplus / (Deficit) (excl. capital grants and development charges)	12 103	6 900	6 424	5 852
Net Surplus / (Deficit) % (excl. capital grants and development charges)	13%	7%	6%	5%

A summary of the 2022/23 final tariffs and increases for households (residential) and non-residential are as follows:

Water	2021/2022	2022/2023	2023/2024	2024/2025	2022/23	2023/24	2024/25
Network Charge: Residential, Indigent and Agricultural	R 67.14	R 70.16	R 73.60	R 77.21	4.50%	4.90%	4.90%
Sport Clubs, Schools and Government Institutions	R 113.85	R 119.31	R 125.16	R 131.29	4.80%	4.90%	4.90%
Equitable Share: 6 kl Free	R 8.94	R 9.34	R 9.80	R 10.28	4.50%	4.90%	4.90%
Residential: 0 - 6kl	R 5.21	R 5.44	R 5.71	R 5.99	4.50%	4.90%	4.90%
Residential: 7 - 10kl	R 8.94	R 9.34	R 9.80	R 10.28	4.50%	4.90%	4.90%
Residential: 11-15kl	R 17.12	R 17.89	R 18.77	R 19.69	4.50%	4.90%	4.90%
Residential: 16 - 20kl	R 21.70	R 22.98	R 24.34	R 25.77	5.90%	5.90%	5.90%
Residential: 21 - 25kl	R 32.18	R 34.08	R 36.09	R 38.22	5.90%	5.90%	5.90%
Residential: 26 - 35 kl	R 47.94	R 50.77	R 53.76	R 56.94	5.90%	5.90%	5.90%
Residential: 36 kl >	R 89.40	R 94.67	R 100.26	R 106.18	5.90%	5.90%	5.90%
Business/Commercial/Industrial/Agricultural	R 22.36	R 23.43	R 24.82	R 26.28	4.80%	5.90%	5.90%
Sport Clubs	R 23.70	R 24.84	R 26.30	R 27.85	4.80%	5.90%	5.90%
Schools and Government Institutions	R 24.86	R 26.33	R 27.88	R 29.52	5.90%	5.90%	5.90%

1.4.4 Sale of Electricity and Impact of Tariff Increases

Electricity is regarded as a trading service which should operate at a significant surplus. From the table below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases from Eskom directly to the consumer.

On 31 March 2022 NERSA published the municipal consultative guidelines and benchmarks for the 2022/23 electricity tariff adjustments. The final guideline tariff determination has not yet been received, albeit was scheduled for 11 May 2022 by NERSA. The electricity tariff increase determined for the **purchase of electricity by municipalities is 8.61%** as from 1 July 2022 and the nominal guideline for the increase of **municipal electricity tariffs is 7.47%**. In line with the approach adopted in previous financial years, the residential prepaid tariff (Tariff 12) is adjusted at a lower percentage respectively 6.8% and 7% for consumption blocks 1 and 2, whilst the energy components of the bulk industrial tariffs are increased by 8% effectively remaining within the NERSA benchmark guidelines. The proposed tariff increases of the municipal tariffs are preliminary and subject to revision upon receipt of the final tariff benchmark guidelines from NERSA, at which time the proposed municipal tariff adjustments will be submitted to NERSA for consideration and possible adjustment or approval. **Please consult the detailed tariff listing for the final increases.**

The municipality will need to take up an external loan to partly finance the 132/11kV Eskom Schoonspruit Substation capital project of which the loan amount will be determined after the quantum of grant funding is clarified. This substantial investment will create capacity, which in the main is needed to support/unlock development potential in the area in order to grow the revenue base.

That Council for now abide with the electricity tariffs that are submitted, bearing in mind that it is still subject to NERSA's final approval.

The service is still operating at a surplus over the MTREF.

R thousand	Current Year 2021/2022	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)
Revenue – Electricity	384 780	424 953	446 852	481 244
Expenditure – Electricity	363 914	386 091	421 210	457 898
Net Surplus / (Deficit)	20 866	38 862	25 642	23 347
Net Surplus / (Deficit) %	5%	9%	6%	5%
Capital grants & Contributions	9 572	17 600	5 000	5 225
Revenue – Electricity (excl. capital grants and contributions)	375 208	407 353	441 852	476 019
Net Surplus / (Deficit) (excl. capital grants and contributions)	11 294	21 262	20 642	18 122
Net Surplus / (Deficit) % (excl. capital grants and contributions)	3%	5%	5%	4%

Electricity losses during 2019/20 and 2020/21 audited financial years were calculated at only 6.01 per cent and 5.37 per cent respectively.

The following table shows the final increases in electricity tariffs on the electricity charges for customers over the MTREF period, keeping in mind that NERSA determines same on an annual basis and therefore reliance cannot be placed on the figures in the 2 outer years.

Electricity		2021/2022	2022/2023	2023/2024	2024/2025	2022/23	2023/24	2024/25
1	Residential Consumers Network charge	R 249.47	R 268.11	R 287.15	R 307.53	7.47%	7.10%	7.10%
1	(0-50kWh)	R 1.258314	R 1.352310	R 1.448324	R 1.551155	7.47%	7.10%	7.10%
1	(51-350kWh)	R 1.617931	R 1.738791	R 1.862245	R 1.994465	7.47%	7.10%	7.10%
1	(351-600kWh)	R 2.277021	R 2.447115	R 2.620860	R 2.806941	7.47%	7.10%	7.10%
1	(>600kWh)	R 2.681505	R 2.881814	R 3.086423	R 3.305559	7.47%	7.10%	7.10%
2	Commercial / Non Standard .per kWh	R 2.099320	R 2.256139	R 2.416325	R 2.587884	7.47%	7.10%	7.10%
2	Commercial Basic < 20KVA	R 634.54	R 681.94	R 730.36	R 782.22	7.47%	7.10%	7.10%
2	Commercial Basic 20 to 40 KVA	R 834.64	R 896.99	R 960.67	R 1 028.88	7.47%	7.10%	7.10%
2	Commercial Basic >40 KVA	R 1 523.30	R 1 637.09	R 1 753.33	R 1 877.81	7.47%	7.10%	7.10%
2	Commercial Basic < 20KVA per kWh	R 2.099320	R 2.256139	R 2.416325	R 2.587884	7.47%	7.10%	7.10%
2	Commercial Basic 20 to 40 KVA per kWh	R 2.099320	R 2.256139	R 2.416325	R 2.587884	7.47%	7.10%	7.10%
2	Commercial Basic >40 KVA per kWh	R 2.099320	R 2.256139	R 2.416325	R 2.587884	7.47%	7.10%	7.10%
3	Maximum Demand Supply for Bulk Consumers: Bas	R 1 724.60	R 1 853.43	R 2 000.78	R 2 142.83	7.47%	7.95%	7.10%
3	Plus: Active Energy - kWh	R 0.819829	R 0.885415	R 0.955806	R 1.02	8.00%	7.95%	7.10%
3	Max. Demand KVA	R 331.79	R 356.57	R 384.92	R 412.25	7.47%	7.95%	7.10%
5	Alternative - Households 20 Amp.-:							
5	(0-50kWh)	R 1.153581	R 1.239754	R 1.327777	R 1.422049	7.47%	7.10%	7.10%
5	(51-350kWh)	R 1.513060	R 1.626086	R 1.741538	R 1.865187	7.47%	7.10%	7.10%
5	(351-600kWh)	R 2.157150	R 2.318289	R 2.482887	R 2.659172	7.47%	7.10%	7.10%
5	(>600kWh)	R 2.592486	R 2.786145	R 2.983961	R 3.195823	7.47%	7.10%	7.10%
6	Street lightning	R 1.327953	R 1.427151	R 1.528478	R 1.637000	7.47%	7.10%	7.10%
7	Pre-paid meter system (Indigent Residential)							
7	NB: In those instances where a Network Charge is applicable to indigent consumers, it will be fully subsidised on their account.							
7	(0-50kWh)	R 1.153581	R 1.239754	R 1.327777	R 1.422049	7.47%	7.10%	7.10%
7	(51-350kWh)	R 1.513060	R 1.626086	R 1.741538	R 1.865187	7.47%	7.10%	7.10%
7	(351-600kWh)	R 2.157150	R 2.318289	R 2.482887	R 2.659172	7.47%	7.10%	7.10%
7	(>600kWh)	R 2.592486	R 2.786145	R 2.983961	R 3.195823	7.47%	7.10%	7.10%
10	Time Of Use Tariff for Bulk Consumers: Fixed cost p	R 1 724.60	R 1 853.43	R 2 000.78	R 2 142.83	7.47%	7.95%	7.10%
10	Tou Low Consumption							
10	Low Season (Sept - May) Peak period per kWh	R 1.421466	R 1.535183	R 1.657230	R 1.774894	8.00%	7.95%	7.10%
10	Low Season (Sept - May) Standard period per kWh	R 0.978243	R 1.056502	R 1.140494	R 1.221469	8.00%	7.95%	7.10%
10	Low Season (Sept - May) Off-peak period per kWh	R 0.620439	R 0.670074	R 0.723345	R 0.774703	8.00%	7.95%	7.10%
10	Tou high Consumption							
10	High Season (Jun - Aug) Peak period per kWh	R 4.357873	R 4.706503	R 5.080670	R 5.441397	8.00%	7.95%	7.10%
10	High Season (Jun - Aug) Standard Period per kWh	R 1.320120	R 1.425730	R 1.539075	R 1.648349	8.00%	7.95%	7.10%
10	High Season (Jun - Aug) Off-peak Period per kWh	R 0.716727	R 0.774065	R 0.835603	R 0.894931	8.00%	7.95%	7.10%
10	Maximum demand per KVA	R 222.52	R 239.15	R 258.16	R 276.49	7.47%	7.95%	7.10%
12	Pre-paid Meter System (Non-Indigent Residential)							
12	(0-350kWh)	R 2.375577	R 2.537117	R 2.717252	R 2.910177	6.80%	7.10%	7.10%
12	> 350 kWh	R 2.581863	R 2.762593	R 2.958738	R 3.168808	7.00%	7.10%	7.10%

1.4.5 Sanitation and Impact of Tariff Increases

The final tariff increase of **5.9%** that is above the headline inflation rate is needed to deliver the service effectively and to prevent that the service does not operate at a deficit in the new 2022/23 MTREF. This will further support critical upgrades of the wastewater treatment works in Moorreesburg and Darling due for completion in 2022/23 without the need to have taken-up a capital loan.

Council will also revert to the single part tariff for sanitation as was the case in 2020-2021 and the prior years.

R thousand	Current Year 2021/2022	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)
Revenue – Sanitation	91 729	79 417	84 035	88 983
Expenditure – Sanitation	52 539	54 884	61 176	62 714
Net Surplus / (Deficit)	39 190	24 533	22 859	26 269
Net Surplus / (Deficit) %	43%	31%	27%	30%
Capital grants & Contributions	20 326	-	-	-
Revenue – Sanitation (excl. capital grants and contributions)	71 403	79 417	84 035	88 983
Net Surplus / (Deficit) (excl. capital grants and contributions)	18 863	24 533	22 859	26 269
Net Surplus / (Deficit) % (excl. capital grants and contributions)	26%	31%	27%	30%

The following final tariffs were incorporated in the 2022/23 MTREF:

Sanitation	2021/2022	2022/2023	2023/2024	2024/2025	2022/23	2023/24	2024/25
Basic Network Charge for Sewerage Connections (Includes all categories of consumers, also indigents)	R 105.10	n/a	n/a	n/a	n/a	n/a	n/a
Households (including indigents), Flats and Semi-detached households pm	R 143.08	R 262.82	R 278.33	R 294.75	5.90%	5.90%	5.90%
Businesses, Industrial, Schools, Churches, Sport Facilities, etc. pm	R 143.08	R 262.82	R 278.33	R 294.75	5.90%	5.90%	5.90%
NB: The above charges for registered indigent households are subsidised.							

1.4.6 Waste Removal and Impact of Tariff Increases

The final tariff increase of **7.5%**, which is above the headline inflation rate, is needed to deliver the service effectively and to eventually phase out the deficit over the longer term due to the current economic conditions. The additional percentage of 2.7% above headline inflation is equal to R3.76 per month and needed to ensure that the cost of providing the service is fully funded over the longer term as the service is currently rendered at a loss. Over the remaining MTREF period, the annual adjustment increases to 8.4% to phase out the deficit over the longer term and due to the fact that the municipality will need to take up an external loan to finance the Landfill site cost of compliance and extension which will also be funded from MIG (municipal infrastructure grant) and the CRR (capital replacement reserve).

R thousand	Current Year 2021/2022	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)
Revenue – Refuse Removal	47 225	51 128	54 543	77 693
Expenditure – Refuse Removal	53 398	52 399	55 891	60 732
Net Surplus / (Deficit)	(6 173)	(1 271)	(1 348)	16 962
Net Surplus / (Deficit) %	-13%	-2%	-2%	22%
Capital grants & Contributions	-	-	-	18 670
Revenue – Refuse Removal (excl. capital grants and contributions)	47 225	51 128	54 543	59 023
Net Surplus / (Deficit) (excl. capital grants and contributions)	(6 173)	(1 271)	(1 348)	(1 708)
Net Surplus / (Deficit) % (excl. capital grants and contributions)	(13%)	(2%)	(2%)	(3%)

The following final tariffs were incorporated in the 2022/23 MTREF:

Refuse Removal	2021/2022	2022/2023	2023/2024	2024/2025	2022/23	2023/24	2024/25
Removal of residential (including indigents)/ business refuse pm (Black Bags)	R 139.28	R 149.73	R 162.30	R 175.94	7.50%	8.40%	8.40%
NB: The above charges for registered indigent households are subsidised.							

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households:

WC015 Swartland - Supporting Table SA14 Household bills						
Description	Current Year 2021/22		2022/2023 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Rand/cent			% incr.			
Monthly Account for Household - 'Middle Income Range'						
Rates and services charges:						
Property rates	312.73	312.73	4.9%	328.07	347.38	367.93
Electricity: Basic levy	249.47	249.47	7.47%	268.11	287.14	307.53
Electricity: Consumption	2 190.15	2 190.15	7.47%	2 353.76	2 520.87	2 699.86
Water: Basic levy	67.14	67.14	4.5%	70.16	73.60	77.21
Water: Consumption	261.97	261.97	4.5%	274.39	288.98	304.36
Sanitation	248.18	248.18	5.9%	262.82	278.33	294.75
Refuse removal	139.28	139.28	7.5%	149.73	162.31	175.94
sub-total	3 468.92	3 468.92	6.9%	3 707.03	3 958.61	4 227.57
VAT on Services	473.43	473.43		506.84	541.68	578.95
Total large household bill:	3 942.35	3 942.35	6.9%	4 213.87	4 500.29	4 806.51
% increase/-decrease	(1.0%)	-		6.9%	6.8%	6.8%
Monthly Account for Household - 'Affordable Range'						
Rates and services charges:						
Property rates	223.38	223.38	4.9%	234.33	248.13	262.81
Electricity: Basic levy	249.47	249.47	7.47%	268.11	287.14	307.53
Electricity: Consumption	776.55	776.55	7.47%	956.32	1 024.22	1 096.94
Water: Basic levy	67.14	67.14	4.5%	70.16	73.60	77.21
Water: Consumption	433.97	433.97	4.5%	70.04	81.65	77.07
Sanitation	248.18	248.18	5.9%	262.82	278.33	294.75
Refuse removal	139.28	139.28	7.5%	149.73	162.31	175.94
sub-total	2 137.96	2 137.96	(5.9%)	2 011.50	2 155.37	2 292.24
VAT on Services	287.19	287.19		266.58	286.09	304.41
Total small household bill:	2 425.15	2 425.15	(6.1%)	2 278.08	2 441.45	2 596.65
% increase/-decrease	6.6%	-		(6.1%)	7.2%	6.4%
Monthly Account for Household - 'Indigent'						
Household receiving free basic services						
Rates and services charges:						
Property rates	127.56	127.56	4.9%	138.26	146.39	155.06
Electricity: Basic levy	-	-	7.47%	-	-	-
Electricity: Consumption	453.92	453.92	7.47%	487.83	522.46	559.56
Water: Basic levy	-	-	4.5%	-	-	-
Water: Consumption	36.25	36.25	4.5%	37.37	39.20	41.12
Sanitation	-	-	5.9%	-	-	-
Refuse removal	-	-	7.5%	-	-	-
sub-total	617.73	617.73	7.4%	663.45	708.06	755.73
VAT on Services	73.53	73.53		78.78	84.25	90.10
Total small household bill:	691.25	691.25	7.4%	742.23	792.30	845.83
% increase/-decrease	(5.3%)	-		7.4%	6.7%	6.8%

1.4.7 Fines

Fines represent approximately 3 per cent of the revenue mix of the municipality. The 2022/23 MTREF again leaves room for much improvement in the recovery rate of fines in order to maximize the revenue stream in a bid to further improve the cash flow position of the municipality. **Currently the payment rate in respect of fines results in an unsustainable increase in the impairment provision.**

The department is encouraged to consider/investigate alternative methods to materially improving the collection rate relating to fines as this trend has now been experienced for the last 3 years. This expenditure is increasingly becoming an additional burden on rate payers given the impact it has on the impairment provision.

1.5 Operating Expenditure Framework

Comprehensive workshops and engagements took place with the various directorates to ensure that effect is given to organisation wide quality sustainable service delivery in a bid to ensure value for money to all of Swartland Municipality's citizens. The objective in the main was to ensure efficiencies in directorates and to more importantly give effect to sound expenditure management and cost containment. This proved very challenging given the limitations placed on tariff increases compared to the MTREF's operational expenditure requirements and the fact that very little scope exists for additional savings given the municipality's proven corporate culture in respect of cost containment. It is becoming increasingly challenging to fund community and other services by way of the municipality's basket of basic services and revenue generated through municipal property taxes. Our historical approach to budgets required serious re-invention and consideration given the prevailing economic conditions.

The following table is a high level summary of the 2022/23 budget and MTREF (classified per main type of operating expenditure):

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands					
Financial Performance					
Employee costs	260 602	264 913	294 029	310 371	328 755
Remuneration of councillors	11 232	11 232	11 251	11 558	11 874
Depreciation & asset impairment	95 797	99 375	106 565	118 609	131 596
Finance charges	13 141	13 141	12 361	13 288	12 568
Inventory consumed and bulk purchases	332 223	338 316	379 713	412 954	449 548
Transfers and grants	3 851	3 891	4 368	4 451	4 647
Other expenditure	181 208	208 688	221 044	190 144	200 876
Total Expenditure	898 053	939 555	1 029 332	1 061 375	1 139 864

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2022/23 financial year totals R 294 029 million, which equates to 28.9 per cent of total operating expenditure. This result is in line with the national norm of 25% - 40%.

- The Skills Development Act, Act 97 of 1998, determines that a public service employer in **the national and provincial spheres of government** must budget for at least one per cent of its payroll for the training and education of its employees. This provision does not refer to the local sphere of government, but has nevertheless been applied by the Municipality for many years now. The Department of Labour however after an enquiry in this regard indicated verbally that less may be budgeted, provided that the payment of the 1% levy payable to SARS in terms of said act is not to be deviated from.

A concerted effort was again made to limit this expenditure in an attempt to keep tariffs within the limits of the reduced realistically anticipated revenue streams, with an amount of R 1 911 192 budgeted for training in the 2022/23 operating budget, which constitutes 0.65% of the Municipality's salary budget (excluding councillor remuneration) and will be limited to around 0.65% for the outer MTREF financial years. This budget is considered more than sufficient to provide for training needs within the Municipality given the historic and current training programmes already covered, **but more-over the necessitated curbing of expenditure given the worsening disposable income levels of the paying public during this severe economic downturn, making increases beyond CPI problematic.**

- The expense associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).
- The provision of debt impairment was determined based on the current collection rates of receivables, negatively influenced by the prevailing economic conditions.
- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high.
- Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The indicative annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.
- Other expenditure comprises of various line items relating to the daily operations of the municipality.
- Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital).

1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

The bulk of repairs and maintenance are done through the capital budget. The portion in the operating budget is adequate to secure the ongoing health of the Municipality's infrastructure.

The ratios for the 2022/23 MTREF are shown below:

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
<i>R&M as a % of PPE</i>	2.7%	2.8%	2.9%	2.8%	3.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	7.2%	7.4%	6.0%	6.0%	6.0%

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Indigent property rates and service charges expenditure (including growth projections) totals R 82 175 million in 2022/23 and it will increase to R 92 679 million and R 100 291 million in the outer years of the MTREF. These totals do not include financing of other community services, servicing informal settlements and actual expenditure incurred on indigent consumers.

Subsidies for indigent households are set out below:

1.	Rates free of charge to the value based on market value of the property to the maximum of R105 000 (R15 000 impermissible tax excluded)
2.	50 kWh free electricity per month (which shall include the network charge of electricity for the month where a conventional meter is applicable)
3.	6 kilolitres of water free per month plus the 100% subsidised network charge
4.	Free refuse x 4 removals per month
5.	Free sewerage per month

For the month of **April 2022**, support was provided to the following indigent household numbers:

Number of indigent households: 9 232

- Number receiving Property rate discount: 8 220
- Number with access to free basic water: 9 232
(and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 6 263
- Number provided by ESKOM: 2 183
- Number with access to free basic sanitation: 8 918
- Number with access to free basic refuse removal: 9 244

1.6 Capital expenditure

Based on appropriations per vote, the allocations are as follows:

Vote Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<u>Capital expenditure - Vote</u>					
<u>Multi-year expenditure to be appropriated</u>					
Vote 1 - Corporate Services	–	–	–	–	–
Vote 2 - Civil Services	81 096	83 988	84 445	76 007	63 670
Vote 3 - Council	–	–	–	–	–
Vote 4 - Electricity Services	14 855	14 855	30 600	48 000	36 225
Vote 5 - Financial Services	–	–	–	–	–
Vote 6 - Development Services	13 100	8 293	17 459	15 100	15 400
Vote 7 - Municipal Manager	–	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–
Capital multi-year expenditure sub-total	109 051	107 137	132 504	139 107	115 295
<u>Single-year expenditure to be appropriated</u>					
Vote 1 - Corporate Services	872	592	4 404	126	128
Vote 2 - Civil Services	37 373	41 755	27 699	25 453	30 643
Vote 3 - Council	10	10	654	661	12
Vote 4 - Electricity Services	10 503	11 042	15 404	11 290	16 559
Vote 5 - Financial Services	381	321	711	385	320
Vote 6 - Development Services	6 238	6 860	5 795	18 576	477
Vote 7 - Municipal Manager	10	10	10	12	12
Vote 8 - Protection Services	1 998	2 313	3 915	225	2 246
Capital single-year expenditure sub-total	57 385	62 904	58 591	56 728	50 396
Total Capital Expenditure - Vote	166 436	170 040	191 096	195 835	165 691

More information on the breakdown of the capital budget can be found in the tables to follow.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/2023 MTREF budget.

MBRR Table A1 - Budget Summary

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands					
<u>Financial Performance</u>					
Property rates	138 386	140 332	148 224	161 499	177 887
Service charges	519 684	522 269	564 834	609 465	654 250
Investment revenue	37 706	37 769	35 667	35 739	38 017
Transfers recognised - operational	152 542	160 849	186 257	160 102	179 486
Other own revenue	58 731	86 215	81 894	83 837	88 584
Total Revenue (excluding capital transfers and contributions)	907 049	947 435	1 016 875	1 050 642	1 138 224
Employee costs	260 602	264 913	294 029	310 371	328 755
Remuneration of councillors	11 232	11 232	11 251	11 558	11 874
Depreciation & asset impairment	95 797	99 375	106 565	118 609	131 596
Finance charges	13 141	13 141	12 361	13 288	12 568
Inventory consumed and bulk purchases	332 223	338 316	379 713	412 954	449 548
Transfers and grants	3 851	3 891	4 368	4 451	4 647
Other expenditure	181 208	208 688	221 044	190 144	200 876
Total Expenditure	898 053	939 555	1 029 332	1 061 375	1 139 864
Surplus/(Deficit)	8 996	7 880	(12 457)	(10 733)	(1 640)
Transfers and subsidies - capital (monetary)	46 716	49 127	62 749	73 351	35 935
Transfers and subsidies - capital (monetary)	1 197	2 900	14 360	–	–
Surplus/(Deficit) after capital transfers & contributions	56 908	59 907	64 652	62 618	34 295
Share of surplus/ (deficit) of associate	–	–	–	–	–
Surplus/(Deficit) for the year	56 908	59 907	64 652	62 618	34 295
<u>Capital expenditure & funds sources</u>					
Capital expenditure	166 436	170 040	191 096	195 835	165 691
Transfers recognised - capital	46 716	50 127	75 283	73 351	35 935
Borrowing	–	–	–	–	–
Internally generated funds	119 720	119 913	115 813	122 484	129 756
Total sources of capital funds	166 436	170 040	191 096	195 835	165 691
<u>Financial position</u>					
Total current assets	703 155	778 738	776 607	774 781	789 560
Total non current assets	2 157 863	2 152 952	2 222 434	2 288 059	2 309 973
Total current liabilities	146 380	125 398	132 766	133 222	133 724
Total non current liabilities	180 716	212 567	211 698	212 424	214 320
Community wealth/Equity	2 533 922	2 593 724	2 654 577	2 717 194	2 751 489

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands					
<u>Cash flows</u>					
Net cash from (used) operating	144 660	153 277	157 405	169 401	155 309
Net cash from (used) investing	(166 358)	(142 964)	(175 219)	(182 209)	(151 810)
Net cash from (used) financing	(10 979)	(8 463)	(11 500)	(9 850)	(9 300)
Cash/cash equivalents at the year end	577 694	642 054	612 926	590 268	584 467
<u>Cash backing/surplus reconciliation</u>					
Cash and investments available	577 694	642 054	612 926	590 268	584 467
Application of cash and investments	13 839	(18 402)	(38 407)	(57 008)	(76 419)
Balance - surplus (shortfall)	563 855	660 456	651 333	647 276	660 886
<u>Asset management</u>					
Asset register summary (WDV)	2 157 863	2 152 941	2 222 423	2 288 048	2 309 962
Depreciation	94 807	94 807	101 768	113 573	126 308
Renewal and Upgrading of Existing Assets	96 854	99 981	70 899	66 764	62 350
Repairs and Maintenance	57 497	59 237	64 342	62 167	68 288
<u>Free services</u>					
Cost of Free Basic Services provided	62 582	62 582	66 512	70 977	75 752
Revenue cost of free services provided	4 644	4 644	5 784	6 031	6 297
<u>Households below minimum service level</u>					
Water:	6	6	6	6	6
Sanitation/sew erage:	3	3	3	3	3
Energy :	1	1	1	1	1
Refuse:	13	13	13	13	13

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The accumulated surplus is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected in the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional					
<i>Governance and administration</i>	239 558	259 028	267 475	288 786	319 369
Executive and council	295	295	299	305	312
Finance and administration	239 264	258 734	267 175	288 481	319 057
Internal audit	–	–	–	–	–
<i>Community and public safety</i>	84 005	97 159	114 566	103 757	68 336
Community and social services	11 725	12 789	14 550	12 398	12 817
Sport and recreation	4 438	4 669	4 716	13 876	4 108
Public safety	26 234	41 053	41 252	43 440	45 951
Housing	41 608	38 648	54 049	34 044	5 460
Health	–	–	–	–	–
<i>Economic and environmental services</i>	18 013	24 074	42 647	32 169	27 434
Planning and development	3 561	4 088	4 266	4 521	4 791
Road transport	14 453	19 986	38 381	27 648	22 643
Environmental protection	–	–	–	–	–
<i>Trading services</i>	613 353	619 170	669 263	699 247	758 983
Energy sources	383 738	384 780	424 953	446 852	481 244
Water management	92 270	93 383	113 350	113 377	110 597
Waste water management	90 720	92 082	79 832	84 475	89 449
Waste management	46 625	48 925	51 128	54 543	77 693
<i>Other</i>	31	31	32	34	36
Total Revenue - Functional	954 961	999 462	1 093 984	1 123 993	1 174 159
Expenditure - Functional					
<i>Governance and administration</i>	150 939	141 749	163 385	170 724	179 057
Executive and council	21 677	22 331	24 245	25 342	26 444
Finance and administration	127 295	117 511	136 996	143 107	150 206
Internal audit	1 967	1 907	2 144	2 275	2 407
<i>Community and public safety</i>	143 313	161 286	177 068	152 336	161 799
Community and social services	22 657	24 031	24 900	26 476	27 623
Sport and recreation	27 273	30 156	31 657	33 683	36 232
Public safety	62 940	76 536	82 053	86 690	91 787
Housing	30 442	30 562	38 458	5 487	6 157
Health	–	–	–	–	–
<i>Economic and environmental services</i>	64 574	67 271	81 908	78 218	87 749
Planning and development	13 868	13 164	16 545	16 349	16 031
Road transport	50 706	54 107	65 362	61 868	71 718
Environmental protection	–	–	–	–	–
<i>Trading services</i>	537 487	567 512	604 693	657 701	708 739
Energy sources	347 565	362 133	386 254	421 496	458 331
Water management	69 431	80 680	91 450	97 953	104 745
Waste water management	67 528	71 300	74 589	82 361	84 932
Waste management	52 963	53 398	52 399	55 891	60 732
<i>Other</i>	1 740	1 737	2 279	2 397	2 520
Total Expenditure - Functional	898 053	939 555	1 029 332	1 061 375	1 139 864
Surplus/(Deficit) for the year	56 908	59 907	64 652	62 618	34 295

NB: The above surplus amounts include capital grants which results in a skewed surplus.

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for Trading Services should exceed the respective expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote					
Vote 1 - Corporate Services	11 506	12 463	12 358	11 554	12 080
Vote 2 - Civil Services	248 096	260 859	287 762	293 800	303 859
Vote 3 - Council	295	295	299	305	312
Vote 4 - Electricity Services	383 738	384 780	424 953	446 852	481 244
Vote 5 - Financial Services	227 643	244 765	253 248	274 239	304 471
Vote 6 - Development Services	47 074	44 873	63 075	42 104	13 842
Vote 7 - Municipal Manager	-	-	-	-	-
Vote 8 - Protection Services	36 609	51 428	52 289	55 139	58 352
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-
Total Revenue by Vote	954 961	999 462	1 093 984	1 123 993	1 174 159
Expenditure by Vote to be appropriated					
Vote 1 - Corporate Services	41 476	38 286	41 327	43 470	45 633
Vote 2 - Civil Services	278 331	299 688	327 711	343 867	370 703
Vote 3 - Council	18 220	18 466	19 043	19 926	20 814
Vote 4 - Electricity Services	364 266	378 813	402 200	437 849	475 280
Vote 5 - Financial Services	59 521	53 300	68 681	72 479	76 490
Vote 6 - Development Services	53 057	53 534	64 490	32 127	32 954
Vote 7 - Municipal Manager	8 168	7 985	10 335	10 781	11 296
Vote 8 - Protection Services	75 013	89 485	95 545	100 876	106 695
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-
Total Expenditure by Vote	898 053	939 555	1 029 332	1 061 375	1 139 864
Surplus/(Deficit) for the year	56 908	59 907	64 652	62 618	34 295

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is an illustration of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source					
Property rates	138 386	140 332	148 224	161 499	177 887
Service charges - electricity revenue	369 764	370 364	400 667	434 512	467 963
Service charges - water revenue	75 190	75 585	80 786	85 829	91 008
Service charges - sanitation revenue	45 988	46 978	51 390	54 099	56 944
Service charges - refuse revenue	28 742	29 342	31 991	35 025	38 334
Rental of facilities and equipment	1 529	1 628	1 627	1 725	1 828
Interest earned - external investments	37 706	37 769	35 667	35 739	38 017
Interest earned - outstanding debtors	2 601	2 984	3 458	3 925	4 469
Dividends received	—	—	—	—	—
Fines, penalties and forfeits	23 591	32 671	34 607	36 676	38 869
Licences and permits	4 445	4 445	4 778	5 061	5 360
Agency services	5 699	5 699	6 040	6 403	6 787
Transfers and subsidies	152 542	160 849	186 257	160 102	179 486
Other revenue	10 776	11 701	15 508	16 423	17 390
Gains	10 092	27 088	15 877	13 626	13 881
Total Revenue (excluding capital transfers and contributions)	907 049	947 435	1 016 875	1 050 642	1 138 224
Expenditure By Type					
Employee related costs	260 602	264 913	294 029	310 371	328 755
Remuneration of councillors	11 232	11 232	11 251	11 558	11 874
Debt impairment	36 031	35 936	37 654	41 297	44 724
Depreciation & asset impairment	95 797	99 375	106 565	118 609	131 596
Finance charges	13 141	13 141	12 361	13 288	12 568
Bulk purchases - electricity	299 500	299 500	332 200	362 364	395 266
Inventory consumed	32 723	38 816	47 513	50 591	54 282
Contracted services	87 781	89 774	105 260	66 899	69 802
Transfers and subsidies	3 851	3 891	4 368	4 451	4 647
Other expenditure	48 433	48 926	51 359	53 609	56 321
Losses	8 964	34 052	26 772	28 338	30 030
Total Expenditure	898 053	939 555	1 029 332	1 061 375	1 139 864
Surplus/(Deficit)	8 996	7 880	(12 457)	(10 733)	(1 640)
Transfers and subsidies - capital (monetary)	46 716	49 127	62 749	73 351	35 935
Transfers and subsidies - capital (monetary)	1 197	2 900	14 360	—	—
Surplus/(Deficit) after capital transfers & contributions	56 908	59 907	64 652	62 618	34 295
Surplus/(Deficit) after taxation	56 908	59 907	64 652	62 618	34 295
Attributable to minorities					
Surplus/(Deficit) attributable to municipality	56 908	59 907	64 652	62 618	34 295
Surplus/(Deficit) for the year	56 908	59 907	64 652	62 618	34 295

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures requirements in the annual financial statements of the municipality.

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 2 - Civil Services	81 096	83 988	84 445	76 007	63 670
Vote 4 - Electricity Services	14 855	14 855	30 600	48 000	36 225
Vote 6 - Development Services	13 100	8 293	17 459	15 100	15 400
Capital multi-year expenditure sub-total	109 051	107 137	132 504	139 107	115 295
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	872	592	404	126	128
Vote 2 - Civil Services	37 373	41 755	31 699	25 453	30 643
Vote 3 - Council	10	10	654	661	12
Vote 4 - Electricity Services	10 503	11 042	15 404	11 290	16 559
Vote 5 - Financial Services	381	321	711	385	320
Vote 6 - Development Services	6 238	6 860	5 795	18 576	477
Vote 7 - Municipal Manager	10	10	10	12	12
Vote 8 - Protection Services	1 998	2 313	3 915	225	2 246
Capital single-year expenditure sub-total	57 385	62 904	58 591	56 728	50 396
Total Capital Expenditure - Vote	166 436	170 040	191 096	195 835	165 691
Capital Expenditure - Functional					
Governance and administration	14 850	16 472	10 660	2 928	2 251
Executive and council	20	20	664	673	24
Finance and administration	14 830	16 452	9 995	2 255	2 227
Community and public safety	6 469	6 869	7 366	24 816	4 650
Community and social services	150	170	413	300	100
Sport and recreation	4 321	4 386	3 038	24 291	2 304
Public safety	1 998	2 313	3 915	225	2 246
Economic and environmental services	47 068	50 996	71 549	82 414	41 930
Planning and development	12 578	9 815	9 030	33 698	5 902
Road transport	34 490	41 182	62 519	48 716	36 028
Trading services	98 049	95 703	101 521	85 678	116 860
Energy sources	23 321	23 755	43 000	58 410	51 985
Water management	9 925	9 949	29 372	17 562	22 985
Waste water management	62 940	60 688	24 364	2 974	8 240
Waste management	1 862	1 311	4 786	6 732	33 650
Total Capital Expenditure - Functional	166 436	170 040	191 096	195 835	165 691
Funded by:					
National Government	31 055	34 656	41 410	39 711	30 895
Provincial Government	15 661	14 471	21 339	33 640	5 040
Transfers and subsidies - capital	–	1 000	12 534	–	–
Transfers recognised - capital	46 716	50 127	75 283	73 351	35 935
Borrowing	–	–	–	–	–
Internally generated funds	119 720	119 913	115 813	122 484	129 756
Total Capital Funding	166 436	170 040	191 096	195 835	165 691

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental assessments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives priorities and service delivery imperatives of the Municipality. For the purpose of the funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred in the 2022/23 financial year against single-year appropriations for the two outer-years in respect of the items alluded to above.
4. The capital program is funded from National, Provincial and Other grants and transfers, External borrowing and internally generated funds from current and prior year surpluses.

MBRR Table A6 - Budgeted Financial Position

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS					
Current assets					
Cash	577 694	642 054	612 926	590 268	584 467
Call investment deposits	–	–	–	–	–
Consumer debtors	104 464	100 604	118 544	137 153	156 540
Other debtors	11 800	17 079	25 953	26 992	28 108
Current portion of long-term receivables	80	70	70	70	70
Inventory	9 117	18 930	19 114	20 298	20 375
Total current assets	703 155	778 738	776 607	774 781	789 560
Non current assets					
Long-term receivables	–	11	11	11	11
Investments	–	–	–	–	–
Investment property	32 979	32 930	31 245	29 480	27 631
Investment in Associate	–	–	–	–	–
Property, plant and equipment	2 123 350	2 118 440	2 189 454	2 257 004	2 280 830
Biological	–	–	–	–	–
Intangible	414	451	604	444	381
Other non-current assets	1 120	1 120	1 120	1 120	1 120
Total non current assets	2 157 863	2 152 952	2 222 434	2 288 059	2 309 973
TOTAL ASSETS	2 861 018	2 931 690	2 999 042	3 062 841	3 099 533
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	10 018	8 761	9 060	9 359	9 658
Consumer deposits	17 048	17 048	16 548	16 698	16 898
Trade and other payables	109 835	88 279	95 548	95 255	94 958
Provisions	9 479	11 311	11 611	11 911	12 211
Total current liabilities	146 380	125 398	132 766	133 222	133 724
Non current liabilities					
Borrowing	84 257	90 723	79 424	69 125	59 327
Provisions	96 459	121 844	132 274	143 299	154 994
Total non current liabilities	180 716	212 567	211 698	212 424	214 320
TOTAL LIABILITIES	327 096	337 965	344 465	345 646	348 044
NET ASSETS	2 533 922	2 593 725	2 654 577	2 717 194	2 751 489
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 306 584	2 369 545	2 397 506	2 425 425	2 422 822
Reserves	227 338	224 179	257 070	291 769	328 667
TOTAL COMMUNITY WEALTH/EQUITY	2 533 922	2 593 724	2 654 577	2 717 194	2 751 489

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves analysis for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	131 466	136 823	142 295	155 039	170 771
Service charges	496 199	511 520	544 934	588 206	631 670
Other revenue	38 479	31 969	34 950	36 986	39 172
Transfers and Subsidies - Operational	152 542	162 132	186 253	160 109	179 489
Transfers and Subsidies - Capital	46 716	48 845	77 109	73 351	35 935
Interest	37 706	37 769	35 667	35 739	38 017
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(743 542)	(760 835)	(849 254)	(864 739)	(925 293)
Finance charges	(11 055)	(11 055)	(10 180)	(10 839)	(9 806)
Transfers and Grants	(3 851)	(3 891)	(4 368)	(4 451)	(4 647)
NET CASH FROM/(USED) OPERATING ACTIVITIES	144 660	153 277	157 405	169 401	155 309
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	78	27 088	15 877	13 626	13 881
Decrease (increase) in non-current receivables	-	(11)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital assets	(166 436)	(170 040)	(191 096)	(195 835)	(165 691)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(166 358)	(142 964)	(175 219)	(182 209)	(151 810)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-
Increase (decrease) in consumer deposits	867	-	(500)	150	200
Payments					
Repayment of borrowing	(11 846)	(8 463)	(11 000)	(10 000)	(9 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(10 979)	(8 463)	(11 500)	(9 850)	(9 300)
NET INCREASE/ (DECREASE) IN CASH HELD	(32 677)	1 850	(29 314)	(22 658)	(5 801)
Cash/cash equivalents at the year begin:	610 371	640 204	642 240	612 926	590 268
Cash/cash equivalents at the year end:	577 694	642 054	612 926	590 268	584 467

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. The net effect of the budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. It shows the expected level of cash in-flow versus cash out-flows that are likely to result from the implementation of the budget with the reduced expected cash already very significant
3. The cash levels above include unspent grants.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<u>Cash and investments available</u>					
Cash/cash equivalents at the year end	577 694	642 054	612 926	590 268	584 467
Other current investments > 90 days	0	–	–	–	–
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	577 694	642 054	612 926	590 268	584 467
<u>Application of cash and investments</u>					
Unspent conditional transfers	16 850	2 387	2 387	2 383	2 390
Unspent borrowing	–	–	–	–	–
Statutory requirements	–	–	–	–	–
Other working capital requirements	(3 011)	(20 789)	(40 794)	(59 391)	(78 809)
Other provisions	–	–	–	–	–
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	13 839	(18 402)	(38 407)	(57 008)	(76 419)
Surplus(shortfall)	563 855	660 456	651 333	647 276	660 886

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget and NT Circulars 112 and 115.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". **The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA but the reduction in financial resources not a good indicator.**
4. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF, the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA and **therefore concluded that the tabled budget is indeed cash funded.**

MBRR Table A9 - Asset Management

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
CAPITAL EXPENDITURE					
Total New Assets	69 582	70 059	120 197	129 071	103 341
Roads Infrastructure	11 081	14 040	40 221	19 093	6 600
Electrical Infrastructure	15 571	16 062	33 400	45 850	32 125
Water Supply Infrastructure	5 778	5 102	4 307	1 297	6 041
Sanitation Infrastructure	2 482	1 207	3 002	–	1 520
Solid Waste Infrastructure	720	310	–	2 500	25 670
Infrastructure	35 632	36 721	80 931	68 740	71 956
Community Facilities	2 368	3 212	1 100	1 100	1 100
Sport and Recreation Facilities	1 400	2 854	3 100	12 000	–
Community Assets	3 768	6 066	4 200	13 100	1 100
Operational Buildings	10 880	11 560	2 000	–	1 050
Housing	10 776	7 180	4 476	15 100	5 800
Other Assets	21 656	18 740	6 476	15 100	6 850
Licences and Rights	–	–	420	–	–
Intangible Assets	–	–	420	–	–
Computer Equipment	1 587	1 762	3 704	880	909
Furniture and Office Equipment	348	340	364	324	330
Machinery and Equipment	2 319	2 339	4 219	1 205	6 854
Transport Assets	3 574	3 691	13 252	11 223	15 342
Land	700	400	6 630	18 500	–
Total Renewal of Existing Assets	28 030	31 605	20 250	36 600	33 000
Roads Infrastructure	23 000	26 732	20 250	28 600	25 000
Electrical Infrastructure	4 200	4 161	–	8 000	8 000
Infrastructure	27 200	30 893	20 250	36 600	33 000
Housing	830	713	–	–	–
Other Assets	830	713	–	–	–
Total Upgrading of Existing Assets	68 824	68 376	50 649	30 164	29 350
Storm water Infrastructure	–	–	250	250	250
Electrical Infrastructure	2 600	2 593	8 450	3 000	10 000
Water Supply Infrastructure	4 100	4 800	24 956	16 214	15 800
Sanitation Infrastructure	59 741	58 741	16 993	500	3 300
Infrastructure	66 441	66 134	50 649	19 964	29 350
Community Facilities	–	–	–	200	–
Sport and Recreation Facilities	2 383	2 242	–	10 000	–
Community Assets	2 383	2 242	–	10 200	–
Total Capital Expenditure	166 436	170 040	191 096	195 835	165 691
Roads Infrastructure	34 081	40 772	60 471	47 693	31 600
Storm water Infrastructure	–	–	250	250	250
Electrical Infrastructure	22 371	22 815	41 850	56 850	50 125
Water Supply Infrastructure	9 878	9 902	29 263	17 511	21 841
Sanitation Infrastructure	62 222	59 947	19 996	500	4 820
Solid Waste Infrastructure	720	310	–	2 500	25 670
Infrastructure	129 272	133 747	151 830	125 304	134 306
Community Facilities	2 368	3 212	1 100	1 300	1 100
Sport and Recreation Facilities	3 783	5 096	3 100	22 000	–
Community Assets	6 151	8 308	4 200	23 300	1 100
Operational Buildings	10 880	11 560	2 000	–	1 050
Housing	11 606	7 893	4 476	15 100	5 800
Other Assets	22 486	19 453	6 476	15 100	6 850
Licences and Rights	–	–	420	–	–
Intangible Assets	–	–	420	–	–
Computer Equipment	1 587	1 762	3 704	880	909
Furniture and Office Equipment	348	340	364	324	330
Machinery and Equipment	2 319	2 339	4 219	1 205	6 854
Transport Assets	3 574	3 691	13 252	11 223	15 342
Land	700	400	6 630	18 500	–
TOTAL CAPITAL EXPENDITURE - Asset class	166 436	170 040	191 096	195 835	165 691

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
ASSET REGISTER SUMMARY - PPE (WDV)	2 157 863	2 152 941	2 222 423	2 288 048	2 309 962
<i>Roads Infrastructure</i>	448 546	400 317	366 979	324 485	260 853
<i>Storm water Infrastructure</i>	116 862	113 133	108 605	103 856	98 865
<i>Electrical Infrastructure</i>	333 281	338 505	379 682	433 441	477 299
<i>Water Supply Infrastructure</i>	384 893	471 740	484 647	485 250	489 919
<i>Sanitation Infrastructure</i>	484 270	505 003	522 087	513 186	506 370
<i>Solid Waste Infrastructure</i>	11 684	18 806	16 841	17 303	40 905
<i>Information and Communication Infrastructure</i>	880	880			
Infrastructure	1 780 416	1 848 385	1 878 841	1 877 521	1 874 211
Community Assets	151 777	52 933	62 281	90 443	95 509
Heritage Assets	1 120	1 120	1 120	1 120	1 120
Investment properties	32 979	32 930	31 245	29 480	27 631
Other Assets	69 022	77 000	98 426	120 776	134 910
Intangible Assets	414	451	604	444	381
Computer Equipment	5 862	4 962	7 360	6 292	5 385
Furniture and Office Equipment	(1 374)	1 835	1 610	1 334	1 060
Machinery and Equipment	13 619	14 770	16 302	15 989	22 782
Transport Assets	34 573	37 407	44 508	47 332	51 034
Land	69 456	81 147	80 128	97 315	95 938
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 157 863	2 152 941	2 222 423	2 288 048	2 309 962
EXPENDITURE OTHER ITEMS	152 304	154 044	166 110	175 740	194 596
Depreciation	94 807	94 807	101 768	113 573	126 308
Repairs and Maintenance by Asset Class	57 497	59 237	64 342	62 167	68 288
<i>Roads Infrastructure</i>	5 140	5 135	9 823	5 495	8 741
<i>Storm water Infrastructure</i>	17 281	18 274	19 334	20 783	21 801
<i>Electrical Infrastructure</i>	2 729	2 709	2 616	2 774	2 940
<i>Water Supply Infrastructure</i>	1 705	1 702	1 543	1 812	1 655
<i>Sanitation Infrastructure</i>	5 334	5 433	5 609	5 190	5 378
<i>Solid Waste Infrastructure</i>	7 966	8 138	7 912	8 298	8 678
Infrastructure	40 155	41 390	46 838	44 353	49 194
<i>Community Facilities</i>	2 122	2 178	2 227	2 327	2 432
<i>Sport and Recreation Facilities</i>	1 164	872	1 156	859	883
Community Assets	3 286	3 050	3 384	3 186	3 315
<i>Operational Buildings</i>	990	1 069	996	1 041	1 088
<i>Housing</i>	754	864	707	624	641
Other Assets	1 744	1 934	1 703	1 665	1 729
<i>Licences and Rights</i>	4 226	4 226	4 297	4 511	4 738
Intangible Assets	4 226	4 226	4 297	4 511	4 738
Computer Equipment	316	316	337	447	487
Furniture and Office Equipment	77	75	70	72	75
Machinery and Equipment	1 282	1 333	1 408	1 384	1 411
Transport Assets	6 412	6 914	6 306	6 548	7 340
TOTAL EXPENDITURE OTHER ITEMS	152 304	154 044	166 110	175 740	194 596
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	58.2%	58.8%	37.1%	34.1%	37.6%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	102.2%	105.5%	69.7%	58.8%	49.4%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The 2022/23 capital expenditure on the renewal and upgrading of existing assets is 37.1%, for 2023/24 decreases to 34.1% and increases to 37.6% for 2024/25. The result is influenced by multi-year projects coming to completion.

MBRR Table A10 - Basic Service Delivery Measurement

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<u>Household service targets</u>					
<u>Water:</u>					
Piped water inside dwelling	65 744	65 744	65 744	65 744	65 744
Piped water inside yard (but not in dwelling)	6 464	6 464	6 464	6 464	6 464
Using public tap (at least min.service level)	110	110	110	110	110
Other water supply (at least min.service level)	316	316	316	316	316
<i>Minimum Service Level and Above sub-total</i>	72 634	72 634	72 634	72 634	72 634
Other water supply (< min.service level)	5 644	5 644	5 644	5 644	5 644
<i>Below Minimum Service Level sub-total</i>	5 644	5 644	5 644	5 644	5 644
Total number of households	78 278	78 278	78 278	78 278	78 278
<u>Sanitation/sewerage:</u>					
Flush toilet (connected to sewerage)	67 488	67 488	67 488	67 488	67 488
Flush toilet (with septic tank)	7 774	7 774	7 774	7 774	7 774
Chemical toilet	58	58	58	58	58
Pit toilet (ventilated)	74	74	74	74	74
<i>Minimum Service Level and Above sub-total</i>	75 394	75 394	75 394	75 394	75 394
Bucket toilet	1 982	1 982	1 982	1 982	1 982
Other toilet provisions (< min.service level)	282	282	282	282	282
No toilet provisions	620	620	620	620	620
<i>Below Minimum Service Level sub-total</i>	2 884	2 884	2 884	2 884	2 884
Total number of households	78 278	78 278	78 278	78 278	78 278
<u>Energy:</u>					
Electricity (at least min.service level)	77 262	77 262	77 262	77 262	77 262
<i>Minimum Service Level and Above sub-total</i>	77 262	77 262	77 262	77 262	77 262
Other energy sources	1 016	1 016	1 016	1 016	1 016
<i>Below Minimum Service Level sub-total</i>	1 016	1 016	1 016	1 016	1 016
Total number of households	78 278	78 278	78 278	78 278	78 278

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets					
<u>Refuse:</u>					
Removed at least once a week	65 350	65 350	65 350	65 350	65 350
<i>Minimum Service Level and Above sub-total</i>	65 350	65 350	65 350	65 350	65 350
Removed less frequently than once a week	960	960	960	960	960
Using communal refuse dump	1 794	1 794	1 794	1 794	1 794
Using own refuse dump	9 726	9 726	9 726	9 726	9 726
Other rubbish disposal	410	410	410	410	410
No rubbish disposal	38	38	38	38	38
<i>Below Minimum Service Level sub-total</i>	12 928	12 928	12 928	12 928	12 928
Total number of households	78 278	78 278	78 278	78 278	78 278
<u>Households receiving Free Basic Service</u>					
Water (6 kilolitres per household per month)	9 788	9 788	9 524	9 810	10 104
Sanitation (free minimum level service)	9 007	9 007	9 200	9 476	9 760
Electricity/other energy (50kwh per household per month)	8 442	8 442	7 882	8 118	8 362
Refuse (removed at least once a week)	9 351	9 351	9 540	9 826	10 121
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>					
Water (6 kilolitres per indigent household per month)	14 659	14 659	14 805	15 626	16 493
Sanitation (free sanitation service to indigent households)	26 750	26 750	28 623	30 626	32 770
Electricity/other energy (50kwh per indigent household per month)	5 415	5 415	6 381	7 019	7 721
Refuse (removed once a week for indigent households)	15 757	15 757	16 703	17 705	18 767
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	-	-	-	-	-
Total cost of FBS provided	62 582	62 582	66 512	70 977	75 752
<u>Highest level of free service provided per household</u>					
Property rates (R value threshold)	105 000	105 000	105 000	105 000	105 000
Water (kilolitres per household per month)	6	6	6	6	6
Sanitation (Rand per household per month)	248.18	248.18	262.82	278.33	294.75
Electricity (kwh per household per month)	50	50	50	50	50
Refuse (average litres per week)	139.28	139.28	149.73	162.31	175.94
<u>Revenue cost of subsidised services provided (R'000)</u>					
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	4 644	4 644	5 784	6 031	6 297
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	-	-
Total revenue cost of subsidised services provided	4 644	4 644	5 784	6 031	6 297

Note: No updated information available other than the 2016 Community survey data on the above household service targets.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

POLITICAL OVERSIGHT OVER THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key assurance providers in accomplishing the linkage between the IDP and the Budget of a municipality.

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP, budget and related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council at least 10 months before the start of the next financial year.

PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2022/23 – 2026/27) and the budget for the 2022/2023 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required IDP and budget time schedule on 25 August 2021. Key dates applicable to the process were:

- **October / November 2021** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **October / November 2021** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **27 January 2022** - Council considered and approved the 2021/22 Mid-year Review and Adjustments Budget;

- **February / March 2022** - Finalise detailed draft operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **31 March 2022** - Tabling in Council of the draft 2022/23 IDP and 2022/23 MTREF Budget for public consultation;
- **April 2022** – Public consultation by means of written comments;
- **29 April 2022 @ 12 midday** - Closing date for written comments;
- **3 - 13 May 2022** – Finalisation of the 2022/23 IDP and 2022/23 MTREF Budget, taking into consideration comments received from the public, comments from National and Provincial Treasury; and
- **26 May 2022** - Tabling of the 2022/23 Final MTREF budget before Council for consideration and approval.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

2.1.2 Community Consultation

Members of the community were given the opportunity to provide written comments and inputs on the draft budget presented to them. The comments and inputs were reviewed and after careful consideration of the inputs pertaining to the budget, no amendments were effected.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2022/23 MTREF was in the main informed by the IDP process outcomes and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.2.1 Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Improved quality of life for citizens	Manage Development Services	57	57	1 610	201	51
	Manage Community Development	38	38	1 598	38	38
	Manage Multi-Purpose Centres	19	19	12	163	13
	Manage Environmental and Occupational Health	–	–	–	–	–
	Manage Protection Services	36 609	51 428	52 289	55 139	58 352
	Manage Protection Services	–	–	–	–	–
	Manage Civil Protection	–	–	–	–	–
	Manage Licensing and Registration Services	10 375	10 375	11 037	11 699	12 401
	Manage Traffic and Law Enforcement	25 915	40 735	40 924	43 093	45 584
	Manage Fire and Emergency Services	30	30	10	10	10
	Manage the Harbour Yzerfontein	289	289	318	337	357
	Inclusive economic growth	Facilitate economic development in the municipal area	–			
Quality and sustainable living	Manage Development Services	47 017	44 816	61 465	41 904	13 790
	Manage Development Services	1	1	1	1	1
	Manage Planning and Valuations	1 022	1 055	1 051	1 113	1 179
	Manage Building Control	2 539	3 033	3 215	3 408	3 612
	Manage Human Settlements	41 608	38 648	54 049	34 044	5 460
	Manage the Caravan Park Yzerfontein	1 848	2 079	3 149	3 338	3 538
Caring, competent and responsive institutions,	Manage Corporate Services	11 506	12 463	12 358	11 554	12 080
	Manage Corporate Services, Secretariat and Records and Ward Committees	131	131	132	100	102
	Manage Human Resource Services	552	552	333	366	388
	Manage Properties, Contracts and Legal Administration	168	168	95	100	106
	Manage Libraries	10 622	11 579	11 766	10 953	11 447
	Manage Marketing And Tourism	31	31	32	34	36
	Manage Electrical Engineering Services					
	Manage ICT Services	–	–	–	–	–

Strategic Objective ▼	Goal ▼	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework ▼		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
	Manage the Office of the Municipal Manager					
	Manage the Office of the Municipal Manager	–	–	–	–	–
	Manage Internal Audit	–	–	–	–	–
	Manage Strategic Services	–	–	–	–	–
	Manage Financial Services	227 643	244 765	253 248	274 239	304 471
	Manage Financial Administration	–	–	–	–	–
	Manage Supply Chain Management	–	–	–	–	–
	Manage the Budget and Treasury Office	–	–	–	–	–
	Manage Finance (Credit Control, Income, Expenditure, etc)	85 764	100 939	100 356	107 824	121 401
	Manage Assets	–	–	–	–	–
	Manage Fleet	–	–	–	–	–
	Manage Rates	140 330	142 276	151 342	164 865	181 520
	Manage Financial Management Grant	1 550	1 550	1 550	1 550	1 550
	Manage Council Expenses		–			
	Manage Council Expenses	295	295	299	305	312
Sufficient, affordable and well-run services	Manage Civil Engineering Services	631 834	645 639	712 715	740 651	785 103
	Manage Civil Engineering Services	–	–	–	–	–
	Manage Cemeteries	878	985	1 079	1 144	1 212
	Manage Parks and Recreational Areas	1 119	1 119	1 060	–	–
	Manage Proclaimed Roads	175	1 175	18 470	170	3 170
	Manage Sewerage	90 521	91 729	79 417	84 035	88 983
	Manage Waste Water Treatment Works	–	–	–	–	–
	Manage Sportsgrounds	1 100	1 099	157	10 166	176
	Manage Streets	4 102	8 789	9 289	16 218	7 538
	Manage Storm water	–	–	–	–	–
	Manage Swimming Pools	371	371	350	372	394
	Manage Water Provision	92 270	93 383	113 350	113 377	110 597
	Manage Municipal Property	10 935	13 284	13 462	13 774	14 095
	Manage Refuse Removal	46 625	47 225	51 128	54 543	77 693
	Manage Street Cleaning	–	1 700	–	–	–
	Manage Solid Waste Disposal (Landfill Sites)	–	–	–	–	–
	Manage Electrical Engineering Services	–	–	–	–	–
	Manage Electricity Distribution	383 738	384 780	424 953	446 852	481 244
Allocations to other priorities						
Total Revenue (excluding capital transfers and contributions)		954 961	999 462	1 093 984	1 123 993	1 174 159

2.2.2 Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Improved quality of life for citizens	Manage Development Services	6 870	7 149	7 416	8 048	8 330
	Manage Community Development	3 387	3 517	3 525	3 807	4 024
	Manage Multi-Purpose Centres	1 451	1 522	1 671	1 900	1 840
	Manage Environmental and Occupational Health	2 032	2 110	2 219	2 341	2 466
	Manage Protection Services	75 013	89 485	95 902	101 267	107 123
	Manage Protection Services	2 313	2 404	2 529	2 669	2 807
	Manage Civil Protection	725	925	825	831	838
	Manage Licensing and Registration Services	9 035	9 619	10 359	10 927	11 529
	Manage Traffic and Law Enforcement	54 964	68 636	73 059	77 385	82 108
	Manage Fire and Emergency Services	7 626	7 546	8 720	9 017	9 374
	Manage the Harbour Yzerfontein	350	353	410	438	468
Inclusive economic growth	Facilitate economic development in the municipal area	150	–	50	150	150
Quality and sustainable living environment	Manage Development Services	46 187	46 384	57 472	24 512	25 097
	Manage Development Services	2 152	2 358	2 475	2 598	2 724
	Manage Planning and Valuations	8 007	7 842	10 197	9 655	8 918
	Manage Building Control	3 268	3 261	3 508	3 756	4 013
	Manage Human Settlements	30 442	30 562	38 458	5 487	6 157
	Manage the Caravan Park Yzerfontein	2 317	2 360	2 833	3 015	3 285
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services	41 476	38 286	41 651	43 824	46 020
	Manage Corporate Services, Secretariat and Records and Ward Committees	17 388	13 463	14 699	15 712	16 311
	Manage Human Resource Services	6 026	6 271	6 521	6 534	7 035
	Manage Properties, Contracts and Legal Administration	5 263	5 483	5 967	6 332	6 671
	Manage Libraries	11 058	11 332	12 142	12 803	13 431
	Manage Marketing And Tourism	1 740	1 737	2 322	2 444	2 571
	Manage Electrical Engineering Services		–			
	Manage ICT Services	14 923	14 899	16 109	16 640	17 383
	Manage the Office of the Municipal Manager	8 018	7 985	10 285	10 631	11 146
	Manage the Office of the Municipal Manager	3 457	3 866	5 202	5 415	5 631
	Manage Internal Audit	2 118	2 058	2 293	2 428	2 565
	Manage Strategic Services	2 442	2 061	2 790	2 788	2 950

Strategic Objective	Goal	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Sufficient, affordable and well-run services	Manage Financial Services	59 521	53 300	68 931	72 753	76 790
	Manage Financial Administration	1 746	1 925	2 021	2 108	2 192
	Manage Supply Chain Management	7 207	7 437	7 620	8 124	8 646
	Manage the Budget and Treasury Office	5 232	4 086	5 292	5 161	5 432
	Manage Finance (Credit Control, Income, Expenditure, etc)	37 616	34 601	48 602	51 644	54 471
	Manage Assets	1 303	1 391	1 455	1 551	1 640
	Manage Fleet	1 131	1 180	1 250	1 327	1 410
	Manage Rates	3 737	1 132	1 142	1 289	1 450
	Manage Financial Management Grant	1 550	1 548	1 550	1 550	1 550
	Manage Council Expenses					
	Manage Council Expenses	18 220	18 466	19 043	19 926	20 814
	Manage Civil Engineering Services	627 675	663 602	712 474	763 624	827 012
	Manage Civil Engineering Services	4 155	3 555	3 736	4 228	4 447
	Manage Cemeteries	773	1 179	980	1 037	1 078
	Manage Parks and Recreational Areas	17 257	20 007	20 294	21 607	23 029
	Manage Proclaimed Roads	487	487	4 782	483	3 483
	Manage Sewerage	45 778	48 154	56 414	63 786	65 863
	Manage Waste Water Treatment Works	4 399	4 386	4 646	4 199	4 357
	Manage Sportsgrounds	5 476	3 752	5 222	5 323	5 607
	Manage Streets	42 222	45 660	54 027	54 535	61 141
	Manage Storm water	16 314	17 096	18 185	19 622	20 546
	Manage Swimming Pools	2 223	4 117	5 440	6 045	6 811
	Manage Water Provision	69 431	80 680	91 091	97 595	104 388
	Manage Municipal Property	16 853	17 217	20 055	20 037	20 797
	Manage Refuse Removal	35 498	33 928	32 418	36 374	40 021
	Manage Street Cleaning	6 724	8 492	9 569	8 440	8 921
	Manage Solid Waste Disposal (Landfill Sites)	10 742	10 978	10 287	10 945	11 650
	Manage Electrical Engineering Services	1 779	1 781	1 889	1 972	2 053
	Manage Electricity Distribution	345 735	360 323	371 798	405 676	441 017
	Manage Street Lighting	1 829	1 811	1 640	1 720	1 803
Allocations to other priorities						
Total Expenditure		898 053	939 555	1 029 332	1 061 375	1 139 864

2.2.3 Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
R thousand							
Improved quality of life for citizens	Manage Development Services						
	Manage Community Development	–	–	–	–	–	
	Manage Multi-Purpose Centres	–	–	263	–	–	
	Manage Environmental and Occupational Health	–	–	–	–	–	
	Manage Protection Services						
	Manage Protection Services	77	378	80	90	1 413	
	Manage Civil Protection	–	–	–	–	–	
	Manage Licensing and Registration Services	368	381	–	–	687	
	Manage Traffic and Law Enforcement	–	–	–	–	–	
	Manage Fire and Emergency Services	1 554	1 554	3 835	135	145	
	Manage the Harbour Yzerfontein	–	–	–	–	–	
	Facilitate economic development in the municipal area	–	–	–	–	–	
	Quality and sustainable living environment	Manage Development Services					
		Manage Development Services	40	40	42	44	46
Manage Planning and Valuations		–	–	2 060	–	–	
Manage Building Control		–	–	–	–	–	
Manage Human Settlements		19 268	15 083	20 859	33 600	15 400	
Manage the Caravan Park Yzerfontein		30	30	30	32	431	
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services						
	Manage Corporate Services, Secretariat and Records and Ward Committees	722	422	254	26	28	
	Manage Human Resource Services	–	–	–	–	–	
	Administration	100	100	100	100	100	
	Manage Libraries	50	70	50	–	–	
	Manage Marketing And Tourism	–	–	–	–	–	
	Manage Electrical Engineering Services						
	Manage ICT Services	2 037	2 142	3 004	880	799	
	Manage the Office of the Municipal Manager						
	Manage the Office of the Municipal Manager	10	10	10	12	12	
	Manage Internal Audit	–	–	–	–	–	
	Manage Strategic Services	–	–	–	–	–	
	Manage Financial Services						
	Manage Financial Administration	56	38	28	30	32	
	Manage Supply Chain Management	–	–	–	–	–	
	Manage the Budget and Treasury Office Expenditure, etc)	325	283	683	355	288	
	Manage Assets	–	–	–	–	–	
	Manage Fleet	–	–	–	–	–	

Strategic Objective	Goal	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Sufficient, affordable and well-run services	Manage Council Expenses					
	Manage Council Expenses	10	10	654	661	12
	Manage Civil Engineering Services					
	Manage Civil Engineering Services	95	82	52	54	56
	Manage Cemeteries	–	–	–	200	–
	Manage Parks and Recreational Areas	1 308	1 373	1 708	2 259	1 819
	Manage Proclaimed Roads	–	–	–	–	–
	Manage Sewerage	808	819	4 056	2 660	6 924
	Manage Waste Water Treatment Works	60 661	59 391	17 793	–	1 000
	Manage Sportsgrounds	2 983	2 983	600	10 000	55
	Manage Streets	33 665	39 597	52 881	48 716	30 528
	Manage Storm water	60	71	312	314	316
	Manage Swimming Pools	–	–	700	12 000	–
	Manage Water Storage	–	–	–	–	–
	Manage Water Provision	5 338	6 550	27 229	17 562	18 885
	Manage Municipal Property	11 690	13 567	6 027	964	1 080
	Manage Refuse Removal	1 862	1 311	4 786	6 732	33 650
	Manage Street Cleaning	–	–	–	–	–
	Manage Solid Waste Disposal (Landfill Sites)	–	–	–	–	–
	Manage Electrical Engineering Services	350	350	350	360	380
	Manage Electricity Distribution	22 971	23 405	42 650	58 050	51 605
Allocations to other priorities						
Total Capital Expenditure		166 436	170 040	191 096	195 835	165 691

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

2.2.4 Measurable performance objectives

Description	Unit of measurement	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Improved quality of life for citizens						
Manage Development Services						
Manage Multi-Purpose Centres	Completion of projects	–	–	263	–	–
Manage Protection Services						
Manage Protection Services	Completion of projects	77	378	80	90	1 413
Manage Licensing and Registration	Completion of projects	368	381	–	–	687
Manage Traffic and Law Enforcement	Completion of projects	–	–	–	–	–
Manage Fire and Emergency Services	Completion of projects	1 554	1 554	3 835	135	145
Inclusive economic growth						
Facilitate economic development in the	Completion of projects	–	–	–	–	–
Quality and sustainable living environment						
Manage Development Services						
Manage Development Services	Completion of projects	40	40	42	44	46
Manage Planning and Valuations	Completion of projects	–	–	2 060	–	–
Manage Human Settlements	Completion of projects	19 268	15 083	20 859	33 600	15 400
Manage the Caravan Park Yzerfontein	Completion of projects	30	30	30	32	431
Caring, competent and responsive institutions, organisations and business						
Manage Corporate Services						
Manage Corporate Services, Secretariat	Completion of projects	722	422	254	26	28
Manage Properties, Contracts and Legal	Completion of projects	100	100	100	100	100
Manage Libraries	Completion of projects	50	70	50	–	–
Manage ICT Services	Completion of projects	2 037	2 142	3 004	880	799
Manage the Office of the Municipal						
Manage the Office of the Municipal	Completion of projects	10	10	10	12	12
Manage Financial Services						
Manage Financial Administration	Completion of projects	56	38	28	30	32
Manage Finance (Credit Control,	Completion of projects	325	283	683	355	288
Manage Council Expenses	Completion of projects	10	10	654	661	12
Sufficient, affordable and well-run services						
Manage Civil Engineering Services	Completion of projects	95	82	52	54	56
Manage Cemeteries	Completion of projects	–	–	–	200	–
Manage Parks and Recreational Areas	Completion of projects	1 308	1 373	1 708	2 259	1 819
Manage Proclaimed Roads	Completion of projects	–	–	–	–	–
Manage Sewerage	Completion of projects	808	819	4 056	2 660	6 924
Manage Waste Water Treatment Works	Completion of projects	60 661	59 391	17 793	–	1 000
Manage Sportsgrounds	Completion of projects	2 983	2 983	600	10 000	55
Manage Streets	Completion of projects	33 665	39 597	52 881	48 716	30 528
Manage Storm water	Completion of projects	60	71	312	314	316
Manage Swimming Pools	Completion of projects	–	–	700	12 000	–
Manage Water Storage	Completion of projects	5 338	6 550	27 229	17 562	18 885
Manage Municipal Property	Completion of projects	11 690	13 567	6 027	964	1 080
Manage Refuse Removal	Completion of projects	1 862	1 311	4 786	6 732	33 650
Manage Electrical Engineering Services	Completion of projects	350	350	350	360	380
Manage Electricity Distribution	Completion of projects	22 971	23 405	42 650	58 050	51 605
		166 435 729	170 040 448	191 095 805	195 834 903	165 690 722

2.3 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies / by-laws.

No.	Policy/Plan Name	Reviewed (Yes / No)	Amended (Yes / No)
1.	Tariff Policy	Yes	Yes
2.	Property Rates Policy	Yes	Yes
3.	Property Rates By-law	Yes	No
4.	Credit Control and Debt Collection Policy Schedule and By-Law	Yes	No
5.	Indigent Policy	Yes	No
6.	Cash Management and Investment Policy	Yes	Yes
7.	Asset Management Policy	Yes	Yes
8.	Fleet Management Policy	Yes	Yes
9.	Supply Chain Management Policy	Yes	Yes
10.	Budget Implementation Policy	Yes	No
11.	Funding and Reserves Policy	Yes	No
12.	Debt and Borrowing Policy	Yes	No
13.	Virement Policy	Yes	No
14.	Travel and Subsistence Policy	Yes	Yes
15.	Cost Containment Policy	Yes	No

All the above policies are and will be made available on the Municipality's website.

2.3.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy are reviewed annually and revisions were tabled and approved in May 2021. As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services. The Credit Control and Debt Collection Policy was reviewed and not amended for the 2022/23 financial year.

The final 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate of around 96 per cent on current billings.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment. The policy was reviewed and amended for the 2022/23 financial year.

2.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. The policy was reviewed and amended for the 2022/23 financial year.

2.3.4 Budget and Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Virement Policy was approved by Council in June 2011. The policy was reviewed and not amended for the 2022/23 MTREF.

The Budget Implementation Policy was approved in May 2016. The policy was reviewed and not amended for the 2022/23 MTREF.

2.3.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy are reviewed annually and amendments were made for the 2022/23 financial year. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of between 4 to 6 months at all times, which is well above the norm in local government and the cost coverage as per A-schedule SA8 is around 8 months for the 2022/23 MTREF. (**Note:** this cost coverage does not refer to the annual cash / cost coverage ratio in the AFS as prescribed by Circular 71).

2.3.6 Tariff Policy

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was reviewed and amended for the 2022/23 financial year.

2.4 Overview of budget assumptions

2.4.1 External factors

The Swartland population increased from 72 115 (2001) to 113 782 (2011) and 133 762 (2016) as new households urbanize and in-migrate. This, coupled with the multiplier effect of the high unemployment rate in South Africa could place enormous pressure on the revenue streams and especially the recovery rate of debtors. The recovery rate for the 2020/21 year was 93.5% (including fines), currently around 96.71% (excluding fines) for 2020/21 and 96% of billings for the 2022/23 MTREF. Other factors include the following previously mentioned:

- Struggling South African Economy
- **Conservative budgeting w.r.t the revenue budget and therefore the amounts in years 2 and 3 of the MTREF are indicative only and not fixed, mainly to mitigate the risks and to periodically review assumptions given the global and local poor economic conditions. In this regard expenditure will have to be curbed with careful monitoring of budget performance and payment rates**
- Key focus risk areas for the 2022/23 Budget process
- Extensive revenue modelling informing tariff increases to ensure services are delivered **sustainably and cost reflective** over the longer term with emphasis on the impact of increases on disposable income levels given the dire state of the economy
- Expenditure and Revenue Consolidation and audited basis informing growth from 2021-2022 to 2022-2023
- Revenue streams from trading and economic services insufficient, given the impact of Capital budget programs and Indigents on the Operating account
- Future operational cost of 2 800 housing opportunities, Landfill sites cost of compliance and Rehabilitation, ± R52.6mil capital & R26.9mil operating
- Further initiatives will need to be considered for revenue growth, revenue protection and preventing revenue leakage going forward
- Extensive consideration and review of the draft budget given the public input received.

2.4.2 Interest rates for borrowing and investment of funds

Interest rates are currently under control, all things remaining equal with the inflation rate currently being above the mid-target range of the South African Reserve Bank.

2.4.3 Collection rate for revenue services

The base assumption is that tariff and rate increases will increase at a rate slightly above CPI over the long term and leaves the concern whether this is sustainable over the longer term. The rate of revenue collection for 2022/2023 is currently expressed as a percentage (96 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings. The potential of over-performance of any increased collections or arrear collections will however be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.5 Salary increases

That Council takes note of the increases of the Directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:

- In respect of all personnel, an increase of **4.9%** for 2022/2023; **4.4%** for 2023/2024 and **4%** for the 2024/2025 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable;
- All salary adjustments are adequately budgeted for;
- Provision has been made for a **3%** increase for political office bearers which is within the mid band of the inflation targets set by the South African Reserve Bank (SARB).

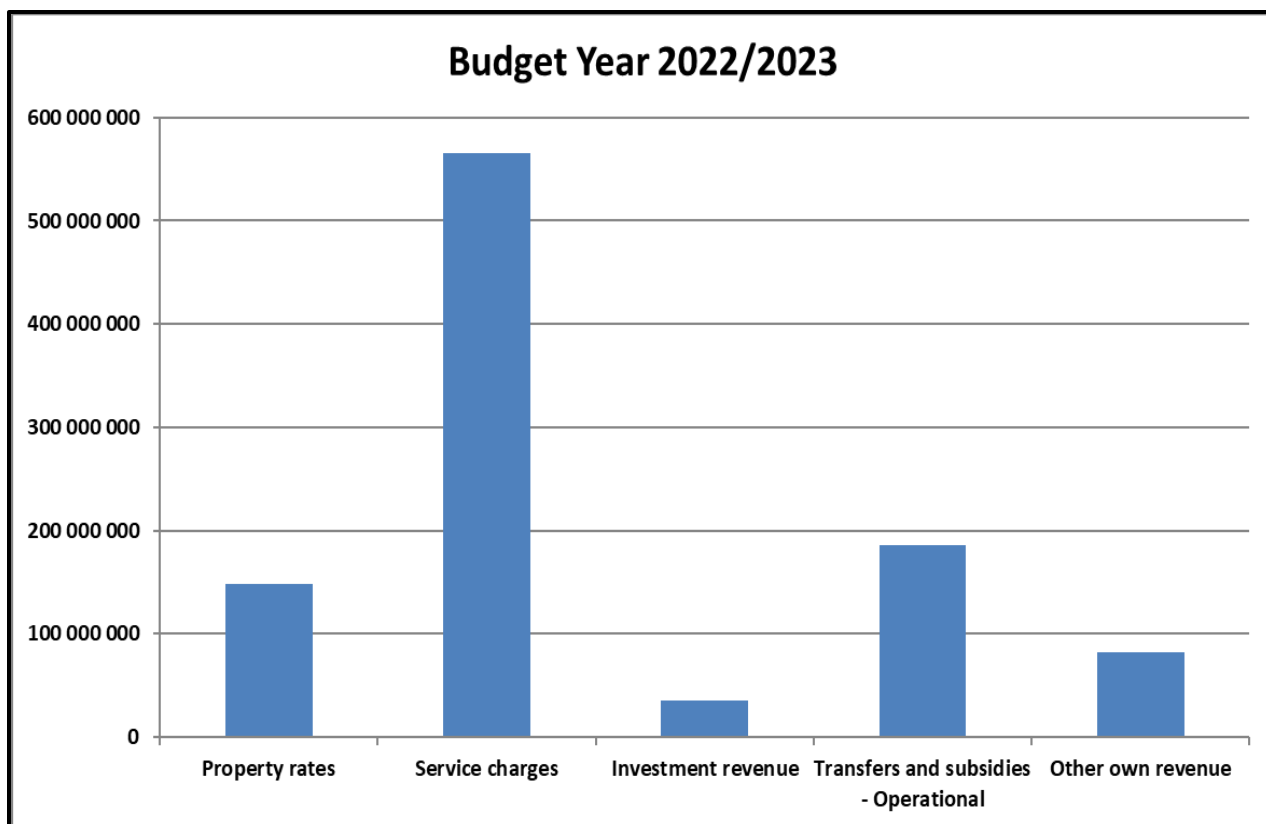
2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands					
Financial Performance					
Property rates	138 386	140 332	148 224	161 499	177 887
Service charges	519 684	522 269	564 834	609 465	654 250
Investment revenue	37 706	37 769	35 667	35 739	38 017
Transfers recognised - operational	152 542	160 849	186 257	160 102	179 486
Other own revenue	58 731	86 215	81 894	83 837	88 584
Total Revenue (excluding capital transfers and contributions)	907 049	947 435	1 016 875	1 050 642	1 138 224

The following graph is a breakdown of the operational revenue per main category for the 2022/23 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right and being cost-reflective assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget process. Further initiatives will need to be considered for revenue growth, revenue protection and preventing revenue leakage going forward.

2.5.2 Detail Investment Information / Investment particulars by maturity

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

2.5.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves analysis for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budget cash flow statement

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	131 466	136 823	142 295	155 039	170 771
Service charges	496 199	511 520	544 934	588 206	631 670
Other revenue	38 479	31 969	34 950	36 986	39 172
Transfers and Subsidies - Operational	152 542	162 132	186 253	160 109	179 489
Transfers and Subsidies - Capital	46 716	48 845	77 109	73 351	35 935
Interest	37 706	37 769	35 667	35 739	38 017
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(743 542)	(760 835)	(849 254)	(864 739)	(925 293)
Finance charges	(11 055)	(11 055)	(10 180)	(10 839)	(9 806)
Transfers and Grants	(3 851)	(3 891)	(4 368)	(4 451)	(4 647)
NET CASH FROM/(USED) OPERATING ACTIVITIES	144 660	153 277	157 405	169 401	155 309
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	78	27 088	15 877	13 626	13 881
Decrease (increase) in non-current receivables	-	(11)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital assets	(166 436)	(170 040)	(191 096)	(195 835)	(165 691)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(166 358)	(142 964)	(175 219)	(182 209)	(151 810)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-
Increase (decrease) in consumer deposits	867	-	(500)	150	200
Payments					
Repayment of borrowing	(11 846)	(8 463)	(11 000)	(10 000)	(9 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(10 979)	(8 463)	(11 500)	(9 850)	(9 300)
NET INCREASE/ (DECREASE) IN CASH HELD	(32 677)	1 850	(29 314)	(22 658)	(5 801)
Cash/cash equivalents at the year begin:	610 371	640 204	642 240	612 926	590 268
Cash/cash equivalents at the year end:	577 694	642 054	612 926	590 268	584 467

2.5.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

Cash backed reserves/accumulated surplus reconciliation

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
<u>Cash and investments available</u>					
Cash/cash equivalents at the year end	577 694	642 054	612 926	590 268	584 467
Other current investments > 90 days	0	–	–	–	–
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	577 694	642 054	612 926	590 268	584 467
<u>Application of cash and investments</u>					
Unspent conditional transfers	16 850	2 387	2 387	2 383	2 390
Unspent borrowing	–	–	–	–	–
Statutory requirements	–	–	–	–	–
Other working capital requirements	(3 011)	(20 789)	(40 794)	(59 391)	(78 809)
Other provisions	–	–	–	–	–
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	13 839	(18 402)	(38 407)	(57 008)	(76 419)
Surplus(shortfall)	563 855	660 456	651 333	647 276	660 886

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.
- The **Capital Replacement Reserve** that needs to be **cash-backed**.

2.5.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the final budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding compliance measurement

2.5.5.1 Cash/cash equivalent position

The Municipality's forecasted cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF is generally a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecasted cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.5.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.5.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as boycotts. As mentioned before, the municipality strives to maintain a ratio of between 4 and 6 months, whilst the cost coverage as per A-schedule SA8 is around 8 months for the 2022/23 MTREF.

2.5.5.4 Surplus/deficit excluding depreciation off-sets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.5.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.5.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 96 per cent performance target, the cash flow statement has been based on actual rates achieved to date. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. It also includes fines with a very low collection rate (below 20%). This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.5.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payment has been factored into the cash position forecasted over the entire financial year.

2.5.5.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.5.5.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.5.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

2.5.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.6 Expenditure on grants

Expenditure on transfers and grant programmes

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand					
RECEIPTS:					
<u>Operating Transfers and Grants</u>					
National Government:	112 178	112 178	129 651	141 847	157 567
Local Government Equitable Share	108 796	108 796	126 228	140 297	156 017
Finance Management	1 550	1 550	1 550	1 550	1 550
EPWP Incentive	1 832	1 832	1 873	–	–
Provincial Government:	40 062	45 043	56 273	17 889	18 678
Community Development Workers	38	38	38	38	38
Human Settlements	26 560	26 366	33 546	–	–
Municipal Accreditation and Capacity Building Grant	252	252	256	245	249
Libraries	10 394	11 351	11 573	10 801	11 286
Proclaimed Roads Subsidy	175	175	4 470	170	317
Thusong Grant	–	–	–	150	–
Establishment of a K9 Unit	2 393	4 511	2 390	2 476	2 576
Establishment of a Law Enforcement Reaction Unit	–	–	4 000	4 009	4 212
Total Operating Transfers and Grants	152 240	157 221	185 924	159 736	176 245
<u>Capital Transfers and Grants</u>					
National Government:	31 055	34 656	51 410	29 711	30 895
Municipal Infrastructure Grant (MIG)	22 700	26 301	33 810	24 711	25 670
Integrated National Electrification Programme (municipal)	8 355	8 355	17 600	5 000	5 225
Provincial Government:	15 661	16 412	21 339	33 640	5 040
Human Settlements	14 600	13 754	20 059	33 600	5 000
RSEP/VPUU Municipal Projects	–	–	1 200	–	–
Libraries	50	50	50	–	–
Establishment of a K9 Unit	28	343	30	40	40
Total Capital Transfers and Grants	46 716	51 068	72 749	63 351	35 935
TOTAL RECEIPTS OF TRANSFERS & GRANTS	198 955	208 288	258 673	223 087	212 180

2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the budget of the municipality:

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<u>Cash Transfers to Organisations</u>					
Old age homes	1 532	1 532	1 625	1 697	1 773
SPCA	311	311	326	340	355
NSRI	33	33	35	36	38
Museums	232	232	272	284	297
Bergriver Canoe Marathon	30	30	30	30	30
Tourism associations	1 030	1 030	1 530	1 596	1 666
Total Cash Transfers To Organisations	3 169	3 169	3 818	3 984	4 160
<u>Cash Transfers to Groups of Individuals</u>					
Bursaries: non-employees	250	250	–	–	–
Welfare organisations	432	432	450	468	487
Project Linked Support (Housing)	–	40	100	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	3 851	3 891	4 368	4 451	4 647

2.8 Councillor and employee benefits

Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Councillors (Political Office Bearers plus Other)					
Basic Salaries and Wages	8 900	8 900	8 225	8 532	8 810
Pension and UIF Contributions	1 124	1 124	1 098	1 095	1 131
Medical Aid Contributions	187	187	151	154	157
Motor Vehicle Allowance	—	—	—	—	—
Cellphone Allowance	1 021	1 021	1 021	1 021	1 021
Housing Allowances	—	—	—	—	—
Other benefits and allowances	—	—	756	756	756
Sub Total - Councillors	11 232	11 232	11 251	11 558	11 874
% increase	3.5%	(0.0%)	0.2%	2.7%	2.7%
Senior Managers of the Municipality					
Basic Salaries and Wages	8 050	8 814	9 227	9 626	10 005
Pension and UIF Contributions	1 494	1 644	1 716	1 788	1 856
Medical Aid Contributions	488	518	558	609	663
Overtime	—	—	—	—	—
Performance Bonus	803	269	276	283	290
Motor Vehicle Allowance	1 002	1 050	909	909	909
Cellphone Allowance	245	245	286	286	286
Housing Allowances	—	—	—	—	—
Other benefits and allowances	197	236	278	283	292
Payments in lieu of leave	31	31	33	33	33
Long service awards	36	36	29	31	33
Post-retirement benefit obligations	1 154	1 154	1 327	1 459	1 605
Sub Total - Senior Managers of Municipality	13 501	13 998	14 639	15 307	15 973
% increase	(8.1%)	3.7%	4.6%	4.6%	4.3%
Other Municipal Staff					
Basic Salaries and Wages	148 129	151 279	168 420	177 374	188 290
Pension and UIF Contributions	26 884	26 580	30 125	32 268	34 225
Medical Aid Contributions	12 057	11 860	13 679	14 798	16 059
Overtime	11 161	13 733	14 342	14 766	15 269
Performance Bonus	—	—	—	—	—
Motor Vehicle Allowance	6 314	5 415	6 291	6 291	6 291
Cellphone Allowance	563	660	626	626	626
Housing Allowances	1 823	984	1 183	1 238	1 291
Other benefits and allowances	27 423	27 657	30 962	32 808	34 649
Payments in lieu of leave	2 691	2 691	2 880	2 988	3 055
Long service awards	2 752	2 752	2 509	2 695	2 894
Post-retirement benefit obligations	7 303	7 303	8 373	9 211	10 132
Sub Total - Other Municipal Staff	247 101	250 915	279 390	295 064	312 782
% increase	5.8%	1.5%	11.3%	5.6%	6.0%
Total Parent Municipality	271 833	276 144	305 281	321 929	340 629
	4.9%	1.6%	10.6%	5.5%	5.8%
TOTAL SALARY, ALLOWANCES & BENEFITS	271 833	276 144	305 281	321 929	340 629
% increase	4.9%	1.6%	10.6%	5.5%	5.8%
TOTAL MANAGERS AND STAFF	260 602	264 913	294 029	310 371	328 755

2.9 Contracts having future budgetary implications

Section 33 stipulates that if approved total revenue are greater than R500 million, all operational costs of projects \geq than R 5 million per annum must be listed and in this scenario SM does not have any such additional operational costs not being part of the normally planned revenue streams over the MTREF.

Description	2022/23 Medium Term Revenue & Expenditure Framework			Total Contract Value
	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Estimate
R thousand				
Parent Municipality:				
<u>Revenue Obligation By Contract</u>				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Operating Revenue Implication	–	–	–	–
<u>Expenditure Obligation By Contract</u>				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Operating Expenditure Implication	–	–	–	–
<u>Capital Expenditure Obligation By Contract</u>				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Capital Expenditure Implication	–	–	–	–
Total Parent Expenditure Implication	–	–	–	–

2.10 Monthly targets for revenue, expenditure and capital

2.10.1 Monthly projections of revenue and expenditure to be collected for each source

Description	Budget Year 2022/23												Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source															
Property rates	12 259	12 259	12 259	12 259	12 259	12 419	12 419	12 419	12 419	12 419	12 419	12 419	148 224	161 499	177 887
Service charges - electricity revenue	36 421	37 883	38 080	33 299	32 490	27 277	38 155	30 004	30 918	32 415	31 511	32 215	400 667	434 512	467 963
Service charges - water revenue	5 724	8 144	7 184	7 032	7 032	7 423	8 163	6 081	7 070	4 950	5 991	5 992	80 786	85 829	91 008
Service charges - sanitation revenue	4 187	4 216	4 232	4 227	4 253	4 284	4 291	4 319	4 303	4 348	4 366	4 363	51 390	54 099	56 944
Service charges - refuse revenue	2 606	2 634	2 624	2 637	2 683	2 614	2 668	2 688	2 756	2 684	2 712	2 688	31 991	35 025	38 334
Rental of facilities and equipment	136	136	136	136	136	136	136	136	136	136	136	136	1 627	1 725	1 828
Interest earned - external investments	295	214	262	254	263	1 760	332	299	351	337	312	30 987	35 667	35 739	38 017
Interest earned - outstanding debtors	292	212	259	251	260	321	328	296	347	333	308	252	3 458	3 925	4 469
Fines, penalties and forfeits	22	22	22	22	22	22	22	22	22	22	22	34 366	34 607	36 676	38 869
Licences and permits	334	414	508	484	372	242	440	395	335	482	431	341	4 778	5 061	5 360
Agency services	430	524	642	612	470	306	556	499	424	609	544	424	6 040	6 403	6 787
Transfers and subsidies	27 935	—	34 913	—	—	56 861	—	—	51 541	—	—	15 007	186 257	160 102	179 486
Other revenue	727	1 295	945	1 470	1 233	1 798	1 773	1 301	1 681	1 032	949	1 303	15 508	16 423	17 390
Gains	149	230	103	238	117	1 162	266	189	324	138	155	12 807	15 877	13 626	13 881
Total Revenue (excluding capital transfers)	91 517	68 181	102 169	62 922	61 590	116 624	69 546	58 646	112 624	59 903	59 854	153 298	1 016 875	1 050 642	1 138 224
Expenditure By Type															
Employee related costs	22 018	22 187	22 018	22 187	35 283	22 232	22 023	22 187	22 018	22 187	22 018	37 671	294 029	310 371	328 755
Remuneration of councillors	938	938	938	938	938	938	938	938	938	938	938	938	11 251	11 558	11 874
Debt impairment	—	—	—	—	—	—	—	—	—	—	—	37 654	37 654	41 297	44 724
Depreciation & asset impairment	—	—	10 177	10 177	10 177	10 177	10 177	10 177	10 177	10 177	10 177	14 973	106 565	118 609	131 596
Finance charges	—	—	—	—	—	6 180	—	—	—	—	—	6 180	12 361	13 288	12 568
Bulk purchases - electricity	15 855	39 456	37 661	28 797	22 265	28 099	21 769	23 767	28 265	26 492	24 675	35 098	332 200	362 364	395 266
Inventory consumed	1 118	1 522	1 638	1 830	2 042	1 638	1 850	1 734	1 869	1 657	1 156	29 459	47 513	50 591	54 282
Contracted services	8 406	8 149	7 223	6 297	9 434	9 012	9 434	12 420	10 977	7 892	8 406	7 609	105 260	66 899	69 802
Transfers and subsidies	23	1 399	436	459	23	326	701	23	398	23	356	203	4 368	4 451	4 647
Other expenditure	3 687	3 964	3 511	3 587	4 593	4 460	3 587	6 102	5 347	4 844	4 090	3 587	51 359	53 609	56 321
Losses	—	—	—	—	—	—	1 215	—	—	—	—	25 557	26 772	28 338	30 030
Total Expenditure	52 045	77 614	83 602	74 271	84 755	83 062	71 694	77 347	79 989	74 209	71 816	198 928	1 029 332	1 061 375	1 139 864
Surplus/(Deficit)	39 472	(9 433)	18 567	(11 349)	(23 164)	33 562	(2 148)	(18 701)	32 634	(14 306)	(11 962)	(45 630)	(12 457)	(10 733)	(1 640)
Transfers and subsidies - capital	—	—	25 100	—	—	15 687	—	—	15 687	—	—	6 275	62 749	73 351	35 935
Transfers and subsidies - capital	—	—	3 590	—	—	3 590	—	—	3 590	—	—	3 590	14 360	—	—
Surplus/(Deficit)	39 472	(9 433)	47 257	(11 349)	(23 164)	52 839	(2 148)	(18 701)	51 911	(14 306)	(11 962)	(35 765)	64 652	62 618	34 295

2.10.2 Monthly projections of expenditure (operating and capital) and revenue for each function

Description	Budget Year 2022/23												Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional															
Governance and administration	13 187	13 151	33 438	13 245	13 074	36 297	13 600	13 416	34 110	13 415	13 389	57 152	267 475	288 786	319 369
Executive and council	18	28	12	29	14	31	32	23	39	17	19	39	299	305	312
Finance and administration	13 169	13 123	33 425	13 217	13 060	36 266	13 568	13 393	34 071	13 399	13 371	57 113	267 175	288 481	319 057
Internal audit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community and public safety	236	394	22 185	573	608	19 474	770	526	19 190	344	214	50 053	114 566	103 757	68 336
Community and social services	83	121	3 553	125	67	3 441	138	101	3 471	77	85	3 286	14 550	12 398	12 817
Sport and recreation	107	183	458	389	496	901	569	382	608	221	88	314	4 716	13 876	4 108
Public safety	31	74	1 685	43	31	1 650	46	27	1 628	32	25	35 979	41 252	43 440	45 951
Housing	15	16	16 488	16	14	13 482	17	15	13 483	14	15	10 474	54 049	34 044	5 460
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	1 045	1 353	9 591	1 478	1 166	7 789	1 430	1 240	8 054	1 447	1 366	6 688	42 647	32 169	27 434
Planning and development	259	391	280	355	304	394	410	323	447	339	367	397	4 266	4 521	4 791
Road transport	787	962	9 310	1 122	862	7 395	1 020	917	7 607	1 108	1 000	6 291	38 381	27 648	22 643
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services	77 046	53 280	65 643	47 624	46 739	72 338	53 743	43 462	70 544	44 694	44 882	49 268	669 263	699 247	758 983
Energy sources	39 117	37 907	45 132	33 324	32 503	33 809	38 182	30 024	36 946	32 431	31 528	34 050	424 953	446 852	481 244
Water management	12 139	8 379	13 362	7 271	7 217	16 309	8 415	6 300	14 800	5 147	6 197	7 814	113 350	113 377	110 597
Waste water management	16 167	4 206	4 189	4 226	4 194	13 744	4 296	4 291	11 495	4 298	4 320	4 406	79 832	84 475	89 449
Waste management	9 622	2 789	2 959	2 803	2 825	8 476	2 849	2 847	7 304	2 819	2 837	2 998	51 128	54 543	77 693
Other	3	3	3	3	3	3	3	3	3	3	3	3	32	34	36
Total Revenue - Functional	91 517	68 181	130 858	62 922	61 590	135 901	69 546	58 646	131 901	59 903	59 854	163 163	1 093 984	1 123 993	1 174 159

Description	Budget Year 2022/23												Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand															
Expenditure - Functional															
Governance and administration	10 730	11 923	11 542	11 137	15 631	13 061	12 206	13 407	12 795	12 011	11 903	27 038	163 385	170 724	179 057
Executive and council	1 700	2 732	2 104	1 761	1 917	2 061	2 011	1 937	1 865	1 812	2 042	2 303	24 245	25 342	26 444
Finance and administration	8 860	9 020	9 271	9 210	13 437	10 827	10 022	11 283	10 749	10 027	9 690	24 601	136 996	143 107	150 206
Internal audit	170	171	167	166	277	173	173	187	181	173	171	134	2 144	2 275	2 407
Community and public safety	10 735	10 783	11 046	10 761	16 200	11 762	12 061	13 502	12 783	11 486	11 484	44 465	177 068	152 336	161 799
Community and social services	1 701	1 733	1 837	1 845	2 944	1 884	1 915	1 985	1 941	1 885	1 844	3 385	24 900	26 476	27 623
Sport and recreation	2 033	2 071	2 338	2 340	3 510	2 439	2 443	2 551	2 491	2 396	2 349	4 697	31 657	33 683	36 232
Public safety	4 073	4 132	4 171	4 177	6 216	4 283	4 281	4 527	4 421	4 282	4 203	33 286	82 053	86 690	91 787
Housing	2 928	2 847	2 699	2 399	3 530	3 156	3 423	4 438	3 930	2 923	3 087	3 098	38 458	5 487	6 157
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	3 165	3 203	6 678	6 602	8 269	7 122	7 252	7 462	7 241	6 831	6 795	11 288	81 908	78 218	87 749
Planning and development	1 249	1 257	1 220	1 209	1 889	1 274	1 271	1 404	1 346	1 273	1 259	1 894	16 545	16 349	16 031
Road transport	1 917	1 946	5 458	5 393	6 380	5 848	5 980	6 058	5 895	5 558	5 536	9 394	65 362	61 868	71 718
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services	27 363	51 278	54 286	45 347	44 570	51 065	39 749	42 922	46 743	43 829	41 553	115 989	604 693	657 701	708 739
Energy sources	18 400	42 090	41 651	32 804	27 488	32 486	26 108	28 330	32 670	30 722	28 738	44 768	386 254	421 496	458 331
Water management	2 355	2 401	3 954	3 948	5 073	4 128	4 103	4 426	4 287	4 129	4 038	48 609	91 450	97 953	104 745
Waste water management	3 203	3 299	5 077	5 073	6 844	9 500	5 389	5 598	5 469	5 201	5 083	14 853	74 589	82 361	84 932
Waste management	3 406	3 488	3 604	3 522	5 165	4 950	4 149	4 568	4 317	3 777	3 694	7 759	52 399	55 891	60 732
Other	51	426	50	425	85	52	426	54	428	52	81	147	2 279	2 397	2 520
Total Expenditure - Functional	52 045	77 614	83 602	74 271	84 755	83 062	71 694	77 347	79 989	74 209	71 816	198 928	1 029 332	1 061 375	1 139 864
Surplus/(Deficit) before assoc.	39 472	(9 433)	47 257	(11 349)	(23 164)	52 839	(2 148)	(18 701)	51 911	(14 306)	(11 962)	(35 765)	64 652	62 618	34 295
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	39 472	(9 433)	47 257	(11 349)	(23 164)	52 839	(2 148)	(18 701)	51 911	(14 306)	(11 962)	(35 765)	64 652	62 618	34 295

Description R thousand	Budget Year 2022/23												Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
Capital Expenditure - Functional															
Governance and administration	11	216	1 993	1 212	725	37	1 022	1 573	1 801	1 541	511	17	10 660	2 928	2 251
Executive and council	—	—	2	648	4	4	4	2	—	—	—	—	664	673	24
Finance and administration	11	216	1 991	564	721	33	1 018	1 571	1 801	1 541	511	17	9 995	2 255	2 227
Community and public safety	—	—	20	3 208	1 036	320	105	625	577	325	1 140	10	7 366	24 816	4 650
Community and social services	—	—	—	313	20	—	—	60	—	10	—	10	413	300	100
Sport and recreation	—	—	20	220	1 016	305	105	565	507	300	—	—	3 038	24 291	2 304
Public safety	—	—	—	2 675	—	15	—	—	70	15	1 140	—	3 915	225	2 246
Economic and environmental services	3 973	520	2 156	9 053	8 821	6 617	6 246	9 588	7 113	5 558	1 978	9 928	71 549	82 414	41 930
Planning and development	3 473	20	156	2 803	1 071	367	186	513	186	207	51	—	9 030	33 698	5 902
Road transport	500	500	2 000	6 250	7 750	6 250	6 060	9 075	6 928	5 351	1 928	9 928	62 519	48 716	36 028
Trading services	1 829	6 590	6 975	9 125	12 359	17 124	6 599	14 480	10 033	7 420	6 345	2 641	101 521	85 678	116 860
Energy sources	1 740	2 440	2 630	2 290	4 840	3 540	2 500	7 600	4 700	4 740	4 340	1 640	43 000	58 410	51 985
Water management	89	2 150	2 320	4 220	4 594	3 033	1 710	3 581	3 267	1 963	1 725	721	29 372	17 562	22 985
Waste water management	—	2 000	2 020	2 520	2 670	6 500	2 210	3 099	2 066	717	280	280	24 364	2 974	8 240
Waste management	—	—	5	95	255	4 052	179	200	—	—	—	—	4 786	6 732	33 650
Total Capital Expenditure - Functional	5 812	7 326	11 144	22 597	22 941	24 099	13 971	26 266	19 524	14 844	9 974	12 596	191 096	195 835	165 691
Funded by:															
National Government	1 000	2 000	4 000	5 100	5 900	5 368	3 260	3 600	3 600	3 332	3 250	1 000	41 410	39 711	30 895
Provincial Government	3 454	12	85	2 638	922	270	102	3 054	2 731	2 774	2 658	2 639	21 339	33 640	5 040
Transfers and subsidies - capital	524	503	25	1 067	2 061	1 536	1 531	2 036	2 031	1 210	9	—	12 534	—	—
Transfers recognised - capital	4 978	2 515	4 110	8 805	8 883	7 174	4 893	8 690	8 362	7 316	5 917	3 639	75 283	73 351	35 935
Internally generated funds	834	4 811	7 034	13 793	14 058	16 924	9 078	17 576	11 162	7 528	4 057	8 957	115 813	122 484	129 756
Total Capital Funding	5 812	7 326	11 144	22 597	22 941	24 099	13 971	26 266	19 524	14 844	9 974	12 596	191 096	195 835	165 691

2.11 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class with overlapping due to the nature of some transactions.

2.11.1 Capital expenditure on new assets by asset class

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on new assets by Asset Class/Sub-class					
Infrastructure	35 632	36 721	80 931	68 740	71 956
Roads Infrastructure	11 081	14 040	40 221	19 093	6 600
Roads	11 081	14 040	40 221	19 093	6 600
Electrical Infrastructure	15 571	16 062	33 400	45 850	32 125
MV Substations	200	200	10 200	40 000	26 000
MV Switching Stations	–	–	4 800	–	–
MV Networks	14 855	14 855	17 600	5 000	5 225
LV Networks	516	1 007	800	850	900
Water Supply Infrastructure	5 778	5 102	4 307	1 297	6 041
Boreholes	–	–	740	–	–
Distribution	5 628	5 102	3 567	1 297	6 041
Distribution Points	150	–	–	–	–
Sanitation Infrastructure	2 482	1 207	3 002	–	1 520
Pump Station	920	650	800	–	–
Reticulation	1 562	557	2 202	–	1 520
Solid Waste Infrastructure	720	310	–	2 500	25 670
Landfill Sites	720	310	–	2 000	25 670
Waste Drop-off Points	–	–	–	500	–
Community Assets	3 768	6 066	4 200	13 100	1 100
Community Facilities	2 368	3 212	1 100	1 100	1 100
Parks	700	700	1 100	1 100	1 100
Public Open Space	1 668	2 512	–	–	–
Sport and Recreation Facilities	1 400	2 854	3 100	12 000	–
Indoor Facilities	800	2 113	–	–	–
Outdoor Facilities	600	741	3 100	12 000	–
Other assets	21 656	18 740	6 476	15 100	6 850
Operational Buildings	10 880	11 560	2 000	–	1 050
Municipal Offices	10 880	11 560	2 000	–	600
Stores	–	–	–	–	450
Housing	10 776	7 180	4 476	15 100	5 800
Staff Housing	–	–	–	–	–
Social Housing	10 776	7 180	4 476	15 100	5 800
Intangible Assets	–	–	420	–	–
Licences and Rights	–	–	420	–	–
Computer Software and Applications	–	–	420	–	–
Computer Equipment	1 587	1 762	3 704	880	909
Computer Equipment	1 587	1 762	3 704	880	909
Furniture and Office Equipment	348	340	364	324	330
Furniture and Office Equipment	348	340	364	324	330
Machinery and Equipment	2 319	2 339	4 219	1 205	6 854
Machinery and Equipment	2 319	2 339	4 219	1 205	6 854
Transport Assets	3 574	3 691	13 252	11 223	15 342
Transport Assets	3 574	3 691	13 252	11 223	15 342
Land	700	400	6 630	18 500	–
Land	700	400	6 630	18 500	–
Total Capital Expenditure on new assets	69 582	70 059	120 197	129 071	103 341

2.11.2 Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>					
<u>Infrastructure</u>	27 200	30 893	20 250	36 600	33 000
Roads Infrastructure	23 000	26 732	20 250	28 600	25 000
<i>Roads</i>	23 000	26 732	20 250	28 600	25 000
Electrical Infrastructure	4 200	4 161	–	8 000	8 000
<i>MV Substations</i>	3 600	3 600	–	–	–
<i>LV Networks</i>	600	561	–	8 000	8 000
<u>Community Assets</u>	–	–	–	–	–
Community Facilities	–	–	–	–	–
<i>Public Ablution Facilities</i>	–	–	–	–	–
<u>Other assets</u>	830	713	–	–	–
Operational Buildings	–	–	–	–	–
Housing	830	713	–	–	–
<i>Staff Housing</i>	830	713	–	–	–
<u>Computer Equipment</u>	–	–	–	–	–
Computer Equipment	–	–	–	–	–
<u>Furniture and Office Equipment</u>	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–
<u>Machinery and Equipment</u>	–	–	–	–	–
Machinery and Equipment	–	–	–	–	–
<u>Transport Assets</u>	–	–	–	–	–
Transport Assets	–	–	–	–	–
Total Capital Expenditure on renewal of existing	28 030	31 605	20 250	36 600	33 000

2.11.3 Repairs and maintenance expenditure by asset class

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Repairs and maintenance expenditure by Asset Class/Sub-class					
Infrastructure	40 155	41 390	46 838	44 353	49 194
Roads Infrastructure	5 140	5 135	9 823	5 495	8 741
Roads	5 073	5 057	9 754	5 424	8 668
Road Furniture	67	79	69	71	73
Storm water Infrastructure	17 281	18 274	19 334	20 783	21 801
Storm water Conveyance	17 281	18 274	19 334	20 783	21 801
Electrical Infrastructure	2 729	2 709	2 616	2 774	2 940
MV Substations	153	153	165	178	191
LV Networks	2 576	2 556	2 451	2 597	2 749
Water Supply Infrastructure	1 705	1 702	1 543	1 812	1 655
Reservoirs	1 102	1 098	1 135	1 169	1 204
Pump Stations	139	139	146	153	161
Distribution	465	465	262	490	290
Sanitation Infrastructure	5 334	5 433	5 609	5 190	5 378
Pump Station	939	1 052	967	997	1 026
Waste Water Treatment Works	4 394	4 381	4 641	4 194	4 352
Solid Waste Infrastructure	7 966	8 138	7 912	8 298	8 678
Landfill Sites	7 966	8 138	7 912	8 298	8 678
Community Assets	3 286	3 050	3 384	3 186	3 315
Community Facilities	2 122	2 178	2 227	2 327	2 432
Halls	387	371	404	423	442
Centres	1 470	1 586	1 544	1 621	1 702
Libraries	60	60	50	50	50
Cemeteries/Crematoria	105	100	109	114	118
Parks	100	61	120	120	120
Sport and Recreation Facilities	1 164	872	1 156	859	883
Indoor Facilities	100	100	100	100	100
Outdoor Facilities	1 064	772	1 056	759	783
Other assets	1 744	1 934	1 703	1 665	1 729
Operational Buildings	990	1 069	996	1 041	1 088
Municipal Offices	990	1 069	996	1 041	1 088
Housing	754	864	707	624	641
Staff Housing	197	255	207	217	228
Social Housing	557	609	500	406	413
Intangible Assets	4 226	4 226	4 297	4 511	4 738
Computer Software and Applications	4 226	4 226	4 297	4 511	4 738
Computer Equipment	316	316	337	447	487
Computer Equipment	316	316	337	447	487
Furniture and Office Equipment	77	75	70	72	75
Furniture and Office Equipment	77	75	70	72	75
Machinery and Equipment	1 282	1 333	1 408	1 384	1 411
Machinery and Equipment	1 282	1 333	1 408	1 384	1 411
Transport Assets	6 412	6 914	6 306	6 548	7 340
Transport Assets	6 412	6 914	6 306	6 548	7 340
Total Repairs and Maintenance Expenditure	57 497	59 237	64 342	62 167	68 288

2.11.4 Capital expenditure on the upgrading of existing assets by asset class

Description R thousand	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class					
Infrastructure	66 441	66 134	50 649	19 964	29 350
Roads Infrastructure	–	–	–	–	–
Storm water Infrastructure	–	–	250	250	250
<i>Storm water Conveyance</i>	–	–	250	250	250
Electrical Infrastructure	2 600	2 593	8 450	3 000	10 000
<i>MV Substations</i>	300	300	–	–	–
<i>MV Networks</i>	–	–	1 000	–	–
<i>LV Networks</i>	2 300	2 293	7 450	3 000	10 000
Water Supply Infrastructure	4 100	4 800	24 956	16 214	15 800
<i>Pump Stations</i>	1 000	1 000	–	–	–
<i>Distribution</i>	3 100	3 800	24 856	16 114	15 600
<i>PRV Stations</i>	–	–	100	100	200
Sanitation Infrastructure	59 741	58 741	16 993	500	3 300
<i>Waste Water Treatment Works</i>	59 741	58 741	16 993	500	3 300
Community Assets	2 383	2 242	–	10 200	–
Community Facilities	–	–	–	200	–
<i>Cemeteries/Crematoria</i>	–	–	–	200	–
Sport and Recreation Facilities	2 383	2 242	–	10 000	–
<i>Outdoor Facilities</i>	2 383	2 242	–	10 000	–
Computer Equipment	–	–	–	–	–
Computer Equipment	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–
Machinery and Equipment	–	–	–	–	–
Machinery and Equipment	–	–	–	–	–
Transport Assets	–	–	–	–	–
Transport Assets	–	–	–	–	–
Total Capital Expenditure on upgrading of existing	68 824	68 376	50 649	30 164	29 350

2.11.5 Future financial implications of the capital budget

Capital projects above the threshold as envisaged by section 19 of the MFMA

Section 19 (1) requires that council consider the operational costs over the MTREF and beyond prior to approving these capital projects:

Vote Description R thousand	2022/23 Medium Term Revenue & Expenditure Framework			Forecasts	
	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Forecast 2025/26	Forecast 2026/27
Capital expenditure					
Vote 1 - Corporate Services	4 404	126	128	100	132
Vote 2 - Civil Services	112 144	101 460	94 313	99 335	111 969
Vote 3 - Council	654	661	12	12	12
Vote 4 - Electricity Services	46 004	59 290	52 784	61 220	34 790
Vote 5 - Financial Services	711	385	320	828	661
Vote 6 - Development Services	23 254	33 676	15 877	84	88
Vote 7 - Municipal Manager	10	12	12	12	12
Vote 8 - Protection Services	3 915	225	2 246	955	4 772
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—
Total Capital Expenditure	191 096	195 835	165 691	162 546	152 436
Future operational costs by vote					
Vote 2 - Civil Services	2 294	2 366	2 533	2 841	3 037
Total future revenue	—	—	—	—	—
Net Financial Implications	193 390	198 201	168 224	165 386	155 473

2.11.6 Detailed capital budget per municipal function and directorate



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	TYPE	S	ASSETS CLASS	ASSETS SUB CLASS	FINAL BUDGET 2022-23	FINAL BUDGET 2023-24	FINAL BUDGET 2024-25
1	Equipment : Civil	Vote 2 - Civil Services	Planning and Development	CRR	New	S	Machinery and Equipment	Machinery and Equipment	52 000	54 000	56 000
2	Sewerage Works: Moorreesburg (C	Vote 2 - Civil Services	Waste Water Management	CRR	Upgrading	M	Sanitation Infrastructure	Waste Water Treatment Wo	16 187 000	-	-
3	Sewerage Works: Darling (CRR)	Vote 2 - Civil Services	Waste Water Management	CRR	Upgrading	M	Sanitation Infrastructure	Waste Water Treatment Wo	806 350	-	-
4	Sewerage Works: Koringberg	Vote 2 - Civil Services	Waste Water Management	CRR	Upgrading	M	Sanitation Infrastructure	Waste Water Treatment Wo	-	-	500 000
5	Sewerage Works: Chatsworth	Vote 2 - Civil Services	Waste Water Management	CRR	Upgrading	M	Sanitation Infrastructure	Waste Water Treatment Wo	-	-	500 000
6	Security Fencing: MBY WWTW Irrig	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Sanitation Infrastructure	Pump Station	800 000	-	-
7	Replace: Darling Drum Screens	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Sanitation Infrastructure	Reticulation	-	-	600 000
8	Upgrading of bulk collectors: Moor	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	-	700 000
9	Darling: Gantry and Electric hoist a	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Sanitation Infrastructure	Reticulation	-	-	920 000
10	Sewerage: CK18526 Isuzu FSR750	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Transport Assets	Transport Assets	-	-	2 330 000
11	Equipment : Sewerage Telemetry	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	36 000	38 000	40 000
12	Equipment : Sewerage	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	30 000	32 000	34 000
13	Sewerage: CK14612 Nissan UD290	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Transport Assets	Transport Assets	1 995 000	-	-
14	Sewerage: CK31209 UD330	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Transport Assets	Transport Assets	-	2 090 000	-
15	Sewerage: New Vacuum Tanker ex	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Transport Assets	Transport Assets	1 995 000	-	-
16	Upgrading of bulk collectors: Darli	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	500 000	2 300 000
17	Equipment : Buildings & Maintena	Vote 2 - Civil Services	Finance and Administration	CRR	New	S	Machinery and Equipment	Machinery and Equipment	26 800	28 500	30 000
18	Buildings: CK23064 Nissan NP300	Vote 2 - Civil Services	Finance and Administration	CRR	New	S	Transport Assets	Transport Assets	-	935 000	-
19	Fitting of Council Chambers (Std B	Vote 2 - Civil Services	Finance and Administration	CRR	New	S	Operational Buildings	Municipal Offices	2 000 000	-	-
20	Moorreesburg Stores Ablution Faci	Vote 2 - Civil Services	Finance and Administration	CRR	New	S	Operational Buildings	Stores	-	-	450 000
21	Upgrades: Bonwit Building	Vote 2 - Civil Services	Finance and Administration	CRR	New	S	Operational Buildings	Municipal Offices	-	-	600 000
22	Wesbank Cemetery: Extension	Vote 2 - Civil Services	Community and Social Ser	CRR	Upgrading	S	Community Facilities	Cemeteries/Crematoria	-	200 000	-
23	Ward Committee Projects: Parks	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Community Facilities	Parks	1 100 000	1 100 000	1 100 000
24	Equipment: Parks	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Machinery and Equipment	Machinery and Equipment	62 000	64 000	66 000
25	Parks: CK16683 Nissan NP300	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Transport Assets	Transport Assets	-	379 500	-
26	Parks: CK30905 John Deere Tract	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Transport Assets	Transport Assets	-	572 000	-
27	Parks: CK41465 John Deere Tract	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Transport Assets	Transport Assets	546 000	-	-
28	Parks: CK43400 Trailer with Roll	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Transport Assets	Transport Assets	-	143 000	-
29	Parks: CK28881 John Deere Tract	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Transport Assets	Transport Assets	-	-	598 000
30	Parks: Slasher (Bossiekapper): sn	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	-	55 000
31	Roads Swartland: Resealing of Roa	Vote 2 - Civil Services	Road Transport	CRR	Renewal	M	Roads Infrastructure	Roads	20 250 000	22 000 000	25 000 000
32	Roads Swartland: Resealing of Roa	Vote 2 - Civil Services	Road Transport	MIG	Renewal	M	Roads Infrastructure	Roads	-	6 599 541	-
33	Roads Swartland: New Roads (CRF	Vote 2 - Civil Services	Road Transport	CRR	New	M	Roads Infrastructure	Roads	500 000	6 500 000	-
34	Roads Swartland: New Roads (MIG	Vote 2 - Civil Services	Road Transport	MIG	New	M	Roads Infrastructure	Roads	8 810 000	9 111 459	-
35	Upgrading of N7/Voortrekker North	Vote 2 - Civil Services	Road Transport	CRR	New	M	Roads Infrastructure	Roads	8 000 000	2 381 500	-
36	Construction of side walks and rel	Vote 2 - Civil Services	Road Transport	Donation	New	M	Roads Infrastructure	Roads	12 173 913	-	-
37	Ward Committee Projects: Roads	Vote 2 - Civil Services	Road Transport	CRR	New	S	Roads Infrastructure	Roads	1 100 000	1 100 000	1 100 000
38	Roads: CK18925 UD85	Vote 2 - Civil Services	Road Transport	CRR	New	S	Transport Assets	Transport Assets	-	1 023 000	-
39	Roads: CK15928 Dezzi Grader	Vote 2 - Civil Services	Road Transport	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	-	4 427 500
40	Roads: CK29892 Case Backhoe Lo	Vote 2 - Civil Services	Road Transport	CRR	New	S	Machinery and Equipment	Machinery and Equipment	2 047 500	-	-



FINANCE								FINAL BUDGET 2022-23	FINAL BUDGET 2023-24	FINAL BUDGET 2024-25
PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	SOURCE	TYPE	S/M	ASSETS CLASS	ASSETS SUB CLAS			
41 Swimming Pool: Wesbank	Vote 2 - Civil Services	Sport and Recreation	CRR	New	M	Sport and Recreation Facilities	Outdoor Facilities	700 000	12 000 000	-
42 Upgrading of Darling and Chatsworth	Vote 2 - Civil Services	Sport and Recreation	MIG	Upgrading	S	Sport and Recreation Facilities	Outdoor Facilities	-	10 000 000	-
43 Security lighting: Wesbank Sport Ground	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Sport and Recreation Facilities	Outdoor Facilities	600 000	-	-
44 Sportgrounds: Blower Mower: sn 2	Vote 2 - Civil Services	Sport and Recreation	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	-	54 700
45 Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Upgrading	S	Storm water Infrastructure	Storm water Conveyance	250 000	250 000	250 000
46 Equipment: Streets and Stormwater	Vote 2 - Civil Services	Waste Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	62 000	64 000	66 000
47 Water networks: Upgrades and Rep	Vote 2 - Civil Services	Water Management	CRR	Upgrading	S	Water Supply Infrastructure	Distribution	1 120 000	-	-
48 Water networks: Upgrades and Rep	Vote 2 - Civil Services	Water Management	MIG	Upgrading	S	Water Supply Infrastructure	Distribution	2 217 712	-	-
49 Water: Upgrading water reticulation	Vote 2 - Civil Services	Water Management	CRR	Upgrading	S	Water Supply Infrastructure	PRV Stations	100 000	100 000	200 000
50 Bulk water infrastructure (emergen	Vote 2 - Civil Services	Water Management	CRR	New	S	Water Supply Infrastructure	Distribution	500 000	500 000	500 000
51 Connections: Water Meters (New/R	Vote 2 - Civil Services	Water Management	CRR	New	S	Water Supply Infrastructure	Distribution	664 089	797 216	940 993
52 Equipment : Water	Vote 2 - Civil Services	Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	49 000	51 000	53 000
53 Water: CK10564 Toyota Hilux 3.0	Vote 2 - Civil Services	Water Management	CRR	New	S	Transport Assets	Transport Assets	-	-	661 250
54 Swartland System System S3.3 &	Vote 2 - Civil Services	Water Management	CRR	Upgrading	M	Water Supply Infrastructure	Distribution	3 650 000	4 000 000	5 000 000
55 Swartland System System S3.3 &	Vote 2 - Civil Services	Water Management	MIG	Upgrading	M	Water Supply Infrastructure	Distribution	5 000 000	5 000 000	7 000 000
56 Wesbank I1/4 to Wesbank Reservo	Vote 2 - Civil Services	Water Management	CRR	Upgrading	M	Water Supply Infrastructure	Distribution	3 585 938	2 414 062	-
57 Wesbank I1/4 to Wesbank Reservo	Vote 2 - Civil Services	Water Management	MIG	Upgrading	M	Water Supply Infrastructure	Distribution	3 782 288	4 000 000	-
58 Riebeek Kasteel supply S2.4	Vote 2 - Civil Services	Water Management	CRR	Upgrading	M	Water Supply Infrastructure	Distribution	1 000 000	-	-
59 De Hoop Supply SMW1.1 - CRR	Vote 2 - Civil Services	Water Management	CRR	Upgrading	S	Water Supply Infrastructure	Distribution	500 000	-	-
60 De Hoop Supply SMW1.2 - MIG	Vote 2 - Civil Services	Water Management	MIG	Upgrading	S	Water Supply Infrastructure	Distribution	4 000 000	-	-
61 Darling SDW2.4 & SDW2.5, SDW1.	Vote 2 - Civil Services	Water Management	CRR	Upgrading	S	Water Supply Infrastructure	Distribution	-	700 000	3 000 000
62 Moorsburg SMOw2.3 water net	Vote 2 - Civil Services	Water Management	CRR	Upgrading	S	Water Supply Infrastructure	Distribution	-	-	600 000
63 Malmesbury Irrigation: Replace pu	Vote 2 - Civil Services	Water Management	CRR	New	S	Water Supply Infrastructure	Distribution	-	-	500 000
64 Mobile water pumps x 4 (replacem	Vote 2 - Civil Services	Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	-	150 000
65 Compactor replacement x 3	Vote 2 - Civil Services	Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	-	280 000
66 Electrofusion Welding machine (re	Vote 2 - Civil Services	Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	60 000	-	-
67 Generator for Wesbank Water Tow	Vote 2 - Civil Services	Water Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	1 000 000	-	-
68 Boreholes for Landfill sites	Vote 2 - Civil Services	Waste Management	CRR	New	S	Water Supply Infrastructure	Boreholes	740 000	-	-
69 Highlands: Development of new ce	Vote 2 - Civil Services	Waste Management	CRR	New	M	Solid Waste Infrastructure	Landfill Sites	-	2 000 000	7 000 000
70 Highlands: Development of new ce	Vote 2 - Civil Services	Waste Management	MIG	New	M	Solid Waste Infrastructure	Landfill Sites	-	-	18 670 000
71 Koringberg: New Transfer Station	Vote 2 - Civil Services	Waste Management	CRR	New	S	Solid Waste Infrastructure	Waste Drop-off Points	-	500 000	-
72 Equipment : Refuse bins, traps, sk	Vote 2 - Civil Services	Waste Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	150 000	150 000	160 000
73 Equipment : Refuse Removal	Vote 2 - Civil Services	Waste Management	CRR	New	S	Machinery and Equipment	Machinery and Equipment	24 000	26 000	28 000
74 Refuse: CK27606 Nissan UD40	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	628 869	-	-
75 Refuse: CK38712 Nissan UD350	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	-	3 397 310	-
76 Refuse: CK43134 Nissan UD35A	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	-	658 815	-
77 Refuse: CK21988 Nissan UD CW26	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	-	-	3 551 733
78 Refuse: CK29021 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	-	-	688 761
79 Refuse: CK43815 Nissan UD330	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	3 242 887	-	-
80 Refuse: New compactor to extend	Vote 2 - Civil Services	Waste Management	CRR	New	S	Transport Assets	Transport Assets	-	-	3 551 733



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	TYPE	S/M	ASSETS CLASS	ASSETS SUB CLAS	FINAL BUDGET 2022-23	FINAL BUDGET 2023-24	FINAL BUDGET 2024-25
81	Equipment : Development Services	Vote 6 - Development	S Planning and Development	CRR	New	S	Furniture and Office Equipment	Furniture and Office Equipment	42 000	44 000	46 000
82	Equipment: YZF Caravan Park	Vote 6 - Development	S Sport and Recreation	CRR	New	S	Machinery and Equipment	Machinery and Equipment	30 000	32 000	34 000
83	Thusong Centre: CK18244 Nissan	Vote 6 - Development	S Community and Social Ser	CRR	New	S	Transport Assets	Transport Assets	262 500	-	-
84	YZF Caravan Park: CK39039 Isuzu	Vote 6 - Development	S Sport and Recreation	CRR	New	S	Transport Assets	Transport Assets	-	-	396 750
85	Malmesbury De Hoop (Professiona	Vote 6 - Development	S Planning and Development	Dept. Humz	New	M	Housing	Social Housing	2 335 000	-	-
86	Malmesbury De Hoop - 395 (Water	Vote 6 - Development	S Water Management	Dept. Humz	New	M	Water Supply Infrastructure	Distribution	39 000	-	-
87	Malmesbury De Hoop Serviced Site	Vote 6 - Development	S Planning and Development	Dept. Humz	New	M	Housing	Social Housing	841 440	15 100 000	5 000 000
88	Malmesbury De Hoop Serviced Site	Vote 6 - Development	S Waste Water Management	Dept. Humz	New	M	Sanitation Infrastructure	Reticulation	1 402 400	-	-
89	Malmesbury De Hoop Serviced Site	Vote 6 - Development	S Water Management	Dept. Humz	New	M	Water Supply Infrastructure	Distribution	2 103 600	-	-
90	Malmesbury De Hoop Serviced Site	Vote 6 - Development	S Road transport	Dept. Humz	New	M	Roads Infrastructure	Roads	9 637 560	-	-
91	Phola Park (A,B & C) Rudimentary	Vote 6 - Development	S Waste Water Management	CRR	New	M	Sanitation Infrastructure	Reticulation	800 000	-	-
92	Kalbaskraal Serviced Sites (Prof Fe	Vote 6 - Development	S Planning and Development	Dept. Humz	New	M	Housing	Social Housing	-	-	-
93	Kalbaskraal Serviced Sites (Sewera	Vote 6 - Development	S Waste Water Management	Dept. Humz	New	M	Sanitation Infrastructure	Reticulation	-	-	-
94	Kalbaskraal Serviced Sites (Water)	Vote 6 - Development	S Water Management	Dept. Humz	New	M	Water Supply Infrastructure	Distribution	-	-	-
95	Kalbaskraal Serviced Sites (Streets	Vote 6 - Development	S Road transport	Dept. Humz	New	M	Roads Infrastructure	Roads	-	-	-
96	Chatsworth Serviced Sites (Prof Fe	Vote 6 - Development	S Planning and Development	Dept. Humz	New	M	Housing	Social Housing	300 000	-	-
97	Chatsworth Serviced Sites (Sewera	Vote 6 - Development	S Waste Water Management	Dept. Humz	New	M	Sanitation Infrastructure	Reticulation	-	-	-
98	Chatsworth Serviced Sites (Water)	Vote 6 - Development	S Water Management	Dept. Humz	New	M	Water Supply Infrastructure	Distribution	-	-	-
99	Chatsworth Serviced Sites (Streets	Vote 6 - Development	S Road transport	Dept. Humz	New	M	Roads Infrastructure	Roads	-	-	-
100	Silvertown IBS (Sewerage)	Vote 6 - Development	S Waste Water Management	Dept. Humz	New	S	Sanitation Infrastructure	Reticulation	-	-	-
101	Silvertown IBS (Water)	Vote 6 - Development	S Water Management	Dept. Humz	New	S	Water Supply Infrastructure	Distribution	-	-	-
102	Silvertown: Purchasing of Land	Vote 6 - Development	S Planning and Development	Dept. Humz	New	S	Land	Land	-	18 500 000	-
103	Kalbaskraal: Purchasing of Transp	Vote 6 - Development	S Planning and Development	Dept. Humz	New	S	Land	Land	2 400 000	-	-
104	Moorreesburg Bulk: Water (Omega	Vote 6 - Development	S Water Management	CRR	New	M	Water Supply Infrastructure	Distribution	-	-	3 100 000
105	De Hoop Bulk: Water - Wesbank (P	Vote 6 - Development	S Water Management	CRR	New	M	Water Supply Infrastructure	Distribution	-	-	1 000 000
106	De Hoop Bulk: Prof Fees (Phase 4)	Vote 6 - Development	S Planning and Development	CRR	New	M	Housing	Social Housing	-	-	800 000
107	De Hoop Bulk: Streets - Darling Li	Vote 6 - Development	S Road transport	CRR	New	M	Roads Infrastructure	Roads	-	-	5 500 000
108	Malmesbury: Saamstaan/De Hoop	Vote 4 - Electricity Serv	Energy Sources	INEP	New	M	Electrical Infrastructure	MV Networks	17 600 000	5 000 000	5 225 000
109	Malmesbury Saamstaan/De Hoop:	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	LV Networks	1 000 000	-	-
110	Moorreesburg Development 600 IF	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	M	Electrical Infrastructure	LV Networks	-	-	5 000 000
111	Malmesbury Wesbank Sports Field	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	LV Networks	200 000	-	-
112	Darling GAP 36 serviced erven dev	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	LV Networks	2 000 000	-	-
113	Darling 184 IRDP erven. Electrical	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	LV Networks	-	-	5 000 000
114	Malmesbury Illinge Lethu. Formalis	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	M	Electrical Infrastructure	LV Networks	3 000 000	3 000 000	-
115	132/11kV Eskom Schoonspruit su	Vote 4 - Electricity Serv	Energy Sources	CRR	New	M	Electrical Infrastructure	MV Substations	10 000 000	40 000 000	26 000 000
116	ELECT Renewal of old/aging electr	Vote 4 - Electricity Serv	Energy Sources	CRR	Renewal	S	Electrical Infrastructure	LV Networks	-	8 000 000	8 000 000
117	Replace oil insulated switchgear a	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Electrical Infrastructure	MV Switching Stations	4 500 000	-	-
118	LV Upgrading: Swartland	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	LV Networks	750 000	-	-
119	MV Upgrading: Swartland	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	MV Networks	1 000 000	-	-
120	Streetlight, kiosk and polebox repl	Vote 4 - Electricity Serv	Energy Sources	CRR	Upgrading	S	Electrical Infrastructure	LV Networks	500 000	-	-
121	Protection and Scada Upgrading: S	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Electrical Infrastructure	MV Switching Stations	300 000	-	-
122	Substation Fencing: Swartland	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Electrical Infrastructure	MV Substations	200 000	-	-
123	Malmesbury Security Operational C	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Computer Equipment	Computer Equipment	700 000	-	-
124	Replacement of obsolete air condi	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Furniture and Office Equipment	Furniture and Office Equipm	100 000	100 000	100 000
125	Connections: Electricity Meters (N	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Electrical Infrastructure	LV Networks	800 000	850 000	900 000
126	Equipment: Electric	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Machinery and Equipment	Machinery and Equipment	350 000	360 000	380 000
127	Elec: CK29443 Isuzu N Series & C	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Transport Assets	Transport Assets	-	1 100 000	-
128	Elec: CK14498 Isuzu NPS300 4x	Vote 4 - Electricity Serv	Energy Sources	CRR	New	S	Transport Assets	Transport Assets	-	-	1 380 000



PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	TYPE	S/M	ASSETS CLASS	ASSETS SUB CLAS	FINAL BUDGET 2022-23	FINAL BUDGET 2023-24	FINAL BUDGET 2024-25
129 Backup Solution	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	660 000	-	-
130 Terminals	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	-	40 000	-
131 Monitor Replacements	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	45 000	-	-
132 Scanner Replacements	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	80 000	80 000	80 000
133 Equipment: Information Technolo	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	70 000	75 000	75 000
134 New Server SM virtual environmen	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	1 100 000	-	-
135 Printers	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	60 000	60 000	60 000
136 DeskTops	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	225 000	245 000	225 000
137 Notebooks	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	484 000	330 000	309 000
138 Recording of telephone calls	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	180 000	-	-
139 Projector: Town hall	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	70 000	-	-
140 UPS Replacement	Vote 4 - Electricity Serv	Finance and Administratio	CRR	New	S	Computer Equipment	Computer Equipment	30 000	50 000	50 000
141 Equipment : Financial	Vote 5 - Financial Serv	Finance and Administratio	CRR	New	S	Furniture and Office Equipme	Furniture and Office Equipr	28 000	30 000	32 000
142 Finance: CK30046 Toyota Etios	Vote 5 - Financial Serv	Finance and Administratio	CRR	New	S	Transport Assets	Transport Assets	262 500	-	-
143 Finance: CK40700 Citi Golf 310	Vote 5 - Financial Serv	Finance and Administratio	CRR	New	S	Transport Assets	Transport Assets	-	275 000	-
144 Finance: CK40701 Citi Golf 310	Vote 5 - Financial Serv	Finance and Administratio	CRR	New	S	Transport Assets	Transport Assets	-	-	287 500
145 Meterreading Handhelds	Vote 5 - Financial Serv	Finance and Administratio	CRR	New	S	Machinery and Equipment	Machinery and Equipment	-	80 000	-
146 Indigent Screening Solution	Vote 5 - Financial Serv	Finance and Administratio	CRR	New	S	Intangible Assets	Computer Software and Ap	420 000	-	-
147 Traffic: CK41293 Toyota Hilux DC	Vote 8 - Protection Serv	Public Safety	CRR	New	S	Transport Assets	Transport Assets	-	-	687 324
148 Law enforcement: CK36311 Nissa	Vote 8 - Protection Serv	Public Safety	CRR	New	S	Transport Assets	Transport Assets	-	-	1 208 478
149 Replacement: Drones	Vote 8 - Protection Serv	Public Safety	CRR	New	S	Computer Equipment	Computer Equipment	-	-	110 000
150 Equipment: Protection	Vote 8 - Protection Serv	Public Safety	CRR	New	S	Machinery and Equipment	Machinery and Equipment	50 000	50 000	55 000
151 Equipment : Fire Fighting	Vote 8 - Protection Serv	Public Safety	CRR	New	S	Machinery and Equipment	Machinery and Equipment	160 000	135 000	145 000
152 Fire: CK27542 Tata LPTA 713 *Re	Vote 8 - Protection Serv	Public Safety	CRR	New	S	Transport Assets	Transport Assets	3 675 000	-	-
153 Equipment : K9 Unit	Vote 8 - Protection Serv	Public Safety	Com Safety	New	S	Machinery and Equipment	Machinery and Equipment	30 000	40 000	40 000
154 Equipment : MM	Vote 7 - Municipal Man	Executive and Council	CRR	New	S	Furniture and Office Equipme	Furniture and Office Equipr	10 000	12 000	12 000
155 Equipment : Council	Vote 3 - Council	Executive and Council	CRR	New	S	Furniture and Office Equipme	Furniture and Office Equipr	10 000	12 000	12 000
156 Council: CK15265 Caravelle Kombi	Vote 3 - Council	Executive and Council	CRR	New	S	Transport Assets	Transport Assets	-	649 000	-
157 Council: CK1 M/Benz E200	Vote 3 - Council	Executive and Council	CRR	New	S	Transport Assets	Transport Assets	644 459	-	-
158 Equipment : Corporate	Vote 1 - Corporate Serv	Finance and Administratio	CRR	New	S	Furniture and Office Equipme	Furniture and Office Equipr	24 000	26 000	28 000
159 Purchase of Land Parcels: Koringb	Vote 1 - Corporate Serv	Finance and Administratio	CRR	New	S	Land	Land	230 000	-	-
160 Development of Erf 2737 Malmesl	Vote 1 - Corporate Serv	Finance and Administratio	CRR	New	S	Land	Land	4 000 000	-	-
161 Equipment: Libraries	Vote 1 - Corporate Serv	Community and Social Ser	Dept. CA ar	New	S	Furniture and Office Equipme	Furniture and Office Equipr	50 000	-	-
162 Equipment Corporate: Buildings &	Vote 1 - Corporate Serv	Community and Social Ser	CRR	New	S	Furniture and Office Equipme	Furniture and Office Equipr	100 000	100 000	100 000
163 Skate Park: Darling	Vote 6 - Development S	Planning and Developmen	RSEP	New	S	Sport and Recreation Facilities	Outdoor Facilities	600 000	-	-
164 Skate Park: Darling	Vote 6 - Development S	Planning and Developmen	CRR	New	S	Sport and Recreation Facilities	Outdoor Facilities	500 000	-	-
165 Skate Park: Darling	Vote 6 - Development S	Planning and Developmen	Donation	New	S	Sport and Recreation Facilities	Outdoor Facilities	100 000	-	-
166 Tenstile Netting over seating area	Vote 6 - Development S	Planning and Developmen	RSEP	New	S	Sport and Recreation Facilities	Outdoor Facilities	600 000	-	-
167 Irrigation: Darling Amfiteater	Vote 6 - Development S	Planning and Developmen	Donation	New	S	Sport and Recreation Facilities	Outdoor Facilities	260 000	-	-
168 Darling GAP	Vote 6 - Development S	Planning and Developmen	Dept. Hum	New	S	Housing	Social Housing	1 000 000	-	-
				84						
GRAND TOTAL								191 095 805	195 834 903	165 690 722

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Full compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial Government and National Treasury.

2. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Budget Steering Committee

A Budget Steering Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The draft SDBIP document was tabled with the approval of the draft 2022/2023 MTREF budget. The final SDBIP document will be tabled after the approval of the final 2022/2023 MTREF budget. The SDBIP was aligned and informed by the 2022/2023 MTREF budget.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

Refer to section 2.3.

2.13 Other supporting documents

All other supporting schedules are available on request and will also be placed on the website .



2.14 Manager's quality certificate

I JJ Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Joggie Scholtz

Municipal Manager of Swartland Municipality

Signature:

Date:

18 05 2022

A handwritten signature in black ink, appearing to read "Joggie Scholtz", written over a horizontal line.

Capital Projects with a total project cost in excess of R50 million (to give effect to Sec 19 (1) (b) of the MFMA)

"ANNEXURE A-2"

Project Description	Preceding Years	Actual	Nature	Location	Budget Year	Budget Year	Budget Year	Forecast	Forecast	Sum of Future Years	Total Project Value	Funding Sources	Future Operational Cost	Operating Impact absorbed by:	Sec 33 Triggered Y / N
	Costs / Budget	2021/22			2022/23	2023/24	2024/25	2025/26	2026/27	Estimate	Estimate				
Sewerage Works: Moorreesburg	R 4 328 955	R 18 245 351	Upgrading Waste Water Treatment Works in Moorreesburg	Moorreesburg	R 16 187 000	R -	R -	R -	R -	R -	R 38 761 306	CRR	Future operational cost (e.g. Interest, repairs & maintenance, depreciation, etc) of R7 193 047 starting from 2022/23 to 2024/25	Existing Sewerage Revenue Regime	Y
Sewerage Works: Moorreesburg	R 9 219 401	R 15 849 816		Moorreesburg	R -	R -	R -	R -	R -	R -	R 25 069 217	MIG			Y
Roads Swartland: Resealing of Roads	R 11 104 430	R 17 684 693	Resealing of roads in the Swartland area	Swartland Area	R 20 250 000	R 22 000 000	R 25 000 000	R 28 000 000	R 30 000 000	R 58 000 000	R 125 250 000	CRR	Future operational cost (e.g. Interest, repairs & maintenance, depreciation, etc) will be covered by the Roads cost centre	MTREF CRR and beyond	N
Roads Swartland: Resealing of Roads	R 17 873 273	R 5 300 792		Swartland Area	R -	R 6 599 541	R -	R -	R -	R -	R 6 599 541	MIG			N
Malmesbury 132/11kV Schoonspruit substation, 132kV transmission line, servitudes	R -	R -	Upgrading of bulk electricity supply	Malmesbury	R 10 000 000	R 40 000 000	R 26 000 000	R 33 000 000	R -	R -	R 109 000 000	CRR	Future operating costs will be covered by the Electricity maintenance budget	Existing Electricity Revenue Regime	N