



Dr. Beyers Naudé

MUNICIPALITY | MUNISIPALITEIT | UMASIPALA

rising together for development

**DRAFT BUDGET
2023/24 – 2025/26**

CHURCH SQUARE
PO BOX 71
GRAAFF-REINET
TEL: 049 807 5700
FAX: 049 892 4319
EMAIL: municipality@bnlm.gov.za
www.bnlm.gov.za

TABLE OF CONTENTS

PART 1 – ANNUAL BUDGET

- 1.1 Mayor's Report
- 1.2 Council Resolutions
- 1.3 Executive Summary
- 1.4 Operating Revenue Framework
- 1.5 Operating Expenditure Framework
- 1.6 Capital Expenditure
- 1.7 Annual Budget Tables

PART 2 – SUPPORTING DOCUMENTATION

- 2.1 Overview of annual budget process
- 2.2 Alignment of annual budget with Integrated Development Plan
- 2.3 Overview of budget related policies
- 2.4 Overview of budget assumptions
- 2.5 Overview of budget funding
- 2.6 Allocations and grants made by the municipality
- 2.7 Councillors' and employee benefits
- 2.8 Annual budgets and service delivery and budget implementation plans – Directorates
- 2.9 Legislation compliance status
- 2.10 Municipal Manager's quality certification

PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

To be included in final budget.

1.2 COUNCIL RESOLUTIONS

The mayor recommends that the Council resolves that:

1. The annual budget of the Dr Beyers Naude Municipality for the financial year 2023/24 and the indicative allocations for the projected outer years 2024/25 and 2025/26; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, as set out in the following tables:

- 1.1 Consolidated Budget Summary – Schedule A1
- 1.2 Budgeted Financial Performance (revenue and expenditure by standard classification) – Schedule A2
- 1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Schedule A3
- 1.4 Budgeted Financial Performance (revenue by source and expenditure by type) – Schedule A4
- 1.5 and multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source – Schedule A5

2. The draft budgeted financial position, budgeted cash flows, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

- 2.1 Budgeted Financial Position – Schedule A6
- 2.2 Budgeted Cash Flows – Schedule A7
- 2.3 Cash backed reserves and accumulated surplus reconciliation – Schedule A8
- 2.4 Asset management – Schedule A9
- 2.5 Basic service delivery measurement – Schedule A10
(These schedules will be included as Annexures to the budget document)

3. The service tariffs and property rates be increased as per the tariffs schedule with effect from 1 July 2023

4. The indicative tariffs for 2023/2024 to 2025/2026 be increased as follows:

	2023/2024	2024/2025	2025/2026
Property rates	8%	5%	5%
Water	5.3%	5%	5%
Sanitation	5.3%	5%	5%
Refuse	5.3%	5%	5%
Electricity	21%	9%	9%

5. That the detailed capital budget as be approved
6. That the tariffs, fees, and charges as reflected on the tariff list, in terms of Section 30 (2) and 93 4) of the Local Government: Municipal Structures Act, Act No: 117 of 1998 (as amended), read with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, be approved with effect 1 July 2023

7. That the following draft reviewed budget related policies be approved:
- (a) Credit control and debt collection
 - (b) Tariff policy
 - (c) Supply Chain Management Policy
 - (d) Asset management policy
 - (e) Cash management, banking & investment policy
 - (f) Budget policy
 - (g) Virement policy
 - (h) Funding and reserve policy
 - (i) Borrowing policy
 - (j) Indigent support policy
 - (k) Rates Policy
 - (l) Contract Management Policy
 - (m) Unauthorised, Fruitless & Wasteful and Irregular Expenditure policy
 - (n) Rewards, gifts, and favours policy
 - (o) Inventory management policy
 - (p) Transport and fleet management policy
 - (q) Cost containment policy
 - (r) Long term financial planning policy

8. That the following draft by-laws be approved and be published for public comments
- (a) Tariff by-law
 - (b) Credit control and debt collection by-law
 - (c) Rates by-law

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as outlined in the IDP, informed the development of the Budget, including the need to maintain and improve the Municipality’s financial sustainability. Furthermore, cost containment measures are being implemented to curb costs and to improve operational efficiency.

National Treasury’s MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94, 98, 99, 107, 108, 115, 122 and 123 were used to guide the compilation of the 2023/24 Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality faced the following significant challenges during the compilation of the 2023/24 MTREF:

- Maintaining revenue collection rates at the targeted levels.
- Maintaining electricity and water losses at acceptable levels.
- Fully implementing cost containment measures.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure; and
- Maintaining an acceptable cost coverage ratio.
- Drought conditions currently faced by the municipality and surrounding areas.

The following budgeting principles and guidelines directly informed the compilation of the 2023/24 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The level of property rates and tariff increases to consider the need to address maintenance and infrastructural backlogs.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- The need to enhance the municipality’s revenue base.
- Implementation of the cost containment regulations.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.

In view of the, the following table represents an overview of the 2023/24 Medium-term Revenue and Expenditure Framework:

Table 1 (Overview of the 2023/24 MTREF)

	Current Year	2023/24 Medium Term Revenue and Expenditure		
	Adjusted Budget 2022/23 R	Budget Year 2023/24 R	Budget Year +1 2023/24 R	Budget Year +2 2024/25 R
Total Revenue	-581 392 045	-547 441 216	-559 807 859	-593 249 436
Total Expenditure	531 979 338	544 249 465	567 205 757	609 919 670
Surplus/(Deficit)	-49 412 707	-3 191 750	7 397 898	16 670 233
Capital Expenditure	64 613 500	74 050 300	50 065 500	22 435 000

The municipality is showing an operational surplus, however the budget remains unfunded, when we consider the current outstanding debtors’ and creditors’ balances. As it stands, agreements have been

entered into with some creditors, but the full Eskom balance remains payable immediately, until such a time as an agreement is signed.

However, MFMA circular 123 has highlighted the Municipal Debt Relief that is conditional, and application based, has therefore been sanctioned where Eskom will write-off all debt municipalities owe as on 31 March 2023 (excluding the March 2023 current account). This will be done over three national financial years and require as a critical qualification that municipalities monthly honour their current (monthly consumption).

There is a general increase in revenue, as result of tariff increases and continued implementation of cost reflective tariffs. This however is set-off by the anticipated decrease in the proceeds from the sale of land. The revenue is also affected negatively by the impact of the ongoing drought and loadshedding which cuts across all services as most depend on electricity.

Total operating revenue has decreased by 6% or R33.9 million for the 2023/24 financial year, compared to the 2022/23 Adjustments Budget.

The municipality completed investigations into cost of supply and a baseline tariff was established for each service in 2019 to 2022. Thorough investigations were also concluded on electricity tariffs, the effect of the wheeling agreement with Eskom and management has completed physical verification of bulk consumer meters. The intention of the physical verification was to ensure that all possible tampering is identified for these users, correct meters are installed and are functional and to ensure that each user is linked to the correct tariff. A lot of work has been performed and the project is expected to continue into the 2023/24 financial year.

For the two outer years, operational revenue increases by 2% and 6% respectively.

Total operating expenditure for the 2023/24 financial year amounts to R544 million, resulting in a budgeted operating surplus of R3.2 million. Compared to the 2022/23 Adjustments Budget, operational expenditure increased by 12.3 million. The municipality is currently struggling financially, and cost containment measures are implemented. Cost containment measures include a monthly curb on overtime, acting allowances and travel expenses. It also includes the stopping of non-essential procurement.

For the two outer years, operational expenditure increases by 4% and 7% respectively. The 2024/25 and 2025/26 budgets reflect operating deficits of R7.4 million and R16.7 million respectively.

The major operating expenditure items for 2023/24 are remuneration (council and employees) (35.23%), bulk electricity purchases (24.04%), depreciation (12%), Repairs and Maintenance (7.63%) and other expenditure (28.73%).

Funding for the 2023/24 Operating Budget is funded from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection (48.82%), property rates (8.23%), grants and subsidies received from National and Provincial Governments (36.63%).

To fund the 2023/24 Operating Budget, the following increases in property rates and service charges will be affected with effect from 1 July 2023:

Property rates:	Increase with 8%
Water:	Increase with 5.3%
Refuse:	Increase with 5.3%
Sewerage:	Increase with 5.3%
Sanitation:	Increase with 5.3%

Electricity: Electricity tariff will increase with 21%. Please note that the increase is subject to approval by NERSA and this percentage may vary towards the final adopted budget.

The municipality has conducted a cost of supply study on all tariffs in 2019 to 2022. The study revealed that all the services are currently being rendered at below cost which puts enormous strain on the cash flow of the municipality. It was therefore imperative that these tariffs be changed to include baseline tariffs. Due to the poor economic conditions, revenue and tariffs could not be increased with more than the proposed 5.3% by National Treasury.

The original capital budget of R70.9 million for 2023/24 is R9.4million or 13% higher than the 2022/23 Adjustments Budget, this is due to more capital allocations from national government for 2023/24. The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as limited internal funding is available. Capital expenditure for 2024/25 will amount to R80.3 million.

The budget provides for assistance to the poor and includes the following social package:

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates.

All budget related policies have been reviewed and workshopped with top management. The policies were scheduled to be workshopped with councillors in March, however the session was cancelled. The policies will also be subjected to public participation.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of vital importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure must be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard.
- Tariff Policies.
- Property Rates Policy.
- Indigent Policy and provision of free basic services.
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to consider the maintenance and replacement of infrastructure, including the expansion of services.
- Determining fully cost reflective tariffs for trading services.
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Efficient revenue management, targeting a 95% annual collection rate for property rates and service charges.
- Impact of loadshedding on municipal service delivery.

The following table is a summary of the 2023/24 MTREF (classified by main revenue source):

Table 2 (Summary of main revenue sources)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue	1										
Exchange Revenue											
Service charges - Electricity	2	105 346	110 962	126 955	170 508	170 508	170 508	179 353	152 133	159 588	167 407
Service charges - Water	2	35 994	37 872	44 979	49 313	49 313	49 313	57 987	46 949	49 249	51 662
Service charges - Waste Water Management	2	23 241	25 260	26 869	48 129	48 129	48 129	58 860	60 858	63 840	66 968
Service charges - Waste Management	2	26 112	30 473	32 227	20 845	20 845	20 845	33 495	7 689	8 066	8 461
Sale of Goods and Rendering of Services		-	-	-	1 344	1 344	1 344	1 344	2 819	2 957	3 102
Agency services		-	-	-	6 134	6 134	6 134	6 134	6 134	6 435	6 750
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	2 955	2 955	2 955	2 955	4 481	4 700	4 931
Interest earned from Current and Non Current Assets		-	-	-	1 590	1 590	1 590	1 590	616	646	678
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	1 112	1 112	1 112	1 112	3 727	3 910	4 102
Licence and permits		-	-	-	1 965	1 965	1 965	1 965	1 144	1 200	1 259
Operational Revenue		-	-	-	45 675	45 675	45 675	45 675	8 557	8 976	9 415
Non-Exchange Revenue											
Property rates	2	34 863	36 899	40 403	41 833	41 833	41 833	41 833	45 043	47 250	49 566
Surcharges and Taxes		-	-	-	3 703	3 703	3 703	3 703	4 176	4 380	4 595
Fines, penalties and forfeits		-	-	-	37	37	37	37	720	755	792
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		-	-	-	119 250	119 250	119 250	119 250	125 659	135 462	143 938
Interest		-	-	-	2 335	2 335	2 335	2 335	1 865	1 956	2 052
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		225 557	241 466	271 432	516 727	516 727	516 727	557 628	472 569	499 371	525 678

In the 2022/23 financial year, rates and service charges amounted to R330.1 million. This decreases to R312.3 million in 2023/24 and increases to R327.6 million and R343.6 million in the 2024/25 and 2025/26 financial years, respectively.

The following continued efforts to increase the revenue base were introduced in 2019:

- Implementation of a new valuation roll with increased market values.
- Implementation of cost reflective tariffs after a cost of supply study was conducted.
- Implementation of drought tariff
- Introduction of environmental levy

The following efforts to increase the revenue base will be introduced in 2023:

- Introduction of quarterly reconciliation of valuation roll to billing schedule.
- Introduction of NERSA compliant cost of supply study for electricity business
- Introduction of the fire services levy

The service charges as stated above are the main source of funding for the municipality with a contribution of R312.3 million or 57% of the total budget. The individual service contribution to service charges is as follows:

- Electricity 57%
- Water 17%
- Refuse 3%
- Sanitation 23%

The following table provides a breakdown of the various operating grants and subsidies allocated to the Municipality over the medium term:

DORA GRANTS	2023/24	2024/25	2025/2026
Operational grants			
Equitable share	114 382 000	121 820 000	125 303 000
Local Government Financial Management Grant	3 100 000	3 100 000	3 238 000
Expanded Public Works Programme Integrated Grant for Municipalities	1 315 000	-	-
Infrastructure grants			
Municipal Infrastructure Grant	23 871 000	24 786 000	25 740 000
Integrated National Electrification Programme (Municipal) Grant	-	12 000 000	20 000 000
Water Services Infrastructure Grant	20 000 000	20 900 000	21 830 000
MDRG - Drought			
Indirect grants (Allocations in kind)			
Integrated National Electrification Programme (Eskom) Grant	-	3 680 000	8 535 000
Regional Bulk Infrastructure Grant	31 000 000	2 750 000	-
	193 668 000	189 036 000	204 646 000
SBDM GRANTS			
Fire services subsidy	2 201 000	2 201 000	2 201 000
Environmental affairs subsidy	2 020 000	2 020 000	2 020 000
Department of sports, recreation, arts and culture			
Library subsidy	2 308 000	2 308 000	2 308 000
Other grants			
SETA	333 120	333 120	333 120
	6 862 120	6 862 120	6 862 120
TOTAL	200 530 120	195 898 120	211 508 120

1.4.1 Property Rates

The following provisions in the Property Rates Policy 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).
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- Indigents receives 100% subsidy on the rates levied for the year.

The property rates tariff is standardised to ensure all owners in a category pays the same rate in all the towns in the municipality's jurisdiction. The prescribed ratio is applied.

The property rates increase is influenced by the following:

- Employee related costs increased by 5.3%.
- Providing for debt impairment.
- Increasing the revenue to ensure non-profit divisions are properly subsidised,

The valuation roll has been implemented from 1 July 2019. The general valuation process will be conducted in the 2023/24 financial year.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89, 91, 93, 94, 98, 99, 107,108,115,122 and 123:

Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion.
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that water tariffs are fully cost reflective by 2014/15. In this regard a cost of supply study was conducted, and the new baseline tariff will be introduced as the first step tariff. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. A further cost of supply study has been done and is being introduced in the 2023/24 financial year and will be gradually phased-in over the MTREF.

The prevailing drought makes it difficult to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services.

Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines has become more critical. The municipality is currently monitoring water losses on a monthly basis but are faced with a huge number of metres that are faulty. This contributes to the inaccurate billing and collection of water tariffs. Grant funding has been received to conduct a study on all faulty metres and areas of water losses. The project started during the 2017/18 financial year and was completed in the 2019/20 financial year. The replacement of meters commenced in 2021/22 and was completed in 2022/23. The impact of the project was minimal due to drought.

The tariff will be increased with 5.3% from 1 July 2023. The proposed tariff increase is mainly influenced by the following:

- Employee related costs
- Repairs and maintenance of water infrastructure
- Providing for debt impairment.
- Implementation of cost reflective tariffs
- The prevailing drought

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate. The drought tariff will also be implemented during the time of drought as currently experienced.

1.4.3 Sale of Electricity and Impact of Tariff Increases

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. The calculated guideline has not yet been published by Nersa. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 21% in line to the cost of supply study to offset the additional electricity bulk purchase costs as from 1 July 2023.

The difference between Eskom's increase is due to the MFMA time lag (the municipalities' implementation date is 1 July, whereas Eskom's financial year starts on 1 April). Due to the requirements of the MFMA, Eskom can only increase its prices to municipalities from 1 July 2023 and not 1 April 2023. This time lag leads to an under-recovery by Eskom from sales to municipalities, which requires a higher price increase to municipalities. The higher price increase results from the fact that the outstanding revenue must be recovered within a nine-month period instead of twelve months.

The tariff increases are mainly influenced by the following:

- Employee related costs
- The cost of bulk electricity purchases
- Repairs and maintenance of electricity infrastructure
- Providing for debt impairment
- Implementing cost reflective tariffs

The population of the municipality is stagnant and minimal growth is expected over the MTREF. It is thus estimated that the revenue will only grow with percentage of price increases.

The proposed electricity tariff increases, still require approval by NERSA.

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89, 91, 93, 94, 98, 99, 107,108,115,122 and 123:

Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion.
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014/15. In this regard the municipality conducted a cost of supply study to determine a new baseline tariff that was introduced in 2019/20. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. The tariff policy of the municipality makes provision to phase in the standardised tariffs over a period of 3 years

As a result, the tariff will increase of 5.3% as from 1 July 2023. The tariff increase is mainly influenced by the following:

- Employee related costs
- Repairs and maintenance of sanitation infrastructure
- Providing for debt impairment
- Implementing cost reflective tariffs

1.4.5 Refuse Collection and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective by 2014/15. The tariffs should consider the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites.

The revenue generated from refuse collection is not sufficient to ensure proper service delivery. The municipality is facing challenges with regards to infrastructure, fleet, and tools. The tariff increases by 5.3% for refuse collection and will thus be implemented as described above.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs
- Implementation of environmental levy
- Providing for debt impairment
- Provision for landfill sites
- Tariff not cost reflective.

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2023/24 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA.
- A balanced budget approach by limiting operating expenditure to the operating revenue.

The following table is a high-level summary of the 2023/24 budget and MTREF (classified per main type of operating expenditure):

Table 4 (Summary of operating expenditure by standard classification item)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure	1										
Employee related costs	2	157 030	166 740	165 336	184 916	183 736	183 736	183 736	183 112	192 966	202 199
Remuneration of councillors		-	-	-	9 037	9 276	9 276	9 276	9 276	9 276	9 276
Bulk purchases - electricity	2	91 665	99 082	115 746	127 136	123 136	123 136	123 136	130 815	147 428	173 523
Inventory consumed	8	3 255	5 018	3 617	2 486	2 501	2 501	2 501	5 582	6 124	6 723
Debt impairment	3	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		53 289	56 633	64 708	64 343	64 343	64 343	64 343	65 308	66 288	67 282
Interest		-	-	-	1 357	31 357	31 357	31 357	10 452	11 498	12 647
Contracted services		16 921	12 324	28 016	21 014	22 034	22 034	22 034	19 285	15 943	14 549
Transfers and subsidies		363	18	20	30	30	30	30	30	30	30
Irrecoverable debts written off		-	-	-	4 599	4 599	4 599	4 599	4 829	5 071	5 324
Operational costs		75 653	107 319	91 845	90 593	90 967	90 967	90 967	115 560	112 582	118 366
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		398 176	447 134	469 287	505 511	531 979	531 979	531 979	544 249	567 206	609 920

The total operating expenditure increased by R12.2million (2%) from R532 million in 2022/23 to R544 million in 2023/24. Below is a discussion of the main expenditure components.

Employee related costs

The 2023/24 budget has general increase of 5.3%. This is based on the average CPI for the MTREF as per MFMA budget circular no 123. The total budget provision of R182.4 million has been allocated for the 2023/24 financial year.

Employee related costs in the 2023/24 Budget, represent 33.53% of the total operating expenditure.

Remuneration of Councillors

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 most recent proclamation in this regard has been considered in preparing the budget.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 95%.

While this expenditure represents a non-cash flow item, it is considered in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

It is anticipated that depreciation will increase over the MTREF. The total cost of R65.3 million is allocated to the 2023/24 financial year.

Finance Charges

Finance charges consist primarily of the repayment of interest on outstanding trade creditors. The municipality is currently facing severe cash flow problems and is unable to pay creditors within the 30 days as required by legislation.

Bulk Electricity Purchases

The bulk purchases of electricity increased by R8 million (6%), from R123 million in 2022/23 to R131million in 2023/24.

NERSA has approved a 18.7% increase in the Eskom bulk tariff for the 2023/24 financial year. The impact of loadshedding has affected the bulk purchases negatively.

Repairs and Maintenance

Repairs and maintenance for 2023/24 amounts to R41.5 million and equates to 7.63% of the total operating expenditure. The municipality anticipates increasing this amount over the MTREF as an improvement in revenue is noted.

Per National Treasury circular number 71 of 2014 on uniform Financial Ratios and Norms, Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value) for the 2023/24 budget is 3%.

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services. The norm is 8%.

A ratio below the norm is a reflection that insufficient monies are being spent on repairs and maintenance to the extent that it could increase impairment of useful assets. An increasing expenditure trend may be indicative of high asset-usage levels, which can prematurely require advanced levels of Repairs and Maintenance or a need for Asset Renewal / Replacements. Also, should an increasing expenditure trend suddenly drop to lower levels without an increase in the fixed asset value, this may be indicative of challenges in spending patterns. This may also indicate that the Municipality is experiencing cash flow problems and therefore unable to spend at appropriate levels on its repairs to existing assets or purchase of new assets thus impacting negatively on service delivery.

Contracted Services

In the 2023/24 financial year, the budget provision amounts to R12 million and equates to 2.23% of the total operating expenditure.

Transfers and Subsidies

In the 2023/24 financial year, the budget provision amounts to R30 thousand and includes transfers to the local SPCA.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. The expenditure increased by R4 million or 6% for 2023/24 and equates to 12.89% of the total operating expenditure.

Other expenditure is made up of general expenses – other and vehicle expenses.

1.5.1 Priority relating to repairs and maintenance.

The repairs and maintenance expenditure in the 2023/24 financial year is R41.5 million, compared to 2022/23 (R21.3 million) an increase of R20.2 million because of the maintaining of Repairs and maintenance plans.

In relation to the total operating expenditure, repairs and maintenance constitutes 7.63% for the 2023/24 financial year and 7% for the 2023/24 and 7% for the 2024/25 financial years, respectively.

1.5.2 Free Basic Services: Indigent Support

The indigent support assists indigent households that have limited financial ability to pay for municipal services. To qualify for free services, the households are required to register in terms of the Municipality's Indigent Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the indigent support of the registered indigent households is financed by national government through the local government equitable share allocation, received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 (2022/23 Medium-term capital budget per vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
Single-year expenditure to be appropriated	2										
Vote 9 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: COMM SERV (33: CS)		-	-	-	6 000	6 000	6 000	6 000	6 616	24 786	25 740
Vote 12 - CORPORATE SERVICES: PROTECTION (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - FINANCIAL SERVICES (36: CS)		-	-	-	1 100	1 100	1 100	1 100	370	9 773	2 200
Vote 14 - TECHNICAL SERVICES: ENGINEERING (38: CS)		-	-	-	57 799	56 514	56 514	56 514	63 548	25 949	21 830
Vote 15 - TECHNICAL SERVICES: ELECTRICAL (39: CS)		-	-	-	1 000	1 000	1 000	1 000	3 517	-	-
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19: IE)		-	-	-	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: COMM SERV (33: CS)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: PROTECTION (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 14 - TECHNICAL SERVICES: ENGINEERING (38: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ELECTRICAL (39: CS)		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	65 899	64 614	64 614	64 614	74 050	60 508	49 770
Total Capital Expenditure - Vote		-	-	-	65 899	64 614	64 614	64 614	74 050	60 508	49 770

Of the total amount of R74million for 2023/24, an amount of R67 million has been budgeted for the development of infrastructure, which represents 90.5% of the total capital budget.

CAPITAL PROJECTS

IDP REF	PROJECT NAME	PROJECT DESCRIPTION	AREA DESCRIPTION	BRANCH DESCRIF	SOURCE OF	WARD/INSTITUTION	2023/24
345	OFFICE FURNITURE	Office chairs	MUNICIPAL MANAGER	INTERNAL AUDITING FMG		Institutional	20 000,00
335	Air Conditioner - BTO	Air Conditioner - BTO	FINANCIAL SERVICES	BUDGET, ACCOUNTI FMG		Institutional	100 000,00
352	COMPUTER HARDWARE	Laptop - Interns	FINANCIAL SERVICES	BUDGET, ACCOUNTI FMG		Institutional	100 000,00
352	COMPUTER HARDWARE	ELECTRONIC METERING DEVICES	FINANCIAL SERVICES	BUDGET, ACCOUNTI FMG		Institutional	60 000,00
	Filing Storage Room	Revamb Garage into Filing Room	FINANCIAL SERVICES	BUDGET, ACCOUNTI FMG		Institutional	90 000,00
201	Upgrading of Collie Koeberg Sport Co	Upgrading of Ablution facilities and sport grou	CORPORATE SERVICES: COMM SERV	PARKS RECREATION MIG		7	6 616 225,10
116	Willowmore Bulk Water Supply: Steel Construct New Steel Bulk Water Supply Line	TECHNICAL SERVICES: ENGINEERING		MIG		8,9	3 583 754,11
131	Dr. Beyers Naude - Upgrading of Stey	Upgrading of the solid waste site and build recy	CORPORATE SERVICES: COMM SERV	REFUSE REM WAST MIG		12	4 288 138,42
143	Installation of New High Mast Lights	Installation of New High Mast Lights	TECHNICAL SERVICES: ELECTRICAL	ELECTRICITY DISTRIE MIG		2 to 7	3 516 557,40
163	Upgrading of Streets and Storm Wate	Refurbish gravel roads to interlocking paved ro	TECHNICAL SERVICES: ENGINEERING	PUBLWORKS: STREE MIG		2 to 7	4 675 624,97
114	Ikwezi Bulk Water Supply	Refurbish bulk water supply in Jansenville and K	TECHNICAL SERVICES: ENGINEERING	WATER SERVICE RBIG		10,11	31 000 000,00
	Retrofit of all indigent household toil	Install new water wise toilet cisterns	TECHNICAL SERVICES: ENGINEERING	SEWERAGE WSIG		All	3 791 412,00
	Ground Water Studies for Graaff-Reir	Geohydrological Studies	TECHNICAL SERVICES: ENGINEERING	WATER SERVICE WSIG		2 to 7	3 000 000,00
	Upgrading Of Graaff-Reinet Water Tr	Upgrading plant, filters and equipment	TECHNICAL SERVICES: ENGINEERING	WATER SERVICE WSIG		2 to 7	11 208 588,00
	Replacing Internal Water Reticulatio	Replacing Internal Water Reticulation System I	TECHNICAL SERVICES: ENGINEERING	WATER SERVICE WSIG		10,11	2 000 000,00
							74 050 300,00

1.7 ANNUAL BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2023/24 Budget and MTREF to be considered for approval by Council.

0 - Table A1 Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	34 863	36 899	40 403	41 833	41 833	41 833	41 833	45 043	47 250	49 566
Service charges	190 694	204 567	231 029	288 794	288 794	288 794	329 695	267 629	280 742	294 499
Investment revenue	-	-	-	1 590	1 590	1 590	1 590	616	646	678
Transfer and subsidies - Operational	-	-	-	119 250	119 250	119 250	119 250	125 659	135 462	143 938
Other own revenue	-	-	-	65 260	65 260	65 260	65 260	33 622	35 270	36 997
Total Revenue (excluding capital transfers and contributions)	225 557	241 466	271 432	516 727	516 727	516 727	557 628	472 569	499 371	525 678
Employee costs	157 030	166 740	165 336	184 916	183 736	183 736	183 736	183 112	192 966	202 199
Remuneration of councillors	-	-	-	9 037	9 276	9 276	9 276	9 276	9 276	9 276
Depreciation and amortisation	53 289	56 633	64 708	64 343	64 343	64 343	64 343	65 308	66 288	67 282
Finance charges	-	-	-	1 357	31 357	31 357	31 357	10 452	11 498	12 647
Inventory consumed and bulk purchases	94 920	104 100	119 362	129 622	125 637	125 637	125 637	136 396	153 553	180 246
Transfers and subsidies	363	18	20	30	30	30	30	30	30	30
Other expenditure	92 574	119 643	119 861	116 207	117 601	117 601	117 601	139 675	133 596	138 240
Total Expenditure	398 176	447 134	469 287	505 511	531 979	531 979	531 979	544 249	567 206	609 920
Surplus/(Deficit)	(172 618)	(205 668)	(197 855)	11 216	(15 252)	(15 252)	25 648	(71 680)	(67 835)	(84 242)
Transfers and subsidies - capital (monetary allocations)	-	-	-	65 949	64 664	64 664	64 664	74 871	60 436	67 570
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(172 618)	(205 668)	(197 855)	77 165	49 412	49 412	90 312	3 191	(7 399)	(16 672)
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(172 618)	(205 668)	(197 855)	77 165	49 412	49 412	90 312	3 191	(7 399)	(16 672)
Capital expenditure & funds sources										
Capital expenditure	-	-	-	65 899	64 614	64 614	64 614	74 050	51 065	47 570
Transfers recognised - capital	-	-	-	63 799	62 514	62 514	62 514	74 050	50 735	47 570
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	2 100	2 100	2 100	2 100	-	330	-
Total sources of capital funds	-	-	-	65 899	64 614	64 614	64 614	74 050	51 065	47 570
Financial position										
Total current assets	63 191	13 510	13 991	58 528	61 971	61 971	61 971	15 642	24 922	62 333
Total non current assets	1 082 150	1 071 366	1 069 002	1 110 103	1 106 499	1 106 499	1 106 499	1 114 966	1 109 186	2 200 860
Total current liabilities	(21 412)	-	-	327 900	476 126	476 126	476 126	460 099	470 997	953 641
Total non current liabilities	57 898	71 360	73 623	71 360	73 623	73 623	73 623	73 623	73 623	147 246
Community wealth/Equity	13 042	13 042	13 042	787 274	643 108	643 108	643 108	596 887	589 489	1 162 309
Cash flows										
Net cash from (used) operating	(8 530)	(271 742)	(223 772)	131 575	218 819	220 436	220 436	198 679	175 595	148 202
Net cash from (used) investing	-	-	-	-	-	-	-	(73 800)	(51 065)	(47 570)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	126 419	250 949	351 581
Cash backing/surplus reconciliation										
Cash and investments available	1 131 536	1 080 043	1 078 386	1 153 132	1 151 834	1 151 834	1 151 834	1 085 104	1 086 189	2 164 824
Application of cash and investments	292 113	354 051	481 234	334 528	513 061	490 330	491 803	454 451	464 463	940 018
Balance - surplus (shortfall)	839 423	725 992	597 152	818 604	638 773	661 504	660 031	630 653	621 726	1 224 806
Asset management										
Asset register summary (WDV)	957 333	1 083 485	1 071 234	1 086 324	1 079 275	1 079 275	1 087 742	1 081 962	2 146 412	-
Depreciation	53 289	56 633	64 708	64 343	64 343	64 343	65 308	66 288	67 282	-
Renewal and Upgrading of Existing Assets	-	-	-	15 814	15 774	15 774	33 580	47 985	47 570	-
Repairs and Maintenance	9 542	40 891	24 229	27 354	21 262	21 262	41 152	38 637	39 508	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	951	2 425	5 852	4 644	4 644	4 644	5 784	6 031	6 297	-
Households below minimum service level										
Water:	6	6	6	6	6	6	6	6	6	-
Sanitation/sewerage:	3	3	3	3	3	3	3	3	3	-
Energy:	1	1	1	1	1	1	1	1	1	-
Refuse:	13	13	13	13	13	13	13	13	13	-

0 - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		61 471	76 000	160 710	176 891	176 891	176 891	138 483	146 934	151 616
Executive and council		6 987	6 734	36	57	57	57	162	170	178
Finance and administration		54 484	69 266	160 674	176 834	176 834	176 834	138 321	146 764	151 438
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17 167	17 397	3 475	7 156	7 156	7 156	10 341	10 528	10 724
Community and social services		15 166	14 419	2 453	2 524	2 524	2 524	2 456	2 464	2 471
Sport and recreation		15	57	85	101	101	101	63	66	69
Public safety		551	1 908	936	2 501	2 501	2 501	5 802	5 979	6 164
Housing		4	4	1	10	10	10	-	-	-
Health		1 430	1 010	-	2 020	2 020	2 020	2 020	2 020	2 020
<i>Economic and environmental services</i>		16 372	30 492	33 926	33 207	33 207	33 207	34 361	34 410	35 836
Planning and development		1 566	1 858	1 774	2 055	2 055	2 055	2 513	1 257	1 319
Road transport		14 806	28 634	32 152	31 152	31 152	31 152	31 847	33 153	34 517
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		317 159	293 950	269 899	364 983	363 698	363 698	364 200	367 877	395 011
Energy sources		120 757	125 549	126 984	171 623	171 623	171 623	152 439	175 588	196 279
Water management		111 427	81 950	83 807	100 964	99 679	99 679	106 663	82 040	83 081
Waste water management		41 046	42 069	26 881	58 901	58 901	58 901	71 604	75 112	78 793
Waste management		43 930	44 382	32 227	33 495	33 495	33 495	33 495	35 136	36 858
<i>Other</i>	4	(2 012)	57	89	439	439	439	55	58	61
Total Revenue - Functional	2	410 157	417 896	468 100	582 676	581 391	581 391	547 440	559 807	593 248
Expenditure - Functional										
<i>Governance and administration</i>		168 419	147 627	187 261	126 256	162 483	162 483	147 552	152 054	159 049
Executive and council		35 120	27 126	34 056	30 470	32 234	32 234	30 791	31 000	31 427
Finance and administration		132 418	119 529	152 064	94 682	128 864	128 864	115 331	119 555	126 057
Internal audit		881	972	1 141	1 104	1 385	1 385	1 431	1 499	1 565
<i>Community and public safety</i>		32 480	37 122	36 860	40 669	42 212	42 212	42 570	42 426	44 201
Community and social services		4 987	5 837	5 574	6 270	6 107	6 107	7 211	6 704	6 968
Sport and recreation		16 643	20 296	20 647	22 661	23 044	23 044	22 111	21 885	22 722
Public safety		7 322	7 185	8 036	8 867	9 344	9 344	9 451	9 985	10 506
Housing		-	-	126	-	262	262	262	262	262
Health		3 527	3 804	2 477	2 870	3 454	3 454	3 535	3 590	3 743
<i>Economic and environmental services</i>		32 644	43 625	45 857	52 766	53 742	53 742	56 524	56 224	57 876
Planning and development		15 504	16 303	18 203	21 333	22 343	22 343	21 718	21 039	22 140
Road transport		17 140	27 322	27 653	31 434	31 399	31 399	34 806	35 185	35 737
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		227 983	293 882	302 445	282 747	270 853	270 853	295 483	314 402	346 660
Energy sources		115 904	127 552	148 179	158 338	153 440	153 440	164 065	181 107	208 331
Water management		72 788	66 577	87 895	65 753	62 013	62 013	66 866	66 373	68 108
Waste water management		17 472	78 958	33 012	38 309	35 096	35 096	44 347	46 679	49 150
Waste management		21 819	20 796	33 359	20 348	20 304	20 304	20 206	20 243	21 071
<i>Other</i>	4	1 917	2 551	3 559	3 073	2 691	2 691	2 121	2 100	2 133
Total Expenditure - Functional	3	463 441	524 808	575 982	505 511	531 979	531 979	544 249	567 206	609 920
Surplus/(Deficit) for the year		(53 284)	(106 912)	(107 882)	77 165	49 412	49 412	3 191	(7 399)	(16 672)

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

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	105 346	110 962	126 955	170 508	170 508	170 508	179 353	152 133	159 588	167 407
Service charges - Water	2	35 994	37 872	44 979	49 313	49 313	49 313	57 987	46 949	49 249	51 662
Service charges - Waste Water Management	2	23 241	25 260	26 869	48 129	48 129	48 129	58 860	60 858	63 840	66 968
Service charges - Waste Management	2	26 112	30 473	32 227	20 845	20 845	20 845	33 495	7 689	8 066	8 461
Sale of Goods and Rendering of Services		-	-	-	1 344	1 344	1 344	1 344	2 819	2 957	3 102
Agency services		-	-	-	6 134	6 134	6 134	6 134	6 134	6 435	6 750
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	2 955	2 955	2 955	2 955	4 481	4 700	4 931
Interest earned from Current and Non Current Assets		-	-	-	1 590	1 590	1 590	1 590	616	646	678
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	1 112	1 112	1 112	1 112	3 727	3 910	4 102
Licence and permits		-	-	-	1 965	1 965	1 965	1 965	1 144	1 200	1 259
Operational Revenue		-	-	-	45 675	45 675	45 675	45 675	8 557	8 976	9 415
Non-Exchange Revenue											
Property rates	2	34 863	36 899	40 403	41 833	41 833	41 833	41 833	45 043	47 250	49 566
Surcharges and Taxes		-	-	-	3 703	3 703	3 703	3 703	4 176	4 380	4 595
Fines, penalties and forfeits		-	-	-	37	37	37	37	720	755	792
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		-	-	-	119 250	119 250	119 250	119 250	125 659	135 462	143 938
Interest		-	-	-	2 335	2 335	2 335	2 335	1 865	1 956	2 052
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		225 557	241 466	271 432	516 727	516 727	516 727	557 628	472 569	499 371	525 678
Expenditure											
Employee related costs	2	157 030	166 740	165 336	184 916	183 736	183 736	183 736	183 112	192 966	202 199
Remuneration of councillors		-	-	-	9 037	9 276	9 276	9 276	9 276	9 276	9 276
Bulk purchases - electricity	2	91 665	99 082	115 746	127 136	123 136	123 136	123 136	130 815	147 428	173 523
Inventory consumed	8	3 255	5 018	3 617	2 486	2 501	2 501	2 501	5 582	6 124	6 723
Debt impairment	3	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		53 289	56 633	64 708	64 343	64 343	64 343	64 343	65 308	66 288	67 282
Interest		-	-	-	1 357	31 357	31 357	31 357	10 452	11 498	12 647
Contracted services		16 921	12 324	28 016	21 014	22 034	22 034	22 034	19 285	15 943	14 549
Transfers and subsidies		363	18	20	30	30	30	30	30	30	30
Irrecoverable debts written off		-	-	-	4 599	4 599	4 599	4 599	4 829	5 071	5 324
Operational costs		75 653	107 319	91 845	90 593	90 967	90 967	90 967	115 560	112 582	118 366
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		398 176	447 134	469 287	505 511	531 979	531 979	531 979	544 249	567 206	609 920
Surplus/(Deficit)		(172 618)	(205 668)	(197 855)	11 216	(15 252)	(15 252)	25 648	(71 680)	(67 835)	(84 242)
Transfers and subsidies - capital (monetary)	6	-	-	-	65 949	64 664	64 664	64 664	74 871	60 436	67 570
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(172 618)	(205 668)	(197 855)	77 165	49 412	49 412	90 312	3 191	(7 399)	(16 672)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(172 618)	(205 668)	(197 855)	77 165	49 412	49 412	90 312	3 191	(7 399)	(16 672)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(172 618)	(205 668)	(197 855)	77 165	49 412	49 412	90 312	3 191	(7 399)	(16 672)
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(172 618)	(205 668)	(197 855)	77 165	49 412	49 412	90 312	3 191	(7 399)	(16 672)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	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 9 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: COMM SERV (33: CS)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: PROTECTION (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 14 - TECHNICAL SERVICES: ENGINEERING (38: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ELECTRICAL (39: CS)		-	-	-	-	-	-	-	-	-	-
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19: IE)		-	-	-	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: COMM SERV (33: CS)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: PROTECTION (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 14 - TECHNICAL SERVICES: ENGINEERING (38: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ELECTRICAL (39: CS)		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 9 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: COMM SERV (33: CS)		-	-	-	6 000	6 000	6 000	6 000	6 616	24 786	25 740
Vote 12 - CORPORATE SERVICES: PROTECTION (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - FINANCIAL SERVICES (36: CS)		-	-	-	1 100	1 100	1 100	1 100	370	9 773	2 200
Vote 14 - TECHNICAL SERVICES: ENGINEERING (38: CS)		-	-	-	57 799	56 514	56 514	56 514	63 548	25 949	21 830
Vote 15 - TECHNICAL SERVICES: ELECTRICAL (39: CS)		-	-	-	1 000	1 000	1 000	1 000	3 517	-	-
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19: IE)		-	-	-	-	-	-	-	-	-	-
Vote 9 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: COMM SERV (33: CS)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: PROTECTION (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 14 - TECHNICAL SERVICES: ENGINEERING (38: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ELECTRICAL (39: CS)		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	65 899	64 614	64 614	64 614	74 050	60 508	49 770
Total Capital Expenditure - Vote		-	-	-	65 899	64 614	64 614	64 614	74 050	60 508	49 770
Capital Expenditure - Functional											
Governance and administration		-	-	-	1 100	1 100	1 100	1 100	370	330	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	1 100	1 100	1 100	1 100	350	330	-
Internal audit		-	-	-	-	-	-	-	20	-	-
Community and public safety		-	-	-	6 000	6 000	6 000	6 000	6 616	24 786	25 740
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	6 000	6 000	6 000	6 000	6 616	24 786	25 740
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	4 676	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	4 676	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	58 799	57 514	57 514	57 514	62 388	25 949	21 830
Energy sources		-	-	-	1 000	1 000	1 000	1 000	3 517	-	-
Water management		-	-	-	48 784	47 499	47 499	47 499	50 792	4 750	10 000
Waste water management		-	-	-	5 014	5 014	5 014	5 014	3 791	21 199	11 830
Waste management		-	-	-	4 000	4 000	4 000	4 000	4 288	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	65 899	64 614	64 614	64 614	74 050	51 065	47 570
Funded by:											
National Government		-	-	-	63 799	62 514	62 514	62 514	74 050	50 735	47 570
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	63 799	62 514	62 514	62 514	74 050	50 735	47 570
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	2 100	2 100	2 100	2 100	-	330	-
Total Capital Funding	7	-	-	-	65 899	64 614	64 614	64 614	74 050	51 065	47 570

0 - Table A6 Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year+1 2024/25	Budget Year+2 2025/26
ASSETS											
Current assets											
Cash and cash equivalents		-	-	-	58 423	64 092	64 092	64 092	(12 578)	(23 013)	(54 212)
Trade and other receivables from exchange transactions	1	49 385	8 677	9 383	21 878	18 465	18 465	18 465	19 938	37 237	92 619
Receivables from non-exchange transactions	1	4 032	19	19	19	19	19	19	28 887	31 302	65 136
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	9 774	4 813	4 589	4 813	4 589	4 589	4 589	4 589	4 589	9 178
VAT		-	-	-	(26 927)	(25 661)	(25 661)	(25 661)	(25 661)	(25 661)	(51 322)
Other current assets		-	-	-	321	467	467	467	467	467	934
Total current assets		63 191	13 510	13 991	58 528	61 971	61 971	61 971	15 642	24 922	62 333
Non current assets											
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	27 700	27 700	27 700	27 700	27 700	27 700	55 401
Property, plant and equipment	3	1 082 150	1 071 366	1 069 002	1 072 831	1 069 277	1 069 277	1 069 277	1 077 744	1 071 965	2 126 417
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	11 098	11 098	11 098	11 098	11 098	11 098	22 195
Intangible assets		-	-	-	9	0	0	0	0	0	0
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	(1 535)	(1 576)	(1 576)	(1 576)	(1 576)	(1 576)	(3 153)
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		1 082 150	1 071 366	1 069 002	1 110 103	1 106 499	1 106 499	1 106 499	1 114 966	1 109 186	2 200 860
TOTAL ASSETS		1 145 341	1 084 876	1 082 994	1 168 631	1 168 470	1 168 470	1 168 470	1 130 609	1 134 108	2 263 194
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		(21 412)	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	3 577	3 820	3 820	3 820	3 820	3 820	7 639
Trade and other payables from exchange transactions	4	-	-	-	357 417	513 061	513 061	513 061	492 156	503 654	1 019 955
Trade and other payables from non-exchange transactions	5	-	-	-	(3 452)	-	-	-	-	(600)	(2 200)
Provision		-	-	-	7 118	7 401	7 401	7 401	12 279	12 279	24 558
VAT		-	-	-	(36 759)	(48 156)	(48 156)	(48 156)	(48 156)	(48 156)	(96 311)
Other current liabilities		-	-	-	-	-	-	-	-	-	-
Total current liabilities		(21 412)	-	-	327 900	476 126	476 126	476 126	460 099	470 997	953 641
Non current liabilities											
Financial liabilities	6	(6 579)	10 241	7 608	10 241	7 608	7 608	7 608	7 608	7 608	15 216
Provision	7	64 477	61 119	66 015	61 119	66 015	66 015	66 015	66 015	66 015	132 029
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		57 898	71 360	73 623	71 360	73 623	73 623	73 623	73 623	73 623	147 246
TOTAL LIABILITIES		36 486	71 360	73 623	399 260	549 748	549 748	549 748	533 722	544 620	1 100 886
NET ASSETS		1 108 855	1 013 516	1 009 371	769 371	618 721	618 721	618 721	596 887	589 489	1 162 307
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	-	-	-	774 233	630 066	630 066	630 066	583 845	576 447	1 136 225
Reserves and funds	9	13 042	13 042	13 042	13 042	13 042	13 042	13 042	13 042	13 042	26 084
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	13 042	13 042	13 042	787 274	643 108	643 108	643 108	596 887	589 489	1 162 309

0 - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		(0)	(9)	(12 190)	42 891	-	42 891	42 891	46 206	48 470	50 845
Service charges		(7 888)	(4 785)	44 008	316 228	-	316 228	316 228	306 542	321 537	337 264
Other revenue		(57)	(48)	9 148	56 252	-	56 252	56 252	23 070	24 201	25 386
Transfers and Subsidies - Operational	1	(34)	(95 244)	(102 816)	76 830	557 021	76 985	76 985	88 861	96 861	84 898
Transfers and Subsidies - Capital	1	(551)	-	11 899	62 652	-	64 664	64 664	74 871	48 436	47 570
Interest		-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	(179 029)	(173 821)	(423 279)	(338 202)	(336 585)	(336 585)	(340 871)	(363 909)	(397 761)
Finance charges		-	7 374	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(8 530)	(271 742)	(223 772)	131 575	218 819	220 436	220 436	198 679	175 595	148 202
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	-	-	-	-	(73 800)	(51 065)	(47 570)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(73 800)	(51 065)	(47 570)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(8 530)	(271 742)	(223 772)	131 575	218 819	220 436	220 436	124 879	124 530	100 632
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	1 541	126 419	250 949
Cash/cash equivalents at the year end:	2	-	-	-	-	-	-	-	126 419	250 949	351 581

0 - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	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	1	0	0	0	0	0	0	0	126419082	250948629	351580627
Other current investments > 90 days		49385300	8677493	9383243	80301455	82556828	82556828	82556828	-119059126	-236724074	-313173199
Investments - Property, plant and equipment	1	1082150338	1071365537	1069002437	1072830889	1069277063	1069277063	1069277063	1077744402	1071964537	2126416801
Cash and investments available:		1131535638	1080043030	1078385680	1153132344	1151833891	1151833891	1151833891	1085104358	1086189092	2164824229
Application of cash and investments											
Trade payables from Non-exchange transactions: Other	0	0	0	0	0	0	0	0	0	0	0
Unspent borrowing	0	0	0	0	0	20	0	0	0	0	0
Statutory requirements	2										
Other working capital requirements	3	292112624	354050592	481233515	334528123	513060992	490329992	491802992	454451380	464462917	940018124
Other provisions											
Long term investments committed	4	0	0	0	0	30	0	0	0	0	0
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		292112624	354050592	481233515	334528123	513061042	490329992	491802992	454451380	464462917	940018124
Surplus(shortfall)		839423014	725992438	597152165	818604221	638772849	661503899	660030899	630652978	621726175	1224806105

0 - Table A10 Basic service delivery measurement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets	1	0	0	0	0	0	0	0	0	0
Water:										
Piped water inside dwelling		65744	65744	65744	65744	65744	65744	65744	65744	65744
Piped water inside yard (but not in dwelling)		6464	6464	6464	6464	6464	6464	6464	6464	6464
Using public tap (at least min.service level)	2	110	110	110	110	110	110	110	110	110
Other water supply (at least min.service level)	4	316	316	316	316	316	316	316	316	316
<i>Minimum Service Level and Above sub-total</i>		72634	72634	72634	72634	72634	72634	72634	72634	72634
Using public tap (< min.service level)	3	0	0	0	0	0	0	0	0	0
Other water supply (< min.service level)	4	5644	5644	5644	5644	5644	5644	5644	5644	5644
No water supply		0	0	0	0	0	0	0	0	0
<i>Below Minimum Service Level sub-total</i>		5644	5644	5644	5644	5644	5644	5644	5644	5644
Total number of households	5	78278	78278	78278	78278	78278	78278	78278	78278	78278
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		67488	67488	67488	67488	67488	67488	67488	67488	67488
Flush toilet (with septic tank)		7774	7774	7774	7774	7774	7774	7774	7774	7774
Chemical toilet		58	58	58	58	58	58	58	58	58
Pit toilet (ventilated)		74	74	74	74	74	74	74	74	74
Other toilet provisions (> min.service level)		0	0	0	0	0	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>		75394	75394	75394	75394	75394	75394	75394	75394	75394
Bucket toilet		1982	1982	1982	1982	1982	1982	1982	1982	1982
Other toilet provisions (< min.service level)		282	282	282	282	282	282	282	282	282
No toilet provisions		620	620	620	620	620	620	620	620	620
<i>Below Minimum Service Level sub-total</i>		2884	2884	2884	2884	2884	2884	2884	2884	2884
Total number of households	5	78278	78278	78278	78278	78278	78278	78278	78278	78278
Energy:										
Electricity (at least min.service level)		77262	77262	77262	77262	77262	77262	77262	77262	77262
Electricity - prepaid (min.service level)		0	0	0	0	0	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>		77262	77262	77262	77262	77262	77262	77262	77262	77262
Electricity (< min.service level)		0	0	0	0	0	0	0	0	0
Electricity - prepaid (< min. service level)		0	0	0	0	0	0	0	0	0
Other energy sources		1016	1016	1016	1016	1016	1016	1016	1016	1016
<i>Below Minimum Service Level sub-total</i>		1016	1016	1016	1016	1016	1016	1016	1016	1016
Total number of households	5	78278	78278	78278	78278	78278	78278	78278	78278	78278
Refuse:										
Removed at least once a week		65350	65350	65350	65350	65350	65350	65350	65350	65350
<i>Minimum Service Level and Above sub-total</i>		65350	65350	65350	65350	65350	65350	65350	65350	65350
Removed less frequently than once a week		960	960	960	960	960	960	960	960	960
Using communal refuse dump		1794	1794	1794	1794	1794	1794	1794	1794	1794
Using own refuse dump		9726	9726	9726	9726	9726	9726	9726	9726	9726
Other rubbish disposal		410	410	410	410	410	410	410	410	410
No rubbish disposal		38	38	38	38	38	38	38	38	38
<i>Below Minimum Service Level sub-total</i>		12928	12928	12928	12928	12928	12928	12928	12928	12928
Total number of households	5	78278	78278	78278	78278	78278	78278	78278	78278	78278
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		8724	8836	9298	9788	9788	9503	9524	9810	10104
Sanitation (free minimum level service)		8265	8525	8883	9007	9007	9007	9200	9476	9760
Electricity/other energy (50kwh per household per month)		7759	5957	6153	8442	8442	8196	7882	8118	8362
Refuse (removed at least once a week)		8558	8836	9216	9351	9351	9351	9540	9826	10121
Informal Settlements		0	0	0	0	0	0	0	0	0
Cost of Free Basic Services provided - Formal Settlements (R'000)		10119590	8686255	13076138	14659002	14659002	14659002	14804997	15626288	16493019
Water (6 kilolitres per indigent household per month)		14968466	16501771	24517463	26750000	26750000	26750000	28622500	30626075	32769900
Sanitation (free sanitation service to indigent households)		1918068	2225553	4916029	5415248	5415248	5415248	6381133	7019246	7721171
Electricity/other energy (50kwh per indigent household per month)		8747889	9589397	14288727	15757485	15757485	15757485	16702934	17705110	18767417
Refuse (removed once a week for indigent households)		0	0	0	0	0	0	0	0	0
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		35754012	37002976	56798357	62581735	62581735	62581735	66511564	70976719	75751507
Total cost of FBS provided	8	0	0	0	0	0	0	0	0	0
Highest level of free service provided per household										
Property rates (R value threshold)		100000	105000	105000	105000	105000	105000	105000	105000	105000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		0	0	0	0	0	0	0	0	0
Sanitation (Rand per household per month)		218	234	234	248	248	248	263	278	295
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		123	132	132	139	139	139	150	162	176
		0	0	0	0	0	0	0	0	0
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		951334	1789796	5851899	4644000	4644000	4644000	5784044	6030768	6297229
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		0	635056	0	0	0	0	0	0	0
Water (in excess of 6 kilolitres per indigent household per month)		0	0	0	0	0	0	0	0	0
Sanitation (in excess of free sanitation service to indigent households)		0	0	0	0	0	0	0	0	0
Electricity/other energy (in excess of 50 kwh per indigent household per month)		0	0	0	0	0	0	0	0	0
Refuse (in excess of one removal a week for indigent households)		0	0	0	0	0	0	0	0	0
Municipal Housing - rental rebates		0	0	0	0	0	0	0	0	0
Housing - top structure subsidies		0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0
Total revenue cost of subsidised services provided	6	951334	2424852	5851899	4644000	4644000	4644000	5784044	6030768	6297229

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process usually starts in September after the approval of a timetable to guide the preparation of the 2023/24 to 2025/26 Operating and Capital Budgets.

The timetable provides broad time limits for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business, and labour, during April/May 2023. The main aim of the timetable was to ensure that an IDP and a balanced Budget are tabled in May 2023.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The draft budget is to be considered by the Budget Steering Committee under the direction of the mayor. The Budget Steering Committee consist of the Mayor, the Chairperson of the Budget and Treasury Standing Committee, the Municipal Manager, and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation.
- There is proper alignment between the service delivery priorities as set out in the municipality’s IDP and the Budget, considering the need to maintain the financial sustainability of the Municipality.
- The Municipality’s revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are rigorously evaluated and prioritised in the allocation of resources.

IDP & Budget Timetable 2023/24

The preparation of the 2023/24 IDP and Budget were guided by the following schedule of key deadlines as approved by to be approved by Council.

Activity	Date
IDP/Budget Schedule approved by Council	August 2022
Tabling of draft IDP and Budget in Council	March 2023
Public Participation	April to May 2023
Final adoption of IDP and Budget by Council	May 2023

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2023/24 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

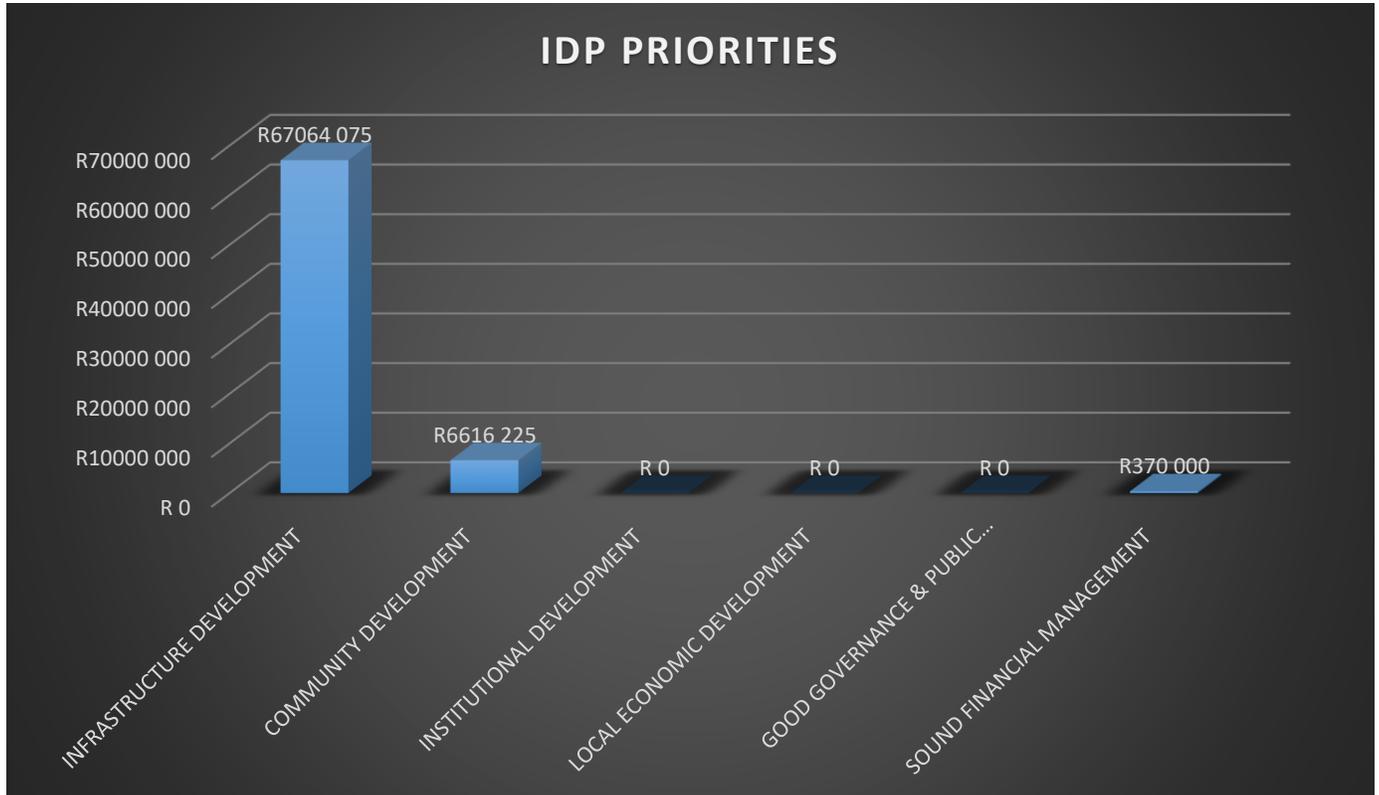
- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The budget consultation process will take the form of a series of meetings to be held throughout the municipal area with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	BACK TO BASICS GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	TOTAL
CAPITAL EXPENDITURE	R67 064 075	R6 616 225	R0	R0	R0	R370 000	R74 050 300



2.3 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

All budget related policies have been reviewed and/or developed. Policies will be workshopped extensively with Council and Top Management and will further be workshopped with all relevant stakeholders.

The following policies are now in place:

- | | | |
|--|---|------------------------------|
| • Credit control and debt collection | - | workshopped, to be reviewed. |
| • Tariff policy | - | workshopped, to be reviewed. |
| • Supply Chain policy | - | workshopped, to be reviewed. |
| • SCM Infrastructure Procurement | - | workshopped, to be reviewed. |
| • Asset management policy | - | workshopped, to be reviewed. |
| • Subsistence and Travel policy | - | workshopped, to be reviewed. |
| • Cash management, banking & investment policy | - | workshopped, to be reviewed. |
| • Budget policy | - | workshopped, to be reviewed. |
| • Virement policy | - | workshopped, to be reviewed. |
| • Funding and reserve policy | - | workshopped, to be reviewed. |
| • Borrowing policy | - | workshopped, to be reviewed. |
| • Rates policy | - | workshopped, to be reviewed. |
| • Indigent support policy | - | workshopped, to be reviewed. |
| • Cost containment policy | - | workshopped, to be reviewed. |
| • Long term financial planning policy | - | workshopped, to be reviewed. |

The following by-laws were developed and will be promulgated once all legislative processes have been concluded:

- Tariff by-law
- Credit control and debt collection by-law
- Rates by-law

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to consider the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- Raising of loan funding should be considered to address critical needs.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.

- Restructuring of major trade creditors over long term periods to ensure financial sustainability and a funded budget.
- Restructuring of tariffs to uniform tariffs and ensuring baseline tariff as per cost of supply study.
- Negative impact of load shedding on service delivery.

The Municipality faced the following significant challenges in preparing the 2023/24 – 2025/26 Budget:

- Fully implementing cost containment measures.
- Maintaining revenue collection rates at the targeted levels.
- Maintaining electricity and water losses at acceptable levels.
- Dealing with an unfunded budget of the past and measures to address this in the future.
- Different tariff structures in the different towns and converting this to uniform tariffs.
- Creditors inherited from former municipalities which is still placing financial strain on the cash flow and hence the restructuring of creditors over long term period.
- Introducing cost reflective tariffs
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Maintaining an acceptable cost coverage ratio.
- Impact of loadshedding on service delivery

The multi-year budget is therefore underpinned by the following assumptions:

	2023/24	2023/24	2024/25
Income	%	%	%
Tariff Increases for water	5.3	5	5
Tariff Increases for sanitation	5.3	5	5
Tariff Increases for refuse	5.3	5	5
Property rates increase.	8	5	5
Electricity tariff increase (on average)	21	9	9
Revenue collection rates	95	95	95
Expenditure increases allowed			
Salary increases	5.3	4.9	4.7
Increase in bulk purchase of electricity costs	18.7	12.7	17.7

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

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

Table 7 (Breakdown of the operating revenue over the medium-term)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue	1										
Exchange Revenue											
Service charges - Electricity	2	105 346	110 962	126 955	170 508	170 508	170 508	179 353	152 133	159 588	167 407
Service charges - Water	2	35 994	37 872	44 979	49 313	49 313	49 313	57 987	46 949	49 249	51 662
Service charges - Waste Water Management	2	23 241	25 260	26 869	48 129	48 129	48 129	58 860	60 858	63 840	66 968
Service charges - Waste Management	2	26 112	30 473	32 227	20 845	20 845	20 845	33 495	7 689	8 066	8 461
Sale of Goods and Rendering of Services		-	-	-	1 344	1 344	1 344	1 344	2 819	2 957	3 102
Agency services		-	-	-	6 134	6 134	6 134	6 134	6 134	6 435	6 750
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	2 955	2 955	2 955	2 955	4 481	4 700	4 931
Interest earned from Current and Non Current Assets		-	-	-	1 590	1 590	1 590	1 590	616	646	678
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	1 112	1 112	1 112	1 112	3 727	3 910	4 102
Licence and permits		-	-	-	1 965	1 965	1 965	1 965	1 144	1 200	1 259
Operational Revenue		-	-	-	45 675	45 675	45 675	45 675	8 557	8 976	9 415
Non-Exchange Revenue											
Property rates	2	34 863	36 899	40 403	41 833	41 833	41 833	41 833	45 043	47 250	49 566
Surcharges and Taxes		-	-	-	3 703	3 703	3 703	3 703	4 176	4 380	4 595
Fines, penalties and forfeits		-	-	-	37	37	37	37	720	755	792
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		-	-	-	119 250	119 250	119 250	119 250	125 659	135 462	143 938
Interest		-	-	-	2 335	2 335	2 335	2 335	1 865	1 956	2 052
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		225 557	241 466	271 432	516 727	516 727	516 727	557 628	472 569	499 371	525 678

2.5.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2023/24 medium-term capital programme:

Table 8 (Sources of capital revenue over the MTREF)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Funded by:											
National Government		-	-	-	63 799	62 514	62 514	62 514	74 050	50 735	47 570
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	63 799	62 514	62 514	62 514	74 050	50 735	47 570
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	2 100	2 100	2 100	2 100	-	330	-
Total Capital Funding	7	-	-	-	65 899	64 614	64 614	64 614	74 050	51 065	47 570

2.5.3 Medium-term outlook: Borrowing

The municipality should consider raising loans for capital items required from own funds as well as buying vehicles instead of leasing.

2.5.4 Medium-term outlook: Working towards a funded budget.

The municipality did not manage to table a funded budget. The unfunded budget is based on the following:

- Restructuring of debt owed to major creditors over long term period.
- Implementing cost reflective tariffs – phase 3 – Introduction and implementation of secondary tariffs

The municipality has addressed the following issues to ensure a positive move towards becoming financially sustainable:

- Replacing the faulty meters within all areas thus limiting losses and increasing revenue
- Standardising tariffs in all areas
- Calculating cost reflective tariffs and implementation thereof over 3 years
- Implementing a new valuation roll for Dr Beyers Naude with effect 1 July 2019
- Continuing to implement cost containment measures.

2.6 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality will be making the following allocations:

- SPCA - R20 000
- Pauper burials - R10 000

2.7 COUNCILLORS AND EMPLOYEE BENEFITS

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

The following tables set out the allowances and employee benefits budgeted for the 2023/24 budget year:

The municipality has twenty-four (24) councillors, consisting of one fulltime Mayor, four EXCO Members also chairpersons of sec. 79 committees and one MPAC chairperson of which the allowances are set out in table below.

Grade	Councillor(s)	Number	Salary p/p	Allowance	Total remuneration
3	Mayor (full-time)	1	886 685	44 400	931 085
	Speaker (Full-time)	1	709 349	44 400	753 749
	Exco Members (part time)	4	370 999	177 600	1 661 596
	S79 Committee Chairperson (part-time)	1	360 107	44 400	404 507
	Part-time Councillors	17	280 603	754 800	5 525 051
	TOTAL	24		1 198 800	9 275 988

Senior Managers

Disclosure of Salaries, Allowances & Benefits	Salary	Cell phone	Remote	Performance Bonuses	Total Package (Rand per Annum)
		Allowance	Allowance		
Senior Managers of the Municipality					
Municipal Manager (MM)	1 407 437,00	40 800,00	80 532,55		1 528 769,55
Chief Financial Officer	1 150 465,00	40 800,00	80 532,55		1 271 797,55
Director Corporate Services	1 150 465,00	40 800,00	80 532,55		1 271 797,55
Director Community Services	1 150 465,00	40 800,00	80 532,55		1 271 797,55
Director Engineering and Planning	1 150 465,00	40 800,00	80 532,55		1 271 797,55
					6 615 959,75

2.8 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2023/24 financial year will be approved by the Mayor during June 2023, following the approval of the Budget.

2.9 LEGISLATION COMPLIANCE STATUS

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A draft revised 2023/24 IDP has been developed, which will be considered at a Council meeting to be held in May 2023. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The draft annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated time limits.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2021/22 Annual Report was tabled in January 2023.

Oversight Report

The Municipal Public Accounts Committee has considered the 2021/22 Annual report. Its Oversight Report will be considered and approved at a Council meeting to be held on 27 March 2023.

In-Year Reporting

The municipality submits the various reports required to the Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality's Internal Audit Function is performed in-house and reports to the Municipal Manager and is operating in accordance with an audit plan.

In relation to the 2023/24 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Working towards an unqualified audit status.

Internship Programme

The municipality has appointed five interns.

Municipal Standard Chart of Accounts (mSCOA)

The municipality has made significant progress on compliance. Data strings are uploaded monthly, and a "green" status has been maintained. All legislative required information has been submitted. The municipality is continuously working on reaching full compliance. The budget schedules are generated from the financial system.

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Quality Certificate

I, EDWARD MARTIN RANKWANA, Municipal Manager of Dr Beyers Naude 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 : EDWARD MARTIN RANKWANA

MUNICIPAL MANAGER OF DR BEYERS NAUDE MUNICIPALITY (EC101)



Signature : _____

Date : 27 March 2023