

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2023/2024 TO 2025/2026



ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

**2023/2024 TO 2025/2026
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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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 approval of the final multi-year capital and operating budgets, amended budget and related policies, property tax rates, tariffs and other charges for 2023/2024; 2024/2025 and 2025/2026;

- (a) That cognisance be taken of the inputs received from the public and province and that the comments and responses thereto (**Annexure E, Inputs received on Draft Budget**) be accepted as per the recommendations by the Budget Steering Committee and Executive Mayoral Committee, insofar as it relates to the 2023/2024 MTREF Draft Budget and in having considered the inputs into the draft budget, it is resolved that no amendments to the budget or policies are required;
- (b) That council takes note that the future costs as envisaged by Section 19 (2)(a)(b) were derived after consultation with the respective director(s), as per (**Annexure A: 2023/2024 – 2025/2026 Final Budget and Tariff File**);
- (c) That council prior to approving the capital projects above R50 million as listed in (**Annexure B: 2023/2024 – 2025/2026 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 deemed it appropriate to consider the entire capital program excluding the 3 contractually combined projects above R50 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;
- (e) That the future capital budgets from year 3 be limited to 16.5% of the operating budget (based on NT's norm for *Capital Expenditure to Total Expenditure* that is between 10% to 20%) because of the upward pressure it has on the operating budget and the affordability of tariffs;
- (f) 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 2023/2024	Final Budget 2024/2025	Final Budget 2025/2026
Capital Replacement Reserve (CRR)	R 101 665 452	R 70 374 545	R 99 643 329
External Loans	R -	R 33 000 000	R 17 000 000
Municipal Infrastructure Grant (MIG)	R 24 708 000	R 25 664 000	R 26 660 000
Dept. Human Settlements	R 55 314 000	R 64 890 000	R 30 000 000
Integrated National Electrification Programme (INEP)	R 23 658 000	R 25 000 000	R 35 000 000
RSEP	R 500 000	-	-
Contributions / Donations	R 1 224 943	-	-
Dept. Cultural Affairs and Sport	R 1 016 000	-	-
Community Safety Grant	R 40 000	R 40 000	-
Fire Service Capacity Building Grant	R 926 000	-	-
GRAND TOTAL	R 209 052 395	R 218 968 545	R 208 303 329

- (g) That council approves the capital projects as part of its consolidated capital program as per **(Annexure A: 2023/2024 – 2025/2026 Final Budget and Tariff File)**;
- (h) That council specifically note that some naming conventions (where applicable and appropriate) are due to be amended to co-inside with the requirements of the hierarchy of assets for eg, a project in the capital budget named Fencing;
- (i) That council in-principle approves the raising of an external loan to the amount of R50 million in year 2 of the new 2023/24 MTREF for the partial financing of the following capital projects: Malmesbury De Hoop 132/11kV Substation (R29 million) and the Development of Highlands New Landfill site Cell (120 million), by means of testing the market as envisaged by MFMA section 46, requesting tenders from the financial institutions;
- (j) That the final high-level multi-year Capital and Operating budgets in respect of the **2023/2024 – 2025/2026** financial years, be approved as final, in accordance with sections 16, 17, 18 and 19;

	Original Budget 2022/23	Special Adj Budget 2022/23	Final Budget 2023/24	Final Budget 2024/25	Final Budget 2024/25
Capital budget	191 095 805	178 839 804	209 052 395	218 968 545	208 303 329
Operating Expenditure	1 029 331 855	1 025 575 992	1 071 330 062	1 174 132 994	1 371 930 505
Operating Revenue	1 093 983 961	1 098 017 579	1 192 485 181	1 311 049 716	1 489 696 468
Budgeted (Surplus)/ Deficit	(64 652 106)	(72 441 587)	(121 155 119)	(136 916 722)	(117 765 963)
Less: Capital Grants & Contributions	77 109 000	78 890 510	107 386 943	115 594 000	91 660 000
(Surplus)/ Deficit	12 456 894	6 448 923	(13 768 176)	(21 322 722)	(26 105 963)

- (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 2023/24 financial year with effect from 1 July 2023;

Category of property	Rate ratio	(c/R) rate determined for the relevant property category
Residential properties	1: 1	0,5956
Business and Commercial properties	1: 1,4586	0,8769
Industrial properties	1: 1,4586	0,8769
Agricultural properties	1: 0,25	0,1489
Mining properties	1: 1,4586	0,8769
Public Service Infrastructure	1: 0,25	0,1489
Properties owned by an organ of state and used for public service purposes	1: 1,4586	0,8769
Public Benefit Organizations	1: 0	0,0000
Vacant properties	1: 1,3470	0,8022
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: 2023/2024 – 2025/2026 Final Budget and Tariff File)**;

- (m) That council approve the electricity tariffs as final for the 2023/2024 financial year, **bearing in mind that it is still subject to NERSA's final approval** and that Time of Use customers must note that the TOU slots are subject to change pending Nersa/Eskom's clarification;
- (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 2023/2024–2025/2026)**;
- (o) That the **amendments** to the budget and related policies as set out in **(Annexure D: Final Amendments to Budget & Related Policies 2023/2024)** hereto, be approved as final;
- (p) That the training budget limited to **0,60%** of the salary budget in the amount of **R1 898 364** for the 2023/2024 financial year be approved as final;
- (q) That Council takes note of the increase in the salary bill of around **5.99%**:
- In respect of all personnel, an increase of **5.4%** for 2023/2024; **5%** for 2024/2025 and **5%** for the 2025/2026 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”, the total expenditure growth of **4.5%** from the current to the new financial year and the revenue streams with growth in revenue of **8.6% (6.5% 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 **10 months** for 2023/24, **10.4 months** for 2024/25 and **9 months** for the 2025/26 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 surpluses are envisaged for 2023/24 to an amount of **R 13 768 176**, for 2024/25 an amount of **R 21 322 722** and for 2025/26 an amount of **R 26 105 963 (excluding capital grant income)**, which is well below the NT norm of at least a surplus of 10%.
- (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 6.7 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. 122 and No.123 supported and guided the compilation of the 2023/2024 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 28 April 2023. 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:

- Community safety and wellbeing;
- Economic transformation;
- Quality and reliable services;
- A healthy and sustainable environment;
- A connected and innovative local government.

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 122 and 123 (dated 9 December 2022 and 3 March 2023) to inform the Final 2023-2024 MTREF

The South African economy and inflation targets

The National Treasury forecasts real economic growth of 1.9 per cent in 2022, compared with 2.1 per cent projected in the 2022 Budget Review, in response to global and domestic shocks. Growth is projected to average 1.6 per cent from 2023 to 2025. Implementing structural reforms, especially in the energy sector, remains crucial to improve the economy's productive capacity and competitiveness. The recovery in economic activity that began in 2021 was driven by a strong rebound in global economic activity, high commodity prices and easing COVID-19 restrictions. The scarring impact of the pandemic on employment and investment decisions will likely weigh on the recovery over the medium term. Investment remains well below pre-pandemic levels.

The economy grew by 1.4 per cent in the first half of 2022 compared with the first half of 2021. Real GDP grew more than expected in the first quarter of 2022, with output returning to pre-pandemic levels. However, a deteriorating global environment, flooding in KwaZulu-Natal and the Eastern Cape, industrial action in the electricity and mining sectors, and prolonged and intense power cuts resulted in a broad-based contraction across most sectors during the second quarter. The third quarter was marked by frequent and prolonged power cuts, which significantly disrupted economic activity.

GDP is expected to grow by 0.9 per cent in real terms in 2023, compared with an estimate of 1.4 per cent at the time of the medium-term budget policy statement (MTBPS), recovering slowly to 1.8 per cent in 2025. The economic outlook faces a range of risks, including weaker-than-expected global growth, further disruptions to global supply chains and renewed inflationary pressures from the war in Ukraine, continued power cuts and a deterioration in port and rail infrastructure, widespread criminal activity, and any deterioration of the fiscal outlook. Government is taking urgent measures to reduce load-shedding in the short term and transform the sector through market reforms to achieve long-term energy security. Several reforms are under way to improve the performance of the transport sector, specifically freight rail and to improve the capability of the state.

The Macro-economic forecasts as illustrated below:

Table 1: Macroeconomic performance and projections, 2021 - 2026					
Fiscal year	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Forecast		
CPI Inflation	4.9%	6.9%	5.3%	4.9%	4.7%

Key focus areas for the 2023/24 budget process

- Over the 2023 MTREF period, transfers to local government will increase by a total of R14.3 billion, made up of R8.1 billion in the local government equitable share and R6.2 billion in direct conditional grants. This takes the total direct allocation to R521.7 billion over the same period. These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising.

The local government equitable share and related allocations increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.5 per cent over the 2023 MTREF 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 2023 MTREF period. It also includes allocations for the operational and maintenance costs associated with the provision of free basic services.

- **Changes to the INEP conditional grant frameworks** - As part of government's efforts to accelerate access to electricity thereby addressing the energy crisis, Eskom and municipal INEP grants will begin funding alternative energy technologies such as rooftop solar and energy-saving devices. Due process must be followed to access funding for these new technologies. As a result, both Eskom and municipalities will need to conform to the set requirements by submitting business plans by 31 October 2023. These business plans, will need to be approved by the Department of Mineral Resources and Energy (DMRE) before they can be implemented. Priority should be given to new connections, i.e., non-grid technology should be targeted at households that do not have access to electricity.
- 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.

Municipalities must ensure that they render basic services, maintain their assets and clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in reduced unemployment. Some municipalities are experiencing serious liquidity challenges.

- National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation **is forecasted to be within the 3 to 6 per cent target band**; therefore, municipalities are required **to justify all increases in excess of the projected inflation target for 2023/24 MTREF** in their budget narratives and pay careful attention to tariff increases across all consumer groups. In addition, municipalities should include a detailed account of their revenue growth assumptions for the different service charges in the budget narrative
- **Bulk Account Payments and Concessions** - During 2018/19, intense work was undertaken to resolve systemic and structural issues pertaining to the electricity function in municipalities. Core to this work was addressing the escalating Eskom debt that threatened the sustainability of Eskom as well as that of municipalities. During the process, Eskom agreed to provide relieve in certain areas. Municipalities are reminded of the following concessions that remain in place:

- *The interest rate charged on overdue municipal bulk accounts were reduced from prime plus 5 per cent to prime plus 2.5 per cent;*
- *Payment terms were extended from 15 days to 30 days for municipal bulk accounts; and*
- *Eskom allocation of municipality payments to capital first and then to interest.*

These concessions align to the MFMA and are meant to curb municipal growing debt levels by allowing a more conducive payment regime than what was previously employed. In addition, municipalities are urged to budget for and ring-fence their payment of bulk services. Bulk current account payments must be honoured religiously to avoid stringent application of the bulk suppliers' credit control policy.

- **Critical Notice Affecting STS Meters** - As highlighted in previous MFMA Circular No. 115 (dated 06 December 2022) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens. The remedy is to visit each meter and enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that the National Treasury, through the Office of the Chief Procurement Officer (OCPO), will soon facilitate a transversal contract for the provision of auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters that align to minimum and critical technical specifications for local government. In this respect the development of the transversal contract for smart prepaid meters as per NRS 049 (per latest approved version) is at an advanced stage and should be issued shortly by National Treasury.

If your municipality or municipality entity is currently in the process of procuring for a solution or is planning to, you are cautioned:

- *Against proceeding prior to the OCPO having issued and awarded the transversal contract for the provision of inter alia auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters Terms of Reference (ToR); and*
- *That, with immediate effect, you must obtain the National Treasury's input prior to proceeding with any current procurement or proposed procurement for this purpose or any related solution or similar. This is to prevent unnecessary and wasteful expenditure on such solutions.*
- **Load shedding not only affects the electricity service but also some municipalities' ability to pump water, thereby negatively impacting the stability of water supplies and the related functioning of the wastewater reticulation network.** The load shedding crisis has been declared a state of disaster and will require tough budgeting choices for municipalities to make sure that basic municipal services are sustained. The regulations published in the Government Gazette No. 48152 on 27 February 2023 in terms of the Disaster Management Act, 2002 (Act 57 of 2002) require municipalities to "ensure continuous operation of water infrastructure and other specified essential infrastructure, including by installing alternative energy sources or other measures to provide an uninterrupted power supply." Municipalities are also required to "mobilise available resources" and "provide funds for this purpose, subject to affordability." As an immediate interim solution back-up electricity to pump water should be prioritised while being mindful of its affordability within the municipality's available funding sources and other critical priorities. The municipality need to adequately plan and prioritise funding in its 2023/24 MTREF for this purpose.

- The National Energy Regulator of South Africa (NERSA)** is responsible for the price determination of the bulk costs of electricity. In January 2023, NERSA approved tariff increases of 18.7 per cent in 2023/24 and 12.7 per cent increase in 2024/25. For purposes of calculating the free basic energy subsidy in the local government equitable share formula, the National Treasury has added 2 per cent to these increases. This is in anticipation of higher increases than those published in January, for municipalities, due to the difference in the financial years of Eskom customers and municipalities meaning that Eskom only has nine months to collect the allowable revenue from municipalities. R1.1 billion is added to the free basic energy subcomponent of the free basic services component of the local government equitable share formula to fund these higher tariff increases. To this end, the free basic electricity subsidy in the local government equitable share is calculated based on a 20.7 per cent tariff increase in 2023/24 and a 14.7 per cent increase in 2024/25. In the absence of an approved tariff increase in the outer year of the MTREF period, the formula assumes an increase of 17.7 per cent in 2025/26. This is the average of the estimated increases for the first two years of the MTREF period. **The final increase for bulk purchases is 18.49% plus the potential Eskom claw-back shortfall and an increase of 18.49% for electricity reselling to municipal customers.**
- The **emphasis is on municipalities** to comply with Section 18 of the MFMA and ensure that they **fund their 2023/24 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. The purpose of the above mentioned MFMA Circulars is to ensure that the municipalities are using their entire revenue base as the basis for the revenue budget. It is **essential that municipalities reconcile their** most recent consolidated **valuation roll data** to that of **the current billing system data** to ensure that **revenue anticipated from property rates is realistic**. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.
- 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 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 **an increase based on the projected average CPI** percentages for 2023 (5.4 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023) and 2024 (4.8 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023). The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, 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, to root out ghost employees. According to the 2021 State of Local Government Finance Report, there are about 165 municipalities that are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.
- 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 councillors 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 councillor(s) concerned.

Funding choices and management issues

Municipalities are under pressure to generate revenue as a result of the economic landscape, the uncertainty of on-going load shedding, weak tariff setting and increases 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 2023/24 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 through the procurement process;
- The affordability of providing free basic services to all households;
- Not taking on unfunded mandates;
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
- Automate business services where possible to increase efficiencies and lower customer costs;
- Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services;
- Curbing the consumption of water and electricity by indigent consumers to ensure that they do not exceed their allocation; and
- Ensuring sustainable capital infrastructure investment inclusive of considering the impact on the operational account.

AREAS COVERED DURING THE BUDGET STEERING COMMITTEE MEETING:

- Struggling South African Economy (Local and international economy – recessions)
- **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 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 2023/24 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
- Electricity supply constraints leading to diminishing Electricity demand
- Expenditure and Revenue Consolidation and audited basis informing growth from 2022-23 to 2023-24

- 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 and 2 839 housing opportunities, Landfill sites cost of compliance and Rehabilitation, ± R52.6mil capital & R26.9mil operating
- Limiting future CAPEX to a maximum of 16.5% of OPEX to relieve pressure on tariffs.

POTENTIAL AND REAL RISKS IMPACTING FINANCIAL PLANNING OVER THE MTREF AND ULTIMATELY THE REVENUE MODELLING EXERCISE FORMING THE BASIS OF 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;
- Load shedding leading to diminishing electricity demand;
- Fuel price increases and its impact on disposable income levels;
- Cost of fuel on the municipal operations;
- Slower recovery of the economy;
- Ability to collect revenue in challenging environments;
- 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	2023/24 Medium Term Revenue & Expenditure Framework		
	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)	2025/2026 (R'000)
Capital expenditure	178 840	209 052	218 969	208 303
Operating expenditure	1 025 576	1 071 330	1 174 133	1 371 931
TOTAL	1 204 416	1 280 382	1 393 102	1 580 234

The following table is a consolidated overview of the 2023/24 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2023/24 MTREF (R'000)

R thousand	Current Year 2022/2023	2023/24 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2023/2024 (R'000)	2024/2025 (R'000)	2025/2026 (R'000)
Total Operating Revenue	1 098 018	1 192 485	1 311 050	1 489 696
Total Operating Expenditure	1 025 576	1 071 330	1 174 133	1 371 931
Surplus / (Deficit) excluding capital transfers and contributions	72 442	121 155	136 917	117 766
Capital Transfers & Contributions	78 891	107 387	115 594	91 660
Surplus / (Deficit) for the year	(6 449)	13 768	21 323	26 106

Total operating revenue **including capital grants** for the 2023/24 financial year has been appropriated at R 1 192 485 billion and is expected to grow by 8.6% percent or R 94 468 million (**6.5% excluding capital grants**) for the 2023/24 financial year when compared to the 2022/23 Special Adjusted Budget. For the two outer years, operational revenue will increase by 9.94 and 13.63 per cent respectively, equating to total revenue growth of R 391 679 million over the MTREF (2023/24 to 2025/26). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2023/24 financial year has been appropriated at R 1 071 330 billion and translates into a budgeted surplus of R 13 768 million (**excluding capital transfers**). When compared to the 2022/23 financial year, operational expenditure is projected to grow by 4.46 per cent in the 2023/24 budget; 9.60 per cent in the 2024/25 budget and 16.85 per cent in the 2025/26 budget (based on current assumptions) equating to total expenditure growth of R 346 355 million over the MTREF (2023/24 to 2025/26).

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 2023/2024			Budget Year 2024/2025			Budget Year 2025/2026		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
Revenue & Expenditure by Vote									
Vote 1 - Corporate Services	12 735	42 202	(29 467)	12 877	44 239	(31 362)	13 459	46 441	(32 982)
1.1 - Administration	100	13 785	(13 685)	102	14 297	(14 195)	104	14 849	(14 745)
1.2 - Human Resources	366	6 899	(6 533)	388	7 270	(6 882)	411	7 306	(6 895)
1.3 - Libraries	11 986	12 586	(600)	12 087	13 291	(1 204)	12 625	14 201	(1 576)
1.4 - Marketing and Tourism	34	2 431	(2 396)	36	2 566	(2 530)	39	2 710	(2 672)
1.5 - Community Halls and Facilities	249	6 501	(6 252)	264	6 815	(6 551)	280	7 374	(7 094)
Vote 2 - Civil Services	299 716	369 407	(69 691)	315 981	402 364	(86 384)	337 835	433 795	(95 960)
2.1 - Administration		3 827	(3 827)		4 045	(4 045)		4 254	(4 254)
2.2 - Cemeteries	1 108	993	114	1 174	1 050	124	1 245	1 052	193
2.3 - Municipal Property Maintenance	13 752	20 170	(6 418)	14 072	19 751	(5 679)	14 401	31 462	(17 062)
2.4 - Parks and Recreational Areas	875	22 184	(21 309)		24 015	(24 015)		25 176	(25 176)
2.5 - Proclaimed Roads	1 427	483	944	204	483	(280)	226	504	(278)
2.6 - Refuse Removals	56 595	36 779	19 815	81 362	41 142	40 220	69 452	42 665	26 787
2.7 - Street Cleaning		7 582	(7 582)		8 008	(8 008)		8 585	(8 585)
2.8 - Solid Waste Disposal(Landfill Sites)		13 693	(13 693)		14 590	(14 590)		15 699	(15 699)
2.9 - Sewerage Services	85 326	44 909	40 417	92 324	51 433	40 890	95 617	51 492	44 125
2.10 - Waste Water Treatment		17 682	(17 682)		18 620	(18 620)		21 258	(21 258)
2.11 - Sportgrounds	11 196	7 244	3 952	243	8 019	(7 775)	258	8 277	(8 019)
2.12 - Streets	15 546	60 813	(45 266)	2 433	67 362	(64 929)	13 570	66 458	(52 888)
2.13 - Stormwater	331	21 207	(20 876)		22 059	(22 059)		23 640	(23 640)
2.14 - Swimming Pools	374	4 491	(4 117)	396	4 799	(4 403)	420	6 043	(5 623)
2.15 - Water Distribution	113 187	107 349	5 837	123 773	116 988	6 785	142 646	127 228	15 418
Vote 3 - Council	305	23 068	(22 763)	312	24 036	(23 724)	318	25 024	(24 705)
3.1 - Council General Expenses	305	23 068	(22 763)	312	24 036	(23 724)	318	25 024	(24 705)
Vote 4 - Electricity Services	456 443	419 094	37 349	522 340	475 346	46 994	606 537	544 067	62 470
4.1 - Administration	-	1 495	(1 495)	-	1 567	(1 567)	-	1 641	(1 641)
4.2 - Distribution	456 443	397 399	59 044	522 340	452 414	69 926	606 537	520 481	86 056
4.3 - Street Lighting	-	2 124	(2 124)	-	2 249	(2 249)	-	2 386	(2 386)
4.4 - IT Services	-	18 076	(18 076)	-	19 116	(19 116)	-	19 559	(19 559)
Vote 5 - Financial Services	304 521	73 728	230 792	328 680	78 005	250 675	351 507	81 756	269 750
5.1 - Administration		2 080	(2 080)		2 177	(2 177)		2 281	(2 281)
5.2 - Finance	131 693	49 568	82 125	140 089	52 697	87 392	151 978	55 942	96 036
5.3 - Budget and Treasury		6 363	(6 363)		6 519	(6 519)		6 823	(6 823)
5.4 - Asset Management		2 424	(2 424)		2 514	(2 514)		1 727	(1 727)
5.5 - Grants and Subsidies - FMG	1 550	1 550		1 550	1 550		1 688	1 688	
5.6 - Fleet Management		1 289	(1 289)		1 373	(1 373)		1 467	(1 467)
5.7 - Property Rates	171 277	1 026	170 251	187 040	1 265	185 776	197 841	1 386	196 455
Vote 6 - Development Services	64 870	32 212	32 659	74 622	33 387	41 234	120 248	117 810	2 438
6.1 - Administration	1	2 779	(2 778)	1	2 957	(2 956)	1	3 104	(3 102)
6.2 - Caravan parks - Yzerfontein	3 772	3 094	678	3 998	3 388	610	4 238	3 633	604
6.3 - Community Development	538	4 494	(3 956)	38	4 274	(4 236)	38	4 462	(4 424)
6.4 - Multi-Purpose Centres	13	1 679	(1 667)	159	1 942	(1 782)	14	1 927	(1 913)
6.5 - Planning and Valuations	1 200	9 566	(8 366)	1 271	9 312	(8 042)	1 346	9 437	(8 091)
6.6 - Building Control	3 589	3 780	(190)	3 805	3 976	(172)	4 033	4 194	(161)
6.7 - Housing	55 758	4 701	51 057	65 350	5 324	60 026	110 578	88 733	21 845
6.8 - Occupational Health and Safety		2 119	(2 119)		2 214	(2 214)		2 319	(2 319)
Vote 7 - Municipal Manager	-	8 927	(8 927)	-	8 274	(8 274)	-	8 731	(8 731)
7.1 - Administration	-	2 766	(2 766)	-	2 892	(2 892)	-	3 034	(3 034)
7.2 - Strategic Planning	-	2 854	(2 854)	-	2 984	(2 984)	-	3 195	(3 195)
7.3 - Internal Audit	-	3 306	(3 306)	-	2 398	(2 398)	-	2 501	(2 501)
Vote 8 - Protection Services	53 895	102 693	(48 798)	56 239	108 482	(52 243)	59 792	114 307	(54 515)
8.1 - Administration		2 670	(2 670)	-	2 811	(2 811)	-	2 970	(2 970)
8.3 - Fire Fighting	936	10 002	(9 066)	10 012	10 463	(10 453)	10 012	11 024	(11 014)
8.4 - Harbour Yzerfontein	321	465	(144)	340 317	492	(152)	360 735	520	(159)
8.5 - Road and Traffic Regulation	11 806	10 811	995	12 514	11 304	1 210	13 265	11 848	1 417
8.6 - Policing and Law Enforcement	40 832	78 366	(37 533)	43 375	83 025	(39 650)	46 156	87 551	(41 395)
Total Revenue & Expenditure by Vote	1 192 485	1 071 330	121 155	1 311 050	1 174 133	136 917	1 489 696	1 371 931	117 766

The municipality is in a very privileged position to be able to invest a total of R 271 683 million of its own funds over the 2023/24 MTREF.

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

Description	Adjustment Budget		2023/24 Medium Term Revenue & Expenditure Framework					
	2022/2023 (R'000)	%	2023/2024 (R'000)	%	2024/2025 (R'000)	%	2025/2026 (R'000)	%
Funded by:								
National Government	51 410	29%	48 366	23%	50 664	23%	61 660	30%
Provincial Government	16 277	9%	57 796	28%	64 930	30%	30 000	14%
Other Transfers and Grants	11 203	6%	1 225	1%		0%		0%
Borrowing	-	0%	-	0%	33 000	15%	17 000	8%
Internally generated funds	99 949	56%	101 665	49%	70 375	32%	99 643	48%
Total Capital Funding	178 840	100%	209 052	100%	218 969	100%	208 303	100%

The total final Capital budget for 2023/2024 amounts to R 209 052 million with around R 101 665 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 636 324 million. An increase of R 95 959 million from the previous approved adjusted MTREF of R 540 365 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.

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 2023/24 MTREF. (Derived from the National Treasury A-schedules **and not** as prescribed by Circular 71)

Description of financial indicator	Basis of calculation	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<u>Borrowing Management</u>						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.3%	2.4%	2.2%	2.4%	2.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	48.4%	0.0%
<u>Safety of Capital</u>						
Gearing	Long Term Borrowing/ Funds & Reserves	30.9%	32.8%	24.8%	30.6%	24.3%
<u>Liquidity</u>						
Current Ratio	Current assets/current liabilities	6:1	6:1	6:1	6:1	7:1
Liquidity Ratio	Monetary Assets/Current Liabilities	6:1	6:1	5:1	6:1	6:1
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	97.0%	97.0%	97.0%	97.0%	97.0%
<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%
<u>Other Indicators</u>						
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical	12 096 519	12 096 519	12 117 484	12 481 009	12 855 439
	Total Cost of Losses (Rand '000)	17 308 534	17 308 534	20 490 666	23 564 266	27 098 905
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.00%	6.0%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	857 395	857 395	865 969	891 948	918 706
	Total Cost of Losses (Rand '000)	5 538 772	5 538 772	6 096 421	6 401 242	6 721 305
	% Volume (units purchased and generated less units sold)/units purchased and generated	21.0%	21.0%	21.0%	21.0%	21.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.9%	29.3%	29.2%	27.8%	25.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.0%	30.4%	30.3%	28.8%	26.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	6.5%	6.1%	5.7%	5.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.7%	12.0%	11.7%	12.2%	10.7%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18.2	18.1	17.2	17.6	20.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	11.7%	11.1%	11.3%	11.5%	11.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.9	9.7	10.0	10.4	9.0

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 2023/2024 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 25% and 29.2%. Total remuneration as a percentage of operating revenue (excluding capital grants) over the MTREF is between 26% and 30.3%. The employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Contracted services expenditure decreased by around R 39 890 million for the 2023/24 financial year when compared to the 2022/23 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.

Every effort was made during the extensive income modelling exercise to apply the principles of zero based budgeting where appropriate. Items such as fuel, tyres, and bulk purchases inclusive of post-retirement benefits were quality checked against past performance and the implementation of improved practices in a bid to realise potential further reductions and savings especially with the increasing fuel prices. Cost of providing services increased exponentially, especially those that is fuel and energy dependent/driven.

The following table is a summary of the 2023/2024 MTREF (classified by main revenue source):

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

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands					
<u>Financial Performance</u>					
Property rates	148 224	148 224	167 830	183 323	193 832
Service charges	564 834	551 144	596 914	673 070	759 772
Investment revenue	35 667	55 754	55 954	52 954	49 954
Transfer and subsidies - Operational	186 257	189 755	168 036	184 740	286 976
Other own revenue	81 894	74 250	96 364	101 368	107 501
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 085 098	1 195 456	1 398 036

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	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
<u>Revenue by Vote</u>					
Vote 1 - Corporate Services	12 358	12 799	12 735	12 877	13 459
Vote 2 - Civil Services	287 762	298 254	299 716	315 981	337 835
Vote 3 - Council	299	299	305	312	318
Vote 4 - Electricity Services	424 953	410 289	456 443	522 340	606 537
Vote 5 - Financial Services	253 248	278 835	304 521	328 680	351 507
Vote 6 - Development Services	63 075	47 587	64 870	74 622	120 248
Vote 7 - Municipal Manager	–	418	–	–	–
Vote 8 - Protection Services	52 289	49 537	53 895	56 239	59 792
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Total Revenue by Vote	1 093 984	1 098 018	1 192 485	1 311 050	1 489 696

Percentage portion of Revenue Sources from Total Revenue:-

R thousand	Current Year 2022/2023		2023/24 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2023/24	%	Budget Year 2024/25	%	Budget Year 2025/26	%
Revenue by Source								
Property rates	148 224	15%	167 830	15%	183 323	15%	193 832	14%
Service charges - electricity revenue	385 970	38%	421 007	39%	483 838	40%	556 045	40%
Service charges - water revenue	80 786	8%	91 857	8%	98 465	8%	105 542	8%
Service charges - sanitation revenue	51 797	5%	51 053	5%	53 679	4%	56 475	4%
Service charges - refuse revenue	32 591	3%	32 997	3%	37 089	3%	41 710	3%
Rental of facilities and equipment	1 807	0%	1 967	0%	2 085	0%	2 210	0%
Interest earned - external investments	55 754	5%	55 954	5%	52 954	4%	49 954	4%
Interest earned - outstanding debtors	3 161	0%	3 700	0%	3 921	0%	4 157	0%
Fines, penalties and forfeits	30 263	3%	32 076	3%	33 993	3%	36 025	3%
Licences and permits	4 902	0%	5 158	0%	5 464	0%	5 787	0%
Agency services	6 040	1%	6 403	1%	6 787	1%	7 194	1%
Transfers and subsidies	189 755	19%	168 036	15%	184 740	15%	286 976	21%
Other revenue	16 412	2%	32 448	3%	35 037	3%	37 788	3%
Gains	11 666	1%	14 613	1%	14 081	1%	14 340	1%
Total Revenue (excluding capital transfers and contributions)	1 019 127	100%	1 085 098	100%	1 195 456	100%	1 398 036	100%
Total Revenue from Property Rates and Service Charges	699 368	69%	764 744	70%	856 393	72%	953 605	68%

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 68 and 72 percent of the total revenue mix for the 2023/24 MTREF. In the 2023/24 financial year, revenue from property rates and services charges amounts to R 764 744 million or 70 per cent of total revenue mix (**growth of 9.3%**). This figure increases to an estimated R 856 393 million or 72 per cent (**growth of 12%**) and R 953 605 million or 68 per cent (**growth of 11.4%**) in the respective financial years of the 2023/24 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 R thousand	Current Year 2022/2023		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Operating Transfers and Grants					
National Government:	129 651	129 651	146 615	162 375	183 285
Local Government Equitable Share	126 228	126 228	143 235	160 825	181 597
Finance Management	1 550	1 550	1 550	1 550	1 688
EPWP Incentive	1 873	1 873	1 830	–	–
Provincial Government:	56 273	57 545	21 055	22 017	103 280
Community Development Workers	38	38	38	38	38
Human Settlements	33 546	33 500	–	–	80 106
Municipal Accreditation and Capacity Building Grant	256	256	245	249	249
Libraries	11 573	11 573	11 788	11 930	12 459
Proclaimed Roads Subsidy	4 470	4 470	170	170	190
Financial Management Support Grant: Student Bursaries	–	300	–	–	–
Thusong Grant	–	–	–	146	–
Establishment of a K9 Unit	2 390	2 390	3 305	3 772	4 400
Establishment of a Rural Safety Unit	4 000	4 000	5 509	5 712	5 838
WC Financial Management Capability Grant	–	418	–	–	–
Municipal Water Resilience Grant	–	600	–	–	–
Total Operating Transfers and Grants	185 924	187 196	167 670	184 392	286 565
Capital Transfers and Grants					
National Government:	51 410	51 410	48 366	50 664	61 660
Municipal Infrastructure Grant (MIG)	33 810	33 810	24 708	25 664	26 660
Integrated National Electrification Programme (municipal)	17 600	17 600	23 658	25 000	35 000
Provincial Government:	21 339	16 170	57 796	64 890	30 000
Human Settlements	20 059	3 945	55 314	64 890	30 000
RSEP/VPUU Municipal Projects	1 200	1 200	500	–	–
Libraries	50	50	50	–	–
Fire Service Capacity Building Grant	–	–	926	–	–
Establishment of a K9 Unit	30	30	40	–	–
Sport Development	–	–	966	–	–
Emergency Loadshedding Relief Grant	–	10 945	–	–	–
Total Capital Transfers and Grants	72 749	67 580	106 162	115 554	91 660
TOTAL RECEIPTS OF TRANSFERS & GRANTS	258 673	254 776	273 832	299 946	378 225

1.4.2 Property Rates

The final property rates increases for the 2023/2024 financial year is **5.9%** for residential properties and **6.9%** 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 2023/24 financial year are as follows:

Property Rates	2022/2023 c / R	2023/2024 c / R	2024/2025 c / R	2025/2026 c / R	2023/24	2024/25	2025/26
Residential Properties	0,5624	0,5956	0,6307	0,6679	5.90%	5.90%	5.90%
Businesses, Commercial, Industrial and State owned Properties	0,8203	0,8769	0,9374	1,0021	6.90%	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 2023/2024 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 2023/24 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 2023/2024 Policy will become effective in the 2024/2025 financial year.

1.4.3 Sale of Water and Impact of Tariff Increases

The final water tariff increases are - **average increase of 7.8%** for the first 15kls thereafter a **5.9%** increase for the higher residential consumptive blocks, a **4.9%** increase for all businesses and sport clubs and **5.9%** for 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.

Bulk water purchases from the WCDM increase to around R 7.02 from 1 July 2023 due to higher operational costs, increases to the Department of Water Affairs and the compounding cost on water provision occasions by load shedding. Usage from 0 – 20KL will increase on average by 7.36% for domestic consumers.

R thousand	Current Year 2022/2023	2023/24 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2023/2024 (R'000)	2024/2025 (R'000)	2025/2026 (R'000)
Revenue – Water Management	120 344	113 187	123 773	142 646
Expenditure – Water Management	96 332	107 650	117 248	127 435
Net Surplus / (Deficit)	24 013	5 536	6 526	15 211
Net Surplus / (Deficit) %	20%	5%	5%	11%
Capital Grants	21 359	-	3 072	13 660
Revenue – Water Management (excl. capital grants)	98 985	113 187	120 701	128 986
Net Surplus / (Deficit) (excl. capital grants)	2 653	5 536	3 454	1 551
Net Surplus / (Deficit) % (excl. capital grants)	3%	5%	3%	1%

A summary of the 2023/24 final tariffs and increases for households (residential) and non-residential are as follows:

Water	2022/2023	2023/2024	2024/2025	2025/2026	2023/24	2024/25	2025/26
Network Charge: Residential, Indigent and Argricultural	R 70.16	R 75.07	R 80.32	R 85.95	7.00%	7.00%	7.00%
Sport Clubs, Schools and Government Institutions	R 119.31	R 125.16	R 131.29	R 137.73	4.90%	4.90%	4.90%
Equitable Share: 6 kl Free	R 9.34	R 9.99	R 10.69	R 11.44	7.00%	7.00%	7.00%
Residential: 0 - 6kl	R 5.44	R 6.02	R 6.50	R 7.01	10.66%	7.90%	7.90%
Residential: 7 - 10kl	R 9.34	R 9.99	R 10.69	R 11.44	7.00%	7.00%	7.00%
Residential: 11-15kl	R 17.89	R 18.95	R 20.07	R 21.25	5.90%	5.90%	5.90%
Residential: 16 - 20kl	R 22.98	R 24.34	R 25.78	R 27.30	5.90%	5.90%	5.90%
Residential: 21 - 25kl	R 34.08	R 36.09	R 38.22	R 40.47	5.90%	5.90%	5.90%
Residential: 26 - 35 kl	R 50.77	R 53.77	R 56.94	R 60.30	5.90%	5.90%	5.90%
Residential: 36 kl >	R 94.67	R 100.26	R 106.18	R 112.44	5.90%	5.90%	5.90%
Business/Commercial/Industrial/Argricultural	R 23.43	R 24.58	R 25.78	R 27.05	4.90%	4.90%	4.90%
Sport Clubs	R 24.84	R 26.06	R 27.34	R 28.68	4.90%	4.90%	4.90%
Schools	R 26.33	R 13.81	R 14.49	R 15.20	-47.55%	4.90%	4.90%
Government Institutions	R 26.33	R 27.88	R 29.52	R 31.27	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.

The final increase for bulk purchases is **18.49%** plus the potential Eskom claw-back shortfall and an increase of **18.49%** for electricity reselling to municipal customers. The tariff increases are preliminary and subject to the municipality's application to NERSA. **Please consult the detailed tariff listing for the final increases.**

The municipality will need to take up an external loan of around R29 million to partly finance the Malmesbury De Hoop 132/11kV Substation capital project. This substantial investment of over R100 million will create capacity, which in the main is needed to support the delivery of low cost housing in the Swartland area.

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, inclusive of the potential of the TOU electricity slots changing.

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

R thousand	Current Year 2022/2023	2023/24 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2023/2024 (R'000)	2024/2025 (R'000)	2025/2026 (R'000)
Revenue – Electricity	410 289	456 443	522 340	606 537
Expenditure – Electricity	367 042	414 005	471 320	542 025
Net Surplus / (Deficit)	43 247	42 437	51 020	64 512
Net Surplus / (Deficit) %	11%	9%	10%	11%
Capital Grants	17 600	23 658	25 000	35 000
Revenue – Electricity (excl. capital grants)	392 689	432 785	497 340	571 537
Net Surplus / (Deficit) (excl. capital grants)	25 647	18 779	26 020	29 512
Net Surplus / (Deficit) % (excl. capital grants)	7%	4%	5%	5%

Electricity losses during 2020/21 and 2021/22 audited financial years were calculated at only 5.37 per cent and 6.49 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		2022/2023	2023/2024	2024/2025	2025/2026	2023/24	2024/25	2025/26
1	Residential Consumers Network charge	R 268.11	R 317.68	R 365.18	R 419.77	18.49%	14.95%	14.95%
1	(0-50kWh)	R 1.352310	R 1.602352	R 1.841904	R 2.117268	18.49%	14.95%	14.95%
1	(51-350kWh)	R 1.738791	R 2.060292	R 2.368306	R 2.722368	18.49%	14.95%	14.95%
1	(351-600kWh)	R 2.447115	R 2.899585	R 3.333073	R 3.831368	18.49%	14.95%	14.95%
1	(>600kWh)	R 2.881814	R 3.414660	R 3.925152	R 4.511962	18.49%	14.95%	14.95%
2	Commercial / Non Standard .per kWh	R 2.256139	R 2.673299	R 3.072957	R 3.532364	18.49%	14.95%	14.95%
2	Commercial Basic < 20KVA	R 681.94	R 808.03	R 928.83	R 1 067.69	18.49%	14.95%	14.95%
2	Commercial Basic 20 to 40 KVA	R 896.99	R 1 062.84	R 1 221.74	R 1 404.39	18.49%	14.95%	14.95%
2	Commercial Basic >40 KVA	R 1 637.09	R 1 939.79	R 2 229.79	R 2 563.14	18.49%	14.95%	14.95%
2	Commercial Basic < 20KVA per kWh	R 2.256139	R 2.673299	R 3.072957	R 3.532364	18.49%	14.95%	14.95%
2	Commercial Basic 20 to 40 KVA per kWh	R 2.256139	R 2.673299	R 3.072957	R 3.532364	18.49%	14.95%	14.95%
2	Commercial Basic >40 KVA per kWh	R 2.256139	R 2.673299	R 3.072957	R 3.532364	18.49%	14.95%	14.95%
3	Maximum Demand Supply for Bulk Consumers	R 1 853.43	R 2 196.13	R 2 524.45	R 2 901.85	18.49%	14.95%	14.95%
3	Plus: Active Energy - kWh	R 0.881070	R 1.043980	R 1.200055	R 1.379463	18.49%	14.95%	14.95%
3	Max. Demand KVA	R 356.57	R 422.50	R 485.67	R 558.27	18.49%	14.95%	14.95%
5	Alternative - Households 20 Amp.-:-							
5	(0-50kWh)	R 1.239754	R 1.468985	R 1.688598	R 1.941043	18.49%	14.95%	14.95%
5	(51-350kWh)	R 1.626086	R 1.926749	R 2.214798	R 2.545911	18.49%	14.95%	14.95%
5	(351-600kWh)	R 2.318289	R 2.746941	R 3.157608	R 3.629671	18.49%	14.95%	14.95%
5	(>600kWh)	R 2.786145	R 3.301303	R 3.794848	R 4.362178	18.49%	14.95%	14.95%
6	Street lightning	R 1.427151	R 1.691031	R 1.943840	R 2.234445	18.49%	14.95%	14.95%
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 1.239754	R 1.468985	R 1.688598	R 1.941043	18.49%	14.95%	14.95%
7	(51-350kWh)	R 1.626086	R 1.926749	R 2.214798	R 2.545911	18.49%	14.95%	14.95%
7	(351-600kWh)	R 2.318289	R 2.746941	R 3.157608	R 3.629671	18.49%	14.95%	14.95%
7	(>600kWh)	R 2.786145	R 3.301303	R 3.794848	R 4.362178	18.49%	14.95%	14.95%
10	Time Of Use Tariff for Bulk Consumers: Fixed c	R 1 853.43	R 2 196.13	R 2 524.45	R 2 901.85	18.49%	14.95%	14.95%
10	Tou Low Consumption							
10	Low Season (Sept - May) Peak period per kWh	R 1.527650	R 1.810112	R 2.080724	R 2.391792	18.49%	14.95%	14.95%
10	Low Season (Sept - May) Standard period per	R 1.051318	R 1.245706	R 1.431940	R 1.646014	18.49%	14.95%	14.95%
10	Low Season (Sept - May) Off-peak period per	R 0.666786	R 0.790074	R 0.908190	R 1.043964	18.49%	14.95%	14.95%
10	Tou high Consumption							
10	High Season (Jun - Aug) Peak period per kWh	R 4.683406	R 5.549368	R 6.378998	R 7.332659	18.49%	14.95%	14.95%
10	High Season (Jun - Aug) Standard Period pe	R 1.418733	R 1.681057	R 1.932375	R 2.221265	18.49%	14.95%	14.95%
10	High Season (Jun - Aug) Off-peak Period per	R 0.770267	R 0.912689	R 1.049136	R 1.205982	18.49%	14.95%	14.95%
10	Maximum demand per KVA	R 239.15	R 283.36	R 325.73	R 374.42	18.49%	14.95%	14.95%
12	Pre-paid Meter System (Non-Indigent Residential)							
12	(0-350kWh)	R 2.537117	R 3.006229	R 3.455660	R 3.972281	18.49%	14.95%	14.95%
12	> 350 kWh	R 2.762593	R 3.273396	R 3.762769	R 4.325303	18.49%	14.95%	14.95%

1.4.5 Sanitation and Impact of Tariff Increases

The final tariff increase of **5.9%** that is aligned to estimated headline inflation rate is needed to deliver the service effectively and to prevent that the service does not operate at a deficit beyond the new 2023/2024 MTREF. This will further support critical upgrades of the wastewater treatment works in Moorreesburg and Darling due for completion in 2023/24 without the need to take-up a capital loan.

R thousand	Current Year 2022/2023	2023/24 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2023/2024 (R'000)	2024/2025 (R'000)	2025/2026 (R'000)
Revenue – Sanitation	84 833	85 326	92 324	95 617
Expenditure – Sanitation	54 255	56 220	62 680	64 221
Net Surplus / (Deficit)	30 578	29 106	29 643	31 396
Net Surplus / (Deficit) %	36%	34%	32%	33%
Capital Grants	-	-	2 027	-
Revenue – Sanitation (excl. capital grants)	84 833	85 326	90 296	95 617
Net Surplus / (Deficit) (excl. capital grants)	30 578	29 106	27 616	31 396
Net Surplus / (Deficit) % (excl. capital grants)	36%	34%	31%	33%

The following final tariffs were incorporated in the 2023/24 MTREF:

Sanitation	2022/2023	2023/2024	2024/2025	2025/2026	2023/24	2024/25	2025/26
Households (including indigents), Flats and Semi-detached households pm	R 262.82	R 278.33	R 294.75	R 312.14	5.90%	5.90%	5.90%
Businesses, Industrial, Schools, Churches, Sport Facilities, etc. pm	R 262.82	R 278.33	R 294.75	R 312.14	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 **9.9%**, 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 4.6% above headline inflation is equal to R6.89 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 tariff will increase to 11% to phase out the deficit over the longer term as a result of the Landfill sites cost of compliance and Rehabilitation amounting to R52.6 million in the 2023/24 MTREF budget which will require the taking up of an external loan in year two of around R20 million.

The public must also note that the costs associated with cleaning public open spaces due to illegal dumping and littering place a huge financial burden on the municipality and therefore the public are requested to please report illegal dumping.

R thousand	Current Year 2022/2023	2023/24 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2023/2024 (R'000)	2024/2025 (R'000)	2025/2026 (R'000)
Revenue – Refuse Removal	52 583	56 595	81 362	69 452
Expenditure – Refuse Removal	63 121	58 190	63 882	67 099
Net Surplus / (Deficit)	(10 538)	(1 596)	17 480	2 353
Net Surplus / (Deficit) %	-20%	-3%	21%	3%
Capital Grants	-	-	18 670	-
Revenue – Refuse Removal (excl. capital grants)	52 583	56 595	62 692	69 452
Net Surplus / (Deficit) (excl. capital grants)	(10 538)	(1 596)	(1 190)	2 353
Net Surplus / (Deficit) % (excl. capital grants)	(20%)	(2.8%)	(1.9%)	3.4%

The following final tariffs were incorporated in the 2023/24 MTREF:

Refuse Removal	2022/2023	2023/2024	2024/2025	2025/2026	2023/24	2024/25	2025/26
Removal of residential (including indigents)/ business refuse pm (Black Bags)	R 149.73	R 164.55	R 182.65	R 202.74	9.90%	11.00%	11.00%
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:

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Rand/cent						
<u>Monthly Account for Household - 'Middle Income Range'</u>						
Rates and services charges:						
Property rates	328.07	328.07	5.9%	347.43	367.91	389.67
Electricity: Basic levy	268.11	268.11	18.49%	317.68	365.17	419.76
Electricity: Consumption	2 353.76	2 353.76	18.49%	2 788.97	3 205.92	3 685.20
Water: Basic levy	70.16	70.16	7.0%	75.07	80.32	85.95
Water: Consumption	274.39	274.39	7.0%	292.53	310.95	330.55
Sanitation	262.82	262.82	5.9%	278.33	294.75	312.14
Refuse removal	149.73	149.73	9.9%	164.55	182.65	202.75
sub-total	3 707.03	3 707.03	15.0%	4 264.56	4 807.67	5 426.02
VAT on Services	506.84	506.84	1.4%	587.57	665.96	755.45
Total large household bill:	4 213.87	4 213.87	15.1%	4 852.13	5 473.64	6 181.47
% increase/-decrease	6.9%	6.9%		15.1%	12.8%	12.9%
<u>Monthly Account for Household - 'Affordable Range'</u>						
Rates and services charges:						
Property rates	234.33	234.33	5.9%	248.17	262.79	278.34
Electricity: Basic levy	268.11	268.11	18.49%	317.68	365.18	419.77
Electricity: Consumption	956.32	956.32	18.49%	1 133.14	1 302.55	1 497.28
Water: Basic levy	70.16	70.16	7.0%	75.07	80.32	85.95
Water: Consumption	70.04	70.04	7.0%	76.08	90.12	87.80
Sanitation	262.82	262.82	5.9%	278.33	294.75	312.14
Refuse removal	149.73	149.73	9.9%	164.55	182.65	202.75
sub-total	2 011.50	2 011.50	14.0%	2 293.02	2 578.36	2 884.02
VAT on Services	266.58	266.58	1.2%	306.73	347.34	390.85
Total small household bill:	2 278.08	2 278.08	14.1%	2 599.75	2 925.70	3 274.87
% increase/-decrease	(6.1%)	(6.1%)		14.1%	12.5%	11.9%
<u>Monthly Account for Household - 'Indigent Household receiving free basic services'</u>						
Rates and services charges:						
Property rates	138.26	138.26	5.9%	146.42	155.05	164.22
Electricity: Basic levy	–	–	18.49%	–	–	–
Electricity: Consumption	487.83	487.83	18.49%	578.02	664.44	763.77
Water: Basic levy	–	–	7.0%	–	–	–
Water: Consumption	37.37	37.37	7.0%	39.96	42.76	45.75
Sanitation	–	–	5.9%	–	–	–
Refuse removal	–	–	9.9%	–	–	–
sub-total	663.45	663.45	15.2%	764.40	862.24	973.74
VAT on Services	78.78	78.78	1.4%	92.70	106.08	121.43
Total small household bill:	742.23	742.23	15.5%	857.10	968.32	1 095.17
% increase/-decrease	7.4%	7.4%		15.5%	13.0%	13.1%

1.4.7 Fines

Fines represent approximately 3 per cent of the revenue mix of the municipality. The 2024/25 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

Prior to the tabling of the Draft budget, 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 2023/24 MTREF (classified per main type of operating expenditure):

R thousands	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Employee costs	294 029	298 366	316 394	332 235	351 024
Remuneration of councillors	11 251	11 560	12 081	12 565	13 067
Depreciation and amortisation	106 565	106 565	112 614	126 454	131 662
Interest	12 361	15 565	14 486	18 879	18 143
Inventory consumed and bulk purchases	379 713	365 020	417 131	475 468	550 851
Transfers and subsidies	4 368	4 607	5 060	5 018	5 229
Other expenditure	221 044	223 893	193 564	203 514	301 954
Total Expenditure	1 029 332	1 025 576	1 071 330	1 174 133	1 371 931
Surplus/(Deficit)	(12 457)	(6 449)	13 768	21 323	26 106

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2023/24 financial year totals R 316 394 million, which equates to 29.5 per cent of total operating expenditure. This result is in line with the national norm of 25% - 40%.

- 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 1 898 364 budgeted for training in the 2023/24 operating budget, which constitutes 0.60% of the Municipality's salary budget (excluding councillor remuneration) and will be limited to around 0.50% to 0.60% 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 ongoing 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.**
- 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 2023/24 MTREF are shown below:

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
R&M as a % of PPE & Investment Property	2.9%	2.8%	2.6%	2.6%	3.1%
Renewal and upgrading and R&M as a % of PPE	6.0%	5.8%	4.1%	4.6%	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 85 590 million in 2023/24 and it will increase to R 95 545 million and R 106 842 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 2023**, support was provided to 9 477 indigent households:

- Number receiving Property rate discount: 8 466
- Number with access to free basic water: 9 466
(and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 6 433
- Number provided by ESKOM: 2 237
- Number with access to free basic sanitation: 9 137
- Number with access to free basic refuse removal: 9 477

1.6 Capital expenditure

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

Vote Description R thousand	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 2 - Civil Services	84 445	83 689	53 925	48 565	75 460
Vote 4 - Electricity Services	30 600	30 600	40 500	56 000	45 800
Vote 6 - Development Services	17 459	1 945	55 314	64 040	40 400
Capital multi-year expenditure sub-total	132 504	116 234	149 739	168 605	161 660
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	404	595	176	128	130
Vote 2 - Civil Services	31 699	34 974	35 808	31 583	25 972
Vote 3 - Council	654	641	692	12	12
Vote 4 - Electricity Services	15 404	16 444	14 758	15 987	19 233
Vote 5 - Financial Services	711	705	2 192	321	114
Vote 6 - Development Services	5 795	5 190	1 776	1 376	84
Vote 7 - Municipal Manager	10	10	12	12	12
Vote 8 - Protection Services	3 915	4 047	3 899	944	1 086
Capital single-year expenditure sub-total	58 591	62 606	59 313	50 364	46 643
Total Capital Expenditure - Vote	191 096	178 840	209 052	218 969	208 303

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 2023/24 MTREF budget.

MBRR Table A1 - Budget Summary

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands					
<u>Financial Performance</u>					
Property rates	148 224	148 224	167 830	183 323	193 832
Service charges	564 834	551 144	596 914	673 070	759 772
Investment revenue	35 667	55 754	55 954	52 954	49 954
Transfer and subsidies - Operational	186 257	189 755	168 036	184 740	286 976
Other own revenue	81 894	74 250	96 364	101 368	107 501
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 085 098	1 195 456	1 398 036
Employee costs	294 029	298 366	316 394	332 235	351 024
Remuneration of councillors	11 251	11 560	12 081	12 565	13 067
Depreciation and amortisation	106 565	106 565	112 614	126 454	131 662
Interest	12 361	15 565	14 486	18 879	18 143
Inventory consumed and bulk purchases	379 713	365 020	417 131	475 468	550 851
Transfers and subsidies	4 368	4 607	5 060	5 018	5 229
Other expenditure	221 044	223 893	193 564	203 514	301 954
Total Expenditure	1 029 332	1 025 576	1 071 330	1 174 133	1 371 931
Surplus/(Deficit)	(12 457)	(6 449)	13 768	21 323	26 106
Transfers and subsidies - capital (monetary)	62 749	67 687	107 387	115 594	91 660
Transfers and subsidies - capital (in-kind)	14 360	11 203	–	–	–
Surplus/(Deficit) after capital transfers & contributions	64 652	72 442	121 155	136 917	117 766
Surplus/(Deficit) for the year	64 652	72 442	121 155	136 917	117 766
<u>Capital expenditure & funds sources</u>					
Capital expenditure	191 096	178 840	209 052	218 969	208 303
Transfers recognised - capital	75 283	78 891	107 387	115 594	91 660
Internally generated funds	115 813	99 949	101 665	70 375	99 643
Total sources of capital funds	191 096	178 840	209 052	218 969	208 303
<u>Financial position</u>					
Total current assets	776 607	817 336	863 166	976 611	1 026 969
Total non current assets	2 222 434	2 242 407	2 322 092	2 394 911	2 454 812
Total current liabilities	132 766	137 413	144 717	152 639	151 160
Total non current liabilities	211 698	227 607	224 988	266 413	260 386
Community wealth/Equity	2 654 577	2 694 728	2 815 553	2 952 470	3 070 236
<u>Cash flows</u>					
Net cash from (used) operating	157 405	172 560	224 935	253 141	236 046
Net cash from (used) investing	(175 219)	(167 174)	(194 439)	(204 888)	(193 963)
Net cash from (used) financing	(11 500)	(8 261)	(8 261)	40 825	(16 897)
Cash/cash equivalents at the year end	612 926	662 215	684 449	773 527	798 713
<u>Cash backing/surplus reconciliation</u>					
Cash and investments available	612 926	662 215	684 449	773 527	798 713
Application of cash and investments	217 500	223 246	267 382	284 000	291 150
Balance - surplus (shortfall)	395 426	438 969	417 067	489 527	507 563
<u>Asset management</u>					
Asset register summary (WDV)	2 222 423	2 242 396	2 322 092	2 394 911	2 454 812
Depreciation	101 768	101 768	112 614	126 454	131 662
Renewal and Upgrading of Existing Assets	70 899	68 137	33 777	47 037	70 390
Repairs and Maintenance	64 342	66 249	66 391	68 140	82 458
<u>Free services</u>					
Cost of Free Basic Services provided	66 512	66 512	71 124	76 572	82 490
Revenue cost of free services provided	5 784	5 784	3 331	3 597	3 885
<u>Households below minimum service level</u>					
Water:	6	6	6	6	6
Sanitation/sewerage:	3	3	3	3	3
Energy:	1	1	1	1	1
Refuse:	34	13	13	13	13

Explanatory notes to MBRR Table A1 - Budget Summary

1. 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).
2. 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.
3. 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:
 - a. The accumulated surplus is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected in the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. 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 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional						
Governance and administration	267 475	283 946	283 946	319 063	343 573	366 761
Executive and council	299	299	299	305	312	318
Finance and administration	267 175	283 229	283 229	318 758	343 261	366 443
Internal audit	–	418	418	–	–	–
Community and public safety	114 566	96 077	96 077	127 957	127 435	176 223
Community and social services	14 550	14 640	14 640	13 893	13 722	14 201
Sport and recreation	4 716	5 123	5 123	16 216	4 638	4 916
Public safety	41 252	38 405	38 405	42 089	43 725	46 527
Housing	54 049	37 909	37 909	55 758	65 350	110 578
Health	–	–	–	–	–	–
Economic and environmental services	42 647	43 561	43 561	33 128	19 760	31 945
Planning and development	4 266	4 571	4 571	4 789	5 075	5 379
Road transport	38 381	38 990	38 990	28 339	14 685	26 567
Environmental protection	–	–	–	–	–	–
Trading services	669 263	674 401	674 401	712 303	820 246	914 729
Energy sources	424 953	410 289	410 289	456 425	522 322	606 519
Water management	113 350	126 281	126 281	113 187	123 773	142 646
Waste water management	79 832	85 247	85 247	86 097	92 789	96 111
Waste management	51 128	52 583	52 583	56 595	81 362	69 452
Other	32	32	32	34	36	39
Total Revenue - Functional	1 093 984	1 098 018	1 098 018	1 192 485	1 311 050	1 489 696
Expenditure - Functional						
Governance and administration	163 385	161 656	161 656	171 937	178 256	196 281
Executive and council	24 245	24 851	24 851	25 835	26 928	28 058
Finance and administration	136 996	134 247	134 247	142 949	149 088	165 884
Internal audit	2 144	2 558	2 558	3 152	2 240	2 339
Community and public safety	177 068	174 942	174 942	154 654	164 457	257 201
Community and social services	24 900	24 488	24 488	26 330	27 415	29 021
Sport and recreation	31 657	32 420	32 420	34 938	37 905	40 541
Public safety	82 053	79 591	79 591	88 686	93 813	98 906
Housing	38 458	38 444	38 444	4 701	5 324	88 733
Health	–	–	–	–	–	–
Economic and environmental services	81 908	85 817	85 817	85 081	91 716	91 376
Planning and development	16 545	16 483	16 483	16 200	16 273	16 827
Road transport	65 362	69 334	69 334	68 882	75 443	74 550
Environmental protection	–	–	–	–	–	–
Trading services	604 693	600 880	600 880	657 274	737 191	824 422
Energy sources	386 254	367 214	367 214	414 005	471 320	542 025
Water management	91 450	96 426	96 426	107 650	117 248	127 435
Waste water management	74 589	73 962	73 962	77 428	84 741	87 863
Waste management	52 399	63 279	63 279	58 190	63 882	67 099
Other	2 279	2 280	2 280	2 384	2 514	2 651
Total Expenditure - Functional	1 029 332	1 025 576	1 025 576	1 071 330	1 174 133	1 371 931
Surplus/(Deficit) for the year	64 652	72 442	72 442	121 155	136 917	117 766

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue by Vote					
Vote 1 - Corporate Services	12 358	12 799	12 735	12 877	13 459
Vote 2 - Civil Services	287 762	298 254	299 716	315 981	337 835
Vote 3 - Council	299	299	305	312	318
Vote 4 - Electricity Services	424 953	410 289	456 443	522 340	606 537
Vote 5 - Financial Services	253 248	278 835	304 521	328 680	351 507
Vote 6 - Development Services	63 075	47 587	64 870	74 622	120 248
Vote 7 - Municipal Manager	—	418	—	—	—
Vote 8 - Protection Services	52 289	49 537	53 895	56 239	59 792
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—
Total Revenue by Vote	1 093 984	1 098 018	1 192 485	1 311 050	1 489 696
Expenditure by Vote to be appropriated					
Vote 1 - Corporate Services	41 327	41 627	42 202	44 239	46 441
Vote 2 - Civil Services	327 711	346 428	369 407	402 364	433 795
Vote 3 - Council	19 043	19 652	23 068	24 036	25 024
Vote 4 - Electricity Services	402 200	383 165	419 094	475 346	544 067
Vote 5 - Financial Services	68 681	67 075	73 728	78 005	81 756
Vote 6 - Development Services	64 490	64 188	32 212	33 387	117 810
Vote 7 - Municipal Manager	10 335	10 747	8 927	8 274	8 731
Vote 8 - Protection Services	95 545	92 694	102 693	108 482	114 307
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—
Total Expenditure by Vote	1 029 332	1 025 576	1 071 330	1 174 133	1 371 931
Surplus/(Deficit) for the year	64 652	72 442	121 155	136 917	117 766

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	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
Revenue					
Exchange Revenue					
Service charges - Electricity	400 667	385 970	421 007	483 838	556 045
Service charges - Water	80 786	80 786	91 857	98 465	105 542
Service charges - Waste Water Management	51 390	51 797	51 053	53 679	56 475
Service charges - Waste Management	31 991	32 591	32 997	37 089	41 710
Sale of Goods and Rendering of Services	–	–	13 113	13 899	14 732
Agency services	6 040	6 040	6 403	6 787	7 194
Interest earned from Receivables	3 458	3 161	2 640	2 798	2 966
Interest earned from Current and Non Current Assets	35 667	55 754	55 954	52 954	49 954
Rental from Fixed Assets	1 627	1 807	1 967	2 085	2 210
Operational Revenue	15 508	16 412	3 933	4 149	4 374
Non-Exchange Revenue					
Property rates	148 224	148 224	167 830	183 323	193 832
Fines, penalties and forfeits	34 607	30 263	32 076	33 993	36 025
Licences or permits	4 778	4 902	5 158	5 464	5 787
Transfer and subsidies - Operational	186 257	189 755	168 036	184 740	286 976
Interest	–	–	1 060	1 124	1 191
Operational Revenue	–	–	15 402	16 989	18 681
Gains on disposal of Assets	15 877	11 666	14 613	14 081	14 340
Discontinued Operations					
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 085 098	1 195 456	1 398 036
Expenditure					
Employee related costs	294 029	298 366	316 394	332 235	351 024
Remuneration of councillors	11 251	11 560	12 081	12 565	13 067
Bulk purchases - electricity	332 200	312 398	356 097	408 444	476 654
Inventory consumed	47 513	52 621	61 034	67 025	74 197
Debt impairment	37 654	31 448	4 424	5 138	5 405
Depreciation and amortisation	106 565	106 565	112 614	126 454	131 662
Interest	12 361	15 565	14 486	18 879	18 143
Contracted services	105 260	109 982	70 092	68 966	163 056
Transfers and subsidies	4 368	4 607	5 060	5 018	5 229
Irrecoverable debts written off	–	–	32 910	35 961	39 121
Operational costs	51 359	52 718	57 831	60 361	62 552
Losses on disposal of Assets	26 772	29 745	16 413	19 695	16 741
Other Losses	–	–	11 894	13 392	15 080
Total Expenditure	1 029 332	1 025 576	1 071 330	1 174 133	1 371 931
Surplus/(Deficit)	(12 457)	(6 449)	13 768	21 323	26 106
Transfers and subsidies - capital (monetary allocations)	62 749	67 687	107 387	115 594	91 660
Transfers and subsidies - capital (in-kind)	14 360	11 203	–	–	–
Surplus/(Deficit) after capital transfers & contributions	64 652	72 442	121 155	136 917	117 766
Income Tax	–	–	–	–	–
Surplus/(Deficit) for the year	64 652	72 442	121 155	136 917	117 766

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

1. 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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 2 - Civil Services	84 445	83 689	53 925	48 565	75 460
Vote 4 - Electricity Services	30 600	30 600	40 500	56 000	45 800
Vote 6 - Development Services	17 459	1 945	55 314	64 040	40 400
Capital multi-year expenditure sub-total	132 504	116 234	149 739	168 605	161 660
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	404	595	176	128	130
Vote 2 - Civil Services	31 699	34 974	35 808	31 583	25 972
Vote 3 - Council	654	641	692	12	12
Vote 4 - Electricity Services	15 404	16 444	14 758	15 987	19 233
Vote 5 - Financial Services	711	705	2 192	321	114
Vote 6 - Development Services	5 795	5 190	1 776	1 376	84
Vote 7 - Municipal Manager	10	10	12	12	12
Vote 8 - Protection Services	3 915	4 047	3 899	944	1 086
Capital single-year expenditure sub-total	58 591	62 606	59 313	50 364	46 643
Total Capital Expenditure - Vote	191 096	178 840	209 052	218 969	208 303
Capital Expenditure - Functional					
Governance and administration	10 660	5 092	8 444	1 860	3 176
Executive and council	664	651	704	24	24
Finance and administration	9 995	4 441	7 740	1 836	3 152
Community and public safety	7 366	7 273	32 539	7 892	3 521
Community and social services	413	408	1 250	100	400
Sport and recreation	3 038	2 817	27 390	6 848	2 035
Public safety	3 915	4 047	3 899	944	1 086
Economic and environmental services	71 549	60 647	81 843	72 067	37 981
Planning and development	9 030	4 114	14 612	49 844	906
Road transport	62 519	56 533	67 231	22 223	37 075
Trading services	101 521	105 828	86 227	137 149	163 624
Energy sources	43 000	44 253	53 741	71 180	63 157
Water management	29 372	38 109	14 564	10 383	32 584
Waste water management	24 364	19 204	13 915	25 759	35 276
Waste management	4 786	4 262	4 007	29 826	32 607
Total Capital Expenditure - Functional	191 096	178 840	209 052	218 969	208 303
Funded by:					
National Government	41 410	51 410	48 366	50 664	61 660
Provincial Government	21 339	16 277	57 796	64 930	30 000
District Municipality	—	—	—	—	—
Transfers and subsidies - capital (monetary)	12 534	11 203	1 225	—	—
Transfers recognised - capital	75 283	78 891	107 387	115 594	91 660
Borrowing	—	—	—	33 000	17 000
Internally generated funds	115 813	99 949	101 665	70 375	99 643
Total Capital Funding	191 096	178 840	209 052	218 969	208 303

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

1. 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 2023/24 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	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
ASSETS					
Current assets					
Cash and cash equivalents	612 926	662 213	684 449	773 527	798 713
Trade and other receivables from ex change transactions	118 544	113 222	108 621	122 877	138 981
Receivables from non-ex change transactions	–	–	33 732	41 630	49 903
Current portion of non-current receivables	70	4	4	4	4
Inventory	19 114	22 325	23 136	25 349	26 145
VAT	25 953	19 572	13 043	13 043	13 043
Other current assets	–	–	180	180	180
Total current assets	776 607	817 336	863 166	976 611	1 026 969
Non current assets					
Investments	–	–	–	–	–
Investment property	31 245	25 370	24 927	24 802	24 685
Property, plant and equipment	2 189 454	2 215 238	2 295 581	2 368 635	2 428 754
Heritage assets	–	–	1 120	1 120	1 120
Intangible assets	604	668	464	354	253
Non-current receivables from non-ex change transactions	11	11	–	–	–
Other non-current assets	1 120	1 120	–	–	–
Total non current assets	2 222 434	2 242 407	2 322 092	2 394 911	2 454 812
TOTAL ASSETS	2 999 042	3 059 743	3 185 258	3 371 522	3 481 781
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Financial liabilities	9 060	8 933	9 325	17 097	15 418
Consumer deposits	16 548	16 950	17 450	17 600	17 800
Trade and other payables from ex change transactions	95 548	98 306	103 302	103 302	103 302
Trade and other payables from non-ex change transaction	–	–	216	216	216
Provision	11 611	13 225	10 898	10 898	10 898
Other current liabilities	–	–	3 527	3 527	3 527
Total current liabilities	132 766	137 413	144 717	152 639	151 160
Non current liabilities					
Financial liabilities	79 424	81 791	72 637	105 540	90 122
Provision	132 274	145 816	70 963	76 654	82 929
Other non-current liabilities	–	–	81 388	84 219	87 335
Total non current liabilities	211 698	227 607	224 988	266 413	260 386
TOTAL LIABILITIES	344 465	365 020	369 705	419 052	411 545
NET ASSETS	2 654 577	2 694 723	2 815 553	2 952 470	3 070 236
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	2 397 506	2 445 727	2 522 094	2 608 120	2 699 321
Reserves and funds	257 070	249 000	293 459	344 350	370 914
Other	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2 654 577	2 694 728	2 815 553	2 952 470	3 070 236

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	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	142 295	145 260	164 473	175 990	186 079
Service charges	544 934	531 174	590 304	665 086	750 102
Other revenue	34 950	35 346	37 148	39 351	41 682
Transfers and Subsidies - Operational	186 253	187 549	167 713	184 740	286 976
Transfers and Subsidies - Capital	77 109	78 423	107 387	115 594	91 660
Interest	35 667	55 754	55 954	52 954	49 954
Payments					
Suppliers and employees	(849 254)	(846 159)	(883 660)	(962 368)	(1 153 310)
Interest	(10 180)	(10 180)	(9 324)	(13 188)	(11 869)
Transfers and Subsidies	(4 368)	(4 607)	(5 060)	(5 018)	(5 229)
NET CASH FROM/(USED) OPERATING ACTIVITIES	157 405	172 560	224 935	253 141	236 046
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	15 877	11 666	14 613	14 081	14 340
Payments					
Capital assets	(191 096)	(178 840)	(209 052)	(218 969)	(208 303)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(175 219)	(167 174)	(194 439)	(204 888)	(193 963)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase (decrease) in consumer deposits	(500)	500	500	150	200
Payments					
Repayment of borrowing	(11 000)	(8 761)	(8 761)	(9 325)	(17 097)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(11 500)	(8 261)	(8 261)	40 825	(16 897)
NET INCREASE/ (DECREASE) IN CASH HELD	(29 314)	(2 876)	22 234	89 078	25 186
Cash/cash equivalents at the year begin:	642 240	665 091	662 215	684 449	773 527
Cash/cash equivalents at the year end:	612 926	662 215	684 449	773 527	798 713

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<u>Cash and investments available</u>					
Cash/cash equivalents at the year end	612 926	662 215	684 449	773 527	798 713
Other current investments > 90 days	–	–	–	–	–
Non current Investments	–	–	–	–	–
Cash and investments available:	612 926	662 215	684 449	773 527	798 713
<u>Application of cash and investments</u>					
Unspent conditional transfers	2 387	538	216	216	216
Unspent borrowing	–	–	–	–	–
Other working capital requirements	(41 957)	(26 293)	(26 293)	(60 565)	(79 979)
Other provisions	–	–	–	–	–
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	257 070	249 000	293 459	344 350	370 914
Total Application of cash and investments:	217 500	223 246	267 382	284 000	291 150
Surplus(shortfall)	395 426	438 969	417 067	489 527	507 563

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 122 and 123.
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 2023/24 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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
CAPITAL EXPENDITURE					
<u>Total New Assets</u>	120 197	110 703	175 276	171 932	137 913
Roads Infrastructure	40 221	33 155	55 914	2 995	17 600
Electrical Infrastructure	33 400	33 815	46 400	51 900	38 950
Water Supply Infrastructure	4 307	3 573	9 797	1 941	6 335
Sanitation Infrastructure	3 002	1 757	10 420	15 148	30 000
Solid Waste Infrastructure	–	–	2 500	25 670	25 000
Infrastructure	80 931	71 544	125 032	97 654	117 885
Community Facilities	1 100	893	3 000	1 100	1 100
Sport and Recreation Facilities	3 100	2 850	12 700	4 500	–
Community Assets	4 200	4 500	15 700	5 600	1 100
Operational Buildings	6 000	475	3 000	650	100
Housing	4 476	1 674	13 514	49 742	800
Other Assets	10 476	2 149	16 514	50 392	900
Licences and Rights	420	420	–	–	–
Intangible Assets	420	420	–	–	–
Computer Equipment	3 704	4 084	2 052	1 157	2 176
Furniture and Office Equipment	364	463	586	480	566
Machinery and Equipment	4 219	15 144	3 431	5 975	2 021
Transport Assets	13 252	11 978	11 962	10 674	13 265
Land	2 630	421	–	–	–
<u>Total Renewal of Existing Assets</u>	20 250	22 001	11 500	24 000	27 300
Roads Infrastructure	20 250	21 501	10 000	15 000	18 000
Electrical Infrastructure	–	–	–	8 500	9 300
Sanitation Infrastructure	–	500	1 500	500	–
Infrastructure	20 250	22 001	11 500	24 000	27 300
<u>Total Upgrading of Existing Assets</u>	50 649	46 136	22 277	23 037	43 090
Roads Infrastructure	–	–	–	–	–
Storm water Infrastructure	250	250	250	250	1 250
Electrical Infrastructure	8 450	8 620	3 650	9 800	12 300
Water Supply Infrastructure	24 956	29 008	4 300	7 960	25 740
Sanitation Infrastructure	16 993	8 259	1 611	5 027	3 500
Infrastructure	50 649	46 136	9 811	23 037	42 790
Community Facilities	–	–	200	–	300
Sport and Recreation Facilities	–	–	12 266	–	–
Community Assets	–	–	12 466	–	300
<u>Total Capital Expenditure</u>	191 096	178 840	209 052	218 969	208 303
Roads Infrastructure	60 471	54 449	65 914	17 995	35 600
Storm water Infrastructure	250	250	250	250	1 250
Electrical Infrastructure	41 850	42 435	50 050	70 200	60 550
Water Supply Infrastructure	29 263	32 031	14 097	9 900	32 075
Sanitation Infrastructure	19 996	10 516	13 531	20 675	33 500
Solid Waste Infrastructure	–	–	2 500	25 670	25 000
Infrastructure	151 830	139 681	146 342	144 691	187 975
Community Facilities	1 100	893	3 200	1 100	1 400
Sport and Recreation Facilities	3 100	2 850	24 966	4 500	–
Community Assets	4 200	3 743	28 166	5 600	1 400
Operational Buildings	6 000	475	3 000	650	100
Housing	4 476	1 674	13 514	49 742	800
Other Assets	10 476	2 149	16 514	50 392	900
Licences and Rights	420	420	–	–	–
Intangible Assets	420	420	–	–	–
Computer Equipment	3 704	4 084	2 052	1 157	2 176
Furniture and Office Equipment	364	463	586	480	566
Machinery and Equipment	4 219	15 144	3 431	5 975	2 021
Transport Assets	13 252	11 978	11 962	10 674	13 265
Land	2 630	421	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	45 191 096	178 840	209 052	218 969	208 303

Description R thousand	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSET REGISTER SUMMARY - PPE (WDV)	2 222 423	2 242 396	2 322 092	2 394 911	2 454 812
Roads Infrastructure	366 979	415 183	385 442	301 863	234 703
Storm water Infrastructure	108 605	112 185	107 609	102 985	99 371
Electrical Infrastructure	379 682	376 559	425 913	494 663	553 589
Water Supply Infrastructure	484 647	421 239	418 580	409 420	422 401
Sanitation Infrastructure	522 087	503 203	513 878	525 794	550 799
Solid Waste Infrastructure	16 841	28 790	26 763	47 845	69 050
Infrastructure	1 878 841	1 857 159	1 878 185	1 882 570	1 929 913
Community Assets	62 281	123 746	154 179	161 138	163 028
Heritage Assets	1 120	1 120	1 120	1 120	1 120
Investment properties	31 245	25 370	24 927	24 802	24 685
Other Assets	98 426	72 000	96 357	154 526	163 250
Intangible Assets	604	668	464	354	253
Computer Equipment	7 360	6 563	5 867	4 401	3 862
Furniture and Office Equipment	1 610	2 226	1 981	1 577	1 241
Machinery and Equipment	16 302	25 942	26 350	29 266	28 015
Transport Assets	44 508	46 159	51 400	54 113	58 586
Land	80 128	81 445	81 263	81 044	80 858
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 222 423	2 242 396	2 322 092	2 394 911	2 454 812
EXPENDITURE OTHER ITEMS	166 110	168 018	179 005	194 594	214 120
<u>Depreciation</u>	101 768	101 768	112 614	126 454	131 662
<u>Repairs and Maintenance by Asset Class</u>	64 342	66 249	66 391	68 140	82 458
Roads Infrastructure	9 823	9 803	5 789	6 019	6 263
Storm water Infrastructure	19 334	19 336	20 911	21 745	23 307
Electrical Infrastructure	2 616	2 807	3 267	3 469	3 688
Water Supply Infrastructure	1 543	1 583	1 862	1 707	1 768
Sanitation Infrastructure	5 609	4 889	5 874	5 464	6 561
Solid Waste Infrastructure	7 912	10 150	8 349	8 706	9 230
Infrastructure	46 838	48 569	46 052	47 110	50 817
Community Facilities	2 227	2 014	2 307	2 412	2 542
Sport and Recreation Facilities	1 156	1 200	917	942	968
Community Assets	3 384	3 214	3 224	3 354	3 511
Operational Buildings	996	1 286	2 291	1 088	1 137
Housing	707	818	657	675	10 504
Other Assets	1 703	2 104	2 948	1 763	11 641
Licences and Rights	4 297	4 297	5 092	5 659	5 560
Intangible Assets	4 297	4 297	5 092	5 659	5 560
Computer Equipment	337	337	428	447	467
Furniture and Office Equipment	70	69	58	59	60
Machinery and Equipment	1 408	1 325	1 361	1 387	1 415
Transport Assets	6 306	6 334	7 228	8 360	8 987
TOTAL EXPENDITURE OTHER ITEMS	166 110	168 018	179 005	194 594	214 120
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	37.1%	38.1%	16.2%	21.5%	33.8%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	69.7%	67.0%	30.0%	37.2%	53.5%
<i>R&M as a % of PPE & Investment Property</i>	2.9%	2.8%	2.6%	2.6%	3.1%
<i>Renewal and upgrading and R&M as a % of PPE and Investment</i>	6.0%	5.8%	4.1%	4.6%	6.0%

Explanatory notes to Table A9 - Asset Management

- 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.

- 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.
- The 2023/24 capital expenditure on the renewal and upgrading of existing assets is 16.2%, for 2024/25 increases to 21.5% and increases to 33.8% for 2025/26. The result is influenced by multi-year projects coming to completion.

MBRR Table A10 - Basic Service Delivery Measurement

Description	2019/20	2020/21	2021/22	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets								
Water:								
Piped water inside dwelling	32 872	32 872	32 872	32 872	32 872	32 872	32 872	32 872
Piped water inside yard (but not in dwelling)	3 232	3 232	3 232	3 232	3 232	3 232	3 232	3 232
Using public tap (at least min.service level)	212	212	212	212	212	212	212	212
<i>Minimum Service Level and Above sub-total</i>	36 316	36 316	36 316	36 316	36 316	36 316	36 316	36 316
Other water supply (< min.service level)	2 823	2 823	2 823	2 823	2 823	2 823	2 823	2 823
No water supply	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	2 823	2 823	2 823	2 823	2 823	2 823	2 823	2 823
Total number of households	39 139	39 139	39 139	39 139	39 139	39 139	39 139	39 139
Sanitation/sewerage:								
Flush toilet (connected to sewerage)	33 744	33 744	33 744	33 744	33 744	33 744	33 744	33 744
Flush toilet (with septic tank)	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887
Chemical toilet	29	29	29	29	29	29	29	29
Pit toilet (ventilated)	37	37	37	37	37	37	37	37
<i>Minimum Service Level and Above sub-total</i>	37 697	37 697	37 697	37 697	37 697	37 697	37 697	37 697
Bucket toilet	991	991	991	991	991	991	991	991
Other toilet provisions (< min.service level)	141	141	141	141	141	141	141	141
No toilet provisions	310	310	310	310	310	310	310	310
<i>Below Minimum Service Level sub-total</i>	1 442	1 442	1 442	1 442	1 442	1 442	1 442	1 442
Total number of households	39 139	39 139	39 139	39 139	39 139	39 139	39 139	39 139
Energy:								
Electricity (at least min.service level)	38 631	38 631	38 631	38 631	38 631	38 631	38 631	38 631
<i>Minimum Service Level and Above sub-total</i>	38 631	38 631	38 631	38 631	38 631	38 631	38 631	38 631
Other energy sources	508	508	508	508	508	508	508	508
<i>Below Minimum Service Level sub-total</i>	508	508	508	508	508	508	508	508
Total number of households	39 139	39 139	39 139	39 139	39 139	39 139	39 139	39 139
Refuse:								
Removed at least once a week	32 675	32 675	32 675	32 675	32 675	32 675	32 675	32 675
<i>Minimum Service Level and Above sub-total</i>	32 675	32 675	32 675	32 675	32 675	32 675	32 675	32 675
Removed less frequently than once a week	480	480	480	480	480	480	480	480
Using communal refuse dump	897	897	897	897	897	897	897	897
Using own refuse dump	4 863	4 863	4 863	4 863	4 863	4 863	4 863	4 863
Other rubbish disposal	204	204	204	204	204	204	204	204
No rubbish disposal	20	20	20	20	20	20	20	20
<i>Below Minimum Service Level sub-total</i>	6 464	6 464	6 464	6 464	6 464	6 464	6 464	6 464
Total number of households	39 139	39 139	39 139	39 139	39 139	39 139	39 139	39 139

WC015 Swartland - Table A10 Basic service delivery measurement						
Description	Ref	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<u>Households receiving Free Basic Service</u>	7					
Water (6 kilolitres per household per month)		9 524	9 524	9 668	9 958	10 256
Sanitation (free minimum level service)		9 200	9 200	9 329	9 609	9 897
Electricity/other energy (50kwh per household per month)		7 882	7 882	8 848	9 113	9 387
Refuse (removed at least once a week)		9 540	9 540	9 677	9 967	10 266
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>						
Water (6 kilolitres per indigent household per month)		14 805	14 805	14 953	15 701	16 486
Sanitation (free sanitation service to indigent households)		28 623	28 623	30 626	32 770	35 064
Electricity/other energy (50kwh per indigent household per month)		6 381	6 381	7 338	8 439	9 705
Refuse (removed once a week for indigent households)		16 703	16 703	18 206	19 663	21 236
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>		-	-	-	-	-
Total cost of FBS provided	8	66 512	66 512	71 124	76 572	82 490
<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 (kilolitres per household per month)		-	-	-	-	-
Sanitation (Rand per household per month)		262.82	262.82	278.33	294.75	312.14
Electricity (kwh per household per month)		50	50	50	50	50
Refuse (average litres per week)		149.73	149.73	164.55	180.84	198.75
<u>Revenue cost of subsidised services provided (R'000)</u>	9					
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		5 784	5 784	5 831	6 097	6 385
Other						
Total revenue cost of subsidised services provided		5 784	5 784	5 831	6 097	6 385

Reference: Data set supplied by the Strategic office.

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 (2023/24 – 2027/28) and the budget for the 2023/2024 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 2022. Key dates applicable to the process were:

- **October / November 2022** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **October / November 2022** – 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 2023** - Council considered and approved the 2022/23 Mid-year Review and Adjustments Budget;

- **February / March 2023** - 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;
- **30 March 2023** - Tabling in Council of the Draft 2023/24 IDP and 2023/24 MTREF Budget for public consultation;
- **April 2023** – Public consultation by means of written comments;
- **28 April 2023 @ 12 midday** - Closing date for written comments;
- **2 - 12 May 2023** – Finalisation of the 2023/24 IDP and 2023/24 MTREF Budget, taking into consideration comments received from the public, comments from National and Provincial Treasury; and
- **25 May 2023** - Tabling of the 2023/24 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 2023/24 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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand						
Community safety and wellbeing	Manage Development Services	1 610	1 610	551	197	52
	Manage Community Development	1 598	1 598	538	38	38
	Manage Multi-Purpose Centres	12	12	13	159	14
	Manage Environmental and Occupational Health	–	–	–	–	–
	Manage Protection Services	52 289	49 537	53 895	56 239	59 792
	Manage Protection Services	–	–	–	–	–
	Manage Civil Protection	–	–	–	–	–
	Manage Licensing and Registration Services	11 037	11 132	11 806	12 514	13 265
	Manage Traffic and Law Enforcement	40 924	38 077	40 832	43 375	46 156
	Manage Fire and Emergency Services	10	10	936	10	10
	Manage the Harbour Yzerfontein	318	318	321	340	361
Economic transformation	Facilitate economic development in the municipal area					
A healthy and sustainable environment	Manage Development Services	61 465	45 977	64 320	74 424	120 196
	Manage Development Services	1	1	1	1	1
	Manage Planning and Valuations	1 051	1 157	1 200	1 271	1 346
	Manage Building Control	3 215	3 415	3 589	3 805	4 033
	Manage Human Settlements	54 049	37 909	55 758	65 350	110 578
	Manage the Caravan Park Yzerfontein	3 149	3 496	3 772	3 998	4 238
A connected and innovative local government	Manage Corporate Services	12 358	12 799	12 735	12 877	13 459
	Manage Corporate Services, Secretariat and Records and Ward Committees	132	161	100	102	104
	Manage Human Resource Services	333	654	366	388	411
	Manage Properties, Contracts and Legal Administration	95	185	249	264	280
	Manage Libraries	11 766	11 766	11 986	12 087	12 625
	Manage Marketing And Tourism	32	32	34	36	39
	Manage Electrical Engineering Services					
	Manage ICT Services	–	–	–	–	–

Strategic Objective	Goal	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand						
	Manage the Office of the Municipal Manager	-	418	-	-	-
	Manage the Office of the Municipal Manager	-	-	-	-	-
	Manage Internal Audit	-	418	-	-	-
	Manage Strategic Services	-	-	-	-	-
	Manage Financial Services	253 248	278 835	304 521	328 680	351 507
	Manage Financial Administration	-	-	-	-	-
	Manage Supply Chain Management	-	-	-	-	-
	Manage the Budget and Treasury Office	-	-	-	-	-
	Manage Finance (Credit Control, Income, Expenditure, etc)	100 356	125 863	131 693	140 089	151 978
	Manage Assets	-	-	-	-	-
	Manage Fleet	-	-	-	-	-
	Manage Rates	151 342	151 422	171 277	187 040	197 841
	Manage Financial Management Grant	1 550	1 550	1 550	1 550	1 688
	Manage Council Expenses					
	Manage Council Expenses	299	299	305	312	318
	Manage Civil Engineering Services	712 715	708 542	756 159	838 321	944 372
	Manage Civil Engineering Services	-	-	-	-	-
	Manage Cemeteries	1 079	1 079	1 108	1 174	1 245
	Manage Parks and Recreational Areas	1 060	1 060	875	-	-
	Manage Proclaimed Roads	18 470	15 343	1 427	204	226
Quality and reliable services	Manage Sewerage	79 417	84 833	85 326	92 324	95 617
	Manage Waste Water Treatment Works	-	-	-	-	-
	Manage Sportsgrounds	157	217	11 196	243	258
	Manage Streets	9 289	12 929	15 546	2 433	13 570
	Manage Storm water	-	-	331	-	-
	Manage Swimming Pools	350	350	374	396	420
	Manage Water Provision	113 350	126 281	113 187	123 773	142 646
	Manage Municipal Property	13 462	3 578	13 752	14 072	14 401
	Manage Refuse Removal	51 128	51 728	56 595	81 362	69 452
	Manage Street Cleaning	-	855	-	-	-
	Manage Solid Waste Disposal (Landfill Sites)	-	-	-	-	-
	Manage Electrical Engineering Services	-	-	-	-	-
	Manage Electricity Distribution	424 953	410 289	456 443	522 340	606 537
	Allocations to other priorities					
	Total Revenue (excluding capital transfers and contributions)	1 093 984	1 098 018	1 192 485	1 311 050	1 489 696

2.2.2 Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
R thousand							
Community safety and wellbeing	Manage Development Services	7 416	7 200	8 292	8 430	8 709	
	Manage Community Development	3 525	3 527	4 494	4 274	4 462	
	Manage Multi-Purpose Centres	1 671	1 695	1 679	1 942	1 927	
	Manage Environmental and Occupational Health	2 219	1 978	2 119	2 214	2 319	
	Manage Protection Services	95 545	92 983	102 693	108 482	114 307	
	Manage Protection Services	2 529	2 525	2 670	2 811	2 970	
	Manage Civil Protection	825	340	380	387	394	
	Manage Licensing and Registration Services	10 138	10 389	10 811	11 304	11 848	
	Manage Traffic and Law Enforcement	72 985	70 250	78 366	83 025	87 551	
	Manage Fire and Emergency Services	8 705	9 064	10 002	10 463	11 024	
	Manage the Harbour Yzerfontein	362	415	465	492	520	
			-				
	Economic transformation	Facilitate economic development in the municipal area	150	-	30	30	30
				-			
A healthy and sustainable environment	Manage Development Services	57 074	57 385	23 919	24 957	109 102	
	Manage Development Services	2 475	2 472	2 779	2 957	3 104	
	Manage Planning and Valuations	10 197	10 192	9 566	9 312	9 437	
	Manage Building Control	3 508	3 451	3 780	3 976	4 194	
	Manage Human Settlements	38 458	38 425	4 701	5 324	88 733	
	Manage the Caravan Park Yzerfontein	2 436	2 845	3 094	3 388	3 633	
			-				
A connected and innovative local government	Manage Corporate Services	41 327	41 951	42 202	44 239	46 441	
	Manage Corporate Services, Secretariat and Records and Ward Committees	14 699	14 554	13 785	14 297	14 849	
	Manage Human Resource Services	6 521	6 843	6 899	7 270	7 306	
	Manage Properties, Contracts and Legal Administration	5 967	6 076	6 501	6 815	7 374	
	Manage Libraries	11 861	12 154	12 586	13 291	14 201	
	Manage Marketing And Tourism	2 279	2 323	2 431	2 566	2 710	
			-				
	Manage Electrical Engineering Services		-				
	Manage ICT Services	16 109	16 105	18 076	19 116	19 559	
			-				
	Manage the Office of the Municipal Manager	10 185	10 754	8 897	8 244	8 701	
	Manage the Office of the Municipal Manager	5 202	5 206	2 766	2 892	3 034	
	Manage Internal Audit	2 293	2 707	3 306	2 398	2 501	
	Manage Strategic Services	2 690	2 840	2 824	2 954	3 165	

Strategic Objective ▼	Goal ▼	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework ▼		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand						
Quality and reliable services	Manage Financial Services	68 681	68 039	73 728	78 005	81 756
	Manage Financial Administration	2 021	2 021	2 080	2 177	2 281
	Manage Supply Chain Management	7 369	7 599	9 427	9 910	10 442
	Manage the Budget and Treasury Office	5 292	6 792	6 363	6 519	6 823
	Manage Finance (Credit Control, Income, Expenditure, etc)	48 602	46 445	49 568	52 697	55 942
	Manage Assets	1 455	1 455	2 424	2 514	1 727
	Manage Fleet	1 250	1 250	1 289	1 373	1 467
	Manage Rates	1 142	927	1 026	1 265	1 386
	Manage Financial Management Grant	1 550	1 550	1 550	1 550	1 688
			-			
	Manage Council Expenses		-			
	Manage Council Expenses	19 043	19 645	23 068	24 036	25 024
			-			
	Manage Civil Engineering Services	713 802	711 515	770 425	858 594	958 303
	Manage Civil Engineering Services	3 736	3 742	3 827	4 045	4 254
	Manage Cemeteries	973	912	993	1 050	1 052
	Manage Parks and Recreational Areas	20 161	20 426	22 184	24 015	25 176
	Manage Proclaimed Roads	4 782	4 782	483	483	504
	Manage Sewerage	50 238	44 556	44 909	51 433	51 492
	Manage Waste Water Treatment Works	4 646	15 778	17 682	18 620	21 258
	Manage Sportsgrounds	4 329	7 726	7 244	8 019	8 277
	Manage Streets	54 027	59 478	60 813	67 362	66 458
	Manage Storm water	18 185	19 706	21 207	22 059	23 640
	Manage Swimming Pools	4 808	3 451	4 491	4 799	6 043
	Manage Water Provision	91 450	95 973	107 349	116 988	127 228
	Manage Municipal Property	17 977	18 990	20 170	19 751	31 462
	Manage Refuse Removal	32 543	33 461	36 779	41 142	42 665
	Manage Street Cleaning	9 569	10 521	7 582	8 008	8 585
	Manage Solid Waste Disposal (Landfill Sites)	10 287	15 736	13 693	14 590	15 699
	Manage Electrical Engineering Services	1 889	1 898	1 495	1 567	1 641
	Manage Electricity Distribution	382 562	352 636	397 399	452 414	520 481
	Manage Street Lighting	1 640	1 744	2 124	2 249	2 386
Allocations to other priorities						
Total Expenditure		1 029 332	1 025 576	1 071 330	1 174 133	1 371 931

2.2.3 Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand						
Community safety and wellbeing	Manage Development Services					
	Manage Community Development	–	–	–	–	–
	Manage Multi-Purpose Centres	263	258	–	–	–
	Manage Environmental and Occupational Health	–	–	–	–	–
	Manage Protection Services		–			
	Manage Protection Services	80	212	205	100	926
	Manage Civil Protection	–	–	–	–	–
	Manage Licensing and Registration Services	–	–	658	684	–
	Manage Traffic and Law Enforcement	–	–	–	–	–
	Manage Fire and Emergency Services	3 835	3 835	3 036	160	160
Economic transformation	Manage the Harbour Yzerfontein	–	–	–	–	–
	Facilitate economic development in the municipal area	–	–	–	–	–
A healthy and sustainable environment	Manage Development Services					
	Manage Development Services	42	42	44	46	48
	Manage Planning and Valuations	2 060	2 360	1 000	–	–
	Manage Building Control	–	–	–	–	–
	Manage Human Settlements	20 859	4 745	55 314	64 890	40 400
	Manage the Caravan Park Yzerfontein	30	30	732	480	36
A connected and innovative local government	Manage Corporate Services					
	Manage Corporate Services, Secretariat and Records and Ward Committees	254	445	26	28	30
	Manage Human Resource Services	–	–	–	–	–
	Manage Properties, Contracts and Legal Administration	100	100	100	100	100
	Manage Libraries	50	50	50	–	–
	Manage Marketing And Tourism	–	–	–	–	–
	Manage Electrical Engineering Services					
	Manage ICT Services	3 004	2 791	1 517	807	1 876
	Manage the Office of the Municipal Manager					
	Manage the Office of the Municipal Manager	10	10	12	12	12
	Manage Internal Audit	–	–	–	–	–
	Manage Strategic Services	–	–	–	–	–
	Manage Financial Services					
	Manage Financial Administration	28	27	45	32	34
	Manage Supply Chain Management	–	–	–	–	–
	Manage the Budget and Treasury Office	–	–	–	–	–
	Manage Finance (Credit Control, Income, Expenditure, etc)	683	678	2 147	289	80
	Manage Assets	–	–	–	–	–
	Manage Fleet	–	–	–	–	–

Strategic Objective	Goal	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand						
Quality and reliable services	Manage Council Expenses					
	Manage Council Expenses	654	641	692	12	12
	Manage Civil Engineering Services					
	Manage Civil Engineering Services	52	38	54	56	58
	Manage Cemeteries	–	–	1 100	–	300
	Manage Parks and Recreational Areas	1 708	1 487	2 317	1 813	1 773
	Manage Proclaimed Roads	–	–	–	–	–
	Manage Sewerage	4 056	8 871	3 590	10 295	2 958
	Manage Waste Water Treatment Works	17 793	8 809	2 211	–	1 000
	Manage Sportsgrounds	600	600	12 341	55	226
	Manage Streets	52 881	55 028	39 731	22 223	31 575
	Manage Storm water	312	317	314	316	1 318
	Manage Swimming Pools	700	700	12 000	4 500	–
	Manage Water Storage	–	–	–	–	–
	Manage Water Provision	27 229	37 749	8 064	10 383	28 484
	Manage Municipal Property	6 027	501	4 005	680	1 132
	Manage Refuse Removal	4 786	4 262	4 007	29 826	32 607
	Manage Street Cleaning	–	–	–	–	–
	Manage Solid Waste Disposal (Landfill Sites)	–	–	–	–	–
	Manage Electrical Engineering Services	350	325	360	380	400
	Manage Electricity Distribution	42 650	43 928	53 381	70 800	62 757
Allocations to other priorities						
Total Capital Expenditure		191 096	178 840	209 052	218 969	208 303

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Community safety and wellbeing						
Manage Development Services						
Manage Multi-Purpose Centres	Completion of projects	263	258	–	–	–
Manage Protection Services						
Manage Protection Services	Completion of projects	80	212	205	100	926
Manage Licensing and Registration Services	Completion of projects	–	–	658	684	–
Manage Fire and Emergency Services	Completion of projects	3 835	3 835	3 036	160	160
Economic transformation						
Facilitate economic development in the municipal area	Completion of projects	–	–	–	–	–
A healthy and sustainable environment						
Manage Development Services						
Manage Development Services	Completion of projects	42	42	44	46	48
Manage Planning and Valuations	Completion of projects	2 060	2 360	1 000	–	–
Manage Human Settlements	Completion of projects	20 859	4 745	55 314	64 890	40 400
Manage the Caravan Park Yzerfontein	Completion of projects	30	30	732	480	36
A connected and innovative local government						
Manage Corporate Services						
Manage Corporate Services, Secretariat and Records and Ward Committees	Completion of projects	254	445	26	28	30
Manage Properties, Contracts and Legal Administration	Completion of projects	100	100	100	100	100
Manage Libraries	Completion of projects	50	50	50	–	–
Manage ICT Services	Completion of projects	3 004	2 791	1 517	807	1 876
Manage the Office of the Municipal Manager						
Manage the Office of the Municipal Manager	Completion of projects	10	10	12	12	12
Manage Financial Services						
Manage Financial Administration	Completion of projects	28	27	45	32	34
Manage Finance (Credit Control, Income, Expenditure, etc)	Completion of projects	683	678	2 147	289	80
Manage Council Expenses	Completion of projects	654	641	692	12	12
Quality and reliable services						
Manage Civil Engineering Services	Completion of projects	52	38	54	56	58
Manage Cemeteries	Completion of projects	–	–	1 100	–	300
Manage Parks and Recreational Areas	Completion of projects	1 708	1 487	2 317	1 813	1 773
Manage Proclaimed Roads	Completion of projects	–	–	–	–	–
Manage Sewerage	Completion of projects	4 056	8 871	3 590	10 295	2 958
Manage Waste Water Treatment Works	Completion of projects	17 793	8 809	2 211	–	1 000
Manage Sportsgrounds	Completion of projects	600	600	12 341	55	226
Manage Streets	Completion of projects	52 881	55 028	39 731	22 223	31 575
Manage Storm water	Completion of projects	312	317	314	316	1 318
Manage Swimming Pools	Completion of projects	700	700	12 000	4 500	–
Manage Water Storage	Completion of projects	27 229	37 749	8 064	10 383	28 484
Manage Municipal Property	Completion of projects	6 027	501	4 005	680	1 132
Manage Refuse Removal	Completion of projects	4 786	4 262	4 007	29 826	32 607
Manage Electrical Engineering Services	Completion of projects	350	325	360	380	400
Manage Electricity Distribution	Completion of projects	42 650	43 928	53 381	70 800	62 757
		191 095 805	178 839 804	209 052 395	218 968 545	208 303 329

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 (only property tax rates revised)	Yes	No
3.	Property Rates By-law	Yes	No
4.	Credit Control and Debt Collection Policy Schedule and By-Law	Yes	No
5.	Indigent Policy	Yes	Yes
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 (effective since 16 January 2023)	Yes	No
10.	Budget Implementation Policy	Yes	No
11.	Funding and Reserves Policy	Yes	No
12.	Debt and Borrowing Policy	Yes	No
13.	Virement Policy	Yes	Yes
14.	Travel and Subsistence Policy	Yes	Yes
15.	Cost Containment Policy	Yes	No
16.	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	Yes	Yes
17.	Insurance Policy	New	
18.	Preferential Procurement 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 2023/24 financial year.

The final 2023/24 MTREF has been prepared on the basis of achieving an average debtors' collection rate of around 97 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 2023/24 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 not amended for the 2023/24 financial year. The amendments to the Supply Chain Management Policy is effective since 16 January 2023 and for the 2023-24 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 amended for the 2023/24 MTREF.

The Budget Implementation Policy was approved in May 2016. The policy was reviewed and not amended for the 2023/24 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 2023/24 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 10 months for the 2023/24 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 2023/24 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 96.88%, currently around 96.91% (both excluding fines) for 2021/22 and 97% of billings for the 2023/24 MTREF. Other factors include the following previously mentioned:

- 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;
- Load shedding leading to diminishing electricity demand;
- Fuel price increases and its impact on disposable income levels;
- Cost of fuel on the municipal operations;
- Slower recovery of the economy;
- Ability to collect revenue in challenging environments;
- The upward pressure and multiplier effect of increases in staff salaries.

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 2023/2024 is currently expressed as a percentage (97 per cent) of annual billings. Cash flow is assumed to be 97 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 increase in the salary bill of around 5.99%:

- In respect of all personnel, an increase of 5.4% for 2023/2024; 5% for 2024/2025 and 5% for the 2025/2026 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).

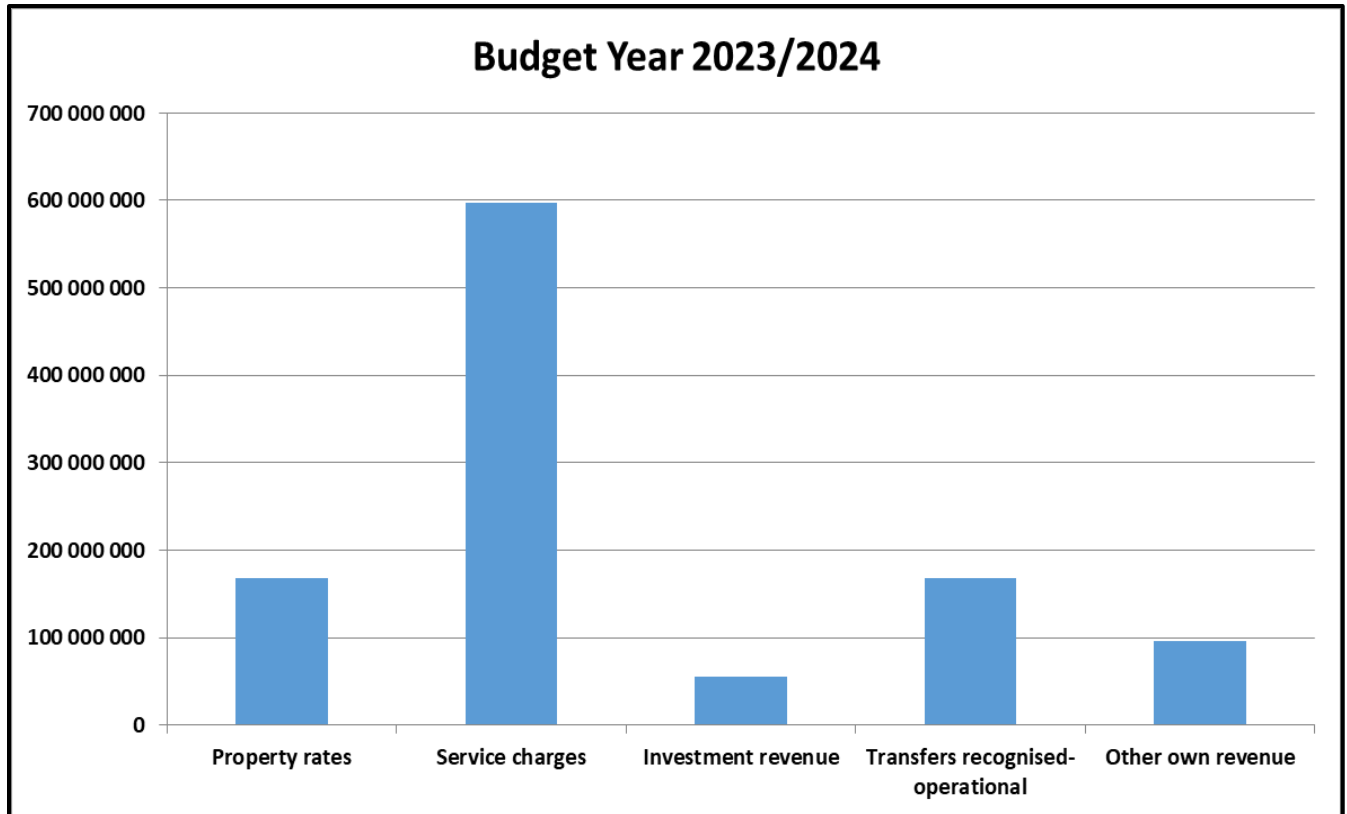
2.5 Overview of budget funding

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands					
<u>Financial Performance</u>					
Property rates	148 224	148 224	167 830	183 323	193 832
Service charges	564 834	551 144	596 914	673 070	759 772
Investment revenue	35 667	55 754	55 954	52 954	49 954
Transfer and subsidies - Operational	186 257	189 755	168 036	184 740	286 976
Other own revenue	81 894	74 250	96 364	101 368	107 501
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 085 098	1 195 456	1 398 036

The following graph is a breakdown of the operational revenue per main category for the 2023/24 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 provide 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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	142 295	145 260	164 473	175 990	186 079
Service charges	544 934	531 174	590 304	665 086	750 102
Other revenue	34 950	35 346	37 148	39 351	41 682
Transfers and Subsidies - Operational	186 253	187 549	167 713	184 740	286 976
Transfers and Subsidies - Capital	77 109	78 423	107 387	115 594	91 660
Interest	35 667	55 754	55 954	52 954	49 954
Payments					
Suppliers and employees	(849 254)	(846 159)	(883 660)	(962 368)	(1 153 310)
Interest	(10 180)	(10 180)	(9 324)	(13 188)	(11 869)
Transfers and Subsidies	(4 368)	(4 607)	(5 060)	(5 018)	(5 229)
NET CASH FROM/(USED) OPERATING ACTIVITIES	157 405	172 560	224 935	253 141	236 046
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	15 877	11 666	14 613	14 081	14 340
Payments					
Capital assets	(191 096)	(178 840)	(209 052)	(218 969)	(208 303)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(175 219)	(167 174)	(194 439)	(204 888)	(193 963)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase (decrease) in consumer deposits	(500)	500	500	150	200
Payments					
Repayment of borrowing	(11 000)	(8 761)	(8 761)	(9 325)	(17 097)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(11 500)	(8 261)	(8 261)	40 825	(16 897)
NET INCREASE/ (DECREASE) IN CASH HELD	(29 314)	(2 876)	22 234	89 078	25 186
Cash/cash equivalents at the year begin:	642 240	665 091	662 215	684 449	773 527
Cash/cash equivalents at the year end:	612 926	662 215	684 449	773 527	798 713

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
<u>Cash and investments available</u>					
Cash/cash equivalents at the year end	612 926	662 215	684 449	773 527	798 713
Other current investments > 90 days	-	-	-	-	-
Non current Investments	-	-	-	-	-
Cash and investments available:	612 926	662 215	684 449	773 527	798 713
<u>Application of cash and investments</u>					
Unspent conditional transfers	2 387	538	216	216	216
Unspent borrowing	-	-	-	-	-
Other working capital requirements	(41 957)	(26 293)	(26 293)	(60 565)	(79 979)
Other provisions	-	-	-	-	-
Long term investments committed	-	-	-	-	-
Reserves to be backed by cash/investments	257 070	249 000	293 459	344 350	370 914
Total Application of cash and investments:	217 500	223 246	267 382	284 000	291 150
Surplus(shortfall)	395 426	438 969	417 067	489 527	507 563

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 10 months for the 2023/24 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 97 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 2022/2023		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
<u>Operating Transfers and Grants</u>					
National Government:	129 651	129 651	146 615	162 375	183 285
Local Government Equitable Share	126 228	126 228	143 235	160 825	181 597
Finance Management	1 550	1 550	1 550	1 550	1 688
EPWP Incentive	1 873	1 873	1 830	–	–
Provincial Government:	56 273	57 545	21 055	22 017	103 280
Community Development Workers	38	38	38	38	38
Human Settlements	33 546	33 500	–	–	80 106
Municipal Accreditation and Capacity Building Grant	256	256	245	249	249
Libraries	11 573	11 573	11 788	11 930	12 459
Proclaimed Roads Subsidy	4 470	4 470	170	170	190
Financial Management Support Grant: Student Bursaries	–	300	–	–	–
Thusong Grant	–	–	–	146	–
Establishment of a K9 Unit	2 390	2 390	3 305	3 772	4 400
Establishment of a Rural Safety Unit	4 000	4 000	5 509	5 712	5 838
WC Financial Management Capability Grant	–	418	–	–	–
Municipal Water Resilience Grant	–	600	–	–	–
Total Operating Transfers and Grants	185 924	187 196	167 670	184 392	286 565
<u>Capital Transfers and Grants</u>					
National Government:	51 410	51 410	48 366	50 664	61 660
Municipal Infrastructure Grant (MIG)	33 810	33 810	24 708	25 664	26 660
Integrated National Electrification Programme (municipal)	17 600	17 600	23 658	25 000	35 000
Provincial Government:	21 339	16 170	57 796	64 890	30 000
Human Settlements	20 059	3 945	55 314	64 890	30 000
RSEP/VPUU Municipal Projects	1 200	1 200	500	–	–
Libraries	50	50	50	–	–
Fire Service Capacity Building Grant	–	–	926	–	–
Establishment of a K9 Unit	30	30	40	–	–
Sport Development	–	–	966	–	–
Emergency Loadshedding Relief Grant	–	10 945	–	–	–
Total Capital Transfers and Grants	72 749	67 580	106 162	115 554	91 660
TOTAL RECEIPTS OF TRANSFERS & GRANTS	258 673	254 776	273 832	299 946	378 225

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash Transfers to Organisations					
Old age homes	1 625	1 523	1 698	1 774	1 855
SPCA	326	326	343	360	377
NSRI	35	35	37	38	40
Museums	272	272	287	301	315
Bergriver Canoe Marathon	30	30	30	30	30
Sport Bodies/Developmental & Social Upliftment	–	–	600	350	350
Tourism associations	1 530	1 530	1 595	1 672	1 750
Total Cash Transfers To Organisations	3 818	3 716	4 589	4 526	4 716
Cash Transfers to Groups of Individuals					
Bursaries:non-employees	–	321	–	–	–
Welfare organisations	450	450	471	492	513
Project Linked Support (Housing)	100	120	–	–	–
Total Cash Transfers To Groups Of Individuals:	550	891	471	492	513
TOTAL CASH TRANSFERS AND GRANTS	4 368	4 607	5 060	5 018	5 229
TOTAL NON-CASH TRANSFERS AND GRANTS	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	4 368	4 607	5 060	5 018	5 229

2.8 Councillor and employee benefits

Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
	D	E	G	H	I
Councillors (Political Office Bearers plus Other)					
Basic Salaries and Wages	8 225	8 705	9 058	9 420	9 797
Pension and UIF Contributions	1 098	942	976	1 015	1 056
Medical Aid Contributions	151	157	156	162	168
Cellphone Allowance	1 021	1 021	1 015	1 056	1 098
Other benefits and allowances	756	735	877	912	948
Sub Total - Councillors	11 251	11 560	12 081	12 565	13 067
% increase	2.9%	2.7%	-	4.0%	4.0%
Senior Managers of the Municipality					
Basic Salaries and Wages	9 227	9 227	9 291	9 784	10 299
Pension and UIF Contributions	1 716	1 716	1 750	1 842	1 939
Medical Aid Contributions	558	558	429	450	473
Motor Vehicle Allowance	909	909	761	761	761
Cellphone Allowance	286	286	251	251	251
Other benefits and allowances	278	278	193	202	212
Payments in lieu of leave	33	33	33	35	37
Long service awards	29	29	-	-	-
Post-retirement benefit obligations	1 327	1 327	1 519	1 460	1 496
Sub Total - Senior Managers of Municipality	14 639	14 639	14 228	14 786	15 469
% increase	5.7%	-	-	3.9%	4.6%
Other Municipal Staff					
Basic Salaries and Wages	168 420	170 593	183 305	192 626	203 673
Pension and UIF Contributions	30 125	30 409	32 503	34 398	36 409
Medical Aid Contributions	13 679	13 750	14 196	15 554	17 044
Overtime	14 342	15 334	14 882	15 392	16 022
Motor Vehicle Allowance	6 291	6 291	6 189	6 264	6 343
Cellphone Allowance	626	626	684	688	692
Housing Allowances	1 183	1 183	1 151	1 234	1 323
Other benefits and allowances	30 962	31 778	33 872	35 897	38 055
Payments in lieu of leave	2 880	2 880	2 988	3 137	3 294
Long service awards	2 509	2 509	2 898	3 043	3 195
Post-retirement benefit obligations	8 373	8 373	9 498	9 216	9 506
Sub Total - Other Municipal Staff	279 390	283 727	302 166	317 449	335 555
% increase	11.0%	1.6%	-	5.1%	5.7%
Total Parent Municipality	305 281	309 926	328 475	344 799	364 091
% increase	10.4%	1.5%	6.0%	5.0%	5.6%
TOTAL MANAGERS AND STAFF	294 029	298 366	316 394	332 235	351 024

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	2023/24 Medium Term Revenue & Expenditure Framework			Total Contract Value
	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	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	–	–	–	–

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 2023/24												Medium Term Revenue and Expenditure Framework		
R thousand	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue															
Exchange Revenue															
Service charges - Electricity	39 575	41 259	41 259	36 207	35 365	29 470	41 680	31 155	30 312	29 891	30 312	34 523	421 007	483 838	556 045
Service charges - Water	6 522	9 278	8 175	7 992	8 083	8 451	9 278	6 889	8 083	5 971	5 879	7 257	91 857	98 465	105 542
Service charges - Waste Water Management	4 135	4 135	4 186	4 186	4 186	4 237	4 237	4 340	4 340	4 391	4 391	4 288	51 053	53 679	56 475
Service charges - Waste Management	2 643	2 676	2 675	2 675	2 706	2 641	2 706	2 347	2 412	2 347	2 347	4 822	32 997	37 089	41 710
Sale of Goods and Rendering of Services	582	1 037	764	1 179	985	1 439	1 413	1 101	1 361	972	985	1 296	13 113	13 899	14 732
Agency services	442	544	666	634	487	320	576	544	474	647	589	480	6 403	6 787	7 194
Interest earned from Receivables	220	220	220	220	220	220	220	220	220	220	220	220	2 640	2 798	2 966
Interest earned from Current and Non Current Assets	518	518	518	518	518	518	518	518	518	518	518	50 253	55 954	52 954	49 954
Rental from Fixed Assets	148	150	149	153	149	149	158	160	164	167	171	248	1 967	2 085	2 210
Operational Revenue	185	311	234	354	295	433	425	330	409	291	295	372	3 933	4 149	4 374
Non-Exchange Revenue															
Property rates	11 637	14 137	14 137	14 137	14 137	14 308	14 308	14 308	14 308	14 308	14 308	13 797	167 830	183 323	193 832
Fines, penalties and forfeits	15	15	15	15	15	15	15	15	15	15	15	31 915	32 076	33 993	36 025
Licences or permits	356	438	536	511	392	258	464	438	382	521	475	387	5 158	5 464	5 787
Transfer and subsidies - Operational	47 745	-	6 200	-	-	53 945	-	-	53 945	-	-	6 200	168 036	184 740	286 976
Interest	88	88	88	88	88	88	88	88	88	88	88	88	1 060	1 124	1 191
Operational Revenue	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	15 402	16 989	18 681
Gains on disposal of Assets	-	-	242	-	-	1 142	-	-	242	-	-	12 986	14 613	14 081	14 340
Total Revenue (excluding capital transfers and grants)	116 095	76 090	81 349	70 152	68 910	118 918	77 369	63 738	118 557	61 630	61 876	170 415	1 085 098	1 195 456	1 398 036

Description	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand															
Expenditure															
Employee related costs	22 578	23 475	23 949	23 475	38 772	23 946	23 646	24 291	24 019	24 291	24 617	39 337	316 394	332 235	351 024
Remuneration of councillors	954	954	954	954	954	954	954	1 075	1 075	1 075	1 075	1 099	12 081	12 565	13 067
Bulk purchases - electricity	11 039	44 868	43 088	32 761	25 283	32 049	24 927	27 063	27 063	27 063	27 063	33 829	356 097	408 444	476 654
Inventory consumed	1 199	1 637	1 792	2 098	2 167	1 815	1 983	2 098	2 299	2 144	1 983	39 819	61 034	67 025	74 197
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	4 424	4 424	5 138	5 405
Depreciation and amortisation	-	-	10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 758	15 794	112 614	126 454	131 662
Interest	-	-	-	-	-	5 594	-	-	-	-	-	8 892	14 486	18 879	18 143
Contracted services	5 342	5 206	4 594	3 982	5 954	5 684	5 956	7 995	7 248	5 548	6 432	6 153	70 092	68 966	163 056
Transfers and subsidies	3	1 085	963	136	26	886	384	3	590	3	230	752	5 060	5 018	5 229
Irrecoverable debts written off	-	-	-	-	-	-	-	23 037	-	-	-	9 873	32 910	35 961	39 121
Operational costs	3 267	3 551	3 125	3 320	4 072	4 025	3 320	5 587	4 972	4 740	4 072	13 781	57 831	60 361	62 552
Losses on disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	16 413	16 413	19 695	16 741
Other Losses	-	-	-	-	-	-	-	-	-	-	-	11 894	11 894	13 392	15 080
Total Expenditure	44 382	80 776	89 222	77 484	87 986	85 710	71 927	101 907	78 023	75 622	76 230	202 061	1 071 330	1 174 133	1 371 931
Surplus/(Deficit)	71 714	(4 686)	(7 873)	(7 332)	(19 076)	33 208	5 442	(38 169)	40 533	(13 992)	(14 354)	(31 647)	13 768	21 323	26 106
Transfers and subsidies - capital (monetary allocations)	-	-	26 847	-	-	26 847	-	-	26 847	-	-	26 847	107 387	115 594	91 660
Surplus/(Deficit) after capital transfers & contributions	71 714	(4 686)	18 974	(7 332)	(19 076)	60 054	5 442	(38 169)	67 380	(13 992)	(14 354)	(4 800)	121 155	136 917	117 766
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	71 714	(4 686)	18 974	(7 332)	(19 076)	60 054	5 442	(38 169)	67 380	(13 992)	(14 354)	(4 800)	121 155	136 917	117 766

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

Description	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
R thousand	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional															
Governance and administration	36 687	15 199	15 892	15 219	15 191	41 074	15 421	15 383	40 175	15 373	15 376	78 073	319 063	343 573	366 761
Executive and council	13	24	18	27	23	34	33	26	32	23	23	30	305	312	318
Finance and administration	36 673	15 174	15 874	15 192	15 168	41 040	15 388	15 358	40 144	15 351	15 353	78 043	318 758	343 261	366 443
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	311	512	22 781	577	489	23 079	681	545	23 050	489	497	54 947	127 957	127 435	176 223
Community and social services	77	120	3 188	134	115	3 251	156	127	3 246	115	117	3 246	13 893	13 722	14 201
Sport and recreation	203	345	3 220	390	329	3 431	464	367	3 409	327	332	3 401	16 216	4 638	4 916
Public safety	18	32	2 469	37	31	2 490	44	34	2 488	30	31	34 386	42 089	43 725	46 527
Housing	13	15	13 904	16	15	13 906	17	16	13 907	16	17	13 914	55 758	65 350	110 578
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	1 028	1 388	5 608	1 604	1 265	5 253	1 593	1 414	5 498	1 546	1 448	5 484	33 128	19 760	31 945
Planning and development	215	379	281	430	360	524	514	402	496	355	360	472	4 789	5 075	5 379
Road transport	813	1 009	5 328	1 174	904	4 729	1 079	1 011	5 002	1 191	1 088	5 011	28 339	14 685	26 567
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	78 067	58 988	63 913	52 749	51 963	76 357	59 671	46 393	76 678	44 218	44 552	58 754	712 303	820 246	914 729
Energy sources	42 378	41 624	47 534	36 575	35 729	38 204	42 052	31 521	39 044	30 255	30 677	40 833	456 425	522 322	606 519
Water management	11 963	9 777	8 710	8 506	8 580	14 035	9 816	7 401	13 663	6 471	6 381	7 883	113 187	123 773	142 646
Waste water management	14 629	4 469	4 586	4 533	4 513	14 916	4 608	4 674	15 007	4 710	4 711	4 742	86 097	92 789	96 111
Waste management	9 097	3 118	3 083	3 135	3 141	9 202	3 195	2 798	8 964	2 781	2 783	5 297	56 595	81 362	69 452
Other	3	3	3	3	3	3	3	3	3	3	3	4	34	36	39
Total Revenue - Functional	116 095	76 090	108 196	70 152	68 910	145 765	77 369	63 738	145 404	61 630	61 876	197 261	1 192 485	1 311 050	1 489 696

Description	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure - Functional															
Governance and administration	11 348	12 538	12 597	12 059	16 938	13 660	12 856	15 624	14 310	13 635	13 700	22 671	171 937	178 256	196 281
Executive and council	1 689	2 783	2 243	1 811	1 937	2 275	2 078	2 111	2 224	1 984	2 160	2 539	25 835	26 928	28 058
Finance and administration	9 432	9 524	10 132	10 028	14 654	11 140	10 553	13 226	11 816	11 391	11 288	19 766	142 949	149 088	165 884
Internal audit	227	230	222	220	347	245	226	287	270	261	252	366	3 152	2 240	2 339
Community and public safety	8 305	8 983	9 864	9 653	14 888	10 163	9 966	26 180	10 566	10 289	10 423	25 375	154 654	164 457	257 201
Community and social services	1 774	1 773	2 005	1 905	3 138	2 043	1 956	2 086	2 106	2 020	2 050	3 473	26 330	27 415	29 021
Sport and recreation	2 153	2 269	2 608	2 571	3 902	2 716	2 661	2 858	2 799	2 736	2 775	4 891	34 938	37 905	40 541
Public safety	4 126	4 688	4 880	4 811	7 332	5 029	4 980	20 785	5 277	5 151	5 215	16 410	88 686	93 813	98 906
Housing	252	252	370	366	514	376	370	452	383	382	384	600	4 701	5 324	88 733
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	2 759	2 769	6 058	5 987	7 579	6 475	6 243	6 670	6 543	6 318	6 418	21 262	85 081	91 716	91 376
Planning and development	1 207	1 186	1 175	1 136	1 873	1 234	1 213	1 368	1 316	1 258	1 290	1 943	16 200	16 273	16 827
Road transport	1 552	1 583	4 883	4 851	5 706	5 240	5 029	5 303	5 227	5 060	5 128	19 319	68 882	75 443	74 550
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	21 915	56 419	60 250	49 728	48 487	54 960	42 801	53 374	46 150	45 323	45 629	132 239	657 274	737 191	824 422
Energy sources	13 350	47 303	47 082	36 745	30 544	36 412	28 982	31 965	31 363	31 286	31 278	47 696	414 005	471 320	542 025
Water management	2 037	2 255	3 998	3 954	5 144	4 133	4 095	9 174	4 274	4 158	4 214	60 216	107 650	117 248	127 435
Waste water management	3 299	3 504	5 293	5 248	7 272	10 233	5 477	6 658	5 798	5 591	5 673	13 383	77 428	84 741	87 863
Waste management	3 229	3 358	3 877	3 782	5 527	4 182	4 246	5 577	4 715	4 287	4 465	10 944	58 190	63 882	67 099
Other	55	67	453	57	94	453	61	58	455	56	60	515	2 384	2 514	2 651
Total Expenditure - Functional	44 382	80 776	89 222	77 484	87 986	85 710	71 927	101 907	78 023	75 622	76 230	202 061	1 071 330	1 174 133	1 371 931
Surplus/(Deficit) before assoc.	71 714	(4 686)	18 974	(7 332)	(19 076)	60 054	5 442	(38 169)	67 380	(13 992)	(14 354)	(4 800)	121 155	136 917	117 766
Surplus/(Deficit)	71 714	(4 686)	18 974	(7 332)	(19 076)	60 054	5 442	(38 169)	67 380	(13 992)	(14 354)	(4 800)	121 155	136 917	117 766

Description R thousand	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital Expenditure - Functional															
Governance and administration	–	532	545	3 342	2 208	522	978	208	68	13	13	13	8 444	1 860	3 176
Executive and council	–	4	6	684	4	4	–	2	–	–	–	–	704	24	24
Finance and administration	–	528	539	2 658	2 204	518	978	206	68	13	13	13	7 740	1 836	3 152
Community and public safety	500	585	1 718	1 800	5 914	1 180	3 332	4 286	4 204	3 820	3 200	2 000	32 539	7 892	3 521
Community and social services	–	–	300	440	210	–	40	10	30	20	200	–	1 250	100	400
Sport and recreation	500	575	760	1 220	2 768	1 160	3 272	4 276	4 159	3 700	3 000	2 000	27 390	6 848	2 035
Public safety	–	10	658	140	2 936	20	20	–	15	100	–	–	3 899	944	1 086
Economic and environmental services	7 457	3 963	7 069	7 708	9 895	9 685	5 592	8 583	8 643	5 383	5 183	2 683	81 843	72 067	37 981
Planning and development	5 457	1 463	3 186	258	1 745	438	542	433	393	233	233	233	14 612	49 844	906
Road transport	2 000	2 500	3 883	7 450	8 150	9 248	5 050	8 150	8 250	5 150	4 950	2 450	67 231	22 223	37 075
Trading services	1 774	3 036	4 613	4 524	7 767	8 066	8 282	5 028	11 034	11 174	10 769	10 163	86 227	137 149	163 624
Energy sources	308	865	1 577	1 638	3 833	4 530	5 038	2 561	7 788	8 663	8 523	8 417	53 741	71 180	63 157
Water management	566	1 066	1 221	1 721	1 926	2 436	1 421	821	736	972	966	716	14 564	10 383	32 584
Waste water management	800	1 005	1 616	810	1 103	1 095	1 087	1 090	2 460	789	1 030	1 030	13 915	25 759	35 276
Waste management	100	100	200	355	905	5	736	556	50	750	250	–	4 007	29 826	32 607
Total Capital Expenditure - Functional	9 731	8 115	13 946	17 373	25 784	19 453	18 184	18 105	23 948	20 389	19 164	14 858	209 052	218 969	208 303
Funded by:															
National Government	658	1 000	2 458	4 000	5 200	2 750	2 750	5 200	6 200	7 150	7 000	4 000	48 366	50 664	61 660
Provincial Government	6 457	3 463	7 046	4 333	6 732	4 513	4 483	4 289	4 123	4 133	4 113	4 113	57 796	64 930	30 000
(monetary allocations) (Nat / Prov)	500	500	225	–	–	–	–	–	–	–	–	–	1 225	–	–
Transfers recognised - capital	7 615	4 963	9 729	8 333	11 932	7 263	7 233	9 489	10 323	11 283	11 113	8 113	107 387	115 594	91 660
Borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	33 000	17 000
Internally generated funds	2 116	3 153	4 217	9 041	13 852	12 191	10 951	8 616	13 626	9 107	8 052	6 746	101 665	70 375	99 643
Total Capital Funding	9 731	8 115	13 946	17 373	25 784	19 453	18 184	18 105	23 948	20 389	19 164	14 858	209 052	218 969	208 303

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 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on new assets by Asset Class/Sub-class					
Infrastructure	80 931	71 544	125 032	97 654	117 885
Roads Infrastructure	40 221	32 948	55 914	2 995	17 600
Roads	40 221	32 948	55 914	2 995	17 600
Electrical Infrastructure	33 400	33 815	46 400	51 900	38 950
MV Substations	10 200	10 200	16 542	26 000	3 000
MV Switching Stations	4 800	5 050	5 350	–	–
MV Networks	17 600	17 600	23 658	25 000	35 000
LV Networks	800	965	850	900	950
Water Supply Infrastructure	4 307	3 023	9 797	1 941	6 335
Boreholes	740	740	500	–	500
Distribution	3 567	2 283	9 297	1 941	5 835
Sanitation Infrastructure	3 002	1 757	10 420	15 148	30 000
Pump Station	800	551	1 100	–	–
Reticulation	2 202	1 207	9 320	15 148	30 000
Solid Waste Infrastructure	–	–	2 500	25 670	25 000
Landfill Sites	–	–	2 000	25 670	25 000
Waste Drop-off Points	–	–	500	–	–
Community Assets	4 200	4 500	15 700	5 600	1 100
Community Facilities	1 100	1 100	3 000	1 100	1 100
Cemeteries/Crematoria	–	–	900	–	–
Parks	1 100	1 100	1 100	1 100	1 100
Markets	–	–	1 000	–	–
Sport and Recreation Facilities	3 100	3 400	12 700	4 500	–
Outdoor Facilities	3 100	3 400	12 700	4 500	–
Other assets	10 476	2 149	16 514	50 392	900
Operational Buildings	6 000	475	3 000	650	100
Municipal Offices	2 000	100	2 900	300	100
Yards	4 000	375	–	–	–
Stores	–	–	100	350	–
Housing	4 476	1 674	13 514	49 742	800
Social Housing	4 476	1 674	13 514	49 742	800
Intangible Assets	420	420	–	–	–
Servitudes	–	–	–	–	–
Licences and Rights	420	420	–	–	–
Computer Software and Applications	420	420	–	–	–
Computer Equipment	3 704	4 084	2 052	1 157	2 176
Computer Equipment	3 704	4 084	2 052	1 157	2 176
Furniture and Office Equipment	364	463	586	480	566
Furniture and Office Equipment	364	463	586	480	566
Machinery and Equipment	4 219	15 144	3 431	5 975	2 021
Machinery and Equipment	4 219	15 144	3 431	5 975	2 021
Transport Assets	13 252	11 978	11 962	10 674	13 265
Transport Assets	13 252	11 978	11 962	10 674	13 265
Land	2 630	421	–	–	–
Land	2 630	421	–	–	–
Total Capital Expenditure on new assets	120 197	110 703	175 276	171 932	137 913

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

Description R thousand	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
Infrastructure	20 250	22 001	11 500	24 000	27 300
Roads Infrastructure	20 250	21 501	10 000	15 000	18 000
<i>Roads</i>	20 250	21 501	10 000	15 000	18 000
Electrical Infrastructure	–	–	–	8 500	9 300
<i>LV Networks</i>	–	–	–	8 500	9 300
Sanitation Infrastructure	–	500	1 500	500	–
<i>Pump Station</i>	–	–	–	–	–
<i>Reticulation</i>	–	500	1 500	500	–
Community Assets	–	–	–	–	–
Total Capital Expenditure on renewal of existing	20 250	22 001	11 500	24 000	27 300

2.11.3 Repairs and maintenance expenditure by asset class

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand					
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>					
<u>Infrastructure</u>	46 838	48 569	46 052	47 110	50 817
Roads Infrastructure	9 823	9 803	5 789	6 019	6 263
<i>Roads</i>	9 754	9 734	5 717	5 946	6 187
<i>Road Furniture</i>	69	69	71	73	75
Storm water Infrastructure	19 334	19 336	20 911	21 745	23 307
<i>Storm water Conveyance</i>	19 334	19 336	20 911	21 745	23 307
Electrical Infrastructure	2 616	2 807	3 267	3 469	3 688
<i>MV Substations</i>	165	165	178	191	206
<i>LV Networks</i>	2 451	2 642	3 089	3 278	3 482
Water Supply Infrastructure	1 543	1 583	1 862	1 707	1 768
<i>Reservoirs</i>	1 135	1 174	1 219	1 256	1 293
<i>Pump Stations</i>	146	146	153	161	169
<i>Distribution</i>	262	262	490	290	306
Sanitation Infrastructure	5 609	4 889	5 874	5 464	6 561
<i>Pump Station</i>	967	972	1 001	1 031	1 061
<i>Waste Water Treatment Works</i>	4 641	3 917	4 873	4 434	5 500
Solid Waste Infrastructure	7 912	10 150	8 349	8 706	9 230
<i>Landfill Sites</i>	7 912	10 150	8 349	8 706	9 230
<u>Community Assets</u>	3 384	3 214	3 224	3 354	3 511
Community Facilities	2 227	2 014	2 307	2 412	2 542
<i>Halls</i>	404	383	423	442	462
<i>Centres</i>	1 544	1 354	1 621	1 702	1 787
<i>Libraries</i>	50	50	50	50	50
<i>Cemeteries/Crematoria</i>	109	111	114	118	123
<i>Parks</i>	120	116	100	100	120
Sport and Recreation Facilities	1 156	1 200	917	942	968
<i>Indoor Facilities</i>	100	100	100	100	100
<i>Outdoor Facilities</i>	1 056	1 100	817	842	868
<u>Other assets</u>	1 703	2 104	2 948	1 763	11 641
Operational Buildings	996	1 286	2 291	1 088	1 137
<i>Municipal Offices</i>	996	1 286	2 291	1 088	1 137
Housing	707	818	657	675	10 504
<i>Staff Housing</i>	207	203	217	228	240
<i>Social Housing</i>	500	615	440	447	10 264
<u>Intangible Assets</u>	4 297	4 297	5 092	5 659	5 560
Servitudes		–	–	–	–
Licences and Rights	4 297	4 297	5 092	5 659	5 560
<i>Computer Software and Applications</i>	4 297	4 297	5 092	5 659	5 560
<u>Computer Equipment</u>	337	337	428	447	467
Computer Equipment	337	337	428	447	467
<u>Furniture and Office Equipment</u>	70	69	58	59	60
Furniture and Office Equipment	70	69	58	59	60
<u>Machinery and Equipment</u>	1 408	1 325	1 361	1 387	1 415
Machinery and Equipment	1 408	1 325	1 361	1 387	1 415
<u>Transport Assets</u>	6 306	6 334	7 228	8 360	8 987
Transport Assets	6 306	6 334	7 228	8 360	8 987
Total Repairs and Maintenance Expenditure	64 342	66 249	66 391	68 140	82 458

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

Description R thousand	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class					
Infrastructure	50 649	46 136	9 811	23 037	42 790
Roads Infrastructure	–	–	–	–	–
Storm water Infrastructure	250	250	250	250	1 250
<i>Drainage Collection</i>	–	–	–	–	–
<i>Storm water Conveyance</i>	250	250	250	250	1 250
<i>Attenuation</i>	–	–	–	–	–
Electrical Infrastructure	8 450	8 620	3 650	9 800	12 300
<i>MV Networks</i>	1 000	750	1 100	–	7 000
<i>LV Networks</i>	7 450	7 870	2 550	9 800	5 300
<i>Capital Spares</i>	–	–	–	–	–
Water Supply Infrastructure	24 956	29 008	4 300	7 960	25 740
<i>Reservoirs</i>	–	–	–	–	500
<i>Pump Stations</i>	–	–	–	–	480
<i>Bulk Mains</i>	–	–	500	500	10 000
<i>Distribution</i>	24 856	28 908	3 700	7 260	13 960
<i>Distribution Points</i>	–	–	–	–	–
<i>PRV Stations</i>	100	100	100	200	800
<i>Capital Spares</i>	–	–	–	–	–
Sanitation Infrastructure	16 993	8 259	1 611	5 027	3 500
<i>Pump Station</i>	–	–	–	–	1 000
<i>Reticulation</i>	–	–	–	500	1 500
<i>Waste Water Treatment Works</i>	16 993	8 259	1 611	4 527	1 000
<i>Outfall Sewers</i>	–	–	–	–	–
Community Assets	–	–	12 466	–	300
Community Facilities	–	–	200	–	300
<i>Cemeteries/Crematoria</i>	–	–	200	–	300
Sport and Recreation Facilities	–	–	12 266	–	–
<i>Indoor Facilities</i>	–	–	–	–	–
<i>Outdoor Facilities</i>	–	–	12 266	–	–
Total Capital Expenditure on upgrading of existing a	50 649	46 136	22 277	23 037	43 090

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	2023/24 Medium Term Revenue & Expenditure Framework			Forecasts	
	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	Forecast 2026/27	Forecast 2027/28
<u>Capital expenditure</u>					
Vote 1 - Corporate Services	176	128	130	132	134
Vote 2 - Civil Services	89 733	80 148	101 432	115 916	177 645
Vote 3 - Council	692	12	12	12	12
Vote 4 - Electricity Services	55 258	71 987	65 033	29 574	26 484
Vote 5 - Financial Services	2 192	321	114	36	443
Vote 6 - Development Services	57 090	65 416	40 484	88	92
Vote 7 - Municipal Manager	12	12	12	12	12
Vote 8 - Protection Services	3 899	944	1 086	5 110	832
Total Capital Expenditure	209 052	218 969	208 303	150 880	205 654
<u>Future operational costs by vote</u>					
Vote 2 - Civil Services	2 479	2 611	2 980	3 251	3 430
Total future operational costs	2 479	2 611	2 980	3 251	3 430
Net Financial Implications	211 531	221 579	211 284	154 130	209 085

2.11.6 Detailed capital budget per municipal function and directorate



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
1	Equipment : Civil	Vote 2 - Civil Services	Planning and Development	CRR	Internally generated funds	Machinery and Equipment	54 000	56 000	58 000
2	Sewerage Works: Moorreesburg (CRR)	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	1 008 681	-	-
3	Sewerage Works: Darling (CRR)	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	102 000	-	1 000 000
4	Sewerage Works Chatsworth: Fencing	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	1 100 000	-	-
5	Upgrading of bulk collectors: Darling	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	300 000	1 500 000	-
6	Upgrading of bulk collectors: Darling	Vote 2 - Civil Services	Waste Water Management	MIG	National Government	Sanitation Infrastructure	-	1 516 105	-
7	Replace: Darling Drum Screens	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	1 520 000	-	-
8	Upgrading of bulk collectors: Moorreesburg	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	200 000	1 000 000	-
9	Upgrading of bulk collectors: Moorreesburg	Vote 2 - Civil Services	Waste Water Management	MIG	National Government	Sanitation Infrastructure	-	511 370	-
10	Upgrading: Pump station, Caledon Str, Darling	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	-	-	1 000 000
11	Pipe Replacement: Obsolete Infrastructure	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	-	500 000	1 500 000
12	Replace: Mobile Generator	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Machinery and Equipment	-	-	380 000
13	Sewerage: CK18526 Isuzu FSR750	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Transport Assets	-	2 655 250	-
14	Equipment : Sewerage Telemetry	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Machinery and Equipment	38 000	40 000	42 000
15	Equipment : Sewerage	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Machinery and Equipment	32 000	34 000	36 000
16	Sewerage: CK14612 Nissan UD290 Replace	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Transport Assets	-	2 038 738	-
17	Schoonspruit: Pipe Replacement	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Sanitation Infrastructure	1 500 000	500 000	-
18	Equipment : Buildings & Maintenance	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Machinery and Equipment	28 500	30 000	32 000
19	Buildings: CK23064 Nissan NP300 H	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	976 500	-	-
20	Fitting of Council Chambers (Std Bank Building)	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Operational Buildings	2 900 000	-	-
21	Moorreesburg Stores Ablution Facilities	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Operational Buildings	100 000	350 000	-
22	Monitoring Office/Building: YZF	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Operational Buildings	-	-	100 000
23	Painting Machine: Mechanical drive	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Machinery and Equipment	-	-	200 000
24	Riebeeck Kasteel Stores: Ablution Facilities	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Operational Buildings	-	300 000	-
25	New Cherry Picker	Vote 2 - Civil Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	-	-	800 000
26	Wesbank Cemetery: Extension	Vote 2 - Civil Services	Community and Social Services	CRR	Internally generated funds	Community Facilities	200 000	-	-
27	New Cemetery: Chatsworth	Vote 2 - Civil Services	Community and Social Services	CRR	Internally generated funds	Community Facilities	-	-	300 000
28	New Cemetery Fencing: Moorreesburg	Vote 2 - Civil Services	Community and Social Services	CRR	Internally generated funds	Community Facilities	900 000	-	-
29	Ward Committee Projects: Parks	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Community Facilities	1 000 000	1 000 000	1 000 000
30	Ward Committee Projects	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Community Facilities	100 000	100 000	100 000
31	Equipment: Parks	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	64 000	66 000	68 000
32	Parks: CK28370 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Transport Assets	-	-	605 407
33	Parks: CK16683 Nissan NP300	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Transport Assets	438 375	-	-
34	Parks: CK30905 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Transport Assets	-	591 648	-
35	Parks: CK43400 Trailer with Roller	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Transport Assets	136 500	-	-
36	Parks: CK28881 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Transport Assets	577 889	-	-
37	Parks: Slasher (Bossiekapper): sn 18795	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	-	55 000	-
38	Roads Swartland: Resealing of Roads (CRR)	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Roads Infrastructure	10 000 000	15 000 000	16 000 000
39	Roads Swartland: Resealing of Roads (MIG)	Vote 2 - Civil Services	Road Transport	MIG	National Government	Roads Infrastructure	-	-	2 000 000
40	Roads Swartland: Construction of New Roads (CRR)	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Roads Infrastructure	9 000 000	-	-
41	Roads Swartland: Construction of New Roads (MIG)	Vote 2 - Civil Services	Road Transport	MIG	National Government	Roads Infrastructure	14 708 000	1 894 902	11 000 000
42	Upgrading of N7/Voortrekker Northern Interchange	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Roads Infrastructure	2 381 500	-	-
43	Construction of side walks and recreational nodes in II	Vote 2 - Civil Services	Road Transport	Donation	Transfers and subsidies - cap	Roads Infrastructure	1 224 943	-	-



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
44	Roads: CK43174 Trailer	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	48 315
45	Roads: CK14865 Nissan UD85	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	1 378 850
46	Roads: CK43175 Betonmenger	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	48 315
47	Ward Committee Projects: Roads	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Roads Infrastructure	Roads	1 000 000	1 000 000	1 000 000
48	Ward Committee Projects: Roads	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Roads Infrastructure	Roads	100 000	100 000	100 000
49	Roads: CK18925 UD85	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Transport Assets	Transport Assets	1 316 175	-	-
50	Roads: CK15928 Dezzi Grader	Vote 2 - Civil Services	Road Transport	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	4 227 975	-
51	Swimming Pool: Wesbank	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Sport and Recreation Facilities	Outdoor Facilities	12 000 000	4 500 000	-
52	Upgrading of Illege Lethu Sports Fields	Vote 2 - Civil Services	Sport and Recreation	MIG	National Government	Community Assets	Outdoor Facilities	10 000 000	-	-
53	Upgrading of Illege Lethu Sports Fields	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Community Assets	Outdoor Facilities	1 300 000	-	-
54	Sportgrounds: Blower Mower: sn 15678 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	-	57 600
55	Sportgrounds: Blower Mower: sn 12803 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	-	57 600
56	Sportgrounds: Blower Mower: sn 34299-13011 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	-	57 600
57	Sportgrounds: Water Canon: sn 17945(replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	-	53 000
58	Upgrading of Netball Courts: Moorreesburg	Vote 2 - Civil Services	Sport and Recreation	Dept. CA ar	Provincial Government	Community Assets	Outdoor Facilities	966 000	-	-
59	Viewing Centres: Broadcasting equipment & related info	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Computer Equipment	Computer Equipment	75 000	-	-
60	Sportgrounds: Blower Mower: sn 20134 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	54 700	-
61	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Storm water Infrastructure	Storm water Conveyance	200 000	200 000	200 000
62	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Storm water Infrastructure	Storm water Conveyance	20 000	20 000	20 000
63	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Storm water Infrastructure	Storm water Conveyance	30 000	30 000	30 000
64	Voortrekker Street: Canal upgrading	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Storm water Infrastructure	Storm water Conveyance	-	-	1 000 000
65	Equipment: Streets and Stormwater	Vote 2 - Civil Services	Waste Water Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	64 000	66 000	68 000
66	Water networks: Upgrades and Replacement (CRR)	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	2 000 000	2 000 000	4 000 000
67	Water: Upgrading water reticulation network: PRV's, flo	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	PRV Stations	100 000	200 000	800 000
68	Bulk water infrastructure (emergency spending)	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	2 000 000	500 000	700 000
69	Connections: Water Meters (New/Replacements)	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	787 216	930 993	1 025 092
70	Connections: Water Meters (New/Replacements)	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	10 000	10 000	10 000
71	Equipment : Water	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	51 000	53 000	55 000
72	Water: CK10564 Toyota Hilux 3.0 D4D 4x4	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	454 300
73	Swartland System System S3.3 & S3.4 Panorama to W	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	1 000 000	-	-
74	Darling SDW2.4 & SDW2.5, SDW1.2 & SDW2.1 water n	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	700 000	1 563 822	-
75	Darling SDW2.4 & SDW2.5, SDW1.2 & SDW2.1 water n	Vote 2 - Civil Services	Water Management	MIG	National Government	Water Supply Infrastructure	Distribution	-	2 591 464	3 000 000
76	Upgrading: Ongegend Water Supply System (Reservoi	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Reservoirs	-	-	500 000
77	Water: CK15380 Isuzu 250 Crew Cab	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Transport Assets	Transport Assets	915 600	-	-
78	Malmesbury SMW1.3 Wesbank Reservoir to Malm/Abb	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	-	500 000	800 000
79	Malmesbury SMW1.3 Wesbank Reservoir to Malm/Abb	Vote 2 - Civil Services	Water Management	MIG	National Government	Water Supply Infrastructure	Distribution	-	-	5 660 000
80	Swartland System S12.2 CoCT WTP to Swartland WTP	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	-	-	500 000



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26	
81	Chatsworth/Riverlands upgrade bulk water supply - CRR	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Bulk Mains	500 000	500 000	5 000 000
82	Chatsworth/Riverlands upgrade bulk water supply - MIG	Vote 2 - Civil Services	Water Management	MIG	National Government	Water Supply Infrastructure	Bulk Mains	-	-	5 000 000
83	Kalbaskraal Booster: Replace pumpsets	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Pump Stations	-	-	480 000
84	Riebeek Wes: Commissioning of Borehole	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Boreholes	-	-	500 000
85	Moorreesburg SMOw2.3 water network upgrade (for h	Vote 2 - Civil Services	Water Management	MIG	National Government	Water Supply Infrastructure	Distribution	-	480 159	-
86	Moorreesburg SMOw2.3 water network upgrade (for h	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	-	124 055	-
87	Malmesbury Irrigation: Replace pumpsets	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Water Supply Infrastructure	Distribution	-	500 000	-
88	Mobile water pumps x 4 (replacement)	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	150 000	-
89	Compactor replacement x 3	Vote 2 - Civil Services	Water Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	-	280 000	-
90	Boreholes for Landfill sites	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Water Supply Infrastructure	Boreholes	500 000	-	-
91	Highlands: Development of new cell (CRR)	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Solid Waste Infrastructure	Landfill Sites	2 000 000	-	11 000 000
92	Highlands: Development of new cell (MIG)	Vote 2 - Civil Services	Waste Management	MIG	National Government	Solid Waste Infrastructure	Landfill Sites	-	18 670 000	-
93	Highlands: Development of new cell (Loan)	Vote 2 - Civil Services	Waste Management	Ext Loan	Borrowing	Solid Waste Infrastructure	Landfill Sites	-	7 000 000	14 000 000
94	Koringberg: New Transfer Station	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Solid Waste Infrastructure	Waste Drop-off Points	500 000	-	-
95	Equipment : Refuse bins, traps, skips (Swartland)	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	150 000	160 000	170 000
96	Equipment : Refuse Removal	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	26 000	28 000	30 000
97	Equiping Donated Vehicle with Equipment	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	150 000		
98	Refuse: CK29021 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Transport Assets	Transport Assets	-	697 675	-
99	Refuse: New compactor to extend capacity	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	3 346 750
100	Refuse: CK21988 Nissan UD CW26 370 FC	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Transport Assets	Transport Assets	-	3 270 688	-
101	Refuse: CK33676 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	713 900
102	Refuse: CK37359 Nissan UD330	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	3 346 750
103	Refuse: CK43134 Nissan UD35A	Vote 2 - Civil Services	Waste Management	CRR	Internally generated funds	Transport Assets	Transport Assets	681 450	-	-
104	Equipment : Development Services	Vote 6 - Development Service	Planning and Development	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	44 000	46 000	48 000
105	LED Units/Trading Stalls:Darling	Vote 6 - Development Service	Planning and Development	RSEP	Provincial Government	Community Facilities	Markets	500 000	-	-
106	LED Units/Trading Stalls:Darling	Vote 6 - Development Service	Planning and Development	CRR	Internally generated funds	Community Facilities	Markets	500 000	-	-
107	YZF Caravan Park: Expansion	Vote 6 - Development Service	Sport and Recreation	CRR	Internally generated funds	Sport and Recreation Facilities	Outdoor Facilities	700 000	-	-
108	Equipment: YZF Caravan Park	Vote 6 - Development Service	Sport and Recreation	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	32 000	34 000	36 000
109	YZF Caravan Park: CK39039 Isuzu KB250D	Vote 6 - Development Service	Sport and Recreation	CRR	Internally generated funds	Transport Assets	Transport Assets	-	446 265	-
110	Malmesbury De Hoop (Professional Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	2 300 000	-	-
111	Malmesbury De Hoop Serviced Sites (Prof Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	3 200 000	852 000	-
112	Malmesbury De Hoop Serviced Sites (Sewerage)	Vote 6 - Development Service	Waste Water Management	Dept. Humz	Provincial Government	Sanitation Infrastructure	Reticulation	7 800 000	15 148 000	30 000 000
113	Malmesbury De Hoop Serviced Sites Phase 1 (Water)	Vote 6 - Development Service	Water Management	Dept. Humz	Provincial Government	Water Supply Infrastructure	Distribution	6 500 000		
114	Malmesbury De Hoop Serviced Sites Phase 1 (Streets &	Vote 6 - Development Service	Road transport	Dept. Humz	Provincial Government	Roads Infrastructure	Roads	27 500 000		
115	Malmesbury De Hoop Serviced Sites (Phola Park) (Prof	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	124 000	-	-
116	Malmesbury De Hoop Serviced Sites (Phola Park)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	1 736 000	-	-
117	Malmesbury De Hoop Serviced Sites (Bulk)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	500 000	-	-
118	Darling 186 (Professional Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	1 000 000	400 000	-
119	Darling Serviced Sites (186) Phase 1	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	2 000 000	7 820 000	-
120	Darling Serviced Sites (327) Prof Fees Phase 2	Vote 6 - Development Service	Planning and Development	Dept. Humz	Provincial Government	Housing	Social Housing	454 000	1 120 000	-



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
121	Moorreesburg (Professional Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz Provincial Government	Housing	Social Housing	2 200 000	2 608 000	-
122	Moorreesburg Serviced Sites (652)	Vote 6 - Development Service	Planning and Development	Dept. Humz Provincial Government	Housing	Social Housing	-	36 092 000	-
123	Moorreesburg Bulk: Water (Omega Str)	Vote 6 - Development Service	Water Management	CRR Internally generated funds	Water Supply Infrastructure	Distribution	-	-	3 100 000
124	De Hoop Bulk: Water - Wesbank (Phase 3)	Vote 6 - Development Service	Water Management	CRR Internally generated funds	Water Supply Infrastructure	Distribution	-	-	1 000 000
125	De Hoop Bulk: Prof Fees (Phase 4)	Vote 6 - Development Service	Planning and Development	CRR Internally generated funds	Housing	Social Housing	-	-	800 000
126	De Hoop Bulk: Streets - Darling Link (Phase 4)	Vote 6 - Development Service	Road transport	CRR Internally generated funds	Roads Infrastructure	Roads	-	-	5 500 000
127	Chatsworth Serviced Sites (Prof Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz Provincial Government	Housing	Social Housing	-	850 000	-
128	Malmesbury: Saamstaan/De Hoop area: Upgrading of bu	Vote 4 - Electricity Services	Energy Sources	INEP National Government	Electrical Infrastructure	MV Networks	23 658 000	25 000 000	35 000 000
129	Moorreesburg Development 600 IRDP erven. Electrical i	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	-	5 000 000	5 300 000
130	Yzerfontein upgrading of Eskom supply capacity	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Networks	-	-	2 500 000
131	Yzerfontein 6 industrial erven at Fishmarket. Electrical	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Networks	-	-	4 500 000
132	Outdoor Skid mounted Generator for Malmesbury Heac	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Machinery and Equipment	Machinery and Equipment	1 100 000	-	-
133	Outdoor Skid mounted Generator for Malmesbury Heac	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Machinery and Equipment	Machinery and Equipment	100 000	-	-
134	Replace oil insulated switchgear and equipment	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Switching Stations	4 500 000	-	-
135	Replace oil insulated switchgear and equipment	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Switching Stations	500 000	-	-
136	LV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	100 000	-	-
137	LV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	1 100 000	-	-
138	MV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Networks	100 000	-	-
139	MV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Networks	1 000 000	-	-
140	Substation Fencing: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Substations	180 000	-	-
141	Substation Fencing: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Substations	20 000	-	-
142	Connections: Electricity Meters (New/Replacements)	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	20 000	20 000	20 000
143	Connections: Electricity Meters (New/Replacements)	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	830 000	880 000	930 000
144	Darling 184 IRDP erven. Electrical bulk supply, infrastr	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	200 000	4 800 000	-
145	Malmesbury Illinge Lethu. Formalisation of ~220 erven	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	500 000	-	-
146	Malmesbury De Hoop 132/11kV Substation, 132kV trar	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Substations	16 042 000	-	-
147	Malmesbury De Hoop 132/11kV Substation, 132kV trar	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Substations	300 000	-	-
148	Malmesbury De Hoop 132/11kV Substation, 132kV trar	Vote 4 - Electricity Services	Energy Sources	Ext Loan Borrowing	Electrical Infrastructure	MV Substations		25 700 000	2 700 000
149	Malmesbury De Hoop 132/11kV Substation, 132kV trar	Vote 4 - Electricity Services	Energy Sources	Ext Loan Borrowing	Electrical Infrastructure	MV Substations		300 000	300 000
150	ELECT Renewal of old/aging electrical networks/new ne	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	-	8 500 000	9 300 000
151	Streetlight, kiosk and polebox replacement: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	LV Networks	650 000	-	-
152	Protection and Scada Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Electrical Infrastructure	MV Switching Stations	350 000	-	-
153	Malmesbury Security Operational Centre: Communicati	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Computer Equipment	Computer Equipment	200 000	200 000	200 000
154	Replacement of obsolete air conditioners	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	200 000	250 000	250 000
155	Equipment: Electric	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Machinery and Equipment	Machinery and Equipment	360 000	380 000	400 000
156	Emergency Power Supply	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Computer Equipment	Computer Equipment	150 000	150 000	100 000
157	Elec: CK29443 Isuzu N Series & Crane	Vote 4 - Electricity Services	Energy Sources	CRR 85 Internally generated funds	Transport Assets	Transport Assets	1 581 300	-	-
158	Elec: CK14498 Isuzu NPS300 4x4 & Cherry p	Vote 4 - Electricity Services	Energy Sources	CRR Internally generated funds	Transport Assets	Transport Assets	-	-	1 656 600



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	ANCE S	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
159	Backup Solution	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	560 000	-	-
160	Terminals	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	40 000	-	40 000
161	Monitor Replacements	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	-	-	45 000
162	Scanner Replacements	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	80 000	-	-
163	Equipment: Information Technology	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	75 000	75 000	75 000
164	Printers	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	68 000	60 000	60 000
165	DeskTops	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	264 000	278 000	291 000
166	Notebooks	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	375 000	394 000	415 000
167	Communications and equipment: Time and Attendance	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	-	-	950 000
168	Equipping Law Enf Office: Moorreesburg	Vote 4 - Electricity Services	Finance and Administration	CRR	Internally generated funds	Computer Equipment	Computer Equipment	55 000	-	-
169	Equipment : Financial	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	45 000	32 000	34 000
170	Finance: CK40700 Citi Golf 310	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	282 765	-	-
171	Finance: CK40701 Citi Golf 310	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	-	289 498	-
172	Meterreading Handhelds	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	80 000	-	80 000
173	Finance: CK22572 Nissan NP300 Hardbody	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	459 480	-	-
174	Finance: CK14227 Chevrolet Aveo	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	282 765	-	-
175	Finance: CK18439 Chevrolet Aveo	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	282 765	-	-
176	Finance: CK42165 Chevrolet Aveo (Replace with Bakkie	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	459 480	-	-
177	Finance: CK41089 Chevrolet Aveo	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Transport Assets	Transport Assets	282 765	-	-
178	Asset Recording Handhelds	Vote 5 - Financial Services	Finance and Administration	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	16 500	-	-
179	Traffic: CK41293 Toyota Hilux DC 2.5D SRX	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Transport Assets	Transport Assets	-	684 238	-
180	Replacement: Drones	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Computer Equipment	Computer Equipment	110 000	-	-
181	Equipment: Protection	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	55 000	60 000	60 000
182	Law enforcement: CK32531 Quantam	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Transport Assets	Transport Assets	-	-	866 250
183	Traffic: CK39217 Chevrolet Aveo 1.6	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Transport Assets	Transport Assets	329 123	-	-
184	Traffic: CK43672 Chevrolet Aveo	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Transport Assets	Transport Assets	329 123	-	-
185	Equipment : Fire Fighting	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Machinery and Equipment	Machinery and Equipment	160 000	160 000	160 000
186	Equipment : K9 Unit	Vote 8 - Protection Services	Public Safety	Com Safety	Provincial Government	Machinery and Equipment	Machinery and Equipment	40 000	40 000	-
187	Fire Fighting Equipment	Vote 8 - Protection Services	Public Safety	FSCBG	Provincial Government	Machinery and Equipment	Machinery and Equipment	926 000	-	-
188	Fire: CK38172 Nissan Cabstar *Replace with Light Pun	Vote 8 - Protection Services	Public Safety	CRR	Internally generated funds	Transport Assets	Transport Assets	1 950 000	-	-
189	Equipment : MM	Vote 7 - Municipal Manager	Executive and Council	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	12 000	12 000	12 000
190	Equipment : Council	Vote 3 - Council	Executive and Council	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	12 000	12 000	12 000
191	Council: CK15265 Caravelle Kombi 2.5 TDI	Vote 3 - Council	Executive and Council	CRR	Internally generated funds	Transport Assets	Transport Assets	680 000	-	-
192	Equipment : Corporate	Vote 1 - Corporate Services	Finance and Administration	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	26 000	28 000	30 000
193	Equipment: Libraries	Vote 1 - Corporate Services	Community and Social Servic	Dept. CA ar	Provincial Government	Furniture and Office Equipment	Furniture and Office Equipmen	50 000	-	-
194	Equipment Corporate: Buildings & Swartland Halls	Vote 1 - Corporate Services	Community and Social Servic	CRR	Internally generated funds	Furniture and Office Equipment	Furniture and Office Equipmen	100 000	100 000	100 000
	GRAND TOTAL			86				209 052 395	218 968 545	208 303 329

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 2023/24 MTREF budget. The final SDBIP document will be tabled after the approval of the final 2023/24 MTREF budget. The SDBIP was aligned and informed by the 2023/24 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 J. J. 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: J J Scholtz

Municipal Manager of Swartland Municipality

Signature: 

Date: 18.05.2023

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

"ANNEXURE B"

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	2022/23			2023/24	2024/25	2025/26	2026/27	2027/28	Estimate	Estimate				
Sewerage Works: Moorreesburg	R 61 440 604	R 816 138	Upgrading Waste Water Treatment Works in Moorreesburg and Darling	Moorreesburg	R 1 008 681	R -	R -	R -	R -	R -	R 63 265 423	CRR	Future operational cost (e.g. Interest, repairs & maintenance, etc) of R8 069 937 starting from 2023/24 to 2025/26	Existing Sewerage Revenue Regime	Y
	R 40 919 033	R -				R -	R -	R -	R -	R -	R 40 919 033	MIG			
Sewerage Works: Darling	R 17 391 661	R 177 014		Darling	R -	R -	R -	R -	R -	R -	R 17 568 675	CRR			
	R 16 884 654	R -			R -	R -	R -	R -	R -	R -	R 16 884 654	MIG			
Highlands: Development of new cell	R -	R -	Development of Highlands New Landfill site Cell	Abbotsdale	R 2 000 000	R -	R 11 000 000	R -	R -	R -	R 13 000 000	CRR	Future operating costs covered by the Refuse cost centres.	Existing Refuse Revenue Regime	N
	R -	R -			R -	R 7 000 000	R 14 000 000	R -	R -	R -	R 21 000 000	Ext Loan			
	R -	R -			R -	R 18 670 000	R -	R -	R -	R -	R 18 670 000	MIG			
Malmesbury De Hoop 132/11kV Substation, 132kV transmission line and servitudes	R -	R 77 386	Upgrading of bulk electricity supply	Malmesbury	R 16 342 000	R -	R -	R -	R -	R -	R 16 419 386	CRR	Future operating costs will be covered by the Electricity maintenance budget	Existing Electricity Revenue Regime	Y
	R -	R -			R -	R 26 000 000	R 3 000 000	R -	R -	R -	R 29 000 000	Ext Loan			
Malmesbury De Hoop Development: Electrical Bulk supply upgrading (INEP)	R 8 354 435	R 11 212 992	Upgrading of bulk electricity supply		R 23 658 000	R 25 000 000	R 35 000 000	R -	R -	R -	R 103 225 428	INEP			