

2024/25 FINAL BUDGET MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

File No. /s: 3/2/2/24

Responsible Official: R Ontong

Directorate: Financial Services

Portfolio: Financial Services

Purpose

The purpose of this submission is to present the 2024/25 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 2024/25 MTREF Final 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**)

MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK 2024/2025 – 2026/2027



BREED VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

21 MAY 2024

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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 2024/25 MTREF, and outer financial years that council approves the 2024/25 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.

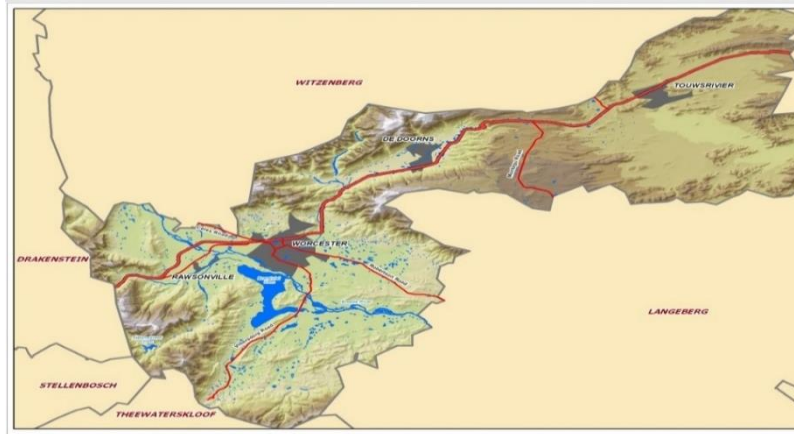
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period 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;
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 - (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 2024/25 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 2024/2025 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 2024/25 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 committed 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 2024/25 aims to address the service delivery needs within the municipal area, given the available resources internally and externally. The main sources of funding are external loans, conditional grant allocations from National and Provincial government departments and 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 - R5 000	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 and Disability

Household Income	Rates	Sewer	Refuse	Rental
Pension & Disability / Pensioners 60 years and older	100%	100%	100%	100%
R0 - R5 000				
Max Valuation	R 400 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.3 Rebates: Pensioner and Disability grant (category 2)

Household Income	Rates	Sewer	Refuse	Rental
R5 001 to R6 000	20%	20%	20%	20%
Max. Valuation	R 400 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.4 Rebates: Pensioner 65 years and older

Pensioners falling in this category are eligible for an additional R310 000.00 rebate on the calculation of their property rates bill. This overall rebate is capped at R400 000.00

3.4.5 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.

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 2024/25 MTREF.

WC025 Breede Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue											
Exchange Revenue											
Service charges - Electricity	2	431 937	492 826	474 632	544 474	541 774	541 774	541 774	612 204	691 791	781 723
Service charges - Water	2	93 942	104 101	105 610	110 094	108 794	108 794	108 794	115 599	121 379	127 448
Service charges - Waste Water Management	2	76 021	84 271	90 274	90 530	88 230	88 230	88 230	92 642	97 274	102 137
Service charges - Waste Management	2	42 155	43 844	46 941	48 900	47 800	47 800	47 800	50 190	52 700	55 334
Sale of Goods and Rendering of Services		4 827	5 639	5 521	6 939	6 524	6 524	6 524	6 164	6 450	6 607
Agency services		9 416	9 061	9 463	9 908	7 903	7 903	7 903	9 391	9 823	10 275
Interest		—	(259)	—	—	—	—	—	—	—	—
Interest earned from Receivables		8 344	8 032	13 266	13 376	13 376	13 376	13 376	16 030	16 768	17 540
Interest earned from Current and Non Current Assets		9 718	11 227	14 384	12 823	16 284	16 284	16 284	19 522	20 420	21 360
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		3 304	—	—	1 645	—	—	—	—	—	—
Rental from Fixed Assets		22 936	8 178	7 478	6 981	7 483	7 483	7 483	9 109	9 529	9 970
Licence and permits		—	—	—	—	—	—	—	—	—	—
Operational Revenue		7 585	4 818	10 197	4 994	7 760	7 760	7 760	7 700	8 056	8 118
Non-Exchange Revenue											
Property rates	2	155 977	173 037	180 018	187 406	191 406	191 406	191 406	200 977	211 026	221 577
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		30 743	28 741	94 924	242 038	116 721	116 721	116 721	253 897	265 831	278 059
Licences or permits		2 017	2 619	3 123	4 259	4 259	4 259	4 259	4 468	4 674	4 889
Transfer and subsidies - Operational		168 007	153 754	171 643	186 796	194 730	194 730	194 730	198 836	214 057	218 563
Interest		—	1 782	2 785	1 196	3 473	3 473	3 473	3 643	3 811	3 986
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	—	—	7 400	7 400	7 400	7 763	8 120	8 494
Gains on disposal of Assets		3 919	56	118	1 483	1 483	1 483	1 483	1 555	1 627	1 702
Other Gains		—	519	41 703	—	(0)	(0)	(0)	(0)	(1)	(1)
Discontinued Operations		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 070 848	1 132 247	1 272 082	1 473 841	1 365 400	1 365 400	1 365 400	1 609 689	1 743 332	1 877 780
Expenditure											
Employee related costs	2	319 700	335 127	366 251	413 148	399 539	399 539	399 539	456 828	477 894	499 931
Remuneration of councillors		18 421	18 315	19 066	20 720	21 720	21 720	21 720	21 757	22 760	23 809
Bulk purchases - electricity	2	328 879	383 068	372 993	432 321	432 321	432 321	432 321	487 184	563 611	652 034
Inventory consumed	8	34 705	41 188	51 173	45 712	47 317	47 317	47 317	46 872	49 011	51 279
Debt impairment	3	77 569	80 796	116 518	209 734	167 900	167 900	167 900	220 011	230 351	240 948
Depreciation and amortisation		89 403	88 566	94 571	100 265	100 265	100 265	100 265	105 208	110 079	115 174
Interest		22 351	20 974	19 437	37 980	37 980	37 980	37 980	39 842	41 676	43 594
Contracted services		73 166	96 851	112 150	118 676	130 934	130 934	130 934	127 393	135 101	133 588
Transfers and subsidies		4 452	3 767	3 419	6 138	10 344	10 344	10 344	7 711	7 855	4 868
Irrecoverable debts written off		—	—	—	18	18	18	18	19	20	21
Operational costs		101 592	50 713	78 857	95 257	97 815	97 815	97 815	100 614	104 959	109 220
Losses on disposal of Assets		3 485	2 141	741	3 928	3 928	3 928	3 928	4 125	4 320	4 523
Other Losses		—	519	1 434	63	63	63	63	67	70	74
Total Expenditure		1 073 724	1 122 025	1 236 610	1 483 960	1 450 144	1 450 144	1 450 144	1 617 631	1 747 707	1 879 062
Surplus/(Deficit)		(2 875)	10 222	35 472	(10 119)	(84 744)	(84 744)	(84 744)	(7 942)	(4 375)	(1 281)
Transfers and subsidies - capital (monetary allocations)	6	53 083	55 756	67 525	66 797	106 961	106 961	106 961	54 410	61 040	62 514
Transfers and subsidies - capital (in-kind)	6	300	—	17 917	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 665	61 233
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 665	61 233
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 665	61 233
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 665	61 233

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. 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 2023/24 financial year and anticipated revenue based on the current valuation roll.

Service Charges: The 2024/25 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 based on the current performance in the 2023/24 financial year.

Transfers Recognised – Operational: This revenue item is based on the operational transfers (conditional and unconditional) as per the 2024/25 budget year allocations.

3.5.2 Operating Expenditure

The table below reflects the operating expenditure in relation to the current year and 2024/25 MTREF.

WC025 Breede Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
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Service charges - Waste Management	2	42 155	43 944	46 941	48 900	47 800	47 800	47 800	50 190	52 700	55 334
Sale of Goods and Rendering of Services		4 827	5 639	5 521	6 939	6 524	6 524	6 524	6 164	6 450	6 607
Agency services		9 416	9 061	9 463	9 908	7 903	7 903	7 903	9 391	9 823	10 275
Interest		—	(259)	—	—	—	—	—	—	—	—
Interest earned from Receivables		8 344	8 032	13 266	13 376	13 376	13 376	13 376	16 030	16 768	17 540
Interest earned from Current and Non Current Assets		9 718	11 227	14 384	12 823	16 284	16 284	16 284	19 522	20 420	21 360
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		3 304	—	—	1 645	—	—	—	—	—	—
Rental from Fixed Assets		22 936	8 178	7 478	6 981	7 483	7 483	7 483	9 109	9 529	9 970
Licence and permits		—	—	—	—	—	—	—	—	—	—
Operational Revenue		7 585	4 818	10 197	4 994	7 760	7 760	7 760	7 700	8 056	8 118
Non-Exchange Revenue											
Property rates	2	155 977	173 037	180 018	187 406	191 406	191 406	191 406	200 977	211 026	221 577
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		30 743	28 741	94 924	242 038	116 721	116 721	116 721	253 897	265 831	278 059
Licences or permits		2 017	2 619	3 123	4 259	4 259	4 259	4 259	4 468	4 674	4 889
Transfer and subsidies - Operational		168 007	153 754	171 643	186 796	194 730	194 730	194 730	198 836	214 057	218 563
Interest		—	1 782	2 785	1 196	3 473	3 473	3 473	3 643	3 811	3 986
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	—	—	7 400	7 400	7 400	7 763	8 120	8 494
Gains on disposal of Assets		3 919	56	118	1 483	1 483	1 483	1 483	1 555	1 627	1 702
Other Gains		—	519	41 703	—	(0)	(0)	(0)	(0)	(1)	(1)
Discontinued Operations		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 070 848	1 132 247	1 272 082	1 473 841	1 365 400	1 365 400	1 365 400	1 609 089	1 743 332	1 877 780
Expenditure											
Employee related costs	2	319 700	335 127	366 251	413 148	399 539	399 539	399 539	456 828	477 894	499 931
Remuneration of councillors		18 421	18 315	19 066	20 720	21 720	21 720	21 720	21 757	22 760	23 809
Bulk purchases - electricity	2	328 879	383 068	372 993	432 321	432 321	432 321	432 321	487 184	563 611	652 034
Inventory consumed	8	34 705	41 188	51 173	45 712	47 317	47 317	47 317	46 872	49 011	51 279
Debt impairment	3	77 569	80 796	116 518	209 734	167 900	167 900	167 900	220 011	230 351	240 948
Depreciation and amortisation		89 403	88 966	94 571	100 265	100 265	100 265	100 265	105 208	110 079	115 174
Interest		22 351	20 974	19 437	37 980	37 980	37 980	37 980	39 842	41 676	43 594
Contracted services		73 166	96 851	112 150	118 676	130 934	130 934	130 934	127 393	135 101	133 588
Transfers and subsidies		4 452	3 767	3 419	6 138	10 344	10 344	10 344	7 711	7 855	4 868
Irrecoverable debts written off		—	—	—	18	18	18	18	19	20	21
Operational costs		101 592	50 713	78 857	95 257	97 815	97 815	97 815	100 614	104 959	109 220
Losses on disposal of Assets		3 485	2 141	741	3 928	3 928	3 928	3 928	4 125	4 320	4 523
Other Losses		—	519	1 434	63	63	63	63	67	70	74
Total Expenditure		1 073 724	1 122 025	1 236 810	1 483 960	1 450 144	1 450 144	1 450 144	1 617 631	1 747 707	1 879 062
Surplus/(Deficit)		(2 875)	10 222	35 272	(10 119)	(84 744)	(84 744)	(84 744)	(7 942)	(4 375)	(1 281)
Transfers and subsidies - capital (monetary allocations)	6	53 083	55 756	67 525	66 797	106 961	106 961	106 961	54 410	61 040	62 514
Transfers and subsidies - capital (in-kind)	6	300	—	17 917	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 065	61 233
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 065	61 233
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 065	61 233
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 065	61 233

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 2023/24 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 2024/25 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 Budget circular 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 2023/24 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: Limited increases were applied in terms of Operational Costs. The 2024/25 Draft Budget amount is also based on the 2023/24 performance and is aimed at utilizing resources in a more cost-effective manner to positively influence the financial sustainability of the municipality.

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	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital expenditure - Vote												
Multi-year expenditure - to be appropriated												
	Vote 1 - Council General	2	–	20	35	5	10	10	10	5	–	–
	Vote 2 - Municipal Manager		1 065	1 859	–	155	355	355	355	5	–	–
	Vote 3 - Strategic Support Services		370	3 147	16 990	655	2 582	2 582	2 582	2 155	655	655
	Vote 4 - Financial Services		3 237	–	–	50	100	100	100	–	–	–
	Vote 5 - Community Services		10 442	15 771	10	1 005	1 114	1 114	1 114	6 005	5 000	5 000
	Vote 6 - Technical Services		93 045	–	–	–	–	–	–	–	–	–
	Vote 7 - Engineering Services		–	36 392	26 708	34 138	78 840	78 840	78 840	41 797	41 331	19 518
	Vote 8 - Public Services		–	42 781	142 677	70 644	126 877	126 877	126 877	65 684	45 490	55 434
	Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
	Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
	Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
	Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
	Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
	Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
	Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total			108 160	99 969	186 421	106 652	209 877	209 877	209 877	115 651	92 476	80 607
Single-year expenditure - to be appropriated												
	Vote 1 - Council General	2	–	–	–	–	–	–	–	–	–	–
	Vote 2 - Municipal Manager		1 379	–	19	–	–	–	–	–	–	–
	Vote 3 - Strategic Support Services		928	400	4 655	13 199	5 004	5 004	5 004	4 265	5 065	60
	Vote 4 - Financial Services		450	1 667	1 568	1 655	1 605	1 605	1 605	1 405	1 400	1 400
	Vote 5 - Community Services		1 153	2 411	20 084	17 946	3 544	3 544	3 544	23 673	11 500	14 500
	Vote 6 - Technical Services		12 517	–	–	–	–	–	–	–	–	–
	Vote 7 - Engineering Services		–	6 847	17 433	3 280	2 290	2 290	2 290	750	100	–
	Vote 8 - Public Services		–	31 803	40 638	47 799	70 936	70 936	70 936	41 693	44 023	3 000
	Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
	Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
	Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
	Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
	Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
	Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
	Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total			16 427	43 128	84 397	83 878	83 380	83 380	83 380	71 786	62 088	18 960
Total Capital Expenditure - Vote			3,7	124 588	143 097	270 819	190 531	293 257	293 257	187 437	154 564	99 567
Capital Expenditure - Functional												
Governance and administration												
	Executive and council		5 425	5 399	19 083	17 219	6 516	6 516	6 516	5 785	2 115	2 115
	Finance and administration		37	62	35	160	365	365	365	10	–	–
	Internal audit		5 388	5 338	19 048	17 059	6 151	6 151	6 151	5 775	2 115	2 115
Community and public safety												
	Community and social services		12 192	17 363	23 194	19 253	6 802	6 802	6 802	31 460	16 825	17 900
	Sport and recreation		11 262	461	3 587	957	3 042	3 042	3 042	888	1 225	–
	Public safety		10	16 451	973	11 296	2 580	2 580	2 580	14 543	2 100	12 900
	Housing		930	432	1 274	6 000	175	175	175	10 030	8 500	–
	Health		–	–	17 350	1 000	1 005	1 005	1 005	6 000	5 000	5 000
Economic and environmental services												
	Planning and development		72 398	34 954	49 489	49 630	69 529	69 529	69 529	41 613	42 100	22 551
	Road transport		1 222	659	1 357	5	95	95	95	5	5	–
	Environmental protection		71 176	34 295	48 133	49 625	69 434	69 434	69 434	41 608	42 095	22 551
Trading services												
	Energy sources		34 572	85 382	179 052	104 429	210 410	210 410	210 410	108 579	93 524	57 001
	Water management		23 781	46 229	48 544	41 418	87 830	87 830	87 830	48 245	48 034	19 518
	Waste water management		4 195	15 555	38 497	13 225	29 588	29 588	29 588	14 619	17 408	33 363
	Waste management		5 420	23 251	91 252	48 786	91 812	91 812	91 812	44 715	27 083	3 120
	Other		1 177	346	760	1 000	1 180	1 180	1 180	1 000	1 000	1 000
Total Capital Expenditure - Functional			3,7	124 588	143 097	270 819	190 531	293 257	293 257	187 437	154 564	99 567
Funded by:												
	National Government		50 125	55 182	65 458	64 847	70 690	70 690	70 690	54 410	61 040	62 514
	Provincial Government		2 458	25	19 418	1 950	36 271	36 271	36 271	–	–	–
	District Municipality		300	429	548	–	–	–	–	–	–	–
	Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		500	–	19	–	–	–	–	–	–	–
	Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
	Transfers recognised - capital	4	53 383	55 635	85 442	66 797	106 961	106 961	106 961	54 410	61 040	62 514
	Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
	Borrowing	6	–	–	104 458	28 069	74 254	74 254	74 254	48 706	34 380	–
	Internally generated funds		71 205	87 462	95 665	112 042	112 042	112 042	112 042	84 321	59 144	37 053
Total Capital Funding			7	124 588	143 097	270 819	190 531	293 257	293 257	187 437	154 564	99 567

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	Project code	Source Finance	Fund Desc	Final Budget 2024/25	Final Budget 2025/26	Final Budget 2026/27
<u>Engineering Services and Public Services</u> <u>Not Allocated to Wards</u>						
<u>Stettynskloof Water Supply (Worcester/Rawsonville)</u> Increase dam Level (Stetteynskloof Dam)	CP_0461	1,1	Loans	10 000 000	10 000 000	-
<u>Klipvlakte/ Transhex Residential Development (13 000 erven)</u> Electrical Reticulation	CP_0009	8,2	INEP	14 620 000	19 431 000	17 518 000
Electrical Reticulation		20,0				
<u>Upgrading of Sewer Network</u>						
External Loan	CP_0453	1,1	Loans	-	3 000 000	-
CRR	CP_0453	3,0	CRR / Own Funding	3 000 000	2 000 000	2 000 000
<u>Touws River: Waste Water Treatment Works (WwTW) Augmentation</u>						
Augmentation Touwsriver WWTW (MIG)	CP_0420	8,0	MIG	25 565 791	10 983 048	-
Augmentation Touwsriver WWTW (External Loans)	CP_0420	1,1	Loans	10 629 200	8 979 530	-
<u>Upgrading of Gravel Roads</u>						
Breede Valley: Roads	CP_0062	3,0	CRR / Own Funding	-	-	1 000 000
<u>Resealing of Roads</u>						
Resealing of Municipal Roads - Rawsonville	CP_0065	3,2	CRR / Own Funding	-	-	500 000
<u>Resealing of Municipal Roads - Worcester</u>						
MIG	CP_0066	8,0	MIG	-	-	14 950 616
CRR	CP_0066	3,2	CRR / Own Funding	1 000 000	-	3 000 000

Resealing of Municipal Roads - De Doorns						
CRR	CP_0067	3,2	CRR / Own Funding	-	-	1 000 000
Resealing of Municipal Roads - Touws River						
Resealing of Municipal Roads - Touws River	CP_0068	3,2	CRR / Own Funding	-	-	500 000
Upgrading of Roads						
Municipal Roads (Ward 1, 2, 3, 4, 16, 17 and 18)	CP_0512	3,0	CRR / Own Funding	2 750 000	3 500 000	-
Networks						
Pipe cracking (all wards)	CP_0513	3,0	CRR / Own Funding	3 000 000	3 000 000	3 000 000
Electricity (8112)						
Refurbishment of Touwsriver & De Doorns Substation and Safeguarding	CP_0463	1,1	Loans	8 000 000	-	-
Robertson Road Substation	CP_0464	1,1	Loans	14 377 173	-	-
RMU/ Main Sub Switchgear Replacements De Doorns	CP_0466	1,1	Loans	-	3 000 000	-
RMU/Main Sub Switchgear replacements Touwsrivier	CP_0467	1,1	Loans	-	3 000 000	-
Roux Park capacity/equipment upgrade	CP_0468	1,1	Loans	3 200 000	-	-
66KV Ripple Control	CP_0471	1,1	Loans	500 000	6 400 000	-
Supply and Installation of Load Shedding Solution and Solar PV	CP_0509	3,0	CRR / Own Funding	4 200 000	5 000 000	-
Refurbishment of electrical system (NERSA)						
Altona new Electrical Substation	CP_0426	3,0	CRR / Own Funding	-	-	1 000 000
Electricity - Machinery and Equipment	CP_0428	3,0	CRR / Own Funding	100 000	100 000	-
SOLID WASTE MANAGEMENT WORCESTER						
Wheeliebins	CP_0178	3,0	CRR / Own Funding	1 000 000	1 000 000	1 000 000
Ward Priorities						
Speed Humps	CP_0432	3,0	CRR / Own Funding	500 000	-	-
Fencing of Substations	CP_0435	3,0	CRR / Own Funding	600 000	-	-
Playparks	CP_0606	3,0	CRR / Own Funding	500 000	-	-
Ward 1						
Upgrading Gravel Roads	CP_0268	3,2	CRR / Own Funding	5 272 516	6 352 250	-

Upgrading Gravel Roads	CP_0268	8,0	MIG	5 210 542	2 506 287	-
<u>Ward 2</u>						
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	CP_0130	8,0	MIG	-	1 188 488	25 145 384
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	CP_0623	3,2	CRR / Own Funding	-	-	2 498 600
<u>Ward 5</u>						
High Mast Light GG Camp - Ward 5	CP_0625	3,0	CRR / Own Funding	-	801 430	-
<u>Ward 7</u>						
Upgrading of Gravel Roads (Smith str.)	CP_0607	3,0	CRR / Own Funding	1 401 750	-	-
<u>Ward 8</u>						
Upgrading of Gravel Roads - Industrial Area	CP_0608	<u>3,0</u>	CRR / Own Funding	5 935 250	-	-
High Mast Light Makoala Park - Ward 8	CP_0626	3,0	CRR / Own Funding	798 000	-	-
<u>Ward 10</u>						
Reseal of Roads - Ward 10	CP_0524	<u>3,0</u>	CRR / Own Funding	500 000	-	-
<u>Ward 11</u>						
Reseal of Roads - Ward 11	CP_0526	<u>3,0</u>	CRR / Own Funding	500 000	-	-
<u>Ward 12</u>						
Reseal of Municipal Roads - Ward 12	CP_0527	3,0	CRR / Own Funding	2 000 000	-	-
<u>Ward 13</u>						
Reseal of Municipal Roads - Ward 13	CP_0529	3,0	CRR / Own Funding	500 000	-	-
<u>Ward 14</u>						
Building of Roads - Ward 14 (Kroon Street)	CP_0531	3,0	CRR / Own Funding	250 000	-	-
<u>Ward 15</u>						
Reseal of Municipal Roads - Ward 15	CP_0533	3,0	CRR / Own Funding	2 000 000	1 000 000	-
<u>Ward 16</u>						
High Mast Light - New Mandela -Ward 16	CP_0627	3,0	CRR / Own Funding	-	801 430	-

Ward 20		-	-			
High Mast Light - Ward 20	CP_0537	3,0	CRR / Own Funding	700 000	-	-
Ward 21						
Upgrading of gravel roads	CP_0268	3,2	CRR / Own Funding	6 326 701	-	-
Upgrading of gravel roads	CP_0268	8,0	MIG	7 060 893	26 931 177	-
<u>SERVICE CONNECTIONS</u> <u>(Depending on Public Contr)</u>						
Sewer Connections	CP_0165	3,3	CRR / Own Funding	1 120 000	1 120 000	1 120 000
Electricity Connections	CP_0166	3,3	CRR / Own Funding	1 000 000	1 000 000	1 000 000
Water Connections	CP_0167	3,3	CRR / Own Funding	1 219 200	2 719 200	2 719 200
Water and Waste Water Treatment Works						
WWTW and WTW Generators	CP_0476	3,0	CRR / Own Funding	800 000	-	-
Fencing and safeguarding of WTW and WWTW pumpstations	CP_0477	3,0	CRR / Own Funding	1 000 000	-	-
WWTW Pump station upgrading and refurbishment	CP_0478	1,1	Loans	2 000 000	-	-
Parks and Cemeteries						
Parks - Machinery and Equipment	CP_0479	3,0	CRR / Own Funding	100 000	100 000	-
Fencing of Cemeteries - Aan De Doorns	CP_0480	3,0	CRR / Own Funding	-	1 225 000	-
Fencing of Cemeteries - De Wet Str.	CP_0481	3,0	CRR / Own Funding	237 500	-	-
Water and Sewerage						
Upgrading of Offices (Fairbairn Street)	CP_0482	3,0	CRR / Own Funding	250 000	-	-
Water - Machinery and Equipment	CP_0281	3,0	CRR / Own Funding	300 000	-	-
ROADS AND STORMWATER						
Roads - Machinery and Equipment	CP_0438	3,0	CRR / Own Funding	300 000	305 000	-
Land Infill Developments						
Avian Park Industrial - Water	CP_0389	3,0	CRR / Own Funding	50 000	-	-
Avian Park Industrial - Sewer	CP_0390	3,0	CRR / Own Funding	50 000	-	-
Avian Park Industrial - Stormwater	CP_0392	3,0	CRR / Own Funding	50 000	-	-
Avian Park Industrial - Electricity	CP_0393	3,0	CRR / Own Funding	50 000	-	-
Uitvlug Industrial Zone - Water	CP_0555	3,0	CRR / Own Funding	100 000	500 000	-
Uitvlug Industrial Zone - Sewer	CP_0556	3,0	CRR / Own Funding	100 000	500 000	-
Uitvlug Industrial Zone - Electricity	CP_0557	3,0	CRR / Own Funding	100 000	8 500 000	-
Uitvlug Industrial Zone - Roads	CP_0558	3,0	CRR / Own Funding	100 000	500 000	-

Uitvlug Industrial Zone - Stormwater	CP_0559	3,0	CRR / Own Funding	100 000	500 000	-
<u>Municipal Manager</u>						
<u>Admin -0603</u>						
Furniture and Equipment	CP_0021	3,0	CRR / Own Funding	5 000	-	-
<u>Community Services</u>						
<u>ADMIN - 0903</u>						
Furniture & Equipment	CP_0181	4,0	CRR / Own Funding	5 000	-	-
<u>HUMAN SETTLEMENTS</u>						
Rental Unit Upgrade	CP_0600	3,0	CRR / Own Funding	6 000 000	5 000 000	5 000 000
<u>COMMUNITY DEVELOPMENT</u>						
Youth Café - Furniture and Office Equipment	CP_0486	3,0	CRR / Own Funding	100 000	-	-
Airconditioners	CP_0628	3,0	CRR / Own Funding	50 000	-	-
<u>NEKKIES</u>						
UPGRADE OF RECEPTION OFFICE	CP_0629	3,0	CRR / Own Funding	200 000	-	-
<u>DE LA BAT SWIMMING POOL</u>						
FENCING AROUND PUMPING ROOM	CP_0630	3,0	CRR / Own Funding	90 000	-	-
<u>SPORT: Boland Park - 5130</u>						
Replacement of fence perimeter	CP_0326	3,0	CRR / Own Funding	-	2 000 000	8 000 000
<u>Bowling Green</u>						
Bowling Green - Renewal of Roof	CP_0616	3,0	CRR / Own Funding	250 000	-	-
<u>TOUWSRIVER STADION</u>						
1X Walk Behind vibrating Roller	CP_0636	3,0	CRR / Own Funding	300 000	-	-
<u>FANIE OTTO SPORTGROUND</u>						
Upgrading of Fanie Otto Sportground	CP_0604	8,0	MIG	1 952 774	-	-
Upgrading of Fanie Otto Sportground	CP_0604	3,2	CRR / Own Funding	425 600	-	-
<u>RAWSONVILLE SPORTGROUND</u>						
Upgrading of Rawsonville Sportground	CP_0603	8,0	MIG	-	-	4 900 000
Upgrading of Rawsonville Sportground	CP_0603	3,2	CRR / Own Funding	1 574 400	-	-
<u>SPORT: Esselen Park</u>						
Replacement of fence perimeter	CP_0441	3,0	CRR / Own Funding	9 150 000	-	-

<u>WATERLOO LIBRARY - 4506</u>						
Air conditioners - variety of libraries	CP_0619	3,0	CRR / Own Funding	500 000	-	-
Furniture and Office equipment	CP_0631	3,0	CRR / Own Funding	150 000	-	-
<u>TRAFFIC</u>						
<u>Buildings</u>						
Traffic Vehicles	CP_0444	3,0	CRR / Own Funding	-	1 000 000	1 600 000
<u>FIRE DEPARTMENT: ADMIN - 4203</u>						
Major Fire Engine (Pumper)	CP_0494	3,0	CRR / Own Funding	7 000 000	7 000 000	-
Equipment for Fire Engine	CP_0495	3,0	CRR / Own Funding	1 500 000	1 500 000	-
Fire Services - Machinery and Equipment	CP_0500	3,0	CRR / Own Funding	40 000	-	-
4x4 veld and bush Fire Engine with tank and pump	CP_0632	3,0	CRR / Own Funding	850 000	-	-
Zwelethemba Fire Station - Fence	CP_0633	3,0	CRR / Own Funding	240 000	-	-
Worcester Fire Station Carport	CP_0634	3,0	CRR / Own Funding	250 000	-	-
Touwsrivier Fire Station - Fence	CP_0635	3,0	CRR / Own Funding	150 000	-	-
<u>FINANCIAL SERVICES</u>						
<u>Admin</u>						
Furniture and Equipment	CP_0182	4,0	CRR / Own Funding	5 000	-	-
<u>Financial Planning</u>						
Safeguarding of Assets	CP_0115	12,0	Insurance Reserve	400 000	400 000	400 000
FS FP - Insurance claims : Other Assets	CP_0193	12,0	Insurance Reserve	400 000	400 000	400 000
FS FP - Insurance claims : Mach & Equipment	CP_0193	12,0	Insurance Reserve	500 000	500 000	500 000
FS FP - Insurance claims : Comp Equipment	CP_0193	12,0	Insurance Reserve	100 000	100 000	100 000
<u>Fleet Management - 8860</u>						
Municipal Vehicles - LDV's	CP_0541	3,0	CRR / Own Funding	500 000	-	-
Municipal Vehicles - Sedans	CP_0542	3,0	CRR / Own Funding	500 000	-	-
Municipal Vehicles - Specialized	CP_0543	3,0	CRR / Own Funding	1 000 000	-	-
<u>COUNCIL & MAYCO</u>						
<u>MAYORAL OFFICE - 0306</u>						
Furniture and Equipment	CP_0183	3,0	CRR / Own Funding	5 000	-	-
<u>STRATEGIC SUPPORT SERVICES</u>						
<u>STRATEGIC SUPPORT - ADMIN - 2103</u>						

Furniture and Equipment	CP_0183	4,0	CRR / Own Funding	5 000	5 000	5 000
<u>Local Economic Development</u>						
LED - Furniture and Office Equipment	CP_0507	4,0	CRR / Own Funding	5 000	5 000	-
<u>INFORMATION TECHNOLOGY</u>						
ICT - Computer Equipment	CP_0120	3,0	CRR / Own Funding	2 000 000	500 000	500 000
Fibre Links	CP_0544	3,0	CRR / Own Funding	10 000	10 000	10 000
Call Center & Telephone (PBX) System	CP_0445	3,0	CRR / Own Funding	50 000	50 000	50 000
Biometric system	CP_0117	3,0	CRR / Own Funding	150 000	150 000	150 000

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 2023
2	IDP Meetings – inputs from Ward Councilors & Ward Committees	Oct 2023
3	First IDP/ Budget Steering Committee Meeting	Nov 2023
4	Departmental inputs on Draft allocations	Nov & Dec 2023
5	2 nd Budget Steering Committee – Consider Adjustment budget	Jan 2024
6	Draft Budget input captured and Budget balanced	March 2024
7	Draft IDP & Budget tabled in Council	March 2024
8	IDP & Budget workshop - Council	April 2024
9	Public Consultation	April 2024
10	Finalise Sector / Dept Strategy Plan / Budget - IDP	April 2024
11	Consideration of Comments received	April 2024
12	Tabling of Final MTREF	End May 2024



Process Plan

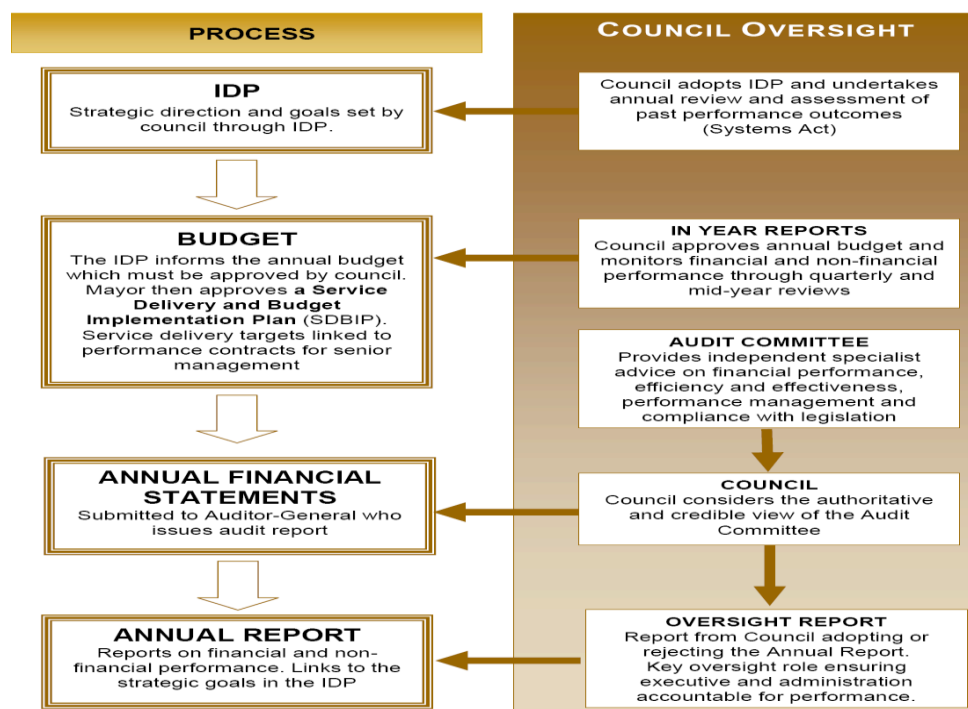
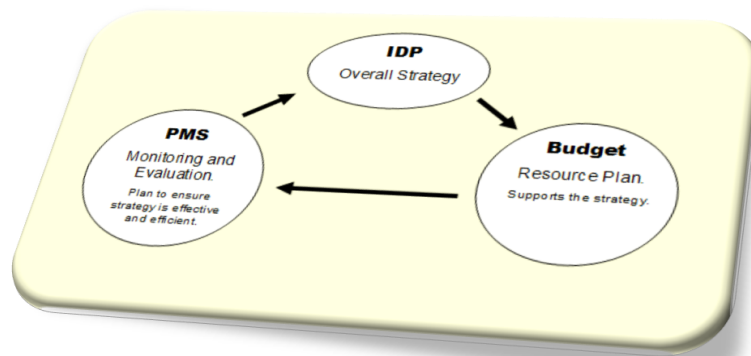
	STEP	PROCESS
1.	Planning	Schedule key dates, establish consultation forums, review previous processes
2.	Strategising	Review IDP, Determine priorities, set service delivery targets and objectives for the next three years, consult on tariffs, indigent, credit control, free basic services, etc and consult 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

WC025 Breede Valley - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
R thousand													
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Sustainable basic services to communities	1		839 637	896 542	949 480	1 004 199	1 054 326	1 054 326	1 090 036	1 204 209	1 310 589	
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Poverty eradication through LED and Tourism	2		2 614	210	150	210	210	210	100	–	–	
To ensure a safe, healthy, clean and sustainable external environment for all the residents in the Breede Valley	Safe, healthy and clean environment	3		47 370	44 848	112 577	261 458	133 506	133 506	268 346	280 383	293 275	
Provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government	Good governance and public participation	4		14 156	12 473	14 135	15 145	16 551	16 551	14 735	13 307	13 903	
Ensure a healthy and productive workforce and an effective and efficient work environment	Healthy and productive workforce	5		544	704	763	633	633	633	520	521	522	
Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices	Sound financial management, viability and risk management	6		219 909	231 226	280 419	258 992	267 134	267 134	290 362	305 953	322 006	
Allocations to other priorities				2									
Total Revenue				1	1 124 231	1 188 003	1 357 524	1 540 638	1 472 360	1 472 360	1 664 099	1 804 372	1 940 294

Please refer to Annexure A

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

WC025 Breede Valley - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
R thousand													
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Sustainable basic services to communities	1		731 359	810 125	836 671	916 946	973 524	973 524	1 061 287	1 168 828	1 274 206	
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Poverty eradication through LED and Tourism	2		6 259	5 152	4 959	8 070	7 795	7 795	8 657	8 653	8 868	
To ensure a safe, healthy, clean and sustainable external environment for all the residents in the Breede Valley	Safe, healthy and clean environment	3		135 680	112 280	172 069	296 052	208 235	208 235	271 598	283 466	296 330	
Provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government	Good governance and public participation	4		107 391	106 167	127 655	125 889	135 389	135 389	141 695	146 138	152 536	
Ensure a healthy and productive workforce and an effective and efficient work environment	Healthy and productive workforce	5		13 725	15 231	15 884	15 975	18 096	18 096	19 972	20 870	21 810	
Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices	Sound financial management, viability and risk management	6		79 310	73 070	79 372	121 027	107 105	107 105	114 423	119 751	125 311	
Allocations to other priorities													
Total Operating Expenditure				1	1 073 724	1 122 025	1 236 610	1 483 960	1 450 144	1 450 144	1 617 631	1 747 707	1 879 062

Please refer to Annexure A

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

WC025 Breede Valley - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
R thousand													
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Sustainable basic services to communities	1		115 211	135 626	246 196	179 321	285 182	285 182	172 967	142 944	95 852	
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Poverty eradication through LED and Tourism	2		–	–	1 357	5	95	95	5	5	–	
To ensure a safe, healthy, clean and sustainable external environment for all the residents in the Breede Valley	Safe, healthy and clean environment	3		1 848	2 393	1 788	7 625	1 947	1 947	10 035	9 500	1 600	
Provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government	Good governance and public participation	4		3 842	3 235	19 891	1 875	4 328	4 328	3 025	715	715	
Ensure a healthy and productive workforce and an effective and efficient work environment	Healthy and productive workforce	5		–	–	–	–	–	–	–	–	–	
Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices	Sound financial management, viability and risk management	6		3 687	1 843	1 587	1 705	1 705	1 705	1 405	1 400	1 400	
Allocations to other priorities				3									
Total Capital Expenditure				1	124 588	143 097	270 819	190 531	293 257	293 257	187 437	154 564	99 567

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 2024/25 MTREF.

WC025 Breede Valley - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Borrowing Management											
Credit Rating		Baa1.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	9,4%	9,5%	8,8%	8,2%	8,3%	8,3%	8,3%	7,9%	7,9%	7,6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	11,1%	11,2%	10,0%	9,4%	10,3%	10,3%	10,3%	9,1%	9,1%	8,7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	129,1%	29,3%	66,3%	66,3%	66,3%	57,8%	58,1%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	609,7%	609,7%	609,7%	609,7%	555,9%	664,2%	611,4%
Liquidity											
Current Ratio	Current assets/current liabilities	1,8	1,6	1,7	1,5	1,2	1,2	1,2	1,9	2,2	2,8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,8	1,6	1,7	1,5	1,2	1,2	1,2	1,9	2,2	2,8
Liquidity Ratio	Monetary Assets/Current Liabilities	1,6	1,4	1,4	1,1	0,9	0,9	0,9	1,3	1,2	1,5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		113,3%	110,2%	105,1%	116,2%	116,9%	116,9%	116,9%	118,0%	119,0%	120,2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	3,4%	3,2%	4,4%	5,6%	4,0%	4,0%	4,0%	7,0%	11,3%	15,3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0,0%	0,0%	0,0%	116,2%	116,2%	116,2%	116,2%	0,0%	0,0%	0,0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	98,0%	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%	99,0%
Creditors to Cash and Investments		114,8%	140,2%	67,5%	187,5%	290,6%	290,6%	290,6%	171,0%	362,0%	219,4%
Other Indicators											
Total Volume Losses (kW)		20 010 307	20 992 815	15 096 459	24 674 626	24 674 626	24 674 626	24 674 626	24 674 626	24 674 626	24 674 626
Total Volume Losses (kW) non technical											
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)	28 714 096	85 898 464	27 551 948	19 740 000	19 740 000	19 740 000	19 740 000	19 740 000	19 740 000	19 740 000
% Volume (units purchased and generated less units sold)/units purchased and generated											
		7,1%	7,4%	6,1%	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%
Water Volumes :System input	Bulk Purchase Water treatment works Natural sources Total Volume Losses (kℓ)	3 448 659	2 427 391	2 017 691	2 377 000	2 377 000	2 377 000	2 377 000	2 377 000	2 377 000	2 377 000
Water Distribution Losses (2)											
Total Cost of Losses (Rand '000)		18 233 640	13 073 697	8 878 644	8 078 743	8 078 743	8 078 743	8 078 743	8 078 743	8 078 743	8 078 743
% Volume (units purchased and generated less units sold)/units purchased and generated		24,3%	17,1%	14,3%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	29,9%	29,6%	28,8%	28,0%	29,3%	29,3%	29,3%	28,4%	27,4%	26,6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31,6%	31,2%	30,3%	29,4%	30,9%	30,9%	30,9%	29,7%	28,7%	27,9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4,3%	6,7%	6,0%	5,7%	6,4%	6,4%	6,4%	5,4%	5,2%	5,1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	15,6%	15,0%	16,6%	21,0%	19,6%	19,6%	19,6%	20,2%	19,5%	19,0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	26,5	22,9	19,2	20,6	20,6	20,6	20,0	21,4	22,8	24,6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	5,5%	4,8%	7,7%	10,2%	6,8%	6,8%	6,8%	12,7%	20,2%	26,4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1,2	1,1	1,7	0,7	0,4	0,4	0,4	0,6	0,3	0,4
References											
1. Consumer debtors > 12 months old are excluded from current assets											
2. Only include if services provided by the municipality											
Calculation data											
Debtors > 90 days											
Monthly fixed operational expenditure		75 546	81 426	87 034	97 456	98 005	98 005	98 005	107 177	116 355	126 114
Fixed operational expenditure % assumption		40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%
Own capex		71 205	87 462	80 918	95 665	112 042	112 042	112 042	84 321	59 144	37 053
Borrowing		-	-	104 458	28 069	74 254	74 254	74 254	48 706	34 380	-

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	11.04% (subject to final approval by NERSA)
Water	5.78%
Sewerage	5.89%
Refuse	5.78%
Rates	5.78%

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

- CPIX = 4.9% (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.

WC025 Breede Valley - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Financial Performance										
Property rates	155 977	173 037	180 018	187 406	191 406	191 406	191 406	200 977	211 026	221 577
Service charges	644 056	725 043	717 458	793 998	786 598	786 598	786 598	870 634	963 142	1 066 643
Investment revenue	9 718	11 227	14 384	12 823	16 284	16 284	16 284	19 522	20 420	21 360
Transfer and subsidies - Operational	168 007	153 754	171 643	186 796	194 730	194 730	194 730	198 836	214 057	218 563
Other own revenue	93 091	69 187	188 579	292 818	176 382	176 382	176 382	319 720	334 687	349 638
Total Revenue (excluding capital transfers and contributions)	1 070 848	1 132 247	1 272 082	1 473 841	1 365 400	1 365 400	1 365 400	1 609 689	1 743 332	1 877 780
Employee costs	319 700	335 127	366 251	413 148	399 539	399 539	399 539	456 828	477 894	499 931
Remuneration of councillors	18 421	18 315	19 066	20 720	21 720	21 720	21 720	22 757	22 760	23 809
Depreciation and amortisation	89 403	88 566	94 571	100 265	100 265	100 265	100 265	105 208	110 079	115 174
Interest	22 351	20 974	19 437	37 980	37 980	37 980	37 980	39 842	41 676	43 594
Inventory consumed and bulk purchases	363 584	424 257	424 166	478 033	479 638	479 638	479 638	534 056	612 622	703 313
Transfers and subsidies	4 452	3 767	3 419	6 138	10 344	10 344	10 344	7 711	7 855	4 868
Other expenditure	255 813	231 020	309 700	427 676	400 658	400 658	400 658	452 229	474 821	488 373
Total Expenditure	1 073 724	1 122 025	1 236 610	1 483 960	1 450 144	1 450 144	1 450 144	1 617 631	1 747 707	1 879 062
Surplus/(Deficit)	(2 875)	10 222	35 472	(10 119)	(84 744)	(84 744)	(84 744)	(7 942)	(4 375)	(1 281)
Transfers and subsidies - capital (monetary allocations)	53 083	55 756	67 525	66 797	106 961	106 961	106 961	54 410	61 040	62 514
Transfers and subsidies - capital (in-kind)	300	—	17 917	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 665	61 233
Intercompany/Parent subsidiary transactions	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	50 507	65 978	120 914	56 678	22 216	22 216	22 216	46 468	56 665	61 233
Capital expenditure & funds sources										
Capital expenditure	124 588	143 097	270 819	190 531	293 257	293 257	293 257	187 437	154 564	99 567
Transfers recognised - capital	53 383	55 635	85 442	66 797	106 961	106 961	106 961	54 410	61 040	62 514
Borrowing	—	—	104 458	28 069	74 254	74 254	74 254	48 706	34 380	—
Internally generated funds	71 205	87 462	80 918	95 665	112 042	112 042	112 042	84 321	59 144	37 053
Total sources of capital funds	124 588	143 097	270 819	190 531	293 257	293 257	293 257	187 437	154 564	99 567
Financial position										
Total current assets	330 228	329 698	334 772	315 160	235 228	235 228	235 228	368 815	465 223	628 105
Total non current assets	2 453 780	2 506 601	2 703 269	2 905 151	2 629 433	2 629 433	2 629 433	2 782 113	2 826 887	2 811 600
Total current liabilities	180 823	204 556	198 949	212 142	190 882	190 882	190 882	197 665	212 143	221 243
Total non current liabilities	416 098	378 362	464 488	555 521	546 114	546 114	546 114	677 191	755 969	749 428
Community wealth/Equity	2 187 088	2 253 381	2 374 604	2 452 648	2 127 665	2 127 665	2 127 665	2 276 072	2 323 998	2 469 033
Cash flows										
Net cash from (used) operating	157 823	141 893	114 947	83 211	110 240	110 240	110 240	92 061	115 309	151 250
Net cash from (used) investing	(203 629)	(123 924)	(150 848)	(190 481)	(293 207)	(293 207)	(293 207)	(187 337)	(154 514)	(99 517)
Net cash from (used) financing	(11 566)	(18 227)	95 565	7 476	60 862	60 862	60 862	25 346	6 277	(28 340)
Cash/cash equivalents at the year end	89 348	89 089	148 753	68 137	36 648	36 648	36 648	65 082	32 154	55 548
Cash backing/surplus reconciliation										
Cash and investments available	254 638	244 520	255 142	132 632	132 804	132 804	132 804	129 577	96 649	120 042
Application of cash and investments	32 641	6 629	(60 336)	12 698	14 023	14 023	14 023	(152 161)	(259 346)	(380 307)
Balance - surplus (shortfall)	221 996	237 891	315 479	119 933	118 781	118 781	118 781	281 737	355 995	500 349
Asset management										
Asset register summary (WDV)	2 451 122	2 503 988	2 698 000	2 902 512	2 626 794	2 626 794		2 779 210	2 823 694	2 808 087
Depreciation	89 403	88 566	94 571	100 265	100 265	100 265		105 208	110 079	115 174
Renewal and Upgrading of Existing Assets	82 583	46 181	133 597	97 487	133 201	133 201		95 598	75 165	45 501
Repairs and Maintenance	46 518	75 834	76 832	84 124	86 963	86 963		86 140	89 960	95 212
Free services										
Cost of Free Basic Services provided	53 194	27 819	68 782	74 700	95 700	95 700		77 404	81 889	86 678
Revenue cost of free services provided	21 192	27 914	45 625	37 937	39 166	39 166		39 909	41 904	43 999
Households below minimum service level										
Water:	—	—	—	962	962	962		962	962	962
Sanitation/sewerage:	—	—	—	—	—	—		—	—	—
Energy:	—	—	—	—	—	—		—	—	—
Refuse:	—	—	—	—	—	—		—	—	—

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

WC025 Breede Valley - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue																
Exchange Revenue																
Service charges - Electricity		51 148	51 112	51 041	51 041	50 970	50 970	50 898	50 970	50 970	51 041	51 041	51 005	612 204	691 791	781 723
Service charges - Water		9 633	9 633	9 633	9 633	9 633	9 633	9 633	9 633	9 633	9 633	9 633	9 633	115 599	121 379	127 448
Service charges - Waste Water Management		7 720	7 720	7 720	7 720	7 720	7 720	7 720	7 720	7 720	7 720	7 720	7 720	92 642	97 274	102 137
Service charges - Waste Management		4 508	4 419	4 242	4 242	4 064	4 064	3 887	4 064	4 064	4 242	4 242	4 153	50 190	52 700	55 334
Sale of Goods and Rendering of Services		405	435	496	496	556	556	616	556	556	496	496	500	6 164	6 450	6 607
Agency services		611	657	751	751	845	845	939	845	845	751	751	798	9 391	9 823	10 275
Interest		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest earned from Receivables		1 042	1 122	1 283	1 283	1 443	1 443	1 603	1 443	1 443	1 283	1 283	1 359	16 030	16 768	17 540
Interest earned from Current and Non Current Assets		1 269	1 367	1 562	1 562	1 757	1 757	1 952	1 757	1 757	1 562	1 562	1 659	19 522	20 420	21 360
Dividends		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		594	640	730	730	822	822	913	822	822	730	730	755	9 109	9 529	9 970
Licence and permits		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Operational Revenue		507	544	618	618	692	692	766	692	692	618	618	641	7 700	8 056	8 118
Non-Exchange Revenue																
Property rates		16 748	16 748	16 748	16 748	16 748	16 748	16 749	16 748	16 748	16 748	16 748	16 747	200 977	211 026	221 577
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		19 971	20 295	20 942	20 942	21 590	21 590	22 237	21 590	21 590	20 942	20 942	21 265	253 897	265 831	278 059
Licences or permits		291	313	358	358	402	402	447	402	402	358	358	378	4 468	4 674	4 889
Transfer and subsidies - Operational		16 570	16 570	16 570	16 570	16 570	16 570	16 570	16 570	16 570	16 570	16 570	16 570	198 836	214 057	218 563
Interest		237	255	292	292	328	328	364	328	328	292	292	309	3 643	3 811	3 986
Fuel Levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Operational Revenue		505	544	621	621	699	699	776	699	699	621	621	658	7 763	8 120	8 494
Gains on disposal of Assets		101	109	125	125	140	140	156	140	140	125	125	132	1 555	1 627	1 702
Other Gains		—	—	—	—	—	—	—	—	—	—	—	(0)	(0)	(1)	(1)
Discontinued Operations																
Total Revenue (excluding capital transfers and contributions)																
		131 859	132 483	133 731	133 731	134 979	134 979	136 227	134 979	134 979	133 731	133 731	134 281	1 609 689	1 743 332	1 877 780
Expenditure																
Employee related costs		29 743	32 028	36 595	36 595	41 167	41 167	45 733	41 167	41 167	36 595	36 595	38 278	456 828	477 894	499 931
Remuneration of councillors		1 416	1 525	1 743	1 743	1 960	1 960	2 177	1 960	1 960	1 743	1 743	1 827	21 757	22 760	23 809
Bulk purchases - electricity		6 869	7 395	8 445	8 445	9 498	9 498	10 547	9 498	9 498	8 445	8 445	390 601	487 184	563 611	652 034
Inventory consumed		31 667	34 103	38 975	38 975	43 847	43 847	48 719	43 847	43 847	38 975	38 975	(398 903)	46 872	49 011	51 279
Debt impairment		3 060	3 294	3 760	3 760	4 229	4 229	4 696	4 229	4 229	3 760	3 760	177 006	220 011	230 351	240 948
Depreciation and amortisation		—	—	—	—	—	—	—	—	—	—	—	105 208	105 208	110 079	115 174
Interest		2 591	2 790	3 188	3 188	3 587	3 587	3 985	3 587	3 587	3 188	3 188	3 375	39 842	41 676	43 594
Contracted services		9 045	9 476	10 340	10 340	11 204	11 204	12 066	11 204	11 204	10 340	10 340	10 635	127 393	135 101	133 588
Transfers and subsidies		562	584	629	629	673	673	718	673	673	629	629	640	7 711	7 855	8 068
Irrecoverable debts written off		1	1	2	2	2	2	2	2	2	2	2	1	19	20	21
Operational costs		7 124	7 474	8 179	8 179	8 884	8 884	9 586	8 884	8 884	8 179	8 179	8 179	100 614	104 959	109 220
Losses on disposal of Assets		273	293	335	335	376	376	417	376	376	335	335	302	4 125	4 320	4 523
Other Losses		16 995	17 362	18 096	18 096	18 830	18 830	19 564	18 830	18 830	18 096	18 096	(201 560)	67	70	74
Total Expenditure		189 345	196 328	203 285	203 285	210 242	210 242	217 206	210 242	210 242	189 345	189 345	190 588	2 417 631	2 477 707	2 538 962
Surplus/(Deficit)		22 514	16 156	3 445	3 445	(9 270)	(9 270)	(21 981)	(9 270)	(9 270)	3 445	3 445	(1 307)	(807 942)	(734 375)	(661 182)
Transfers and subsidies - capital (monetary allocations)		4 534	4 534	4 534	4 534	4 534	4 534	4 534	4 534	4 534	4 534	4 534	4 534	54 410	61 040	62 514
Transfers and subsidies - capital (in-kind)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		27 048	20 690	7 979	7 979	(4 742)	(4 742)	(17 447)	(4 742)	(4 742)	7 979	7 979	3 228	46 468	56 665	61 233
Share of Surplus/Deficit attributable to Associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	27 048	20 690	7 979	7 979	(4 742)	(4 742)	(17 447)	(4 742)	(4 742)	7 979	7 979	3 228	46 468	56 665	61 233

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. MBRR SA38 - Consolidated detailed operational project

Please refer to table SA38 of annexure A.

20. 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

21. Other supporting documents

Please refer to annexures E for MFMA budget circular

22. 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 Engineering Services – Recommendation supported

Director Planning, Development and Integrated Services – Recommendation supported

Director Community Services (Acting) - Recommendation supported

RESOLUTIONS

That in respect of the 2024/25 Final Budget discussed by Council at the Council Meeting of 21 May 2024:

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 draft budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the revised budget related policies as per Annexure C. Council approves the amendments (6.1(a) and 7(a)) in terms of the revised Budget Virement Policy effective from the date of the council resolution (21 May 2024) for the 2023/24 financial year.
4. Council approves the draft 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.