

2023/24 FINAL BUDGET MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

File No. /s: 3/2/2/23

Responsible Official: R Ontong

Directorate: Financial Services

Portfolio: Financial Services

Purpose

The purpose of this submission is to present the 2023/24 MTREF Final Budget.

Legal Framework

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format —
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) Setting out —
 - (i) Estimated revenue and expenditure by vote for the current year; and

(ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and

(e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed”

Financial Implications

The financial implications of the 2023/24 MTREF Budget is captured in the Budget Report.

Annexures

Municipal Budget and Reporting Regulations Schedule-A Budget tables (**Annexure A**)

Quality Certificate (**Annexure B**)

Revised Budget Related Policies (**Annexure C**)

- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Asset Management Policy
- Borrowing Policy
- Budget Implementation and Management Policy
- Budget Virement Policy
- Costing Policy
- Supply Chain Management Policy
- Infrastructure Investment and Capital Projects Policy

Municipal Tariffs (**Annexure D**)

Municipal Finance Management Act Budget Circulars (**Annexure E**)

Demand Management Plan (**Annexure F**)

FINAL MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK 2023/2024 – 2025/2026



BREED VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

30 MAY 2023

TABLE OF CONTENTS

PART 1 – Annual Budget

1. Mayors' Report
2. Resolutions
3. Executive Summary
4. Annual Budget Tables

PART 2 – Supporting Documentation

5. Overview of annual budget process
6. Overview of alignment of annual budget with IDP
7. Measurable performance objectives and indicators
8. Overview of budget related policies
9. Overview of budget assumptions
10. Overview of budget funding
11. Expenditure on allocations and grant programmes
12. Allocations on grants made by the municipality
13. Councillor allowances and employee benefits
14. Monthly targets for revenue, expenditure and cash flow
15. Contracts having future budgetary implications
16. Capital expenditure details
17. Legislation compliance status
18. Other supporting documents
19. Annual budgets of municipal entities attached to the annual budget

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt-hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment

PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Glossary

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short-term investments.

DORA – Division of Revenue Act. The annual piece of legislation that indicate the allocations from National Government to Local Government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a Municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

LM – Breede Valley Municipality.

MFMA - Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

mSCOA – Municipal Standard Chart of Accounts

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level.

Operating Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of a municipality as set out in the IDP Budgeted spending must contribute towards achievement of these strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at department level.

PART 1 – Annual Budget

1. Mayor's Report

The Breede Valley Municipality remains committed to the cause of bringing respectable services to all households. We as a municipality acknowledge the fact that households are faced with numerous difficulties, ranging from social to economic challenges. We view our role as integral in addressing these challenges to improve quality of life and will therefore continue to play our part by creating a conducive environment for job creation and social development in our community. Not all plans will be completed within the timeframes due to various unforeseen challenges, but Breede Valley Municipality is committed in ensuring that all projects commenced are completed.

This budget serves the purpose of outlining future service delivery objectives by reflecting on the past financial years in planning for anticipated future developments / realizations. The devastating effects post COVID 19 on our communities and those in surrounding municipalities resulted in loss of income, work, and lives and has been worsened through continuous loadshedding. We were all forced to change the way in which we conduct business, our daily lives, and how we interact with each other, posing new and unprecedented challenges to us demanding solutions in order for us to survive and progress to our vision of a '*A unique and caring Valley of service excellence, opportunity and growth*'.

Breede Valley Municipality will continue to address service delivery backlogs and will prioritise where needed to ensure the most urgent matters are catered for. We will continue striving for improvement on all levels to ensure that this municipality better the quality of life for the people within Breede Valley municipal area.

2. Resolutions

It is recommended to council that in respect of the 2023/24 MTREF, and outer financial years that council approves the 2023/24 MTREF budget in terms of section 24 of the Municipal Finance Management Act.

3. Executive Summary

3.1 Legislative Background

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

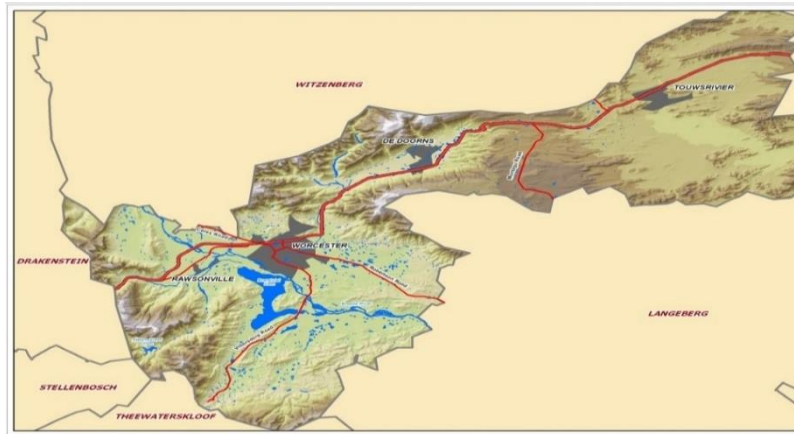
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format —
- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) Setting out —
 - (i) Estimated revenue and expenditure by vote for the current year; and
 - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed”

3.2 Municipal General Overview

The map below outlines the geographical area of Breede Valley Municipality. As per the map Breede Valley Municipality serves the towns of De Doorns, Rawsonville, Touwsrivier and Worcester. Surrounding municipalities include Drakenstein Municipality, Langeberg Municipality, Laingsburg Municipality, Stellenbosch Municipality, Theewaterskloof and Witzenberg Municipality.



Strategic Framework, Pillars and Objectives of the Municipality



Breede Valley Municipality developed five strategic pillars that are underpinned by, which underpin six strategic objectives. The strategic objectives have been developed to address the challenges identified during the IDP development process and are linked to service areas and predetermined objectives.

STRATEGIC PILLARS	
OPPORTUNITY	Breede Valley Municipality strives to provide an opportunity for every resident to have access to all basic services and to live in a safe, caring and well-managed municipal environment.
SAFETY	Breede Valley Municipality aims to partner with the community, other government departments and community organisations to provide a safe environment in which

	communities, especially women and children, can thrive in pursuit of good community values.
CARING	Breede Valley Municipality will provide care to all vulnerable groups and encourage social investment with a focus on youth development and opportunities for the youth to play a meaningful role in developing a better and caring Breede Valley community.
INCLUSIVE	Breede Valley plans, in consultation with all residents and partners, to create and stimulate social cohesion, to restore hope and to break down social divisions.
WELL-RUN MUNICIPALITY	Breede Valley Municipality continues to build on being a well-run municipality, with strong and committed administration upholding the principles of good governance, maintaining a good credit rating, providing basic services to all and improving our solid productivity rating.

STRATEGIC OBJECTIVES

Section 24 of the Municipal Systems Act states:

- (1) The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of cooperative government contained in Section 41 of the Constitution.
- (2) Municipalities must participate in national and provincial development programmes as required in Section 153(b) of the Constitution.”

STRATEGIC OBJECTIVES	
SO 1	To provide and maintain basic services and ensure social upliftment of the Breede Valley community
SO 2	To create an enabling environment for employment and poverty and poverty eradication through proactive economic development and tourism
SO 3	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people
SO 4	To provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local
SO 5	To ensure a healthy and productive workforce and an effective and efficient work environment
SO 6	To assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practices

3.3 Budget Principles and Criteria

The 2023/24 MTREF was compiled based on the following principles and criteria taken into account, the impact of the loadshedding, aftermath of COVID 19 pandemic and on the economy:

Credibility

- Planned Activities must be consistent with the IDP and vice versa.
- Financial viability of municipality should not be jeopardised.
- Ensure Capacity to spend the budget.

Sustainability

- Financial sustainability/ overall financial health of Municipality.
- Revenue/ Expenditure budgeted must be realistic.

Responsiveness

- To the needs of the community / public.
- Alignment of IDP, LED Strategies with Budget to give effect to provincial and national priorities.
- Budget must be responsive to economic growth objectives and the socio-economic needs of the community.

Affordability

- Tariffs must not be increased unreasonably, and consumers must be able to afford tariffs.

The 2023/2024 budget is compiled in line with chapter 4 of the Municipal Finance Management Act, MFMA Budget Circulars and other relevant circulars and / or guidelines from National Treasury and Provincial Treasury. The budget strives to be consistent with the financial norms and ratios as per the MFMA Circular 71 to ensure sound and sustainable management of financial affairs of the municipality. The budget is also consistent with the Long-Term Financial Plan to ensure synergy between long term planning and implementation of planning. Other important principles include addressing the need of access to basic services and the efficient capacitation of the municipality, which is in many instances a challenge given limited financial resources.

The main challenges experienced with the compilation of the 2023/24 MTREF are as follow:

- Loadshedding implemented by Eskom and associated disruptions (revenue generation and economic activity)
- Consequences of COVID 19 Pandemic
- Amendments to mSCOA;

- Consumers exploring alternative energy sources and using less municipal electricity
- Direct effect of the current state of the economy on larger municipalities relying on progressive economic activity
- Vandalism to strategic infrastructure assets
- Ageing infrastructure and increasing service delivery backlogs
- Increasing cost of bulk purchases versus the electricity tariff increases, resulting in pressure to maintain a balance between sustainability, growth and affordability of services

Service charges and other revenue sources are prepared in accordance with planned activities / initiatives / developments and past performance trends to ensure that the budgeted amounts are realistic and do not negatively affect the credibility of the budget and the financial position of the municipality.

The operating expenditure budget compilation process was done in line with the MFMA budget circulars. In instances of inconsistencies, appropriate reasons for the corresponding deviations are provided.

MFMA circular 70 highlighted examples of non-priority spending that need to be addressed by municipalities. Breede Valley Municipality remains commitment to the elimination of these non-priority items and applying zero percent increases on related items where elimination or a decrease in the MTREF budget is not possible.

Further, MFMA circular 82 on cost containment measures was also taken into consideration with the aim of promoting section 62(1)(a) of the MFMA through the effective, efficient and economical use of municipal resources.

The capital budget for 2023/24 aims to address the service delivery needs within the municipal area, given the available resources internally and externally. The main source of funding are external loans, conditional grant allocations from National and Provincial government departments, followed by either internal funding.

3.4 Rebates

Rebates relating to Unemployed, Indigent and Pensioners (under and over 70 years of age) are displayed below:

3.4.1 Rebates: Unemployed and Indigent

Household Income	Rates	Sewer	Refuse	Rental
R0 - R4 500	50%	50%	50%	100%
Max. Valuation	R 270 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.2 Rebates: Pensioner

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older R0 - R4 500	100%	100%	100%	100%
Max Valuation	R 270 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.3 Rebates: Pensioner 70 years and older

Pensioners falling in this category are eligible for an additional R180 000.00 rebate on the calculation of their property rates bill. This overall rebate is capped at R270 000.00

3.4.4 Special Rating Area (SRA)

In terms of Section 22 of the Municipal Property Rates Act a municipality may by resolution of its Council determine an area within that Municipality as a Special Rating Area (SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area. The SRA must submit a budget to the Council annually in terms of the Special Rating Areas By-law. There are currently three approved SRAs, Worcester Improvement District, Langerug Special Rating Area and Fairway Heights Special Rating Area.

3.5 Budget Overview

The budget overview provides insight pertaining to the operating and capital budgets over the MTREF

WC025 Breede Valley - 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
Financial Performance										
Property rates	145 107	155 977	173 037	175 223	175 223	175 223	175 223	187 406	196 589	205 829
Service charges	622 044	644 056	725 043	761 566	772 334	772 334	772 334	793 998	905 433	1 018 794
Investment revenue	12 001	9 718	10 969	10 686	12 823	12 823	12 823	12 823	13 452	14 084
Transfer and subsidies - Operational	141 850	168 007	152 932	171 058	175 605	175 605	175 605	186 796	196 409	220 913
Other own revenue	91 210	93 091	70 271	271 940	272 027	272 027	272 027	292 818	307 166	321 603
Total Revenue (excluding capital transfers and contributions)	1 012 212	1 070 848	1 132 251	1 390 473	1 408 012	1 408 012	1 408 012	1 473 841	1 619 049	1 781 222
Employee costs	297 258	319 700	335 127	350 795	369 354	369 354	369 354	413 148	428 148	448 271
Remuneration of councillors	18 413	18 421	18 315	19 549	19 673	19 673	19 673	20 720	21 736	22 757
Depreciation and amortisation	87 496	89 403	88 566	100 988	100 988	100 988	100 988	100 265	105 709	110 678
Finance charges	23 643	22 351	20 974	38 001	38 001	38 001	38 001	37 980	39 841	41 714
Inventory consumed and bulk purchases	345 745	363 584	424 259	462 319	463 450	463 450	463 450	478 033	559 474	652 213
Transfers and subsidies	6 938	4 452	3 767	6 872	9 999	9 999	9 999	6 138	7 227	6 396
Other expenditure	231 699	255 813	244 981	377 227	397 398	397 398	397 398	427 676	441 289	470 272
Total Expenditure	1 011 192	1 073 724	1 135 989	1 355 751	1 398 862	1 398 862	1 398 862	1 483 960	1 603 424	1 752 300
Surplus/(Deficit)	1 020	(2 875)	(3 738)	34 722	9 150	9 150	9 150	(10 119)	15 625	28 923
Transfers and subsidies - capital (monetary allocations)	146 877	53 083	55 756	70 138	81 473	81 473	81 473	66 797	63 336	74 136
Transfers and subsidies - capital (in-kind)	185	300	–	–	17 918	17 918	17 918	–	–	–
Surplus/(Deficit) after capital transfers & contributions	148 082	50 507	52 017	104 860	108 541	108 541	108 541	56 678	78 961	103 059
Intercompany/Parent subsidiary transactions	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	148 082	50 507	52 017	104 860	108 541	108 541	108 541	56 678	78 961	103 059
Capital expenditure & funds sources										
Capital expenditure	195 481	124 588	143 097	318 550	409 246	409 246	409 246	190 531	172 496	144 943
Transfers recognised - capital	147 062	53 383	55 635	70 138	99 390	99 390	99 390	66 797	63 336	74 136
Borrowing	159	–	–	146 238	180 328	180 328	180 328	28 069	22 000	19 900
Internally generated funds	48 260	71 205	87 462	102 174	129 528	129 528	129 528	95 665	87 160	50 907
Total sources of capital funds	195 481	124 588	143 097	318 550	409 246	409 246	409 246	190 531	172 496	144 943

The current reality of loadshedding and the aftermath of COVID 19 brought high levels of uncertainty relating to projection of the anticipated financial performance and position of the municipality in ensuring that the budget to be approved by Council adheres the requirements of credibility and sustainability.

The current economic situation forces us to remain prudent and continue with applying resources in a well-balanced manner. We have experienced a reduction in the collection rate over recent years which had a severe impact on the cash position of the municipality. This position is further placed under risk with loadshedding given that most households are prepaid electricity users, whom have been using significantly less electricity.

Municipal spending of discretionary nature remains at the bare minimum to continue honouring non-discretionary commitments. The utilization of both financial and non-financial resources is being monitored to promote the effective and efficient utilization of these resources. This requires the municipality to continuously adapt and re-design where needed in order to continue implementing its constitutional mandate.

3.5.1 Operating Revenue

The table below reflects the operating revenue in relation to the current year and 2023/24 MTREF.

WC025 Breede Valley - 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
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	416 707	431 937	492 826	536 542	536 542	536 542	536 542	544 474	643 682	744 741
Service charges - Water	2	91 484	93 942	104 101	98 700	103 891	103 891	103 891	110 094	115 489	120 917
Service charges - Waste Water Management	2	73 688	76 021	84 271	79 917	85 495	85 495	85 495	90 530	94 966	99 429
Service charges - Waste Management	2	40 166	42 155	43 844	46 407	46 407	46 407	46 407	48 900	51 296	53 707
Sale of Goods and Rendering of Services		3 993	4 827	5 639	3 757	3 757	3 757	3 757	6 939	7 279	7 621
Agency services		7 543	9 416	9 061	9 436	9 436	9 436	9 436	9 908	10 393	10 882
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		8 133	8 344	9 814	9 970	13 629	13 629	13 629	13 376	14 032	14 691
Interest earned from Current and Non Current Assets		12 001	9 718	10 969	10 686	12 823	12 823	12 823	12 823	13 452	14 084
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		2 232	3 304	-	1 567	-	-	-	1 645	1 726	1 807
Rental from Fixed Assets		10 671	22 936	8 178	6 489	6 489	6 489	6 489	6 981	7 323	7 667
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		5 393	7 585	5 641	4 754	4 754	4 754	4 754	4 994	5 238	5 485
Non-Exchange Revenue											
Property rates	2	145 107	155 977	173 037	175 223	175 223	175 223	175 223	187 406	196 589	205 829
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		51 034	30 743	28 741	230 513	230 513	230 513	230 513	242 038	253 897	265 831
Licences or permits		2 211	2 017	2 620	4 056	2 050	2 050	2 050	4 259	4 467	4 677
Transfer and subsidies - Operational		141 850	168 007	152 932	171 058	175 605	175 605	175 605	186 796	196 409	220 913
Interest		-	-	-	-	-	-	-	1 196	1 255	1 314
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	3 919	577	1 399	1 399	1 399	1 399	1 483	1 555	1 628
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 012 212	1 070 848	1 132 251	1 390 473	1 408 012	1 408 012	1 408 012	1 473 841	1 619 049	1 781 222

Please refer to Annexure A

Based on the current economic climate within the Breede Valley municipal area, tariffs were kept in line with the guidelines as per MFMA budget circular and NERSA guideline consultation paper. This inflation linked increase in tariffs aim to promote sustainability of the revenue, other than the counterproductive method of increasing tariffs to such an extent that the collection rate deteriorates.

The figures represented in this section are the accrued amounts and not actual cash receipts; in other words, the amounts billed for property rates; service charges and interest as it become due.

Property Rates: Budgeted revenue is based on the current performance realised during the 2022/23 financial year and anticipated revenue based on the current valuation roll.

Service Charges: The 2023/24 projected revenue for service charges is based on the current performance and anticipated trends over the MTREF.

Interest on External Investments: This budget is informed by the municipality's current investment portfolio, and the anticipated return on investments to be made over the MTREF.

Fines: Fines are projected in accordance with the anticipated issues for the 2023/24 MTREF.

Transfers Recognised – Operational: This revenue item is based on the operational transfers (conditional and unconditional) as per the 2023/24 budget year allocations.

3.5.2 Operating Expenditure

The table below reflects the operating expenditure in relation to the current year and 2023/24 MTREF.

WC025 Breede Valley - 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		
R thousand	1	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			(822)	–							
Employee related costs	2	297 258	319 700	335 127	350 795	369 354	369 354	369 354	413 148	428 148	448 271
Remuneration of councillors		18 413	18 421	18 315	19 549	19 673	19 673	19 673	20 720	21 736	22 757
Bulk purchases - electricity	2	318 842	328 879	383 068	422 897	422 897	422 897	422 897	432 321	511 656	602 148
Inventory consumed	8	26 904	34 705	41 191	39 422	40 553	40 553	40 553	45 712	47 818	50 065
Debt impairment	3	90 509	77 569	80 796	198 257	198 257	198 257	198 257	209 734	220 011	230 351
Depreciation and amortisation		87 496	89 403	88 566	100 988	100 988	100 988	100 988	100 265	105 709	110 678
Interest		23 643	22 351	20 974	38 001	38 001	38 001	38 001	37 980	39 841	41 714
Contracted services		64 401	73 166	97 001	104 978	113 048	113 048	113 048	118 676	117 206	130 960
Transfers and subsidies		6 938	4 452	3 767	6 872	9 999	9 999	9 999	6 138	7 227	6 396
Irrecoverable debts written off		–	–	–	–	–	–	–	18	19	20
Operational costs		76 388	101 592	64 709	70 227	82 328	82 328	82 328	95 257	99 867	104 557
Losses on disposal of Assets		402	3 485	2 476	3 766	3 766	3 766	3 766	3 928	4 120	4 314
Other Losses		–	–	–	–	–	–	–	63	66	69
Total Expenditure		1 011 192	1 073 724	1 135 989	1 355 751	1 398 862	1 398 862	1 398 862	1 483 960	1 603 424	1 752 300

Please refer to Annexure A.

The operational expenditure budget was adjusted to accommodate the projected operational expenditure to be incurred over the MTREF. These amendments/adjustments are based on the 2022/23 Adjustment Budget.

These amendments are informed by the following principles:

- Current structure and funding mix to remain as is.
- No new positions
- No new temporary contracts
- EPWP workers to be used as alternative to counter staff shortages where needed
- Review of standby and overtime
- No and/or limited travel and subsistence
- Efficient and effective utilization of internal staff opposed to using external contractors
- Hiring of plant and equipment limited to extreme cases

The principles underpin the renewed approach to service delivery. The municipality established various committees to explore creative and innovative ways to add value to the respective functional areas across the municipality. The committees will address issues pertaining to:

- Costing and expenditure control, including cost containment
- Revenue recovery enhancement
- Financial aspects with focus on Ratio's
- Supporting SCM and compliance
- Prioritization of expenditures to assure essential services and impact on revenue enhancement
- Local economic development,
- Spatial planning integration

Employee related cost: Employee related cost is based on the current staff structure.

Debt Impairment: The fines and corresponding write-off will be managed within the available budgets. These amounts will be reviewed with the 2023/24 adjustments budget if needed.

Depreciation and asset impairment: Depreciation is calculated based on the useful lives of assets, which are currently being reviewed. The commission date of the majority of capital projects are more to the end of the financial year (based on past trends), resulting in new additions not having a full year's depreciation, but only a part thereof.

Finance charges: The finance charges are calculated based on the municipality's borrowing portfolio. It should also be noted that the interest portion of the repayment decreases over the term of the loan. This amount includes the finance charges in respect of the new external loan to be acquired.

Bulk Purchases: This item comprises of electricity bulk purchases and is based on the current consumption patterns in terms of usage. The increase in this expenditure item is based on the NERSA guideline consultation paper issued in terms of budgeting for the 2023/24 MTREF.

Inventory consumed and Contracted Services: The budget for other materials and contracted services is also based on the 2022/23 Mid-year Adjustments Budget. The municipality placed significant emphasis on the funding of temporary workers that will be targeting high priority areas such as area cleaning and basic service delivery aspects where a temporary need exists. Further, maintenance of rental units / flats, relocation of outside toilets for the vulnerable, ward-based projects and maintenance of chemical toilets are projects to received high priority in terms of funding. The implementation of these projects will be closely monitored given the importance and impact it will have on the beneficiaries.

Operational Costs: The amendment in operational costs is due to the cost containment not being increased and the conservative approach applied by the municipality, while also attending to operational expenditure that is needed to conduct municipal operations effectively and efficiently. Large contributors in this category are software licences (IT), External Audit Fees and Hire Charges in respect of the service delivery departments (Stormwater, Streets and Refuse).

Please refer to SA1 for the detail.

3.5.3 Capital budget

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

WC025 Breede Valley - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

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 - Functional											
Governance and administration		838	5 425	5 399	32 645	24 994	24 994	24 994	17 219	8 942	2 115
Executive and council		6	37	62	10	245	245	245	160	10	–
Finance and administration		832	5 388	5 338	32 635	24 749	24 749	24 749	17 059	8 932	2 115
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		3 874	12 192	17 363	9 291	26 005	26 005	26 005	19 253	9 715	7 948
Community and social services		818	11 252	481	4 832	5 918	5 918	5 918	957	115	1 348
Sport and recreation		2 497	10	16 451	3 820	1 050	1 050	1 050	11 296	3 600	600
Public safety		559	930	432	639	1 688	1 688	1 688	6 000	6 000	6 000
Housing		–	–	–	–	17 350	17 350	17 350	1 000	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		69 869	72 398	34 954	56 246	63 965	63 965	63 965	49 630	58 750	50 441
Planning and development		5 434	1 222	659	1 820	1 620	1 620	1 620	5	5	5
Road transport		64 435	71 176	34 295	54 426	62 345	62 345	62 345	49 625	58 745	50 436
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		120 901	34 572	85 382	220 368	294 282	294 282	294 282	104 429	95 089	84 439
Energy sources		20 710	23 781	46 229	66 230	75 228	75 228	75 228	41 418	34 000	49 100
Water management		29 044	4 195	15 555	94 688	67 492	67 492	67 492	13 225	21 979	18 719
Waste water management		49 695	5 420	23 251	58 250	150 290	150 290	150 290	48 786	38 110	15 620
Waste management		21 452	1 177	346	1 200	1 272	1 272	1 272	1 000	1 000	1 000
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3,7	195 481	124 588	143 097	318 550	409 246	409 246	409 246	190 531	172 496	144 943
Funded by:											
National Government		34 373	50 125	55 182	69 094	79 404	79 404	79 404	64 847	63 336	74 136
Provincial Government		112 433	2 458	25	1 044	19 419	19 419	19 419	1 950	–	–
District Municipality		71	300	429	–	549	549	549	–	–	–
Transfers and subsidies - capital (in-kind)		185	500	–	–	19	19	19	–	–	–
Transfers recognised - capital	4	147 062	53 383	55 635	70 138	99 390	99 390	99 390	66 797	63 336	74 136
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	159	–	–	146 238	180 328	180 328	180 328	28 069	22 000	19 900
Internally generated funds		48 260	71 205	87 462	102 174	129 528	129 528	129 528	95 665	87 160	50 907
Total Capital Funding	7	195 481	124 588	143 097	318 550	409 246	409 246	409 246	190 531	172 496	144 943

Please refer to Annexure A

The municipality implemented quarterly budget engagements where performance of the capital budget & Grant funding is tracked.

Capital Projects

The list below represents the major / significant capital projects.

Description	Finance Source	Fund Desc	Final Budget 2023/24	Final Budget 2024/25	Final Budget 2025/26
<u>Engineering Services and Public Services</u>					
<u>Not Allocated to Wards</u>					
<u>Worcester WwTW</u>	-	-			
<u>Stettynskloof Water Supply (Worcester/Rawsonville)</u>	-	-			
Increase dam Level (Stetteynskloof Dam)	1,1	Loans	2 000 000	10 000 000	10 000 000
-	-	-			
<u>Klipvlakte/ Transhex Residential Development (13 000 erven)</u>	-	-			
Electrical Reticulation	8,2	INEP	20 238 000	21 000 000	30 000 000
<u>Upgrading of Sewer Network</u>					
External Loan	1,1	Loans	3 000 000	0	3 000 000
CRR	3,0	CRR / Own Funding	10 000 000	10 000 000	10 000 000
<u>Touws River: Waste Water Treatment Works (WwTW) Augmentation</u>					
MIG	8,0	MIG	14 195 122	13 123 171	0
MIG Counter Funding (CRR)	3,2	CRR / Own Funding	0	8 866 827	0
WSIG	8,8	WSIG	0	0	0
<u>Touws River: Water Treatment Works (WTW) Augmentation</u>					
MIG	8,0	MIG	0	1 000 000	2 000 000
MIG Counter Funding (CRR)	3,2	CRR / Own Funding	0	0	0
<u>Touws River : Water Network Upgrades to Affordable Housing Project</u>					
MIG	8,0	MIG	0	0	500 000
MIG Counter Funding (CRR)	3,2	CRR / Own Funding	0	0	0
<u>Touws River : Sewer Network Upgrades to Affordable Housing Project</u>					
MIG	8,0	MIG	0	0	500 000
MIG Counter Funding (CRR)	3,2	CRR / Own Funding	0	0	0
<u>Resealing of Roads</u>					

Resealing of Municipal Roads - Rawsonville	3,2	CRR / Own Funding	0	0	0
<u>Resealing of Municipal Roads - Worcester</u>					
MIG	8,0	MIG	0	15 336 000	39 136 000
CRR	3,0	CRR / Own Funding	1 000 000	3 000 000	0
<u>Resealing of Municipal Roads - De Doorns</u>					
External Loan	1,2	Loans	0	0	0
MIG	8,0	MIG	0	0	1 500 000
CRR	3,0	CRR / Own Funding	0	0	0
<u>Resealing of Municipal Roads - Touws River</u>					
Resealing of Municipal Roads - Touws River	8,0	MIG	0	0	500 000
Resealing of Municipal Roads - Touws River	3,2	CRR / Own Funding	0	0	0
<u>Upgrading of Roads</u>					
Municipal Roads (Ward 1, 2, 3, 4, 16, 17 and 18)	3,0	CRR / Own Funding	5 000 000	5 000 000	5 000 000
<u>Networks</u>					
Pipe cracking (all wards)	3,0	CRR / Own Funding	3 000 000	3 000 000	3 000 000
<u>Electricity (8112)</u>					
Refurbishment of electrical system	3,0	CRR / Own Funding	1 500 000	0	0
Refurbishment of Touwsriver Substation and Safeguarding	1,1	Loans	4 000 000	4 000 000	0
Robertson Road Substation	1,1	Loans	1 300 000	0	0
RMU/ Main Sub Switchgear Replacements De Doorns	1,1	Loans	0	3 000 000	0
RMU/Main Sub Switchgear replacements Touwsrivier	1,1	Loans	0	3 000 000	0
Zwelethemba removal of mid-blocks	3,0	CRR / Own Funding	6 000 000	0	0
66KV Ripple Control	1,1	Loans	0	0	6 900 000
Upgrading of High Mast Lights	8,7	EEDMG	1 400 000	0	0
Upgrading of Street Lights	8,7	EEDMG	2 600 000	0	0
<u>Refurbishment of electrical system (NERSA)</u>					
Electricity - Machinery and Equipment	3,0	CRR / Own Funding	600 000	600 000	600 000
<u>SOLID WASTE MANAGEMENT</u>					
<u>WORCESTER</u>					
Wheeliebins	3,0	CRR / Own Funding	1 000 000	1 000 000	1 000 000
<u>Ward Priorities</u>					
Speed Humps	3,0	CRR / Own Funding	1 500 000	500 000	500 000

Fencing of Substations	3,0	CRR / Own Funding	600 000	600 000	600 000
Playparks	3,0	CRR / Own Funding	500 000	500 000	500 000
<u>Ward 1</u>					
Upgrading Gravel Roads	3,0	CRR / Own Funding	0	5 272 449	0
Upgrading Gravel Roads	8,0	MIG	7 716 829	7 716 829	0
<u>Ward 2</u>					
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	8,0	MIG	5 160 000	5 160 000	0
<u>Ward 6</u>					
Reseal of Municipal Roads (Quellerie Rd, Haarlem and others)	3,0	CRR / Own Funding	3 000 000	3 000 000	0
<u>Ward 7</u>					
Reseal of Municipal Roads (De La Bat and others)	3,0	CRR / Own Funding	1 000 000	3 000 000	0
Upgrading of Gravel Roads (Smith str.)	3,0	CRR / Own Funding	750 000	0	0
<u>Ward 8</u>					
Upgrading of Gravel Roads - Industrial Area	3,0	CRR / Own Funding	6 500 000	0	0
Upgrading of Gravel Roads (IDT)	3,0	CRR / Own Funding	4 550 871	0	0
Upgrading of Gravel Roads	8,0	MIG	7 537 049	0	0
<u>Ward 10</u>					
Reseal of Roads - Ward 10	3,0	CRR / Own Funding	1 000 000	1 000 000	0
Playparks - Ward 10	3,0	CRR / Own Funding	120 000	0	0
<u>Ward 11</u>					
Reseal of Roads - Ward 11	3,0	CRR / Own Funding	1 000 000	1 000 000	0
<u>Ward 12</u>					
Upgrading of Routes (Visually Impaired)	3,0	CRR / Own Funding	1 000 000	0	0
Reseal of Municipal Roads - Ward 12	3,0	CRR / Own Funding	3 000 000	5 000 000	0
<u>Ward 13</u>					
Reseal of Municipal Roads - Ward 13	3,0	CRR / Own Funding	1 000 000	1 000 000	0
<u>Ward 15</u>					
Reseal of Municipal Roads - Ward 15	3,0	CRR / Own Funding	0	3 000 000	1 000 000
<u>Ward 16</u>					
Speed Hump x 2 - Ward 16	3,0	CRR / Own Funding	50 000	0	0
Sidewalk - Mtwazi Road	3,0	CRR / Own Funding	100 000	0	0

<u>Ward 19</u>					
Playpark - Ward 19	6,4	RSEP	1 100 000	0	0
<u>Ward 20</u>					
High Mast Light - Ward 20	3,0	CRR / Own Funding	0	700 000	0
<u>Ward 21</u>					
Upgrading of gravel roads	3,0	CRR / Own Funding	2 000 000	3 000 000	1 000 000
<u>SERVICE CONNECTIONS (Depending on Public Contr)</u>					
Sewer Connections	3,3	CRR / Own Funding	1 120 000	1 120 000	1 120 000
Electricity Connections	3,3	CRR / Own Funding	1 000 000	1 000 000	1 000 000
Water Connections	3,3	CRR / Own Funding	2 719 200	2 719 200	2 719 200
<u>Water and Waste Water Treatment Works</u>					
WWTW and WTW Generators	3,0	CRR / Own Funding	800 000	800 000	0
Fencing and safeguarding of WTW and WWTW pumpstations	3,0	CRR / Own Funding	2 000 000	2 000 000	0
Water Pump station upgrading and refurbishment	3,0	CRR / Own Funding	0	0	0
WWTW Pump station upgrading and refurbishment	1,1	Loans	2 000 000	2 000 000	0
<u>Parks and Cemeteries</u>					
Parks - Machinery and Equipment	3,0	CRR / Own Funding	100 000	100 000	100 000
Fencing of Cemeteries - Aan De Doorns	3,0	CRR / Own Funding	0	0	1 225 000
Fencing of Cemeteries - De Wet Str.	3,0	CRR / Own Funding	107 000	115 000	122 500
<u>Water and Sewerage</u>					
Upgrading of Offices (Fairbairn Street)	3,0	CRR / Own Funding	0	0	0
Water - Furniture and Office Equipment	3,0	CRR / Own Funding	100 000	0	0
Water - Machinery and Equipment	3,0	CRR / Own Funding	500 000	0	0
<u>ROADS AND STORMWATER</u>					
Roads - Machinery and Equipment	3,0	CRR / Own Funding	200 000	200 000	300 000
<u>Land Infill Developments</u>					
Avian Park Industrial - Water	3,1	CRR / Own Funding	0	0	0
Avian Park Industrial - Water	1,1	Loans	146 043	0	0
Avian Park Industrial - Sewer	3,1	CRR / Own Funding	438 005	0	0
Avian Park Industrial - Sewer	1,1	Loans	438 005	0	0
Avian Park Industrial - Stormwater	3,1	CRR / Own Funding	0	0	0

Avian Park Industrial - Stormwater	1,1	Loans	94 928	0	0
Avian Park Industrial - Electricity	3,1	CRR / Own Funding	990 000	0	0
Avian Park Industrial - Electricity	1,1	Loans	990 000	0	0
Avian Park Industrial - Sewer Pumpstation	3,1	CRR / Own Funding	0	0	0
Avian Park Industrial - Sewer Pumpstation	1,1	Loans	14 000 000	0	0
Somerset Park - Electricity	1,1	Loans	100 000	0	0
Uitvlug Industrial Zone - Water	3,1	CRR / Own Funding	100 000	100 000	500 000
Uitvlug Industrial Zone - Sewer	3,1	CRR / Own Funding	100 000	100 000	500 000
Uitvlug Industrial Zone - Electricity	3,1	CRR / Own Funding	100 000	100 000	10 000 000
Uitvlug Industrial Zone - Roads	3,1	CRR / Own Funding	100 000	100 000	500 000
Uitvlug Industrial Zone - Stormwater	3,1	CRR / Own Funding	100 000	100 000	500 000
<u>Municipal Manager</u>					
<u>Admin -0603</u>					
Furniture and Equipment	3,0	CRR / Own Funding	155 000	5 000	0
<u>Community Services</u>					
<u>ADMIN - 0903</u>					
Furniture & Equipment	4,0	CRR / Own Funding	5 000	5 000	0
<u>HUMAN SETTLEMENTS</u>					
Rental Unit Upgrade	3,0	CRR / Own Funding	1 000 000	0	0
<u>SPORT: Boland Park - 5130</u>					
Replacement of fence perimeter	3,0	CRR / Own Funding	0	3 000 000	0
<u>DE WET SPORTGROUND</u>					
Upgrading of De Wet Sportground	8,0	MIG	1 100 000	0	0
Upgrading of De Wet Sportground	3,0	CRR / Own Funding	425 600	0	0
<u>RAWSONVILLE SPORTGROUND</u>					
Upgrading of Rawsonville Sportground	8,0	MIG	4 900 000	0	0
Upgrading of Rawsonville Sportground	3,0	CRR / Own Funding	50 000	0	0
<u>SPORT: Esselen Park</u>					
Replacement of fence perimeter	3,0	CRR / Own Funding	3 000 000	0	0
<u>WATERLOO LIBRARY - 4506</u>					
Modular Library (Overhex)	6,1	Libraries Grant	850 000	0	0

<u>TRAFFIC</u>					
<u>Buildings</u>					
Traffic Vehicles	3,0	CRR / Own Funding	1 620 000	1 620 000	1 000 000
<u>FIRE DEPARTMENT: ADMIN - 4203</u>					
Major Fire Engine (Pumper)	3,0	CRR / Own Funding	5 000 000	5 000 000	5 000 000
Equipment for Fire Engine	3,0	CRR / Own Funding	1 000 000	1 000 000	1 000 000
<u>FINANCIAL SERVICES</u>					
<u>Admin</u>					
Furniture and Equipment	4,0	CRR / Own Funding	5 000	5 000	0
<u>Financial Planning</u>					
Safeguarding of Assets	12,0	Insurance Reserve	400 000	400 000	400 000
FS FP - Insurance claims : Other Assets	12,0	Insurance Reserve	400 000	400 000	400 000
FS FP - Insurance claims : Mach & Equipment	12,0	Insurance Reserve	500 000	500 000	500 000
FS FP - Insurance claims : Comp Equipment	12,0	Insurance Reserve	100 000	100 000	100 000
Financial Planning - Furniture and Equipment	3,0	CRR / Own Funding	50 000	0	0
<u>Revenue</u>					
Revenue - Upgrading of Municipal Building	3,0	CRR / Own Funding	50 000	0	0
Revenue - Airconditioners	3,0	CRR / Own Funding	50 000	0	0
Revenue - Machinery and Equipment	3,0	CRR / Own Funding	150 000	0	0
<u>Fleet Management - 8860</u>					
Municipal Vehicles - LDV's	3,0	CRR / Own Funding	500 000	0	0
Municipal Vehicles - Sedans	3,0	CRR / Own Funding	500 000	0	0
Municipal Vehicles - Specialized	3,0	CRR / Own Funding	500 000	0	0
<u>COUNCIL & MAYCO</u>					
<u>MAYORAL OFFICE - 0306</u>					
Furniture and Equipment	4,0	CRR / Own Funding	5 000	5 000	0
<u>STRATEGIC SUPPORT SERVICES</u>					
<u>STRATEGIC SUPPORT - ADMIN - 2103</u>					
Furniture and Equipment	4,0	CRR / Own Funding	5 000	5 000	5 000
<u>Local Economic Development</u>					
LED - Furniture and Office Equipment	4,0	CRR / Own Funding	5 000	5 000	5 000
Zwelethemba Economic Facility	3,0	CRR / Own Funding	0	0	0

Zwelethemba Economic Facility	6,4	RSEP	0	0	0
<u>Other Buildings</u>					
Supply and Installation of Load Shedding Solution and Solar PV	3,0	CRR / Own Funding	12 884 000	6 807 000	0
Upgrading of Municipal Buildings	3,0	CRR / Own Funding	100 000	0	0
<u>INFORMATION TECHNOLOGY</u>					
ICT - Computer Equipment	3,0	CRR / Own Funding	500 000	500 000	500 000
Fibre Links	3,0	CRR / Own Funding	10 000	10 000	10 000
Call Center & Telephone (PBX) System	3,0	CRR / Own Funding	50 000	50 000	50 000
Biometric system	3,0	CRR / Own Funding	150 000	150 000	150 000
Airconditioner (DR Site)	3,0	CRR / Own Funding	150 000	0	0

Kindly refer to SA36 for the detail capital budget.

4. Annual Budget Tables

The budget tables prepared in accordance with the Municipal Finance Management Act, and Municipal Budget and Reporting Regulations are listed in below:

- **Table A1** Budget Summary
- **Table A2** Budgeted Financial Performance (Revenue and Expenditure by standard classification)
- **Table A3** Budgeted Financial Performance (revenue and expenditure by municipal vote)
- **Table A4** Budgeted Financial Performance (revenue and expenditure)
- **Table A5** Budgeted Capital Expenditure by vote, standard classification and funding
- **Table A6** Budgeted Financial Position
- **Table A7** Budgeted Cash Flows
- **Table A8** Cash Backed Reserves / Accumulated Surplus Reconciliation
- **Table A9** Asset Management
- **Table A10** Basic Service Delivery Measurement

Kindly refer to Appendix A for the detailed Schedule A tables.

Breede Valley Municipality do not have any entities, therefore, no consolidation of budget information and tables are presented in the document and other supporting documentation.

PART 2 – Supporting Documentation

5. Overview of Annual Budget Process

Step No	ISSUE	TIMEFRAME
1	IDP/Budget Process Plan/Timetable approved by council	Aug 2022
2	IDP Meetings – inputs from Ward Councilors & Ward Committees	Oct 2022
3	First IDP/ Budget Steering Committee Meeting	Nov 2022
4	Departmental inputs on Draft allocations	Nov & Dec 2022
5	2 nd Budget Steering Committee – Consider Adjustment budget	Jan 2023
6	Draft Budget input captured and Budget balanced	March 2023
7	Draft IDP & Budget tabled in Council	March 2023
8	IDP & Budget workshop - Council	April 2023
9	Public Consultation	April 2023
10	Finalise Sector / Dept Strategy Plan / Budget - IDP	April 2023
11	Consideration of Comments received	April 2023
12	Tabling of Final MTREF	End May 2023



Process Plan

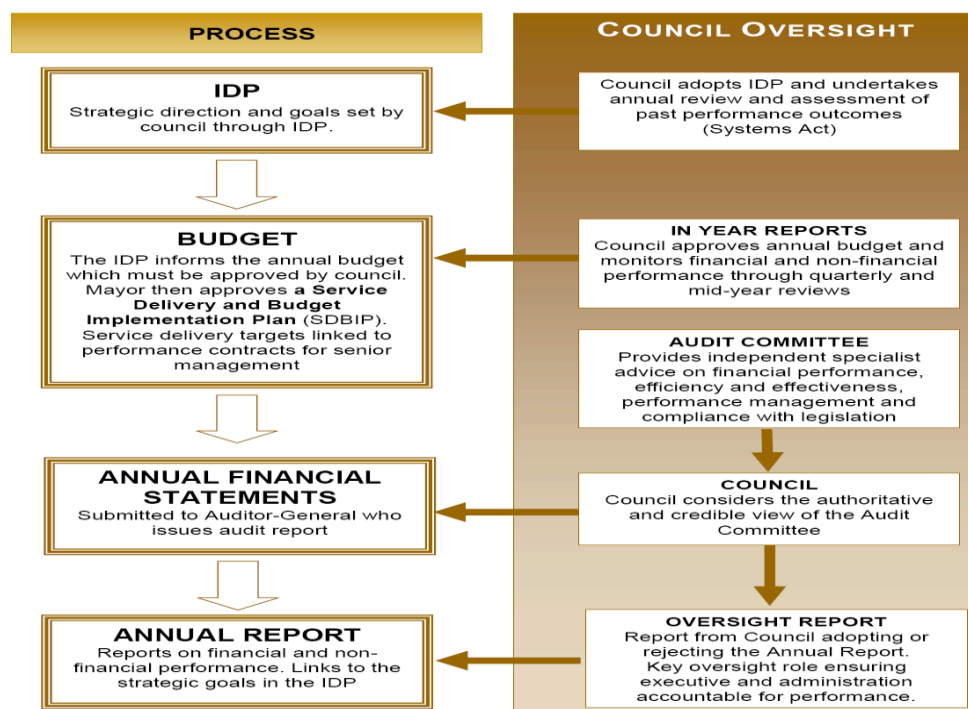
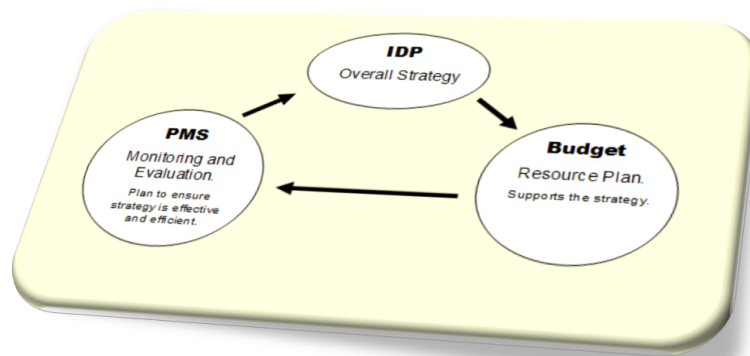
	STEP	PROCESS
1.	Planning	Schedule key dates, establish consultation forums, review previous processes
2.	Strategising	Review IDP, Determine priorities, set service delivery targets and objectives for the next three years, consult on tariffs, indigent, credit control, free basic services, etc and consult local, provincial, and national issues, previous years performance and current economic and demographic trends.
3.	Preparing	Prepare budget, revenue, expenditure projections, draft budget policies, consult and consider local, provincial and national priorities.
4.	Tabling	Table draft budget, IDP and budget related policies before the council, consult and consider formal local, provincial, and national inputs and responses.
5.	Approving	Council approves budget and related policies.
6.	Finalising/ Implementation	Publish and approve SDBIP and annual Performance agreements and indicators. Publish Budget in terms of sect.22 MFMA

The IDP / Budget process plan was consulted with all relevant stakeholders, whom are:

- Council
- Executive Mayor and Mayoral Committee
- Accounting Officer
- Management
- Institutional Committees
- District Municipality (Cape Winelands District Municipality)
- Intergovernmental (National Treasury, Provincial Treasury and Department of Local Government)
- Ward councillors, ward committees and community in wards

6. Overview of alignment of annual budget with Integrated Development Plan

The below diagrams illustrates the link between the municipality's IDP and Budget



MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Please refer to Annexure A

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Please refer to Annexure A

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Please refer to Annexure A

7. Measurable performance objectives and indicators

SA7 provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Please refer to Annexure A

8. MBRR Table SA8 - Performance indicators and benchmarks

The following table sets out the municipality's main performance objectives and benchmarks for the 2023/24 MTREF.

Please refer to Annexure A

9. Overview of Budget Related Policies

The following budget related policies are in use:

- Asset Management Policy
- Borrowing Policy
- Budget Policy
- Budget Virement Policy
- Costing Policy
- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Supply Chain Management Policy
- Cost Containment Policy

Please refer to annexure D for the budget related policies.

10. Overview of Budget Assumptions

The following budget assumptions were used as basis for compilation of the 2023/24 MTREF:

- Tariff increases:

Service	Percentage Increase (%)
Electricity	15.10%
Water	6.95%
Sewerage	6.95%
Refuse	6.95%
Rates	6.95%

***Kindly refer to Annexure E for the complete list of tariffs**

- CPIX = 5.3% (MFMA budget circular)
- Employee related cost is based collective agreement
- Government Grant will be received as gazetted by National and Provincial Government.
- Electricity bulk purchases in line with NERSA guideline.
- Minimal growth in revenue base. Mostly related to low cost housing.
- No / limited increases applied on cost containment items.
- Indigent households is anticipated be in the region of 10 000 households (formal)
- Budgeted collection rate equals to 90 percent
- Conditional grant will be fully spent
- Credit rating: Baa1.za

11. Overview of Budget Funding

Funding sources of operating expenditure budget.

This overview provides the funding for operating expenditure to be incurred in future financial years.

Please refer to table A1 of Annexure A

Funding sources of capital expenditure budget

Similar to the operating revenue, the capital funding indicates how the capital programme of the municipality will be financed in future years. Based on the above table, it is clear that the municipality is largely grant dependant when external funding (loans) are not being taken up. However, it should be noted that significant progress was made with regards to the contribution of own resources to the capital programme in recent years.

Internal funding in the form of the Capital Replacement Reserve (CRR) is cash backed and sufficient to cover the related capital expenditure projects for the budget year. The municipality remains committed in growing the CRR by making contributions to this reserve to enable better service delivery in the form of capital expenditure. Projects funded from the CRR will be closely monitored to aid implementation and where adjustments are required due to implementation challenges, funds will be directed or reprioritised as per the prerogative of management, through the guidance of the IDP and / or the municipality's financial status.

12. Expenditure on allocations and grant programmes

MBRR SA19 - Expenditure on transfers and grant programmes

Kindly refer to table SA19 of Annexure A.

13. Allocations or grants made by the municipality

MBRR SA21- Transfers and grants made by the municipality

Kindly refer to table SA21 of Annexure A.

14. Councillors and board members allowances and employee benefits

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Kindly refer to table SA23 of Annexure A.

15. Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Please refer to table SA25 of annexure A.

16. Contracts having future budgetary implications

MBRR SA33 – Contracts having future budgetary implications

Please refer to table SA33 of annexure A.

17. MBRR SA35 - Future financial implications of the capital budget

Please refer to table SA35 of annexure A.

18. Capital expenditure details

MBRR SA36 - Detailed capital budget per municipal vote

Please refer to table SA36 of annexure A.

19. Legislation compliance status

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

- **In-year reporting:** Reporting to National Treasury and Provincial Treasuries are done in line with the legislated prescripts.
- **Internship programme:** This programme is fully functional within the municipality with 4 interns being employed under this programme.
- **Budget and Treasury Office:** The Budget and Treasury Office has been established in accordance with the MFMA.
- **Audit Committee:** An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan
- **Annual Report:** Annual report is compiled in terms of the MFMA and National Treasury requirements.
- MFMA Training
- Policies

20. Other supporting documents

Please refer to annexures E for MFMA budget circular

21. Annual budgets of municipal entities attached to the annual budget

No municipal entities.

COMMENTS BY OTHER DIRECTORATES

Municipal Manager – Recommendation supported

Director Strategic Services – Recommendation supported

Director Community Services – Recommendation supported

Director Engineering Services – Recommendation supported

Director Public Services (Acting) – Recommendation supported

RESOLUTIONS

That in respect of the 2023/24 Final Budget discussed by Council at the Council Meeting of 30 May 2023:

1. Council approves the final annual budget and annual budget supporting tables as prescribed by the Municipal Budget and Reporting Regulations, as set out in Annexure A.
2. Council approves the Quality Certificate to the final budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the revised budget related policies as per Annexure C.
4. Council approves the tariffs, tariff structures and service delivery charges for water, electricity, refuse, sewerage, and other municipal services as per Annexure D
5. Council approves the Revenue Enhancement Implementation Plan as per Annexure G.