

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 draft budget for purposes of public input.

1.2 Council Resolutions

The following council resolutions pertaining to the tabling of the draft 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 for specific purposes of giving effect to public participation;

- (a) That council takes note that the costs as envisaged by Section 19 (2)(a)(b) were derived after consultation with the respective director(s) who has confirmed the costs as per **(Annexure A: 2023/2024 – 2025/2026 Draft Budget and Tariff File)** and consider same;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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	Draft Budget 2023/2024	Draft Budget 2024/2025	Draft Budget 2025/2026
Capital Replacement Reserve (CRR)	R 99 051 292	R 103 813 866	R 117 124 689
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 206 438 235	R 219 407 866	R 208 784 689

- (f) That council approves the capital projects as part of its consolidated capital program as per **(Annexure A: 2023/2024 – 2025/2026 Draft Budget and Tariff File)**;
- (g) 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: 132/11kV Eskom Schoonspruit Substation (R30 million) and the Development of Highlands New Landfill site Cell (R20 million), by means of testing the market as envisaged by MFMA section 46, requesting tenders from the financial institutions;
- (h) That the draft high-level multi-year Capital and Operating budgets in respect of the **2023/2024 – 2025/2026** financial years, be approved as draft, in accordance with sections 16, 17 and 19 of the MFMA to allow for public participation;

	Original Budget 2022/23	Mid-Year Adj Budget 2022/23	Draft Budget 2023/24	Draft Budget 2024/25	Draft Budget 2024/25
Capital budget	191 095 805	167 894 804	206 438 235	219 407 866	208 784 689
Operating Expenditure	1 029 331 855	1 025 575 992	1 104 199 609	1 214 888 188	1 421 514 611
Operating Revenue	1 093 983 961	1 087 072 579	1 227 697 725	1 341 922 499	1 525 223 633
Budgeted (Surplus)/ Deficit	(64 652 106)	(61 496 587)	(123 498 116)	(127 034 311)	(103 709 022)
Less: Capital Grants & Contributions	77 109 000	67 945 510	107 386 943	115 594 000	91 660 000
(Surplus)/ Deficit	12 456 894	6 448 923	(16 111 173)	(11 440 311)	(12 049 022)

- (i) 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 draft 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, for purposes of allowing for public participation;

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.

- (j) That council approve the draft tariff structures and charges for water, refuse removal, sewerage and other sundry charges as set out in **(Annexure A: 2023/2024 – 2025/2026 Draft Budget and Tariff File)** for purposes of allowing for public participation;
- (k) That council approve the electricity tariffs as draft 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;
- (l) 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)**;
- (m) That the **amendments** to the budget and related policies as set out in **(Annexure D: Draft Amendments to Budget & Related Policies 2023/2024)** hereto, be approved for purposes of soliciting the views and comment from the public;
- (n) That the training budget limited to **0,60%** of the salary budget in the amount of **R1 968 095** for the 2023/2024 financial year be approved as draft;
- (o) That Council takes note of the increases of the Directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:
 - In respect of all personnel, an increase of **5.3%** 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).
- (p) That Council takes note of the budgeted operating surpluses and that the budget is “cash-funded”, the total expenditure growth of **7.7%** from the current to the new financial year and the revenue streams with growth in revenue of **12.9% (9.9% 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 **9.8 months** for 2023/24, **9.2 months** for 2024/25 and **7.8 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 16 111 173**, for 2024/25 an amount of **R 11 440 311** and for 2025/26 an amount of **R 12 049 022 (excluding capital grant income)**, which is well below the NT norm of at least a surplus of 10%.
- (q) 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;
- (r) That Council also note the content of the Provincial and National Treasury Budget Circulars as enclosed in “**Annexure E: Budget Circulars**”;
- (s) That Council take note that the budget was prepared in the new mSCOA Version 6.7 as required by National Treasury;
- (t) That the process of soliciting public input, views or comments into the draft budget, **revised** budget and related policies (limited to the revisions from the previous year) and budget documents, inclusive of the property taxes and tariffs to close at 12 midday on **28 April 2023**.

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 will be communicated through the normal legally required advertisements, our website and budget documentation in this regard will be made available at municipal buildings and libraries as advertised to allow for input up until 28 April 2023 before the final approval of this budget on 25 May 2023. Inputs and representations shall be considered prior to final approval after which consideration will be given in line with Section 23 of the MFMA whether the draft budget needs to be revised and amended.

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 Draft 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.

In this regard, municipalities will have two options to choose from:

- Firstly, to pursue the route of auditing, re-calibrating and re-configuring services for standard transfer specification compliant prepayment meters; and/ or
- Secondly, to replace the old meter with a new smart prepaid meter.

For both options, the municipality will have to budget accordingly as no additional funding will be available through the national fiscus.

- **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 draft increase for bulk purchases is 20.7% plus the potential Eskom claw-back shortfall and an increase of around 20% for electricity reselling.**
- 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 with emphasis on the impact on the operating 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 FOR THE MTREF:

- Pressure on supply and demand as a result of the Ukraine and Russia conflict, compounding local inflation in the form of Food and Fuel increases which could potential see the SARB increasing the REPO rate;
- 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	167 895	206 438	219 408	208 785
Operating expenditure	1 025 576	1 104 200	1 214 888	1 421 515
TOTAL	1 193 471	1 310 638	1 434 296	1 630 299

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	1 087 073	1 227 698	1 341 922	1 525 224
Total Operating Expenditure	1 025 576	1 104 200	1 214 888	1 421 515
Surplus / (Deficit) excluding capital transfers and contributions	61 497	123 498	127 034	103 709
Capital Transfers & Contributions	67 946	107 387	115 594	91 660
Surplus / (Deficit) for the year	(6 449)	16 111	11 440	12 049

Total operating revenue **excluding capital grants** for the 2023/24 financial year has been appropriated at R 1 227 698 billion and is expected to grow by 12.94 percent or R 140 625 million for the 2023/24 financial year when compared to the 2022/23 Mid-year Adjusted Budget. For the two outer years, operational revenue will increase by 9.3 and 13.66 per cent respectively, equating to total revenue growth of R 438 151 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 1 104 200 billion and translates into a budgeted surplus of R 16 111 million (**excluding capital transfers**). When compared to the 2022/23 financial year, operational expenditure is projected to grow by 7.67 per cent in the 2023/24 budget; 10.02 per cent in the 2024/25 budget and 17.01 per cent in the 2025/26 budget (based on current assumptions) equating to total expenditure growth of R 395 939 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	12 685	43 233	(30 548)	12 824	45 726	(32 902)	13 403	48 432	(35 030)
1.1 - Administration	100	14 247	(14 147)	102	14 948	(14 846)	104	15 711	(15 606)
1.2 - Human Resources	366	7 286	(6 920)	388	7 814	(7 426)	411	8 021	(7 610)
1.3 - Libraries	11 986	12 563	(577)	12 087	13 268	(1 181)	12 625	14 178	(1 553)
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	199	6 706	(6 507)	211	7 130	(6 919)	223	7 812	(7 589)
Vote 2 - Civil Services	299 512	376 650	(77 138)	315 765	409 117	(93 352)	337 606	441 227	(103 621)
2.1 - Administration		3 820	(3 820)		4 038	(4 038)		4 247	(4 247)
2.2 - Cemeteries	1 107	993	114	1 174	1 058	116	1 244	1 059	185
2.3 - Municipal Property Maintenance	13 774	18 978	(5 204)	14 095	19 756	(5 661)	14 426	31 568	(17 142)
2.4 - Parks and Recreational Areas	875	22 593	(21 718)		25 004	(25 004)		26 520	(26 520)
2.5 - Proclaimed Roads	1 427	483	944	204	483	(280)	226	504	(278)
2.6 - Refuse Removals	56 575	39 235	17 340	81 340	44 286	37 054	69 430	45 763	23 666
2.7 - Street Cleaning		7 582	(7 582)		8 008	(8 008)		8 585	(8 585)
2.8 - Solid Waste Disposal(Landfill Sites)		13 864	(13 864)		14 803	(14 803)		15 960	(15 960)
2.9 - Sewerage Services	85 133	48 361	36 772	92 119	56 245	35 874	95 400	56 459	38 941
2.10 - Waste Water Treatment		18 320	(18 320)		19 353	(19 353)		22 102	(22 102)
2.11 - Sportgrounds	11 196	7 288	3 908	243	7 773	(7 530)	258	8 033	(7 775)
2.12 - Streets	15 546	63 979	(48 433)	2 433	67 014	(64 581)	13 570	66 904	(53 334)
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	5 434	(5 038)	420	5 771	(5 350)
2.15 - Water Distribution	113 175	105 457	7 717	123 760	113 802	9 958	142 633	124 113	18 520
Vote 3 - Council	305	22 372	(22 066)	312	23 587	(23 276)	318	24 574	(24 256)
3.1 - Council General Expenses	305	22 372	(22 066)	312	23 587	(23 276)	318	24 574	(24 256)
Vote 4 - Electricity Services	492 067	441 270	50 797	553 649	501 174	52 475	642 527	575 306	67 221
4.1 - Administration	-	2 011	(2 011)	-	2 107	(2 107)	-	2 209	(2 209)
4.2 - Distribution	492 067	419 849	72 218	553 649	478 505	75 144	642 527	551 952	90 575
4.3 - Street Lighting	-	2 124	(2 124)	-	2 249	(2 249)	-	2 386	(2 386)
4.4 - IT Services	-	17 287	(17 287)	-	18 312	(18 312)	-	18 759	(18 759)
Vote 5 - Financial Services	304 484	71 677	232 807	328 640	76 916	251 725	351 465	82 498	268 967
5.1 - Administration		2 080	(2 080)		2 177	(2 177)		2 281	(2 281)
5.2 - Finance	131 656	49 643	82 014	140 050	53 413	86 637	151 936	57 367	94 570
5.3 - Budget and Treasury		6 021	(6 021)		6 388	(6 388)		6 786	(6 786)
5.4 - Asset Management		1 524	(1 524)		1 614	(1 614)		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
5.8 - Supply Chain Management		8 542	(8 542)		9 136	(9 136)		9 797	(9 797)
Vote 6 - Development Services	64 767	35 464	29 303	74 512	38 621	35 891	120 133	122 244	(2 111)
6.1 - Administration	1	2 604	(2 603)	1	2 812	(2 811)	1	2 991	(2 989)
6.2 - Caravan parks - Yzerfontein	3 672	3 091	581	3 892	3 444	448	4 125	3 689	437
6.3 - Community Development	538	4 570	(4 032)	38	4 851	(4 813)	38	5 160	(5 122)
6.4 - Multi-Purpose Centres	13	1 651	(1 638)	159	1 911	(1 752)	14	1 895	(1 881)
6.5 - Planning and Valuations	1 197	11 857	(10 660)	1 267	11 879	(10 611)	1 343	12 308	(10 965)
6.6 - Building Control	3 589	4 248	(659)	3 805	4 553	(749)	4 033	4 892	(859)
6.7 - Housing	55 758	4 702	51 056	65 350	6 246	59 104	110 578	88 184	22 395
6.8 - Occupational Health and Safety		2 742	(2 742)		2 925	(2 925)		3 125	(3 125)
Vote 7 - Municipal Manager	-	11 207	(11 207)	-	10 826	(10 826)	-	11 579	(11 579)
7.1 - Administration	-	3 928	(3 928)	-	4 152	(4 152)	-	4 402	(4 402)
7.2 - Strategic Planning	-	3 323	(3 323)	-	3 532	(3 532)	-	3 831	(3 831)
7.3 - Internal Audit	-	3 956	(3 956)	-	3 141	(3 141)	-	3 346	(3 346)
Vote 8 - Protection Services	53 877	102 327	(48 450)	56 220	108 923	(52 702)	59 772	115 654	(55 882)
8.1 - Administration		2 657	(2 657)	-	2 798	(2 798)	-	2 957	(2 957)
8.3 - Fire Fighting	936	9 460	(8 524)	10 012	9 889	(9 879)	10 012	10 425	(10 415)
8.4 - Harbour Yzerfontein	321	457	(136)	340 317	489	(149)	360 735	524	(164)
8.5 - Road and Traffic Regulation	11 788	11 164	624	12 495	11 888	607	13 245	12 691	554
8.6 - Policing and Law Enforcement	40 832	78 210	(37 377)	43 375	83 471	(40 096)	46 156	88 664	(42 507)
Total Revenue & Expenditure by Vote	1 227 698	1 104 200	123 498	1 341 922	1 214 888	127 034	1 525 224	1 421 515	103 709

The municipality is in a very privileged position to be able to invest a total of R 319 990 million of its own funds over the 2023/24 MTREF.

The following capital program is proposed as draft 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	31%	48 366	23%	50 664	23%	61 660	30%
Provincial Government	5 332	3%	57 796	28%	64 930	30%	30 000	14%
Other Transfers and Grants	11 203	7%	1 225	1%		0%		0%
Borrowing	-	0%	-	0%	-	0%	-	0%
Internally generated funds	99 949	60%	99 051	48%	103 814	47%	117 125	56%
Total Capital Funding	167 895	100%	206 438	100%	219 408	100%	208 785	100%

The total draft Capital budget for 2023/2024 amounts to R 206 438 million with around R 99 051 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 634 631 million. An increase of R 105 210 million from the previous approved adjusted MTREF of R 529 420 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%	2.1%	2.3%	1.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>						
Gearing	Long Term Borrowing/ Funds & Reserves	30.9%	32.8%	25.4%	18.5%	12.6%
<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	6:1	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>						
	Total Volume Losses (kW) technical	12 096 519	12 096 519	12 117 484	12 481 009	12 855 439
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)	17 308 534	17 308 534	20 752 403	21 790 024	22 879 525
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.00%	6.0%	6.0%	6.0%	6.0%
	Total Volume Losses (kℓ)	857 395	857 395	865 969	891 948	918 706
Water Distribution Losses (2)	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%	29.3%	28.4%	26.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.0%	30.4%	30.4%	29.4%	26.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	6.5%	5.8%	5.6%	5.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.7%	12.0%	11.5%	11.9%	10.5%
<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	17.7	20.4	23.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	11.7%	11.1%	10.8%	10.9%	10.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.9	9.7	9.8	9.2	7.8

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

Performance indicators and benchmarks

1.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators formed part of the compilation of the 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 26% and 29.3%. Total remuneration as a percentage of operating revenue (excluding capital grants) over the MTREF is between 26.9% and 30.4%. 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 41 941 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	632 051	703 923	795 361
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	96 439	101 388	107 440
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 120 311	1 226 328	1 433 564

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	12 685	12 824	13 403
Vote 2 - Civil Services	287 762	287 309	299 512	315 765	337 606
Vote 3 - Council	299	299	305	312	318
Vote 4 - Electricity Services	424 953	410 289	492 067	553 649	642 527
Vote 5 - Financial Services	253 248	278 835	304 484	328 640	351 465
Vote 6 - Development Services	63 075	47 587	64 767	74 512	120 133
Vote 7 - Municipal Manager	–	418	–	–	–
Vote 8 - Protection Services	52 289	49 537	53 877	56 220	59 772
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Total Revenue by Vote	1 093 984	1 087 073	1 227 698	1 341 922	1 525 224

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%	456 420	41%	514 982	42%	591 943	41%
Service charges - water revenue	80 786	8%	91 845	8%	98 452	8%	105 528	7%
Service charges - sanitation revenue	51 797	5%	50 790	5%	53 400	4%	56 179	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%	1 917	0%	2 032	0%	2 153	0%
Interest earned - external investments	55 754	5%	55 954	5%	52 954	4%	49 954	3%
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%	5 147	0%	5 452	0%	5 775	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	20%
Other revenue	16 412	2%	32 584	3%	35 122	3%	37 794	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%	1 120 311	100%	1 226 328	100%	1 433 564	100%
Total Revenue from Property Rates and Service Charges	699 368	69%	799 881	71%	887 246	72%	989 193	69%

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 69 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 799 881 million or 71 per cent of total revenue mix (**growth of 14.4%**). This figure increases to an estimated R 887 246 million or 72 per cent (**growth of 10.9%**) and R 989 193 million or 69 per cent (**growth of 11.5%**) 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	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 Law Enforcement Reaction 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	5 225	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	-	-
Total Capital Transfers and Grants	72 749	56 635	106 162	115 554	91 660
TOTAL RECEIPTS OF TRANSFERS & GRANTS	258 673	243 831	273 832	299 946	378 225

1.4.2 Property Rates

The draft proposed 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 **4.9%** for residential properties and **6.5%** 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 proposed draft 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	0,6248	0,6554	5.90%	4.90%	4.90%
Businesses, Commercial, Industrial and State owned Properties	0,8203	0,8769	0,9339	0,9946	6.90%	6.50%	6.50%

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 2022/2023 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 2022/23 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 draft 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 draft 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	113 175	123 760	142 633
Expenditure – Water Management	96 332	105 759	114 062	124 320
Net Surplus / (Deficit)	24 013	7 416	9 698	18 313
Net Surplus / (Deficit) %	20%	7%	8%	13%
Capital Grants	21 359	-	3 072	13 660
Revenue – Water Management (excl. capital grants)	98 985	113 175	120 689	128 973
Net Surplus / (Deficit) (excl. capital grants)	2 653	7 416	6 627	4 653
Net Surplus / (Deficit) % (excl. capital grants)	3%	7%	5%	4%

A summary of the 2023/24 draft 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 Agricultural	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/Agricultural	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.

At this stage, the draft increase for the purchase of electricity is based on **20.7%** and the increase for selling of electricity is around **20%**. The proposed tariff increases of the municipal tariffs are preliminary and subject to revision upon receipt of the tariff benchmark guidelines from NERSA. **Please consult the detailed tariff listing for the proposed draft increases.**

The municipality will need to take up an external loan to partly finance the 132/11kV Eskom Schoonspruit Substation capital project of which the loan amount will be determined after the quantum of grant funding is clarified. This substantial investment will create capacity, which in the main is needed to support 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	492 067	553 649	642 527
Expenditure – Electricity	367 042	436 693	497 685	573 810
Net Surplus / (Deficit)	43 247	55 374	55 964	68 717
Net Surplus / (Deficit) %	11%	11%	10%	11%
Capital Grants	17 600	23 658	25 000	35 000
Revenue – Electricity (excl. capital grants)	392 689	468 409	528 649	607 527
Net Surplus / (Deficit) (excl. capital grants)	25 647	31 716	30 964	33 717
Net Surplus / (Deficit) % (excl. capital grants)	7%	7%	6%	6%

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 draft 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 321.73	R 363.40	R 417.72	20.00%	12.95%	14.95%
1	(0-50kWh)	R 1.352310	R 1.622800	R 1.832953	R 2.106979	20.00%	12.95%	14.95%
1	(51-350kWh)	R 1.738791	R 2.086500	R 2.356702	R 2.709029	20.00%	12.95%	14.95%
1	(351-600kWh)	R 2.447115	R 2.936500	R 3.316777	R 3.812635	20.00%	12.95%	14.95%
1	(>600kWh)	R 2.881814	R 3.458200	R 3.906037	R 4.489989	20.00%	12.95%	14.95%
2	Commercial / Non Standard .per kWh	R 2.256139	R 2.707400	R 3.058008	R 3.515181	20.00%	12.95%	14.95%
2	Commercial Basic < 20KVA	R 681.94	R 818.33	R 924.30	R 1 062.48	20.00%	12.95%	14.95%
2	Commercial Basic 20 to 40 KVA	R 896.99	R 1 076.39	R 1 215.78	R 1 397.54	20.00%	12.95%	14.95%
2	Commercial Basic >40 KVA	R 1 637.09	R 1 964.51	R 2 218.91	R 2 550.64	20.00%	12.95%	14.95%
2	Commercial Basic < 20KVA per kWh	R 2.256139	R 2.707400	R 3.058008	R 3.515181	20.00%	12.95%	14.95%
2	Commercial Basic 20 to 40 KVA per kWh	R 2.256139	R 2.707400	R 3.058008	R 3.515181	20.00%	12.95%	14.95%
2	Commercial Basic >40 KVA per kWh	R 2.256139	R 2.707400	R 3.058008	R 3.515181	20.00%	12.95%	14.95%
3	Maximum Demand Supply for Bulk Consumers: Bas	R 1 853.43	R 2 224.11	R 2 512.14	R 2 887.70	20.00%	12.95%	14.95%
3	Plus: Active Energy - kWh	R 0.881070	R 1.057300	R 1.194220	R 1.372756	20.00%	12.95%	14.95%
3	Max. Demand KVA	R 356.57	R 427.89	R 483.30	R 555.55	20.00%	12.95%	14.95%
5	Alternative - Households 20 Amp.-							
5	(0-50kWh)	R 1.239754	R 1.487700	R 1.680357	R 1.931571	20.00%	12.95%	14.95%
5	(51-350kWh)	R 1.626086	R 1.951300	R 2.203993	R 2.533490	20.00%	12.95%	14.95%
5	(351-600kWh)	R 2.318289	R 2.781900	R 3.142156	R 3.611908	20.00%	12.95%	14.95%
5	(>600kWh)	R 2.786145	R 3.343400	R 3.776370	R 4.340938	20.00%	12.95%	14.95%
6	Street lightning	R 1.427151	R 1.712600	R 1.934382	R 2.223572	20.00%	12.95%	14.95%
7	Pre-paid meter system (Indigent Residential)							
	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 1.487700	R 1.680357	R 1.931571	20.00%	12.95%	14.95%
7	(51-350kWh)	R 1.626086	R 1.951300	R 2.203993	R 2.533490	20.00%	12.95%	14.95%
7	(351-600kWh)	R 2.318289	R 2.781900	R 3.142156	R 3.611908	20.00%	12.95%	14.95%
7	(>600kWh)	R 2.786145	R 3.343400	R 3.776370	R 4.340938	20.00%	12.95%	14.95%
10	Time Of Use Tariff for Bulk Consumers: Fixed cost p	R 1 853.43	R 2 224.11	R 2 512.14	R 2 887.70	20.00%	12.95%	14.95%
10	Tou Low Consumption							
10	Low Season (Sept - May) Peak period per kWh	R 1.527650	R 1.833200	R 2.070599	R 2.380154	20.00%	12.95%	14.95%
10	Low Season (Sept - May) Standard period per kWh	R 1.051318	R 1.261600	R 1.424977	R 1.638011	20.00%	12.95%	14.95%
10	Low Season (Sept - May) Off-peak period per kWh	R 0.666786	R 0.800100	R 0.903713	R 1.038818	20.00%	12.95%	14.95%
10	Tou high Consumption							
10	High Season (Jun - Aug) Peak period per kWh	R 4.683406	R 5.620100	R 6.347903	R 7.296914	20.00%	12.95%	14.95%
10	High Season (Jun - Aug) Standard Period per kWh	R 1.418733	R 1.702500	R 1.922974	R 2.210458	20.00%	12.95%	14.95%
10	High Season (Jun - Aug) Off-peak Period per kWh	R 0.770267	R 0.924300	R 1.043997	R 1.200074	20.00%	12.95%	14.95%
10	Maximum demand per KVA	R 239.15	R 286.98	R 324.14	R 372.60	20.00%	12.95%	14.95%
12	Pre-paid Meter System (Non-Indigent Residential)							
12	(0-350kWh)	R 2.537117	R 3.044500	R 3.438763	R 3.952858	20.00%	12.95%	14.95%
12	> 350 kWh	R 2.762593	R 3.315100	R 3.744405	R 4.304194	20.00%	12.95%	14.95%

1.4.5 Sanitation and Impact of Tariff Increases

The draft 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	79 824	85 133	92 119	95 400
Expenditure – Sanitation	54 157	59 672	67 492	69 188
Net Surplus / (Deficit)	25 667	25 461	24 627	26 212
Net Surplus / (Deficit) %	32%	30%	27%	27%
Capital Grants	-	-	2 027	-
Revenue – Sanitation (excl. capital grants)	79 824	85 133	90 091	95 400
Net Surplus / (Deficit) (excl. capital grants)	25 667	25 461	22 599	26 212
Net Surplus / (Deficit) % (excl. capital grants)	32%	30%	25%	27%

The following draft 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 draft 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	56 575	81 340	69 430
Expenditure – Refuse Removal	63 121	60 816	67 240	70 457
Net Surplus / (Deficit)	(10 538)	(4 242)	14 101	(1 028)
Net Surplus / (Deficit) %	-20%	-7%	17%	-1%
Capital Grants			18 670	
Revenue – Refuse Removal (excl. capital grants)	52 583	56 575	62 670	69 430
Net Surplus / (Deficit) (excl. capital grants)	(10 538)	(4 242)	(4 569)	(1 028)
Net Surplus / (Deficit) % (excl. capital grants)	(20%)	(7.5%)	(7.3%)	(1.5%)

The following draft 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	20.0%	321.73	363.40	417.72
Electricity: Consumption	2 353.76	2 353.76	20.0%	2 824.50	3 190.27	3 667.21
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	16.1%	4 304.14	4 790.25	5 405.99
VAT on Services	506.84	506.84	1.5%	593.51	663.35	752.45
Total large household bill:	4 213.87	4 213.87	16.2%	4 897.65	5 453.60	6 158.44
% increase/-decrease	6.9%	6.9%		16.2%	11.4%	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	20.0%	321.73	363.40	417.72
Electricity: Consumption	956.32	956.32	20.0%	1 147.57	1 296.17	1 489.95
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	14.9%	2 311.49	2 570.21	2 874.65
VAT on Services	266.58	266.58	1.4%	309.50	346.11	389.45
Total small household bill:	2 278.08	2 278.08	15.1%	2 620.99	2 916.32	3 264.10
% increase/-decrease	(6.1%)	(6.1%)		15.1%	11.3%	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	—	—	20.0%	—	—	—
Electricity: Consumption	487.83	487.83	20.0%	585.39	661.20	760.05
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	16.3%	771.77	859.00	970.02
VAT on Services	78.78	78.78	1.6%	93.80	105.59	120.87
Total small household bill:	742.23	742.23	16.6%	865.57	964.60	1 090.89
% increase/-decrease	7.4%	7.4%		16.6%	11.4%	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):

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>					
Employee costs	294 029	298 366	328 016	348 561	372 446
Remuneration of councillors	11 251	11 560	12 081	12 565	13 067
Depreciation and amortisation	106 565	106 565	114 623	127 232	131 837
Finance charges	12 361	15 565	14 486	18 879	18 143
Inventory consumed and bulk purchases	379 713	365 077	439 458	500 676	579 465
Transfers and subsidies	4 368	4 607	4 460	4 668	4 879
Other expenditure	221 044	223 836	191 075	202 309	301 678
Total Expenditure	1 029 332	1 025 576	1 104 200	1 214 888	1 421 515

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2023/24 financial year totals R 328 016 million, which equates to 29.7 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 1 968 095 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	2.9%	3.0%	2.9%	2.9%	3.4%
Renewal and upgrading and R&M as a % of PPE	6.0%	6.0%	4.0%	5.0%	6.0%

1.5.2 Free Basic Services: Basic Social Services Package

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

The cost of the social package of the registered indigent households is financed by the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Indigent property rates and service charges expenditure (including growth projections) totals R 82 175 million in 2023/24 and it will increase to R 92 679 million and R 100 291 million in the outer years of the MTREF. These totals do not include financing of other community services, servicing informal settlements and actual expenditure incurred on indigent consumers.

Subsidies for indigent households are set out below:

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

For the month of **February 2023**, support was provided to 9 395 indigent households:

- Number receiving Property rate discount: 8 381
- Number with access to free basic water: 9 386
(and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 6 353
- Number provided by ESKOM: 2 237
- Number with access to free basic sanitation: 9 057
- Number with access to free basic refuse removal: 9 395

1.6 Capital expenditure

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

Vote 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
R thousand	1					
Capital expenditure - Vote						
Multi-year expenditure to be appropriated	2					
Vote 2 - Civil Services		84 445	83 689	51 425	48 565	75 460
Vote 4 - Electricity Services		30 600	30 600	43 000	56 000	45 800
Vote 6 - Development Services		17 459	1 945	55 314	64 040	40 400
Capital multi-year expenditure sub-total	7	132 504	116 234	149 739	168 605	161 660
Single-year expenditure to be appropriated	2					
Vote 1 - Corporate Services		404	595	176	128	130
Vote 2 - Civil Services		31 699	24 029	35 283	31 583	25 972
Vote 3 - Council		654	641	692	12	12
Vote 4 - Electricity Services		15 404	16 469	14 758	15 987	19 233
Vote 5 - Financial Services		711	705	2 052	661	595
Vote 6 - Development Services		5 795	5 190	1 776	1 476	84
Vote 7 - Municipal Manager		10	10	12	12	12
Vote 8 - Protection Services		3 915	4 022	1 949	944	1 086
Capital single-year expenditure sub-total		58 591	51 661	56 699	50 803	47 125
Total Capital Expenditure - Vote		191 096	167 895	206 438	219 408	208 785

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	632 051	703 923	795 361
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	96 439	101 388	107 440
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 120 311	1 226 328	1 433 564
Employee costs	294 029	298 366	328 016	348 561	372 446
Remuneration of councillors	11 251	11 560	12 081	12 565	13 067
Depreciation and amortisation	106 565	106 565	114 623	127 232	131 837
Finance charges	12 361	15 565	14 486	18 879	18 143
Inventory consumed and bulk purchases	379 713	365 077	439 458	500 676	579 465
Transfers and subsidies	4 368	4 607	4 460	4 668	4 879
Other expenditure	221 044	223 836	191 075	202 309	301 678
Total Expenditure	1 029 332	1 025 576	1 104 200	1 214 888	1 421 515
Surplus/(Deficit)	(12 457)	(6 449)	16 111	11 440	12 049
Transfers and subsidies - capital (monetary)	62 749	56 742	107 387	115 594	91 660
Transfers and subsidies - capital (in-kind)	14 360	11 203	–	–	–
Surplus/(Deficit) after capital transfers & contributions	64 652	61 497	123 498	127 034	103 709
Surplus/(Deficit) for the year	64 652	61 497	123 498	127 034	103 709
<u>Capital expenditure & funds sources</u>					
Capital expenditure	191 096	167 895	206 438	219 408	208 785
Transfers recognised - capital	75 283	67 946	107 387	115 594	91 660
Internally generated funds	115 813	99 949	99 051	103 814	117 125
Total sources of capital funds	191 096	167 895	206 438	219 408	208 785
<u>Financial position</u>					
Total current assets	776 607	817 338	870 455	924 229	967 821
Total non current assets	2 222 434	2 242 407	2 317 468	2 389 949	2 450 156
Total current liabilities	132 766	137 413	144 946	145 395	145 894
Total non current liabilities	211 698	227 607	225 081	223 852	223 444
Community wealth/Equity	2 654 577	2 694 728	2 817 896	2 944 930	3 048 639
<u>Cash flows</u>					
Net cash from (used) operating	157 405	161 612	228 212	242 779	220 737
Net cash from (used) investing	(175 219)	(156 229)	(191 825)	(205 327)	(194 444)
Net cash from (used) financing	(11 500)	(8 261)	(8 261)	(9 302)	(9 300)
Cash/cash equivalents at the year end	612 926	662 213	690 340	718 490	735 483
<u>Cash backing/surplus reconciliation</u>					
Cash and investments available	612 926	662 213	690 340	718 490	735 483
Application of cash and investments	217 500	223 246	260 665	281 314	341 004
Balance - surplus (shortfall)	395 426	438 967	429 675	437 176	394 478
<u>Asset management</u>					
Asset register summary (WDV)	2 222 423	2 231 781	2 287 905	2 340 662	2 383 572
Depreciation	101 768	101 768	114 623	127 232	131 837
Renewal and Upgrading of Existing Assets	70 899	68 137	35 777	45 526	70 390
Repairs and Maintenance	64 342	66 213	65 369	68 357	82 718
<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	5 831	6 097	6 385
<u>Households below minimum service level</u>					
Water:	6	6	6	6	6
Sanitation/sewerage:	3	3	3	3	3
Energy:	34 1	1	1	1	1
Refuse:	13	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
<u>Revenue - Functional</u>						
<i>Governance and administration</i>	267 475	283 946	283 946	319 030	343 539	366 726
Executive and council	299	299	299	305	312	318
Finance and administration	267 175	283 229	283 229	318 725	343 227	366 408
Internal audit	–	418	418	–	–	–
<i>Community and public safety</i>	114 566	96 077	96 077	127 806	127 276	176 054
Community and social services	14 550	14 640	14 640	13 843	13 669	14 145
Sport and recreation	4 716	5 123	5 123	16 116	4 532	4 804
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	–	–	–	–	–	–
<i>Economic and environmental services</i>	42 647	43 561	43 561	33 108	19 738	31 922
Planning and development	4 266	4 571	4 571	4 786	5 072	5 375
Road transport	38 381	38 990	38 990	28 322	14 666	26 547
Environmental protection	–	–	–	–	–	–
<i>Trading services</i>	669 263	663 456	663 456	747 719	851 334	950 483
Energy sources	424 953	410 289	410 289	492 067	553 649	642 527
Water management	113 350	120 344	120 344	113 175	123 760	142 633
Waste water management	79 832	80 239	80 239	85 903	92 584	95 893
Waste management	51 128	52 583	52 583	56 575	81 340	69 430
<i>Other</i>	32	32	32	34	36	39
Total Revenue - Functional	1 093 984	1 087 073	1 087 073	1 227 698	1 341 922	1 525 224
<u>Expenditure - Functional</u>						
<i>Governance and administration</i>	163 385	162 388	162 388	170 811	180 203	200 908
Executive and council	24 245	24 851	24 851	26 299	27 740	28 976
Finance and administration	136 996	134 979	134 979	140 708	149 481	168 748
Internal audit	2 144	2 558	2 558	3 803	2 983	3 184
<i>Community and public safety</i>	177 068	174 834	174 834	154 629	167 529	259 140
Community and social services	24 900	24 417	24 417	26 560	28 261	30 110
Sport and recreation	31 657	32 394	32 394	35 387	39 339	41 423
Public safety	82 053	79 599	79 599	87 980	93 683	99 423
Housing	38 458	38 425	38 425	4 702	6 246	88 184
Health	–	–	–	–	–	–
<i>Economic and environmental services</i>	81 908	88 845	88 845	92 229	96 103	97 399
Planning and development	16 545	16 483	16 483	19 428	19 964	21 031
Road transport	65 362	72 362	72 362	72 801	76 139	76 368
Environmental protection	–	–	–	–	–	–
<i>Trading services</i>	604 693	597 230	597 230	684 148	768 539	861 417
Energy sources	386 254	367 197	367 197	436 693	497 685	573 810
Water management	91 450	96 332	96 332	105 759	114 062	124 320
Waste water management	74 589	73 865	73 865	80 880	89 552	92 829
Waste management	52 399	59 837	59 837	60 816	67 240	70 457
<i>Other</i>	2 279	2 280	2 280	2 384	2 514	2 651
Total Expenditure - Functional	1 029 332	1 025 576	1 025 576	1 104 200	1 214 888	1 421 515
Surplus/(Deficit) for the year	64 652	61 497	61 497	123 498	127 034	103 709

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	12 685	12 824	13 403
Vote 2 - Civil Services	287 762	287 309	299 512	315 765	337 606
Vote 3 - Council	299	299	305	312	318
Vote 4 - Electricity Services	424 953	410 289	492 067	553 649	642 527
Vote 5 - Financial Services	253 248	278 835	304 484	328 640	351 465
Vote 6 - Development Services	63 075	47 587	64 767	74 512	120 133
Vote 7 - Municipal Manager	–	418	–	–	–
Vote 8 - Protection Services	52 289	49 537	53 877	56 220	59 772
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Total Revenue by Vote	1 093 984	1 087 073	1 227 698	1 341 922	1 525 224
Expenditure by Vote to be appropriated					
Vote 1 - Corporate Services	41 327	41 627	43 233	45 726	48 432
Vote 2 - Civil Services	327 711	345 796	376 650	409 117	441 227
Vote 3 - Council	19 043	19 652	22 372	23 587	24 574
Vote 4 - Electricity Services	402 200	383 146	441 270	501 174	575 306
Vote 5 - Financial Services	68 681	67 789	71 677	76 916	82 498
Vote 6 - Development Services	64 490	64 188	35 464	38 621	122 244
Vote 7 - Municipal Manager	10 335	10 747	11 207	10 826	11 579
Vote 8 - Protection Services	95 545	92 632	102 327	108 923	115 654
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Total Expenditure by Vote	1 029 332	1 025 576	1 104 200	1 214 888	1 421 515
Surplus/(Deficit) for the year	64 652	61 497	123 498	127 034	103 709

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

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

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

Description R thousand	Current Year 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					
Exchange Revenue					
Service charges - Electricity	400 667	385 970	456 420	514 982	591 943
Service charges - Water	80 786	80 786	91 845	98 452	105 528
Service charges - Waste Water Management	51 390	51 797	50 790	53 400	56 179
Service charges - Waste Management	31 991	32 591	32 997	37 089	41 710
Sale of Goods and Rendering of Services	—	—	13 082	13 866	14 697
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	1 917	2 032	2 153
Operational Revenue	15 508	16 412	3 889	4 103	4 325
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	5 147	5 452	5 775
Transfer and subsidies - Operational	186 257	189 755	168 036	184 740	286 976
Interest	—	—	1 060	1 124	1 191
Operational Revenue	—	—	15 613	17 153	18 773
Gains on disposal of Assets	15 877	11 666	14 613	14 081	14 340
Discontinued Operations					
Total Revenue (excluding capital transfers and contribu	1 016 875	1 019 127	1 120 311	1 226 328	1 433 564
Expenditure					
Employee related costs	294 029	298 366	328 016	348 561	372 446
Remuneration of councillors	11 251	11 560	12 081	12 565	13 067
Bulk purchases - electricity	332 200	312 398	377 528	433 024	505 340
Inventory consumed	47 513	52 678	61 930	67 651	74 125
Debt impairment	37 654	31 448	4 424	5 138	5 405
Depreciation and amortisation	106 565	106 565	114 623	127 232	131 837
Interest	12 361	15 565	14 486	18 879	18 143
Contracted services	105 260	109 932	67 991	68 145	163 158
Transfers and subsidies	4 368	4 607	4 460	4 668	4 879
Irrecoverable debts written off	—	—	32 910	35 961	39 121
Operational costs	51 359	52 711	57 443	59 977	62 173
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	1 104 200	1 214 888	1 421 515
Surplus/(Deficit)	(12 457)	(6 449)	16 111	11 440	12 049
Transfers and subsidies - capital (monetary allocations)	62 749	56 742	107 387	115 594	91 660
Transfers and subsidies - capital (in-kind)	14 360	11 203	—	—	—
Surplus/(Deficit) after capital transfers & contributions	64 652	61 497	123 498	127 034	103 709
Income Tax	—	—	—	—	—
Surplus/(Deficit) for the year	64 652	61 497	123 498	127 034	103 709

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

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

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

WC015 Swartland - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding						
Vote 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
R thousand	1					
Capital expenditure - Vote						
Multi-year expenditure to be appropriated	2					
Vote 2 - Civil Services		84 445	83 689	51 425	48 565	75 460
Vote 4 - Electricity Services		30 600	30 600	43 000	56 000	45 800
Vote 6 - Development Services		17 459	1 945	55 314	64 040	40 400
Capital multi-year expenditure sub-total	7	132 504	116 234	149 739	168 605	161 660
Single-year expenditure to be appropriated	2					
Vote 1 - Corporate Services		404	595	176	128	130
Vote 2 - Civil Services		31 699	24 029	35 283	31 583	25 972
Vote 3 - Council		654	641	692	12	12
Vote 4 - Electricity Services		15 404	16 469	14 758	15 987	19 233
Vote 5 - Financial Services		711	705	2 052	661	595
Vote 6 - Development Services		5 795	5 190	1 776	1 476	84
Vote 7 - Municipal Manager		10	10	12	12	12
Vote 8 - Protection Services		3 915	4 022	1 949	944	1 086
Capital single-year expenditure sub-total		58 591	51 661	56 699	50 803	47 125
Total Capital Expenditure - Vote		191 096	167 895	206 438	219 408	208 785
Capital Expenditure - Functional						
Governance and administration		10 660	5 306	8 304	2 200	3 657
Executive and council		664	651	704	24	24
Finance and administration		9 995	4 655	7 600	2 176	3 633
Community and public safety		7 366	7 455	30 214	7 892	3 521
Community and social services		413	408	1 250	100	400
Sport and recreation		3 038	3 025	27 015	6 848	2 035
Public safety		3 915	4 022	1 949	944	1 086
Economic and environmental services		71 549	60 449	51 843	72 167	37 981
Planning and development		9 030	4 123	14 612	49 944	906
Road transport		62 519	56 326	37 231	22 223	37 075
Environmental protection				-	-	-
Trading services		101 521	94 684	116 077	137 149	163 624
Energy sources		43 000	44 065	56 241	71 180	63 157
Water management		29 372	32 182	8 064	10 383	32 584
Waste water management		24 364	14 181	47 915	25 759	35 276
Waste management		4 786	4 256	3 857	29 826	32 607
Total Capital Expenditure - Functional	3	191 096	167 895	206 438	219 408	208 785
Funded by:						
National Government		41 410	51 410	48 366	50 664	61 660
Provincial Government		21 339	5 332	57 796	64 930	30 000
Transfers and subsidies - capital (in-kind)		12 534	11 203	1 225	-	-
Transfers recognised - capital	4	75 283	67 946	107 387	115 594	91 660
Borrowing	6	-	-	-	-	-
Internally generated funds		115 813	99 949	99 051	103 814	117 125
Total Capital Funding	7	191 096	167 895	206 438	219 408	208 785

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	690 340	718 490	735 483
Trade and other receivables from exchange transactions	118 544	113 222	109 328	126 503	145 689
Receivables from non-exchange transactions	–	–	34 440	40 659	47 277
Current portion of non-current receivables	70	4	4	4	4
Inventory	19 114	22 327	23 121	25 350	26 146
VAT	25 953	19 572	13 043	13 043	13 043
Other current assets	–	–	180	180	180
Total current assets	776 607	817 338	870 455	924 229	967 821
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	2 290 870	2 363 247	2 423 314
Heritage assets	–	–	1 120	1 120	1 120
Intangible assets	604	668	551	781	1 037
Non-current receivables from non-exchange transactions	11	11	–	–	–
Other non-current assets	1 120	1 120	–	–	–
Total non current assets	2 222 434	2 242 407	2 317 468	2 389 949	2 450 156
TOTAL ASSETS	2 999 042	3 059 745	3 187 924	3 314 178	3 417 977
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Financial liabilities	9 060	8 933	9 232	9 531	9 830
Consumer deposits	16 548	16 950	17 450	17 600	17 800
Trade and other payables from exchange transactions	95 548	98 306	103 302	103 302	103 302
Trade and other payables from non-exchange transaction	–	–	538	538	538
Provision	11 611	13 225	14 425	14 425	14 425
Other current liabilities	–	–	–	–	–
Total current liabilities	132 766	137 413	144 946	145 395	145 894
Non current liabilities					
Financial liabilities	79 424	81 791	72 731	62 979	53 181
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	225 081	223 852	223 444
TOTAL LIABILITIES	344 465	365 020	370 028	369 248	369 338
NET ASSETS	2 654 577	2 694 725	2 817 896	2 944 930	3 048 639
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	2 397 506	2 445 727	2 531 477	2 603 589	2 628 194
Reserves and funds	257 070	249 000	286 419	341 341	420 445
Other	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2 654 577	2 694 728	2 817 896	2 944 930	3 048 639

Explanatory notes to Table A6 - Budgeted Financial Position

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

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

MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	Current Year 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 FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	142 295	145 260	164 473	175 990	186 079
Service charges	544 934	531 174	624 238	694 863	784 355
Other revenue	34 950	35 346	37 012	39 207	41 529
Transfers and Subsidies - Operational	186 253	187 549	168 036	184 740	286 976
Transfers and Subsidies - Capital	77 109	67 478	107 387	115 594	91 660
Interest	35 667	55 754	55 954	52 954	49 954
Payments					
Suppliers and employees	(849 254)	(846 161)	(915 105)	(1 002 712)	(1 203 068)
Finance charges	(10 180)	(10 180)	(9 324)	(13 188)	(11 869)
Transfers and Subsidies	(4 368)	(4 607)	(4 460)	(4 668)	(4 879)
NET CASH FROM/(USED) OPERATING ACTIVITIES	157 405	161 612	228 212	242 779	220 737
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)	(167 895)	(206 438)	(219 408)	(208 785)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(175 219)	(156 229)	(191 825)	(205 327)	(194 444)
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)	(9 452)	(9 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(11 500)	(8 261)	(8 261)	(9 302)	(9 300)
NET INCREASE/ (DECREASE) IN CASH HELD	(29 314)	(2 878)	28 125	28 150	16 993
Cash/cash equivalents at the year begin:	642 240	665 091	662 215	690 340	718 490
Cash/cash equivalents at the year end:	612 926	662 213	690 340	718 490	735 483

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
Cash and investments available					
Cash/cash equivalents at the year end	612 926	662 213	690 340	718 490	735 483
Other current investments > 90 days	–	–	–	–	–
Investments - Property, plant and equipment	–	–	–	–	–
Cash and investments available:	612 926	662 213	690 340	718 490	735 483
Application of cash and investments					
Trade payables from Non-exchange transactions: Other	2 387	538	538	538	538
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	286 419	341 341	420 445
Total Application of cash and investments:	217 500	223 246	260 665	281 314	341 004
Surplus(shortfall)	395 426	438 967	429 675	437 176	394 478

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					
Total New Assets	120 197	99 758	170 662	173 882	138 395
Roads Infrastructure	40 221	32 948	25 914	2 995	17 600
Electrical Infrastructure	33 400	33 815	46 400	51 900	38 950
Water Supply Infrastructure	4 307	3 023	3 297	1 941	6 335
Sanitation Infrastructure	3 002	1 757	44 420	15 148	30 000
Solid Waste Infrastructure	–	–	2 500	25 670	25 000
Infrastructure	80 931	71 544	122 532	97 654	117 885
Community Facilities	1 100	1 100	2 000	1 200	1 100
Sport and Recreation Facilities	3 100	3 400	13 700	4 500	–
Community Assets	4 200	4 500	15 700	5 700	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	320	339	–
Intangible Assets	420	420	320	339	–
Computer Equipment	3 704	4 084	1 977	1 157	2 176
Furniture and Office Equipment	364	463	586	480	566
Machinery and Equipment	4 219	4 199	2 555	7 486	2 021
Transport Assets	13 252	11 978	10 479	10 674	13 747
Land	2 630	421	–	–	–
Total Renewal of Existing Assets	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
Total Upgrading of Existing Assets	50 649	46 136	24 277	21 526	43 090
Storm water Infrastructure	250	250	250	250	1 250
Electrical Infrastructure	8 450	8 620	6 150	9 800	12 300
Water Supply Infrastructure	24 956	29 008	4 300	7 960	25 740
Sanitation Infrastructure	16 993	8 259	1 411	3 516	3 500
Infrastructure	50 649	46 136	12 111	21 526	42 790
Community Facilities	–	–	200	–	300
Sport and Recreation Facilities	–	–	11 966	–	–
Community Assets	–	–	12 166	–	300
Total Capital Expenditure	191 096	167 895	206 438	219 408	208 785
Roads Infrastructure	60 471	54 449	35 914	17 995	35 600
Storm water Infrastructure	250	250	250	250	1 250
Electrical Infrastructure	41 850	42 435	52 550	70 200	60 550
Water Supply Infrastructure	29 263	32 031	7 597	9 900	32 075
Sanitation Infrastructure	19 996	10 516	47 331	19 164	33 500
Solid Waste Infrastructure	–	–	2 500	25 670	25 000
Infrastructure	151 830	139 681	146 142	143 180	187 975
Community Facilities	1 100	1 100	2 200	1 200	1 400
Sport and Recreation Facilities	3 100	3 400	25 666	4 500	–
Community Assets	4 200	4 500	27 866	5 700	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	320	339	–
Intangible Assets	420	420	320	339	–
Computer Equipment	3 704	4 084	1 977	1 157	2 176
Furniture and Office Equipment	364	463	586	480	566
Machinery and Equipment	4 219	4 199	2 555	7 486	2 021
Transport Assets	43 252	11 978	10 479	10 674	13 747
Land	2 630	421	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	191 096	167 895	206 438	219 408	208 785

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	2 231 781	2 287 905	2 340 662	2 383 572
<i>Roads Infrastructure</i>	366 979	411 692	351 809	268 414	202 541
<i>Storm water Infrastructure</i>	108 605	112 185	107 369	102 755	97 860
<i>Electrical Infrastructure</i>	379 682	376 559	422 649	478 215	540 151
<i>Water Supply Infrastructure</i>	484 647	421 239	405 768	396 813	390 257
<i>Sanitation Infrastructure</i>	522 087	503 203	544 707	549 568	568 969
<i>Solid Waste Infrastructure</i>	16 841	32 074	26 760	47 838	69 039
Infrastructure	1 878 841	1 856 952	1 859 063	1 843 603	1 868 817
Community Assets	62 281	123 953	154 237	160 938	163 383
Heritage Assets	1 120	1 120	1 120	1 120	1 120
Investment properties	31 245	34 200	24 927	24 802	24 685
Other Assets	98 426	63 250	96 358	154 529	163 253
Intangible Assets	604	668	551	781	1 037
Computer Equipment	7 360	6 563	4 806	5 171	4 617
Furniture and Office Equipment	1 610	2 226	1 546	1 401	1 131
Machinery and Equipment	16 302	14 997	23 344	23 249	27 871
Transport Assets	44 508	46 159	40 691	44 024	46 799
Land	80 128	81 695	81 263	81 044	80 858
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 222 423	2 231 781	2 287 905	2 340 662	2 383 572
EXPENDITURE OTHER ITEMS	166 110	167 981	179 992	195 588	214 555
<u>Depreciation</u>	101 768	101 768	114 623	127 232	131 837
<u>Repairs and Maintenance by Asset Class</u>	64 342	66 213	65 369	68 357	82 718
<i>Roads Infrastructure</i>	9 823	9 837	5 789	6 019	6 263
<i>Storm water Infrastructure</i>	19 334	19 336	20 911	21 745	23 307
<i>Electrical Infrastructure</i>	2 616	2 807	3 267	3 469	3 688
<i>Water Supply Infrastructure</i>	1 543	1 590	1 862	1 707	1 768
<i>Sanitation Infrastructure</i>	5 609	4 889	5 874	5 464	6 561
<i>Solid Waste Infrastructure</i>	7 912	10 150	8 520	8 919	9 490
Infrastructure	46 838	48 609	46 223	47 323	51 077
Community Facilities	2 227	2 037	2 307	2 412	2 542
Sport and Recreation Facilities	1 156	1 163	917	942	968
Community Assets	3 384	3 200	3 224	3 354	3 511
Operational Buildings	996	1 286	1 091	1 088	1 137
Housing	707	707	657	675	10 504
Other Assets	1 703	1 993	1 748	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	70	58	59	60
Machinery and Equipment	1 408	1 371	1 361	1 387	1 415
Transport Assets	6 306	6 336	7 235	8 363	8 987
TOTAL EXPENDITURE OTHER ITEMS	166 110	167 981	179 992	195 588	214 555
<i>Renewal and upgrading of Existing Assets as % of</i>	37.1%	40.6%	17.3%	20.7%	33.7%
<i>Renewal and upgrading of Existing Assets as % of</i>	69.7%	67.0%	31.2%	35.8%	53.4%

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 17.3%, for 2024/25 increases to 20.7% and increases to 33.7% for 2025/26. The result is influenced by multi-year projects coming to completion.

MBRR Table A10 - Basic Service Delivery Measurement

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
Household service targets	1					
Water:						
Piped water inside dwelling		65 744	65 744	65 744	65 744	65 744
Piped water inside yard (but not in dwelling)		6 464	6 464	6 464	6 464	6 464
Using public tap (at least min.service level)	2	110	110	110	110	110
Other water supply (at least min.service level)	4	316	316	316	316	316
<i>Minimum Service Level and Above sub-total</i>		72 634	72 634	72 634	72 634	72 634
Using public tap (< min.service level)	3	–	–	–	–	–
Other water supply (< min.service level)	4	5 644	5 644	5 644	5 644	5 644
No water supply		–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		5 644	5 644	5 644	5 644	5 644
Total number of households	5	78 278	78 278	78 278	78 278	78 278
Sanitation/sewerage:						
Flush toilet (connected to sewerage)		67 488	67 488	67 488	67 488	67 488
Flush toilet (with septic tank)		7 774	7 774	7 774	7 774	7 774
Chemical toilet		58	58	58	58	58
Pit toilet (ventilated)		74	74	74	74	74
Other toilet provisions (> min.service level)		–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		75 394	75 394	75 394	75 394	75 394
Bucket toilet		1 982	1 982	1 982	1 982	1 982
Other toilet provisions (< min.service level)		282	282	282	282	282
No toilet provisions		620	620	620	620	620
<i>Below Minimum Service Level sub-total</i>		2 884	2 884	2 884	2 884	2 884
Total number of households	5	78 278	78 278	78 278	78 278	78 278
Energy:						
Electricity (at least min.service level)		77 262	77 262	77 262	77 262	77 262
Electricity - prepaid (min.service level)		–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		77 262	77 262	77 262	77 262	77 262
Electricity (< min.service level)		–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–
Other energy sources		1 016	1 016	1 016	1 016	1 016
<i>Below Minimum Service Level sub-total</i>		1 016	1 016	1 016	1 016	1 016
Total number of households	5	78 278	78 278	78 278	78 278	78 278
Refuse:						
Removed at least once a week		65 350	65 350	65 350	65 350	65 350
<i>Minimum Service Level and Above sub-total</i>		65 350	65 350	65 350	65 350	65 350
Removed less frequently than once a week		960	960	960	960	960
Using communal refuse dump		1 794	1 794	1 794	1 794	1 794
Using own refuse dump		9 726	9 726	9 726	9 726	9 726
Other rubbish disposal		410	410	410	410	410
No rubbish disposal		38	38	38	38	38
<i>Below Minimum Service Level sub-total</i>		12 928	12 928	12 928	12 928	12 928
Total number of households	5	78 278	78 278	78 278	78 278	78 278

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
Households receiving Free Basic Service	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 (50kw h 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
Cost of Free Basic Services provided - Formal Settlements (R'000)						
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 (50kw h 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
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-
Total cost of FBS provided	8	66 512	66 512	71 124	76 572	82 490
Highest level of free service provided per household						
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 (kw h per household per month)		50	50	50	50	50
Refuse (average litres per week)		149.73	149.73	164.55	180.84	198.75
Revenue cost of subsidised services provided (R'000)	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

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

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

POLITICAL OVERSIGHT OVER THE BUDGET PROCESS

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

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

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

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

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

PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (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 Draft 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	53 877	56 220	59 772	
	Manage Protection Services	–	–	–	–	–	
	Manage Civil Protection	–	–	–	–	–	
	Manage Licensing and Registration Services	11 037	11 132	11 788	12 495	13 245	
	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	64 217	74 315	120 080
Manage Development Services		1	1	1	1	1	
Manage Planning and Valuations		1 051	1 157	1 197	1 267	1 343	
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	3 672	3 892	4 125	
A connected and innovative local government	Manage Corporate Services	12 358	12 799	12 685	12 824	13 403	
	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	199	211	223	
	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	304 484	328 640	351 465
	Manage Financial Administration	-	-	-	-	-
	Manage Supply Chain Management	-	-	-	-	-
	Manage the Budget and Treasury Office	-	-	-	-	-
	Manage Finance (Credit Control, Income, Expenditure, etc)	100 356	125 863	131 656	140 050	151 936
	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
Quality and reliable services	Manage Civil Engineering Services	712 715	697 597	791 579	869 414	980 133
	Manage Civil Engineering Services	-	-	-	-	-
	Manage Cemeteries	1 079	1 079	1 107	1 174	1 244
	Manage Parks and Recreational Areas	1 060	1 060	875	-	-
	Manage Proclaimed Roads	18 470	15 343	1 427	204	226
	Manage Sewerage	79 417	79 824	85 133	92 119	95 400
	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	120 344	113 175	123 760	142 633
	Manage Municipal Property	13 462	3 578	13 774	14 095	14 426
	Manage Refuse Removal	51 128	51 728	56 575	81 340	69 430
	Manage Street Cleaning	-	855	-	-	-
	Manage Solid Waste Disposal (Landfill Sites)	-	-	-	-	-
	Manage Electrical Engineering Services	-	-	-	-	-
	Manage Electricity Distribution	424 953	410 289	492 067	553 649	642 527
Allocations to other priorities						
Total Revenue (excluding capital transfers and contributions)		1 093 984	1 087 073	1 227 698	1 341 922	1 525 224

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	8 963	9 687	10 181
	Manage Community Development	3 525	3 527	4 570	4 851	5 160
	Manage Multi-Purpose Centres	1 671	1 695	1 651	1 911	1 895
	Manage Environmental and Occupational Health	2 219	1 978	2 742	2 925	3 125
	Manage Protection Services	95 545	92 983	102 327	108 923	115 654
	Manage Protection Services	2 529	2 525	2 657	2 798	2 957
	Manage Civil Protection	825	340	380	387	394
	Manage Licensing and Registration Services	10 138	10 389	11 164	11 888	12 691
	Manage Traffic and Law Enforcement	72 985	70 250	78 210	83 471	88 664
	Manage Fire and Emergency Services	8 705	9 064	9 460	9 889	10 425
	Manage the Harbour Yzerfontein	362	415	457	489	524
			-			
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	26 501	28 934	112 063
	Manage Development Services	2 475	2 472	2 604	2 812	2 991
	Manage Planning and Valuations	10 197	10 192	11 857	11 879	12 308
	Manage Building Control	3 508	3 451	4 248	4 553	4 892
	Manage Human Settlements	38 458	38 425	4 702	6 246	88 184
	Manage the Caravan Park Yzerfontein	2 436	2 845	3 091	3 444	3 689
			-			
A connected and innovative local government	Manage Corporate Services	41 327	41 951	43 233	45 726	48 432
	Manage Corporate Services, Secretariat and Records and Ward Committees	14 699	14 554	14 247	14 948	15 711
	Manage Human Resource Services	6 521	6 843	7 286	7 814	8 021
	Manage Properties, Contracts and Legal Administration	5 967	6 076	6 706	7 130	7 812
	Manage Libraries	11 861	12 154	12 563	13 268	14 178
	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	17 287	18 312	18 759
			-			
	Manage the Office of the Municipal Manager	10 185	10 754	11 177	10 796	11 549
	Manage the Office of the Municipal Manager	5 202	5 206	3 928	4 152	4 402
	Manage Internal Audit	2 293	2 707	3 956	3 141	3 346
	Manage Strategic Services	2 690	2 840	3 293	3 502	3 801

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	71 677	76 916	82 498
	Manage Financial Administration	2 021	2 021	2 080	2 177	2 281
	Manage Supply Chain Management	7 369	7 599	8 542	9 136	9 797
	Manage the Budget and Treasury Office	5 292	6 792	6 021	6 388	6 786
	Manage Finance (Credit Control, Income, Expenditure, etc)	48 602	46 445	49 643	53 413	57 367
	Manage Assets	1 455	1 455	1 524	1 614	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	22 372	23 587	24 574
			-			
	Manage Civil Engineering Services	713 802	711 515	800 634	891 979	997 773
	Manage Civil Engineering Services	3 736	3 742	3 820	4 038	4 247
	Manage Cemeteries	973	912	993	1 058	1 059
	Manage Parks and Recreational Areas	20 161	20 426	22 593	25 004	26 520
	Manage Proclaimed Roads	4 782	4 782	483	483	504
	Manage Sewerage	50 238	44 556	48 361	56 245	56 459
	Manage Waste Water Treatment Works	4 646	15 778	18 320	19 353	22 102
	Manage Sportsgrounds	4 329	7 726	7 288	7 773	8 033
	Manage Streets	54 027	59 478	63 979	67 014	66 904
	Manage Storm water	18 185	19 706	21 207	22 059	23 640
	Manage Swimming Pools	4 808	3 451	4 491	5 434	5 771
	Manage Water Provision	91 450	95 973	105 457	113 802	124 113
	Manage Municipal Property	17 977	18 990	18 978	19 756	31 568
	Manage Refuse Removal	32 543	33 461	39 235	44 286	45 763
	Manage Street Cleaning	9 569	10 521	7 582	8 008	8 585
	Manage Solid Waste Disposal (Landfill Sites)	10 287	15 736	13 864	14 803	15 960
	Manage Electrical Engineering Services	1 889	1 898	2 011	2 107	2 209
	Manage Electricity Distribution	382 562	352 636	419 849	478 505	551 952
	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	1 104 200	1 214 888	1 421 515

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	187	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	1 086	160	160
	Manage the Harbour Yzerfontein	–	–	–	–	–
			–			
Economic transformation	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	100	–
	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	3 004	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	2 007	629	561
	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	47	54	56	58
	Manage Cemeteries	-	-	1 100	-	300
	Manage Parks and Recreational Areas	1 708	1 695	2 317	1 813	1 773
	Manage Proclaimed Roads	-	-	-	-	-
	Manage Sewerage	4 056	3 848	3 590	10 295	2 958
	Manage Waste Water Treatment Works	17 793	8 809	2 211	-	1 000
	Manage Sportsgrounds	600	600	11 966	55	226
	Manage Streets	52 881	54 821	37 231	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	31 823	8 064	10 383	28 484
	Manage Municipal Property	6 027	502	4 005	680	1 132
	Manage Refuse Removal	4 786	4 256	3 857	29 826	32 607
	Manage Street Cleaning	-	-	-	-	-
	Manage Solid Waste Disposal (Landfill Sites)	-	-	-	-	-
	Manage Electrical Engineering Services	350	350	360	380	400
	Manage Electricity Distribution	42 650	43 715	55 881	70 800	62 757
Allocations to other priorities						
Total Capital Expenditure		191 096	167 895	206 438	219 408	208 785

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	187	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	1 086	160	160
Economic transformation						
Facilitate economic development in the	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	100	–
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						
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	Completion of projects	100	100	100	100	100
Manage Libraries	Completion of projects	50	50	50	–	–
Manage ICT Services	Completion of projects	3 004	3 004	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	2 007	629	561
Manage Council Expenses	Completion of projects	654	641	692	12	12
Quality and reliable services						
Manage Civil Engineering Services	Completion of projects	52	47	54	56	58
Manage Cemeteries	Completion of projects	–	–	1 100	–	300
Manage Parks and Recreational Areas	Completion of projects	1 708	1 695	2 317	1 813	1 773
Manage Proclaimed Roads	Completion of projects	–	–	–	–	–
Manage Sewerage	Completion of projects	4 056	3 848	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	11 966	55	226
Manage Streets	Completion of projects	52 881	54 821	37 231	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	31 823	8 064	10 383	28 484
Manage Municipal Property	Completion of projects	6 027	502	4 005	680	1 132
Manage Refuse Removal	Completion of projects	4 786	4 256	3 857	29 826	32 607
Manage Electrical Engineering Services	Completion of projects	350	350	360	380	400
Manage Electricity Distribution	Completion of projects	42 650	43 715	55 881	70 800	62 757
		191 095 805	167 894 804	206 438 235	219 407 866	208 784 689

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	No
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 draft 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 9 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 increases of the Directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:

- In respect of all personnel, an increase of 5.3% 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).

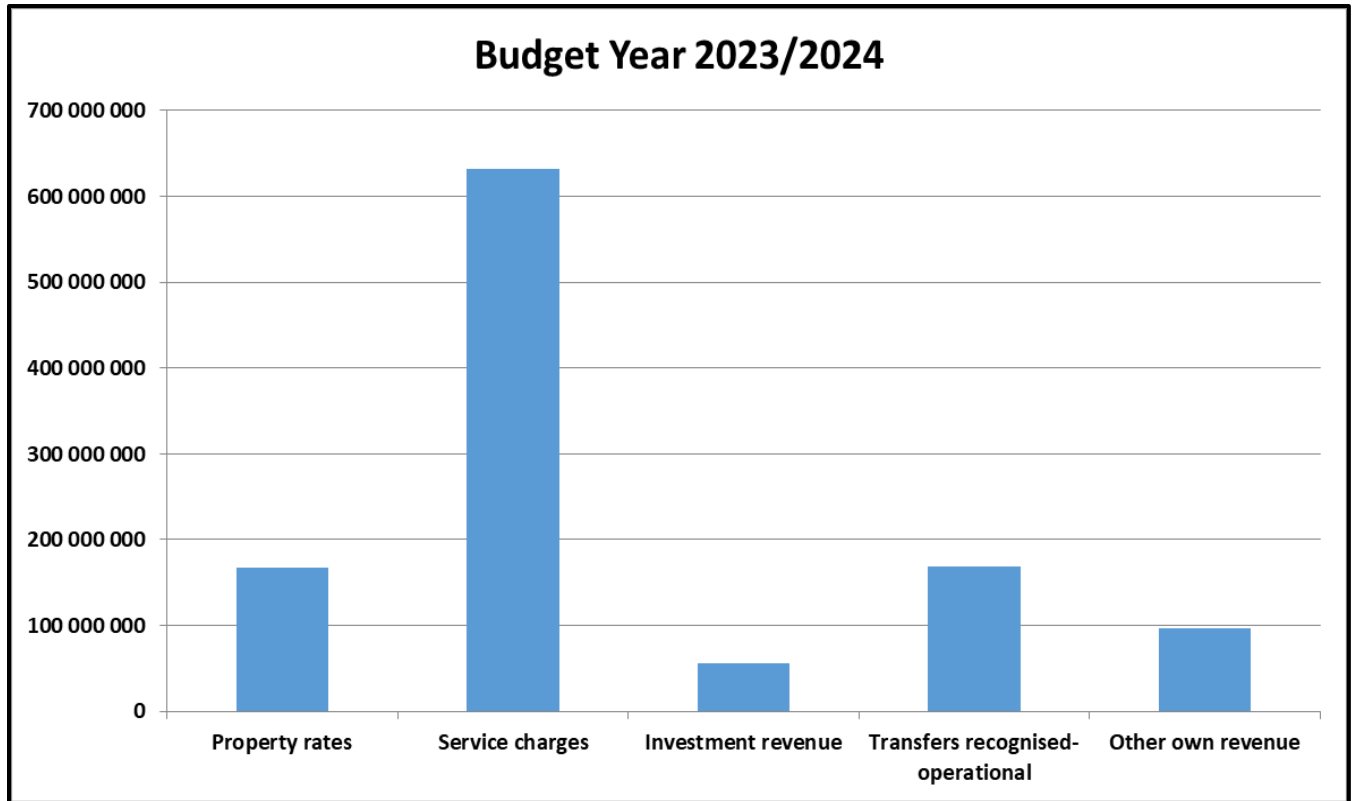
2.5 Overview of budget funding

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					
Financial Performance					
Property rates	148 224	148 224	167 830	183 323	193 832
Service charges	564 834	551 144	632 051	703 923	795 361
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	96 439	101 388	107 440
Total Revenue (excluding capital transfers and contributions)	1 016 875	1 019 127	1 120 311	1 226 328	1 433 564

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	624 238	694 863	784 355
Other revenue	34 950	35 346	37 012	39 207	41 529
Transfers and Subsidies - Operational	186 253	187 549	168 036	184 740	286 976
Transfers and Subsidies - Capital	77 109	67 478	107 387	115 594	91 660
Interest	35 667	55 754	55 954	52 954	49 954
Payments					
Suppliers and employees	(849 254)	(846 161)	(915 105)	(1 002 712)	(1 203 068)
Finance charges	(10 180)	(10 180)	(9 324)	(13 188)	(11 869)
Transfers and Subsidies	(4 368)	(4 607)	(4 460)	(4 668)	(4 879)
NET CASH FROM/(USED) OPERATING ACTIVITIES	157 405	161 612	228 212	242 779	220 737
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)	(167 895)	(206 438)	(219 408)	(208 785)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(175 219)	(156 229)	(191 825)	(205 327)	(194 444)
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)	(9 452)	(9 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(11 500)	(8 261)	(8 261)	(9 302)	(9 300)
NET INCREASE/ (DECREASE) IN CASH HELD	(29 314)	(2 878)	28 125	28 150	16 993
Cash/cash equivalents at the year begin:	642 240	665 091	662 215	690 340	718 490
Cash/cash equivalents at the year end:	612 926	662 213	690 340	718 490	735 483

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					
Cash and investments available					
Cash/cash equivalents at the year end	612 926	662 213	690 340	718 490	735 483
Other current investments > 90 days	-	-	-	-	-
Investments - Property, plant and equipment	-	-	-	-	-
Cash and investments available:	612 926	662 213	690 340	718 490	735 483
Application of cash and investments					
Trade payables from Non-exchange transactions: Other	2 387	538	538	538	538
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	286 419	341 341	420 445
Total Application of cash and investments:	217 500	223 246	260 665	281 314	341 004
Surplus(shortfall)	395 426	438 967	429 675	437 176	394 478

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 9 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 Law Enforcement Reaction 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	5 225	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	-	-
Total Capital Transfers and Grants	72 749	56 635	106 162	115 554	91 660
TOTAL RECEIPTS OF TRANSFERS & GRANTS	258 673	243 831	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
<u>Cash Transfers to Organisations</u>					
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
Tourism associations	1 530	1 530	1 595	1 672	1 750
Total Cash Transfers To Organisations	3 818	3 716	3 989	4 176	4 366
<u>Cash Transfers to Groups of Individuals</u>					
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	4 460	4 668	4 879

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
<u>Councillors (Political Office Bearers plus Other)</u>					
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%
<u>Senior Managers of the Municipality</u>					
Basic Salaries and Wages	9 227	9 227	9 761	10 278	10 817
Pension and UIF Contributions	1 716	1 716	1 789	1 882	1 981
Medical Aid Contributions	558	558	429	450	473
Performance Bonus	276	276	-	-	-
Motor Vehicle Allowance	909	909	761	761	761
Cellphone Allowance	286	286	251	251	251
Other benefits and allowances	278	278	197	207	217
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	14 741	15 324	16 033
% increase	5.7%	-	-	4.0%	4.6%
<u>Other Municipal Staff</u>					
Basic Salaries and Wages	168 420	170 593	191 886	204 878	219 863
Pension and UIF Contributions	30 125	30 409	34 172	36 708	39 434
Medical Aid Contributions	13 679	13 750	14 274	15 701	17 271
Overtime	14 342	15 334	14 882	15 392	16 022
Motor Vehicle Allowance	6 291	6 291	6 049	6 049	6 049
Cellphone Allowance	626	626	677	677	677
Housing Allowances	1 183	1 183	1 138	1 223	1 315
Other benefits and allowances	30 962	31 778	34 814	37 212	39 787
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	313 275	333 237	356 412
% increase	11.0%	1.6%	-	6.4%	7.0%
Total Parent Municipality	305 281	309 926	340 097	361 125	385 513
% increase	10.4%	1.5%	9.7%	6.2%	6.8%
TOTAL MANAGERS AND STAFF	294 029	298 366	328 016	348 561	372 446

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		
	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															
Revenue															
Exchange Revenue															
Service charges - Electricity	42 903	44 729	44 729	39 252	38 339	31 949	45 186	33 775	32 862	32 406	32 862	37 426	456 420	514 982	591 943
Service charges - Water	6 521	9 276	8 174	7 991	8 082	8 450	9 276	6 888	8 082	5 970	5 878	7 256	91 845	98 452	105 528
Service charges - Waste Water Management	4 114	4 114	4 165	4 165	4 165	4 216	4 216	4 317	4 317	4 368	4 368	4 266	50 790	53 400	56 179
Service charges - Waste Management	2 640	2 673	2 673	2 673	2 706	2 640	2 706	2 343	2 409	2 343	2 343	4 851	32 997	37 089	41 710
Sale of Goods and Rendering of Services	576	1 033	759	1 177	981	1 439	1 413	1 099	1 361	968	981	1 295	13 082	13 866	14 697
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	144	146	144	148	144	145	153	155	159	163	167	250	1 917	2 032	2 153
Operational Revenue	171	307	226	350	292	428	420	327	404	288	292	385	3 889	4 103	4 325
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	355	438	535	510	391	257	463	438	381	520	474	386	5 147	5 452	5 775
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	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	15 613	17 153	18 773
Gains on disposal of Assets	–	–	242	–	–	1 142	–	–	242	–	–	12 986	14 613	14 081	14 340
Total Revenue (excluding capital transfers and grants)	119 390	79 540	84 792	73 178	71 867	121 381	80 859	66 336	121 087	64 122	64 403	173 355	1 120 311	1 226 328	1 433 564

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	20 761	24 350	24 350	24 350	39 474	24 635	24 350	25 204	24 919	25 204	24 919	45 499	328 016	348 561	372 446
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	19 254	47 569	45 681	34 733	26 804	33 978	26 427	28 692	28 692	28 692	28 692	28 315	377 528	433 024	505 340
Inventory consumed	1 259	1 718	1 815	2 202	2 275	1 839	2 081	2 202	2 348	2 251	2 081	39 857	61 930	67 651	74 125
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	4 424	4 424	5 138	5 405
Depreciation and amortisation	-	-	-	-	13 698	13 698	13 698	13 698	13 698	13 698	13 698	18 735	114 623	127 232	131 837
Interest	-	-	-	-	-	5 594	-	-	-	-	-	8 892	14 486	18 879	18 143
Contracted services	5 167	5 031	4 419	3 808	5 779	5 507	5 779	7 819	7 071	5 371	6 255	5 983	67 991	68 145	163 158
Transfers and subsidies	3	1 085	813	136	26	736	384	3	440	3	230	602	4 460	4 668	4 879
Irrecoverable debts written off	-	-	-	-	-	-	-	23 037	-	-	-	9 873	32 910	35 961	39 121
Operational costs	3 261	3 545	3 119	3 214	4 064	4 017	3 214	5 577	4 962	4 632	4 064	13 775	57 443	59 977	62 173
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	50 659	84 252	81 152	69 397	93 077	90 959	76 888	107 307	83 206	80 926	81 016	205 360	1 104 200	1 214 888	1 421 515
Surplus/(Deficit)	68 731	(4 712)	3 640	3 781	(21 210)	30 422	3 971	(40 971)	37 880	(16 804)	(16 613)	(32 005)	16 111	11 440	12 049
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	68 731	(4 712)	30 487	3 781	(21 210)	57 269	3 971	(40 971)	64 727	(16 804)	(16 613)	(5 158)	123 498	127 034	103 709
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	68 731	(4 712)	30 487	3 781	(21 210)	57 269	3 971	(40 971)	64 727	(16 804)	(16 613)	(5 158)	123 498	127 034	103 709

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		
	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	36 670	15 197	15 882	15 219	15 188	41 076	15 423	15 382	40 177	15 371	15 374	78 072	319 030	343 539	366 726
Executive and council	13	24	18	27	23	34	33	26	32	23	23	30	305	312	318
Finance and administration	36 657	15 173	15 864	15 191	15 165	41 042	15 390	15 356	40 145	15 348	15 351	78 041	318 725	343 227	366 408
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	302	500	22 770	562	477	23 063	666	531	23 034	478	485	54 939	127 806	127 276	176 054
Community and social services	72	115	3 183	129	110	3 247	152	123	3 241	111	113	3 246	13 843	13 669	14 145
Sport and recreation	198	337	3 214	381	321	3 420	453	358	3 398	320	324	3 393	16 116	4 532	4 804
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	1 026	1 386	5 606	1 602	1 263	5 251	1 591	1 412	5 496	1 545	1 447	5 483	33 108	19 738	31 922
Planning and development	215	379	281	430	360	523	514	402	495	355	360	472	4 786	5 072	5 375
Road transport	810	1 008	5 325	1 173	903	4 728	1 077	1 010	5 001	1 189	1 087	5 012	28 322	14 666	26 547
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	81 390	62 455	67 379	55 792	54 936	78 835	63 177	49 008	79 224	46 726	47 095	61 704	747 719	851 334	950 483
Energy sources	45 724	45 112	51 022	39 638	38 721	40 700	45 576	34 159	41 612	32 787	33 244	43 772	492 067	553 649	642 527
Water management	11 962	9 776	8 709	8 505	8 579	14 034	9 815	7 400	13 662	6 471	6 380	7 882	113 175	123 760	142 633
Waste water management	14 611	4 453	4 569	4 518	4 496	14 901	4 593	4 658	14 992	4 693	4 694	4 726	85 903	92 584	95 893
Waste management	9 093	3 113	3 079	3 131	3 140	9 199	3 193	2 791	8 959	2 775	2 777	5 323	56 575	81 340	69 430
Other	3	3	3	3	3	3	3	3	3	3	3	4	34	36	39
Total Revenue - Functional	119 390	79 540	111 639	73 178	71 867	148 228	80 859	66 336	147 933	64 122	64 403	200 202	1 227 698	1 341 922	1 525 224

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	10 594	12 592	11 506	11 163	16 969	13 574	12 830	15 750	14 285	13 667	13 649	24 232	170 811	180 203	200 908
Executive and council	1 729	2 870	2 161	1 886	2 077	2 203	2 155	2 194	2 155	2 067	2 233	2 568	26 299	27 740	28 976
Finance and administration	8 610	9 443	9 077	9 008	14 462	11 077	10 401	13 216	11 809	11 288	11 116	21 201	140 708	149 481	168 748
Internal audit	255	279	269	269	429	294	274	339	321	312	299	463	3 803	2 983	3 184
Community and public safety	7 590	9 062	8 946	8 937	14 857	10 209	10 080	26 349	10 669	10 456	10 409	27 066	154 629	167 529	259 140
Community and social services	1 620	1 815	1 797	1 794	3 184	2 036	2 013	2 157	2 115	2 092	2 077	3 861	26 560	28 261	30 110
Sport and recreation	1 999	2 318	2 288	2 288	3 970	2 808	2 757	2 971	2 912	2 847	2 840	5 388	35 387	39 339	41 423
Public safety	3 742	4 677	4 611	4 605	7 168	4 961	4 912	20 739	5 230	5 107	5 085	17 142	87 980	93 683	99 423
Housing	228	252	250	249	535	403	398	481	412	411	407	675	4 702	6 246	88 184
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	2 798	3 054	2 967	2 934	9 275	8 005	7 769	8 225	8 092	7 872	7 919	23 319	92 229	96 103	97 399
Planning and development	1 313	1 430	1 398	1 379	2 271	1 474	1 450	1 624	1 568	1 514	1 517	2 487	19 428	19 964	21 031
Road transport	1 485	1 624	1 569	1 554	7 004	6 531	6 319	6 601	6 524	6 358	6 402	20 832	72 801	76 139	76 368
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	29 625	59 474	57 278	46 304	51 880	58 715	46 145	56 920	49 700	48 871	48 978	130 257	684 148	768 539	861 417
Energy sources	21 497	50 136	48 201	37 278	32 603	38 787	30 930	34 059	33 456	33 380	33 327	43 039	436 693	497 685	573 810
Water management	1 840	2 206	2 156	2 130	5 311	4 358	4 315	9 401	4 497	4 384	4 407	60 754	105 759	114 062	124 320
Waste water management	3 076	3 567	3 496	3 511	8 039	11 054	6 307	7 511	6 655	6 446	6 459	14 758	80 880	89 552	92 829
Waste management	3 211	3 566	3 425	3 385	5 928	4 516	4 593	5 948	5 092	4 661	4 785	11 705	60 816	67 240	70 457
Other	49	67	452	57	92	452	61	58	455	56	58	527	2 384	2 514	2 651
Total Expenditure - Functional	50 656	84 249	81 149	69 395	93 073	90 956	76 884	107 302	83 202	80 922	81 012	205 401	1 104 200	1 214 888	1 421 515
Surplus/(Deficit) before assoc.	68 735	(4 709)	30 490	3 784	(21 206)	57 272	3 975	(40 966)	64 732	(16 800)	(16 609)	(5 199)	123 498	127 034	103 709
Intercompany/Parent subsidiary												–	–	–	–
Surplus/(Deficit)	68 735	(4 709)	30 490	3 784	(21 206)	57 272	3 975	(40 966)	64 732	(16 800)	(16 609)	(5 199)	123 498	127 034	103 709

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	645	3 103	2 208	522	978	208	68	13	13	13	8 304	2 200	3 657
Executive and council	–	4	6	684	4	4	–	2	–	–	–	–	704	24	24
Finance and administration	–	528	639	2 419	2 204	518	978	206	68	13	13	13	7 600	2 176	3 633
Community and public safety	500	510	1 718	1 600	3 964	1 230	3 282	4 220	4 404	3 586	3 200	2 000	30 214	7 892	3 521
Community and social services	–	–	300	440	210	–	40	10	30	20	200	–	1 250	100	400
Sport and recreation	500	500	760	1 020	2 768	1 210	3 222	4 210	4 359	3 466	3 000	2 000	27 015	6 848	2 035
Public safety	–	10	658	140	986	20	20	–	15	100	–	–	1 949	944	1 086
Economic and environmental service	5 957	1 963	4 119	5 008	6 695	6 985	3 392	5 633	5 693	3 433	2 733	233	51 843	72 167	37 981
Planning and development	5 457	1 463	3 186	258	1 745	438	542	433	393	233	233	233	14 612	49 944	906
Road transport	500	500	933	4 750	4 950	6 548	2 850	5 200	5 300	3 200	2 500	–	37 231	22 223	37 075
Trading services	2 724	5 436	7 363	7 874	11 017	10 516	10 732	7 478	13 484	13 624	13 219	12 613	116 077	137 149	163 624
Energy sources	258	1 265	1 877	2 538	4 783	4 530	5 038	2 561	7 788	8 663	8 523	8 417	56 241	71 180	63 157
Water management	566	1 066	571	1 071	1 276	1 786	771	171	86	322	316	66	8 064	10 383	32 584
Waste water management	1 800	3 005	4 716	3 910	4 203	4 195	4 187	4 190	5 560	3 889	4 130	4 130	47 915	25 759	35 276
Waste management	100	100	200	355	755	5	736	556	50	750	250	–	3 857	29 826	32 607
Total Capital Expenditure - Functional	9 181	8 440	13 846	17 584	23 884	19 253	18 384	17 539	23 648	20 655	19 164	14 858	206 438	219 408	208 785
Funded by:															
National Government	1 158	1 500	2 683	4 000	5 200	2 750	2 750	5 200	6 200	7 150	7 000	4 000	49 591	50 664	61 660
Provincial Government	6 457	3 463	7 046	4 133	6 532	4 363	4 333	4 523	4 523	4 199	4 113	4 113	57 796	64 930	30 000
Transfers recognised - capital	7 615	4 963	9 729	8 133	11 732	7 113	7 083	9 723	10 723	11 349	11 113	8 113	107 387	115 594	91 660
Internally generated funds	1 566	3 478	4 117	9 451	12 152	12 141	11 301	7 816	12 926	9 307	8 052	6 746	99 051	103 814	117 125
Total Capital Funding	9 181	8 440	13 846	17 584	23 884	19 253	18 384	17 539	23 648	20 655	19 164	14 858	206 438	219 408	208 785

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	122 532	97 654	117 885
Roads Infrastructure	40 221	32 948	25 914	2 995	17 600
Roads	40 221	32 948	25 914	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	3 297	1 941	6 335
Boreholes	740	740	500	–	500
Distribution	3 567	2 283	2 797	1 941	5 835
Sanitation Infrastructure	3 002	1 757	44 420	15 148	30 000
Pump Station	800	551	1 100	–	–
Reticulation	2 202	1 207	43 320	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	5 700	1 100
Community Facilities	1 100	1 100	2 000	1 200	1 100
Cemeteries/Crematoria	–	–	900	–	–
Parks	1 100	1 100	1 100	1 100	1 100
Markets	–	–	–	100	–
Sport and Recreation Facilities	3 100	3 400	13 700	4 500	–
Outdoor Facilities	3 100	3 400	13 700	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	320	339	–
Servitudes	–	–	–	–	–
Licences and Rights	420	420	320	339	–
Computer Software and Applications	420	420	320	339	–
Computer Equipment	3 704	4 084	1 977	1 157	2 176
Computer Equipment	3 704	4 084	1 977	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	4 199	2 555	7 486	2 021
Machinery and Equipment	4 219	4 199	2 555	7 486	2 021
Transport Assets	13 252	11 978	10 479	10 674	13 747
Transport Assets	13 252	11 978	10 479	10 674	13 747
Land	2 630	421	–	–	–
Land	2 630	421	–	–	–
Total Capital Expenditure on new assets	120 197	99 758	170 662	173 882	138 395

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					
Repairs and maintenance expenditure by Asset Class/Sub-class					
Infrastructure	46 838	48 609	46 223	47 323	51 077
Roads Infrastructure	9 823	9 837	5 789	6 019	6 263
Roads	9 754	9 768	5 717	5 946	6 187
Road Furniture	69	69	71	73	75
Storm water Infrastructure	19 334	19 336	20 911	21 745	23 307
Storm water Conveyance	19 334	19 336	20 911	21 745	23 307
Electrical Infrastructure	2 616	2 807	3 267	3 469	3 688
MV Substations	165	165	178	191	206
LV Networks	2 451	2 642	3 089	3 278	3 482
Water Supply Infrastructure	1 543	1 590	1 862	1 707	1 768
Reservoirs	1 135	1 182	1 219	1 256	1 293
Pump Stations	146	146	153	161	169
Distribution	262	262	490	290	306
Sanitation Infrastructure	5 609	4 889	5 874	5 464	6 561
Pump Station	967	972	1 001	1 031	1 061
Waste Water Treatment Works	4 641	3 917	4 873	4 434	5 500
Solid Waste Infrastructure	7 912	10 150	8 520	8 919	9 490
Landfill Sites	7 912	10 150	8 520	8 919	9 490
Community Assets	3 384	3 200	3 224	3 354	3 511
Community Facilities	2 227	2 037	2 307	2 412	2 542
Halls	404	404	423	442	462
Centres	1 544	1 354	1 621	1 702	1 787
Libraries	50	50	50	50	50
Cemeteries/Crematoria	109	109	114	118	123
Parks	120	120	100	100	120
Sport and Recreation Facilities	1 156	1 163	917	942	968
Indoor Facilities	100	100	100	100	100
Outdoor Facilities	1 056	1 063	817	842	868
Other assets	1 703	1 993	1 748	1 763	11 641
Operational Buildings	996	1 286	1 091	1 088	1 137
Municipal Offices	996	1 286	1 091	1 088	1 137
Housing	707	707	657	675	10 504
Staff Housing	207	207	217	228	240
Social Housing	500	500	440	447	10 264
Intangible Assets	4 297	4 297	5 092	5 659	5 560
Servitudes		–	–	–	–
Licences and Rights	4 297	4 297	5 092	5 659	5 560
Computer Software and Applications	4 297	4 297	5 092	5 659	5 560
Computer Equipment	337	337	428	447	467
Computer Equipment	337	337	428	447	467
Furniture and Office Equipment	70	70	58	59	60
Furniture and Office Equipment	70	70	58	59	60
Machinery and Equipment	1 408	1 371	1 361	1 387	1 415
Machinery and Equipment	1 408	1 371	1 361	1 387	1 415
Transport Assets	6 306	6 336	7 235	8 363	8 987
Transport Assets	6 306	6 336	7 235	8 363	8 987
	79				
Total Repairs and Maintenance Expenditure	64 342	66 213	65 369	68 357	82 718

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
<u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u>					
<u>Infrastructure</u>	50 649	46 136	12 111	21 526	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	6 150	9 800	12 300
<i>MV Networks</i>	1 000	750	1 100	–	7 000
<i>LV Networks</i>	7 450	7 870	5 050	9 800	5 300
<i>Capital Spares</i>	–	–	–	–	–
Water Supply Infrastructure	24 956	29 008	4 300	7 960	25 260
<i>Reservoirs</i>	–	–	–	–	500
<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	1 411	3 516	3 980
<i>Pump Station</i>	–	–	–	–	1 480
<i>Reticulation</i>	–	–	–	500	1 500
<i>Waste Water Treatment Works</i>	16 993	8 259	1 411	3 016	1 000
<i>Outfall Sewers</i>	–	–	–	–	–
<u>Community Assets</u>	–	–	12 166	–	300
Community Facilities	–	–	200	–	300
<i>Cemeteries/Crematoria</i>	–	–	200	–	300
Sport and Recreation Facilities	–	–	11 966	–	–
<i>Indoor Facilities</i>	–	–	–	–	–
<i>Outdoor Facilities</i>	–	–	11 966	–	–
Total Capital Expenditure on upgrading of existing a	50 649	46 136	24 277	21 526	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
Capital expenditure					
Vote 1 - Corporate Services	176	128	130	132	134
Vote 2 - Civil Services	86 708	80 148	101 432	115 916	177 645
Vote 3 - Council	692	12	12	12	12
Vote 4 - Electricity Services	57 758	71 987	65 033	29 574	26 484
Vote 5 - Financial Services	2 052	661	595	36	443
Vote 6 - Development Services	57 090	65 516	40 484	88	92
Vote 7 - Municipal Manager	12	12	12	12	12
Vote 8 - Protection Services	1 949	944	1 086	5 110	832
Total Capital Expenditure	206 438	219 408	208 785	150 880	205 654
Future operational costs by vote					
Vote 2 - Civil Services	2 568	2 713	3 098	3 387	3 586
Vote 9 - [NAME OF VOTE 9]					
Total future operational costs	2 568	2 713	3 098	3 387	3 586
Net Financial Implications	209 007	222 121	211 883	154 266	209 241

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

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	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	Transport Assets	Transport Assets	-	-	48 315
45	Roads: CK14865 Nissan UD85	Vote 2 - Civil Services	Road Transport	CRR	Transport Assets	Transport Assets	-	-	1 378 850
46	Roads: CK43175 Betonmenger	Vote 2 - Civil Services	Road Transport	CRR	Transport Assets	Transport Assets	-	-	48 315
47	Ward Committee Projects: Roads	Vote 2 - Civil Services	Road Transport	CRR	Roads Infrastructure	Roads	1 000 000	1 000 000	1 000 000
48	Ward Committee Projects: Roads	Vote 2 - Civil Services	Road Transport	CRR	Roads Infrastructure	Roads	100 000	100 000	100 000
49	Roads: CK18925 UD85	Vote 2 - Civil Services	Road Transport	CRR	Transport Assets	Transport Assets	1 316 175	-	-
50	Roads: CK15928 Dezzi Grader	Vote 2 - Civil Services	Road Transport	CRR	Machinery and Equipment	Machinery and Equipment	-	4 227 975	-
51	Swimming Pool: Wesbank	Vote 2 - Civil Services	Sport and Recreation	CRR	Sport and Recreation Facilities	Outdoor Facilities	12 000 000	4 500 000	-
52	Upgrading of Ilings Lethu Sports Fields	Vote 2 - Civil Services	Sport and Recreation	MIG	Community Assets	Outdoor Facilities	10 000 000	-	-
53	Upgrading of Ilings Lethu Sports Fields	Vote 2 - Civil Services	Sport and Recreation	CRR	Community Assets	Outdoor Facilities	1 000 000	-	-
54	Sportgrounds: Blower Mower: sn 15678 (replace	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	-	57 600
55	Sportgrounds: Blower Mower: sn 12803 (replace	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	-	57 600
56	Sportgrounds: Blower Mower: sn 34299-13011 (Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	-	57 600
57	Sportgrounds: Water Canon: sn 17945(replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	-	53 000
58	Construction of Sport Facilities: Swartland	Vote 2 - Civil Services	Sport and Recreation	Dept. CA ar	Community Assets	Outdoor Facilities	966 000	-	-
59	Sportgrounds: Blower Mower: sn 20134 (replace	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	54 700	-
60	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	200 000	200 000	200 000
61	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	20 000	20 000	20 000
62	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	30 000	30 000	30 000
63	Voortrekker Street: Canal upgrading	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	-	-	1 000 000
64	Equipment: Streets and Stormwater	Vote 2 - Civil Services	Waste Water Management	CRR	Machinery and Equipment	Machinery and Equipment	64 000	66 000	68 000
65	Water networks: Upgrades and Replacement (CRR)	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	2 000 000	2 000 000	4 000 000
66	Water: Upgrading water reticulation network: PRV	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	PRV Stations	100 000	200 000	800 000
67	Bulk water infrastructure (emergency spending)	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	2 000 000	500 000	700 000
68	Connections: Water Meters (New/Replacements)	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	787 216	930 993	1 025 092
69	Connections: Water Meters (New/Replacements)	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	10 000	10 000	10 000
70	Equipment : Water	Vote 2 - Civil Services	Water Management	CRR	Machinery and Equipment	Machinery and Equipment	51 000	53 000	55 000
71	Water: CK10564 Toyota Hilux 3.0 D4D 4x4	Vote 2 - Civil Services	Water Management	CRR	Transport Assets	Transport Assets	-	-	454 300
72	Swartland System S3.3 & S3.4 Panoramic	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	1 000 000	-	-
73	Darling SDW2.4 & SDW2.5, SDW1.2 & SDW2.1 w	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	700 000	1 563 822	-
74	Darling SDW2.4 & SDW2.5, SDW1.2 & SDW2.1 w	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	2 591 464	3 000 000
75	Upgrading: Ongegrond Water Supply System (Res	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Reservoirs	-	-	500 000
76	Water: CK15380 Isuzu 250 Crew Cab	Vote 2 - Civil Services	Water Management	CRR	Transport Assets	Transport Assets	915 600	-	-
77	Malmesbury SMW1.3 Wesbank Reservoir to Malm	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	500 000	800 000
78	Malmesbury SMW1.3 Wesbank Reservoir to Malm	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	-	5 660 000
79	Swartland System S12.2 CoCT WTP to Swartland	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	-	500 000
80	Chatsworth/Riverlands upgrade bulk water suppl	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Bulk Mains	500 000	500 000	5 000 000
81	Chatsworth/Riverlands upgrade bulk water suppl	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Bulk Mains	-	-	5 000 000
82	Kalbaskraal Booster: Replace pumpsets	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Pump Station	-	-	480 000
83	Riebeeck Wes: Commissioning of Borehole	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Boreholes	-	-	500 000

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
84	Moorreesburg SMOw2.3 water network upgrade	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	480 159	-
85	Moorreesburg SMOw2.3 water network upgrade	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	124 055	-
86	Malmesbury Irrigation: Replace pumpsets	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	500 000	-
87	Mobile water pumps x 4 (replacement)	Vote 2 - Civil Services	Water Management	CRR	Machinery and Equipment	Machinery and Equipment	-	150 000	-
88	Compactor replacement x 3	Vote 2 - Civil Services	Water Management	CRR	Machinery and Equipment	Machinery and Equipment	-	280 000	-
89	Boreholes for Landfill sites	Vote 2 - Civil Services	Waste Management	CRR	Water Supply Infrastructure	Boreholes	500 000	-	-
90	Highlands: Development of new cell (CRR)	Vote 2 - Civil Services	Waste Management	CRR	Solid Waste Infrastructure	Landfill Sites	2 000 000	7 000 000	25 000 000
91	Highlands: Development of new cell (MIG)	Vote 2 - Civil Services	Waste Management	MIG	Solid Waste Infrastructure	Landfill Sites	-	18 670 000	-
92	Koringberg: New Transfer Station	Vote 2 - Civil Services	Waste Management	CRR	Solid Waste Infrastructure	Waste Drop-off Points	500 000	-	-
93	Equipment : Refuse bins, traps, skips (Swartland)	Vote 2 - Civil Services	Waste Management	CRR	Machinery and Equipment	Machinery and Equipment	150 000	160 000	170 000
94	Equipment : Refuse Removal	Vote 2 - Civil Services	Waste Management	CRR	Machinery and Equipment	Machinery and Equipment	26 000	28 000	30 000
95	Refuse: CK29021 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	697 675	-
96	Refuse: New compactor to extend capacity	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	-	3 346 750
97	Refuse: CK21988 Nissan UD CW26 370 FC	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	3 270 688	-
98	Refuse: CK33676 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	-	713 900
99	Refuse: CK37359 Nissan UD330	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	-	3 346 750
100	Refuse: CK43134 Nissan UD35A	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	681 450	-	-
101	Equipment : Development Services	Vote 6 - Development Service	Planning and Development	CRR	Furniture and Office Equipment	Furniture and Office Equipment	44 000	46 000	48 000
102	Tenstile Netting over seating area of Amfiteater:	Vote 6 - Development Service	Planning and Development	RSEP	Sport and Recreation Facilities	Outdoor Facilities	500 000	-	-
103	Tenstile Netting over seating area of Amfiteater:	Vote 6 - Development Service	Planning and Development	CRR	Sport and Recreation Facilities	Outdoor Facilities	500 000	-	-
104	LED Trading Stalls:Darling	Vote 6 - Development Service	Planning and Development	CRR	Community Facilities	Markets	-	100 000	-
105	YZF Caravan Park: Expansion	Vote 6 - Development Service	Sport and Recreation	CRR	Sport and Recreation Facilities	Outdoor Facilities	700 000	-	-
106	Equipment: YZF Caravan Park	Vote 6 - Development Service	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	32 000	34 000	36 000
107	YZF Caravan Park: CK39039 Isuzu KB250D	Vote 6 - Development Service	Sport and Recreation	CRR	Transport Assets	Transport Assets	-	446 265	-
108	Malmesbury De Hoop (Professional Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	2 300 000	-	-
109	Malmesbury De Hoop Serviced Sites (Prof Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	3 200 000	852 000	-
110	Malmesbury De Hoop Serviced Sites (Sewerage)	Vote 6 - Development Service	Waste Water Management	Dept. Humz	Sanitation Infrastructure	Reticulation	41 800 000	15 148 000	30 000 000
111	Malmesbury De Hoop Serviced Sites (Phola Park)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	124 000	-	-
112	Malmesbury De Hoop Serviced Sites (Phola Park)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	1 736 000	-	-
113	Malmesbury De Hoop Serviced Sites (Bulk)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	500 000	-	-
114	Darling 186 (Professional Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	1 000 000	400 000	-
115	Darling Serviced Sites (186) Phase 1	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	2 000 000	7 820 000	-
116	Darling Serviced Sites (327) Prof Fees Phase 2	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	454 000	1 120 000	-
117	Moorreesburg (Professional Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	2 200 000	2 608 000	-
118	Moorreesburg Serviced Sites (652)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	-	36 092 000	-
119	Moorreesburg Bulk: Water (Omega Str)	Vote 6 - Development Service	Water Management	CRR	Water Supply Infrastructure	Distribution	-	-	3 100 000
120	De Hoop Bulk: Water - Wesbank (Phase 3)	Vote 6 - Development Service	Water Management	CRR	Water Supply Infrastructure	Distribution	-	-	1 000 000
121	De Hoop Bulk: Prof Fees (Phase 4)	Vote 6 - Development Service	Planning and Development	CRR	Housing	Social Housing	-	-	800 000
122	De Hoop Bulk: Streets - Darling Link (Phase 4)	Vote 6 - Development Service	Road transport	CRR	Roads Infrastructure	Roads	-	-	5 500 000
123	Chatsworth Serviced Sites (Prof Fees)	Vote 6 - Development Service	Planning and Development	Dept. Humz	Housing	Social Housing	-	850 000	-

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
124	Malmesbury: Saamstaan/De Hoop area: Upgradin	Vote 4 - Electricity Services	Energy Sources	INEP	Electrical Infrastructure	MV Networks	23 658 000	25 000 000	35 000 000
125	Moorreesburg Development 600 IRDP erven. Elec	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	-	5 000 000	5 300 000
126	Yzerfontein upgrading of Eskom supply capacity	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	-	2 500 000
127	Yzerfontein 6 industrial erven at Fishmarket. Ele	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	-	4 500 000
128	Outdoor Skid mounted Generator for Malmesbur	Vote 4 - Electricity Services	Energy Sources	CRR	Machinery and Equipment	Machinery and Equipment	1 100 000	-	-
129	Outdoor Skid mounted Generator for Malmesbur	Vote 4 - Electricity Services	Energy Sources	CRR	Machinery and Equipment	Machinery and Equipment	100 000	-	-
130	Replace oil insulated switchgear and equipment	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Switching Stations	4 500 000	-	-
131	Replace oil insulated switchgear and equipment	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Switching Stations	500 000	-	-
132	LV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	100 000	-	-
133	LV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	1 100 000	-	-
134	MV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	100 000	-	-
135	MV Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	1 000 000	-	-
136	Substation Fencing: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Substations	180 000	-	-
137	Substation Fencing: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Substations	20 000	-	-
138	Connections: Electricity Meters (New/Replaceme	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	20 000	20 000	20 000
139	Connections: Electricity Meters (New/Replaceme	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	830 000	880 000	930 000
140	Darling 184 IRDP erven. Electrical bulk supply, ii	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	200 000	4 800 000	-
141	Malmesbury Illing Lethu. Formalisation of ~220	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	3 000 000	-	-
142	132/11kV Eskom Schoonspruit substation, 132k	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Substations	16 042 000	25 700 000	2 700 000
143	132/11kV Eskom Schoonspruit substation, 132k	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Substations	300 000	300 000	300 000
144	ELECT Renewal of old/aging electrical networks/r	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	-	8 500 000	9 300 000
145	Streetlight, kiosk and polebox replacement: Swar	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	650 000	-	-
146	Protection and Scada Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Switching Stations	350 000	-	-
147	Malmesbury Security Operational Centre: Commu	Vote 4 - Electricity Services	Energy Sources	CRR	Computer Equipment	Computer Equipment	200 000	200 000	200 000
148	Replacement of obsolete air conditioners	Vote 4 - Electricity Services	Energy Sources	CRR	Furniture and Office Equipme	Furniture and Office Equipmen	200 000	250 000	250 000
149	Equipment: Electric	Vote 4 - Electricity Services	Energy Sources	CRR	Machinery and Equipment	Machinery and Equipment	360 000	380 000	400 000
150	Emergency Power Supply	Vote 4 - Electricity Services	Energy Sources	CRR	Computer Equipment	Computer Equipment	150 000	150 000	100 000
151	Elec: CK29443 Isuzu N Series & Crane	Vote 4 - Electricity Services	Energy Sources	CRR	Transport Assets	Transport Assets	1 581 300	-	-
152	Elec: CK14498 Isuzu NPS300 4x4 & Cherry p	Vote 4 - Electricity Services	Energy Sources	CRR	Transport Assets	Transport Assets	-	-	1 656 600
153	Backup Solution	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	560 000	-	-
154	Terminals	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	40 000	-	40 000
155	Monitor Replacements	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	-	-	45 000
156	Scanner Replacements	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	80 000	-	-
157	Equipment: Information Technology	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	75 000	75 000	75 000
158	Printers	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	68 000	60 000	60 000
159	DeskTops	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	264 000	278 000	291 000
160	Notebooks	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	375 000	394 000	415 000
161	Communications and equipment: Time and Atter	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	-	-	950 000
162	Equipping Law Enf Office: Moorreesburg	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	55 000	-	-

PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26
163 Equipment : Financial	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	45 000	32 000	34 000
164 Finance: CK40700 Citi Golf 310	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	282 765	-	-
165 Finance: CK40701 Citi Golf 310	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	-	289 498	-
166 Meterreading Handhelds	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	80 000	-	80 000
167 Indigent Screening Solution	Vote 5 - Financial Services	Finance and Administration	CRR	Intangible Assets	Computer Software and Applic	320 320	339 321	-
168 Finance: CK22572 Nissan NP300 Hardbody	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	-	-	481 360
169 Finance: CK14227 Chevrolet Aveo	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	282 765	-	-
170 Finance: CK18439 Chevrolet Aveo	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	282 765	-	-
171 Finance: CK42165 Chevrolet Aveo (Replace with	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	459 480	-	-
172 Finance: CK41089 Chevrolet Aveo	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	282 765	-	-
173 Asset Recording Handhelds	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	16 500	-	-
174 Traffic: CK41293 Toyota Hilux DC 2.5D SRX	Vote 8 - Protection Services	Public Safety	CRR	Transport Assets	Transport Assets	-	684 238	-
175 Replacement: Drones	Vote 8 - Protection Services	Public Safety	CRR	Computer Equipment	Computer Equipment	110 000	-	-
176 Equipment: Protection	Vote 8 - Protection Services	Public Safety	CRR	Machinery and Equipment	Machinery and Equipment	55 000	60 000	60 000
177 Law enforcement: CK32531 Quantam	Vote 8 - Protection Services	Public Safety	CRR	Transport Assets	Transport Assets	-	-	866 250
178 Traffic: CK39217 Chevrolet Aveo 1.6	Vote 8 - Protection Services	Public Safety	CRR	Transport Assets	Transport Assets	329 123	-	-
179 Traffic: CK43672 Chevrolet Aveo	Vote 8 - Protection Services	Public Safety	CRR	Transport Assets	Transport Assets	329 123	-	-
180 Equipment : Fire Fighting	Vote 8 - Protection Services	Public Safety	CRR	Machinery and Equipment	Machinery and Equipment	160 000	160 000	160 000
181 Equipment : K9 Unit	Vote 8 - Protection Services	Public Safety	Com Safety	Machinery and Equipment	Machinery and Equipment	40 000	40 000	-
182 New Fire Fighting Vehicle	Vote 8 - Protection Services	Public Safety	FSCBG	Transport Assets	Transport Assets	926 000	-	-
183 Equipment : MM	Vote 7 - Municipal Manager	Executive and Council	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	12 000	12 000	12 000
184 Equipment : Council	Vote 3 - Council	Executive and Council	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	12 000	12 000	12 000
185 Council: CK15265 Caravelle Kombi 2.5 TDI	Vote 3 - Council	Executive and Council	CRR	Transport Assets	Transport Assets	680 000	-	-
186 Equipment : Corporate	Vote 1 - Corporate Services	Finance and Administration	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	26 000	28 000	30 000
187 Equipment: Libraries	Vote 1 - Corporate Services	Community and Social Servic	Dept. CA ar	Furniture and Office Equipmen	Furniture and Office Equipmen	50 000	-	-
188 Equipment Corporate: Buildings & Swartland Hal	Vote 1 - Corporate Services	Community and Social Servic	CRR	Furniture and Office Equipmen	Furniture and Office Equipmen	100 000	100 000	100 000
GRAND TOTAL						206 438 235	219 407 866	208 784 689

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: 23.03.2023

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

"ANNEXURE A-2"

Project Description	Preceding Years	Actual	Nature	Location	Budget Year	Budget Year	Budget Year	Forecast	Forecast	Sum of Future Years	Total Project Value	Funding Sources	Future Operational Cost	Operating Impact absorbed by:	Sec 33 Triggered Y / N
	Costs / Budget	2022/23			2023/24	2024/25	2025/26	2026/27	2027/28	Estimate	Estimate				
Sewerage Works: Moorreesburg	R 61 440 604	R 812 107	Upgrading Waste Water Treatment Works in Moorreesburg	Moorreesburg	R 1 008 681	R -	R -	R -	R -	R -	R 63 261 392	CRR	Future operational cost (e.g. Interest, repairs & maintenance, depreciation, etc) of R8 380 019 starting from 2023/24 to 2025/26	Existing Sewerage Revenue Regime	Y
Sewerage Works: Moorreesburg	R 40 919 033	R -		Moorreesburg	R -	R -	R -	R -	R -	R -	R 40 919 033	MIG			Y
Malmesbury 132/11kV Schoonspruit substation, 132kV transmission line, servitudes and 132kV Eskom connection	R -	R 77 386	Upgrading of bulk electricity supply	Malmesbury	R 23 658 000	R 26 000 000	R 3 000 000	R 33 000 000	R -	R -	R 85 735 386	CRR	Future operating costs will be covered by the Electricity maintenance budget	Existing Electricity Revenue Regime	N
Malmesbury De Hoop Development: Electrical Bulk supply upgrading (INEP)	R 8 354 435	R 5 143 086	Upgrading of bulk electricity supply	Malmesbury	R -	R 25 000 000	R 35 000 000	R -	R -	R -	R 73 497 521	INEP	Future operating costs will be covered by the Electricity maintenance budget	Existing Electricity Revenue Regime	N