

# **2025/26 FINAL BUDGET MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK**

**File No. /s:**

**Responsible Official:** R Ontong

**Directorate:** Financial Services

**Portfolio:** Financial Services

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## **Purpose**

The purpose of this submission is to present the 2025/26 MTREF 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 2025/26 MTREF Budget are 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 2025/2026 – 2027/2028**



**BREED VALLEY**  
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

**27 MAY 2025**

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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 2025/26 MTREF, and outer financial years that council approves the 2025/26 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.

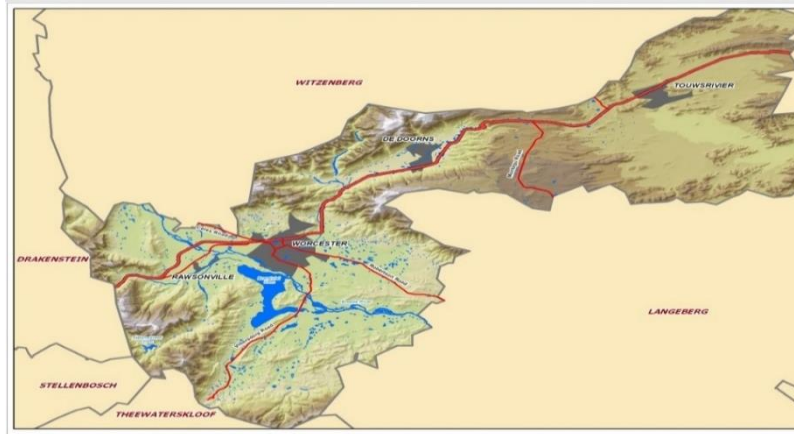
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period 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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  - (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	
<b>OPPORTUNITY</b>	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.
<b>SAFETY</b>	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.
<b>CARING</b>	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.
<b>INCLUSIVE</b>	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.
<b>WELL-RUN MUNICIPALITY</b>	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	
<b>SO 1</b>	To provide and maintain basic services and ensure social upliftment of the Breede Valley community
<b>SO 2</b>	To create an enabling environment for employment and poverty and poverty eradication through proactive economic development and tourism
<b>SO 3</b>	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people
<b>SO 4</b>	To provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local
<b>SO 5</b>	To ensure a healthy and productive workforce and an effective and efficient work environment
<b>SO 6</b>	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 2025/26 MTREF was compiled based on the following principles and criteria considering, 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 2025/2026 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 2025/26 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 2025/26 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 65 years of age) are displayed below:

#### **3.4.1 Rebates: Unemployed and Indigent**

Household Income	Rates	Sewer	Refuse	Rental
R0 - R5 250	50%	50%	50%	50%
Max Valuation	R 270 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

### 3.4.2 Rebates: Pensioner / Disability Rebate Category 1

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older R0 - R5 250	100%	100%	100%	100%
Max Valuation	R 450 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

### 3.4.3 Rebates: Pensioner / Disability Rebate Category 2

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older R5 251 - R6 250	20%	20%	20%	20%
Max Valuation	R 450 000			
<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 R360 000.00 rebate on the calculation of their property rates bill. This overall rebate is capped at R450 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. Post the 2024 national election, loadshedding was observed to not be actively applied until recently where stage 6 was also applied on a very short notice. This unpredictability in the provision of electricity makes planning and budgeting for this important revenue source very challenging.

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 2025/26 MTREF.

WC025 Breede Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	492 826	474 632	543 810	612 204	623 822	623 822	623 822	721 887	815 733	921 778
Service charges - Water	2	104 101	105 610	110 405	115 599	117 264	117 264	117 264	127 877	135 549	143 683
Service charges - Waste Water Management	2	84 271	90 274	99 186	92 642	101 541	101 541	101 541	120 306	127 525	135 176
Service charges - Waste Management	2	43 844	46 941	54 422	50 190	56 500	56 500	56 500	76 326	80 906	85 760
Sale of Goods and Rendering of Services		5 639	5 521	5 736	6 164	5 741	5 741	5 741	6 315	6 466	6 630
Agency services		9 061	9 463	8 949	9 391	9 391	9 391	9 391	9 823	10 275	10 532
Interest		(259)	—	—	—	—	—	—	—	—	—
Interest earned from Receivables		8 032	13 266	13 962	16 030	16 030	16 030	16 030	16 768	17 540	17 979
Interest earned from Current and Non Current Assets		11 227	14 384	18 373	19 522	19 522	19 522	19 522	20 420	21 360	21 894
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		8 178	7 478	8 979	9 109	9 109	9 109	9 109	9 529	9 970	10 221
Licence and permits		—	—	—	—	—	—	—	—	—	—
Special rating levies		—	—	—	—	—	—	—	—	—	—
Operational Revenue		4 818	10 197	7 753	7 700	6 914	6 914	6 914	8 056	8 118	8 322
Non-Exchange Revenue											
Property rates	2	173 037	180 018	197 548	200 977	207 468	207 468	207 468	226 949	240 566	255 000
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		28 741	94 924	72 714	253 897	242 897	242 897	242 897	242 897	253 828	260 175
Licences or permits		2 619	3 123	2 926	4 468	3 485	3 485	3 485	4 674	4 889	5 012
Transfer and subsidies - Operational		153 754	171 643	185 954	198 836	196 144	196 144	196 144	217 912	205 312	218 387
Interest		1 782	2 785	3 436	3 643	3 643	3 643	3 643	3 811	3 986	4 086
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	7 633	7 763	7 932	7 932	7 932	8 120	8 494	8 706
Gains on disposal of Assets		56	280	2 155	1 555	1 555	1 555	1 555	1 627	1 702	1 745
Other Gains		519	41 703	9 834	(0)	(0)	(0)	(0)	10 000	10 000	10 250
Discontinued Operations		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 132 247	1 272 244	1 353 773	1 609 689	1 628 958	1 628 958	1 628 958	1 833 296	1 962 218	2 125 333
Expenditure											
Employee related costs	2	335 127	366 251	396 107	456 828	425 824	425 824	425 824	469 245	493 727	512 499
Remuneration of councillors		18 315	19 066	20 467	21 757	21 757	21 757	21 757	21 653	22 792	23 648
Bulk purchases - electricity	2	383 068	372 993	454 652	487 184	522 184	522 184	522 184	598 611	690 034	747 285
Inventory consumed	8	41 188	50 978	50 154	46 872	52 333	52 333	52 333	69 008	72 276	96 095
Debt impairment	3	80 796	116 518	115 605	220 011	121 511	121 511	121 511	86 508	90 401	92 662
Depreciation and amortisation		88 566	94 561	101 941	105 208	105 208	105 208	105 208	110 079	115 174	118 085
Interest		20 974	19 437	31 254	39 842	39 842	39 842	39 842	41 676	43 594	44 685
Contracted services		96 851	112 123	126 490	127 393	128 450	128 450	128 450	148 230	151 772	175 656
Transfers and subsidies		3 767	3 419	3 069	7 711	7 556	7 556	7 556	13 606	5 868	4 990
Irrecoverable debts written off		—	—	—	19	87 519	87 519	87 519	122 522	128 036	131 238
Operational costs		50 713	78 862	94 100	100 614	108 754	108 754	108 754	111 609	116 599	119 616
Losses on disposal of Assets		2 141	741	1 370	4 125	4 125	4 125	4 125	4 320	4 523	4 642
Other Losses		519	1 434	1 150	67	67	67	67	70	74	76
Total Expenditure		1 122 025	1 236 383	1 396 358	1 617 631	1 625 131	1 625 131	1 625 131	1 797 137	1 934 869	2 071 176
Surplus/(Deficit)		10 222	35 861	(42 585)	(7 942)	3 827	3 827	3 827	36 159	27 349	54 157
Transfers and subsidies - capital (monetary allocations)	6	55 756	67 525	97 746	54 410	78 806	78 806	78 806	77 246	92 558	72 316
Transfers and subsidies - capital (in-kind)	6	—	17 917	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473

Please refer to Annexure A

Based on the current economic climate within the Breede Valley municipal area, tariffs increases are based anticipated costs and expenses to be honoured over the MTREF. Tariffs increases is anticipated to not compromise the sustainability of the revenue sources and will therefore not be counterproductive and having a negative impact on the collection rate.

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 2024/25 financial year and anticipated revenue based on the current

valuation roll. The current performance in the 2024/25 financial year suggests revenue generation above the initially anticipated budget, leading to the adjustments made during the February Adjustments Budget process.

**Service Charges:** The 2025/26 projected revenue for service charges is based on the current performance and anticipated trends over the MTREF. Revenue in the 2024/25 financial year is anticipated to be greater than the Original Budget allocation. Therefore, amendments have been affected during the Adjustments Budget process to align the budget with the revenue trends. Notable additional revenue growth was also noticed during the current financial year, positively impacting the revenue projections for 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 revenue is adjusted to gradually align revenue and write-off in line with realistic expectations given current and prior performance on this revenue source. This will be reviewed during the Final Budget and also the Mid-year Adjustments Budget to align budget with realistically anticipated revenues.

**Transfers Recognised – Operational:** This revenue item is based on the operational transfers (conditional and unconditional) available while compiling the final budget. The final allocations for the 2025/26 MTREF were not available given the current delays with the National Budget process, and the submission of the budget to councillors in preparation of the council meeting.

### 3.5.2 Operating Expenditure

The table below reflects the operating expenditure in relation to the current year and 2025/26 MTREF.

WC025 Breede Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)											
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Revenue											
Exchange Revenue											
Service charges - Electricity	2	492 826	474 632	543 810	612 204	623 822	623 822	623 822	721 887	815 733	921 778
Service charges - Water	2	104 101	105 610	110 405	115 599	117 264	117 264	117 264	127 877	135 549	143 683
Service charges - Waste Water Management	2	84 271	90 274	99 186	92 642	101 541	101 541	101 541	120 306	127 525	135 176
Service charges - Waste Management	2	43 844	46 941	54 422	50 190	56 500	56 500	56 500	76 326	80 906	85 760
Sale of Goods and Rendering of Services		5 639	5 521	5 736	6 164	5 741	5 741	5 741	6 315	6 466	6 630
Agency services		9 061	9 463	8 949	9 391	9 391	9 391	9 391	9 823	10 275	10 532
Interest		(259)	—	—	—	—	—	—	—	—	—
Interest earned from Receivables		8 032	13 266	13 962	16 030	16 030	16 030	16 030	16 768	17 540	17 979
Interest earned from Current and Non Current Assets		11 227	14 384	18 373	19 522	19 522	19 522	19 522	20 420	21 360	21 894
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		8 178	7 478	8 979	9 109	9 109	9 109	9 109	9 529	9 970	10 221
Licence and permits		—	—	—	—	—	—	—	—	—	—
Special rating levies		—	—	—	—	—	—	—	—	—	—
Operational Revenue		4 818	10 197	7 753	7 700	6 914	6 914	6 914	8 056	8 118	8 322
Non-Exchange Revenue											
Property rates	2	173 037	180 018	197 548	200 977	207 468	207 468	207 468	226 949	240 566	255 000
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		28 741	94 924	72 714	253 897	242 897	242 897	242 897	242 897	253 828	260 175
Licences or permits		2 619	3 123	2 926	4 468	3 485	3 485	3 485	4 674	4 889	5 012
Transfer and subsidies - Operational		153 754	171 643	185 954	198 836	196 144	196 144	196 144	217 912	205 312	218 387
Interest		1 782	2 785	3 436	3 643	3 643	3 643	3 643	3 811	3 986	4 086
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	7 633	7 763	7 932	7 932	7 932	8 120	8 494	8 706
Gains on disposal of Assets		56	280	2 155	1 555	1 555	1 555	1 555	1 627	1 702	1 745
Other Gains		519	41 703	9 834	(0)	(0)	(0)	(0)	10 000	10 000	10 250
Discontinued Operations		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 132 247	1 272 244	1 353 773	1 609 689	1 628 958	1 628 958	1 628 958	1 833 296	1 962 218	2 125 333
Expenditure											
Employee related costs	2	335 127	366 251	396 107	456 828	425 824	425 824	425 824	469 245	493 727	512 499
Remuneration of councillors		18 315	19 066	20 467	21 757	21 757	21 757	21 757	21 653	22 792	23 648
Bulk purchases - electricity	2	383 068	372 993	454 652	487 184	522 184	522 184	522 184	598 611	690 034	747 285
Inventory consumed	8	41 188	50 978	50 154	46 872	52 333	52 333	52 333	69 008	72 276	96 095
Debt impairment	3	80 796	116 518	115 605	220 011	121 511	121 511	121 511	86 508	90 401	92 662
Depreciation and amortisation		88 566	94 561	101 941	105 208	105 208	105 208	105 208	110 079	115 174	118 085
Interest		20 974	19 437	31 254	39 842	39 842	39 842	39 842	41 676	43 594	44 685
Contracted services		96 851	112 123	126 490	127 393	128 450	128 450	128 450	148 230	151 772	175 656
Transfers and subsidies		3 767	3 419	3 069	7 711	7 556	7 556	7 556	13 606	5 868	4 990
Irrecoverable debts written off		—	—	—	19	87 519	87 519	87 519	122 522	128 036	131 238
Operational costs		50 713	78 862	94 100	100 614	108 754	108 754	108 754	111 609	116 599	119 616
Losses on disposal of Assets		2 141	741	1 370	4 125	4 125	4 125	4 125	4 320	4 523	4 642
Other Losses		519	1 434	1 150	67	67	67	67	70	74	76
Total Expenditure		1 122 025	1 236 383	1 396 358	1 617 631	1 625 131	1 625 131	1 625 131	1 797 137	1 934 869	2 071 176
Surplus/(Deficit)		10 222	35 861	(42 585)	(7 942)	3 827	3 827	3 827	36 159	27 349	54 157
Transfers and subsidies - capital (monetary allocations)	6	55 756	67 525	97 746	54 410	78 806	78 806	78 806	77 246	92 558	72 316
Transfers and subsidies - capital (in-kind)	6	—	17 917	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	65 978	121 303	55 162	46 468	82 634	82 634	82 634	113 405	119 907	126 473

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 2024/25 Adjustment Budget.

These amendments are informed by the following principles:

- New staff structure implemented.
- New positions budgeted for in line with the amended staff structure
- 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 approved staff structure and collective agreement.

**Debt Impairment:** The fines and corresponding write-off will be managed within the available budgets. These amounts will be reviewed with the 2025/26 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 anticipated increase and also the increase in Bulk Purchases expenditure experienced in the 2024/25 financial year.

**Inventory consumed and Contracted Services:** The budget for other materials and contracted services is also based on the 2024/25 Mid-year Adjustments Budget and related contractual commitments. 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 except where contractual commitments are in place. The 2025/26 Budget amount is also based on the 2024/25 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

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	Finance Source	Fund Desc	2025/26 MTREF (Budget Year)	2026/27 MTREF (Budget Year +1)	2027/28 MTREF (Budget Year +2)
<b><u>Engineering Services and Planning, Development and Integrated Services</u></b>						
<b><u>Not Allocated to Wards</u></b>						
<b><u>Stettynskloof Water Supply (Worcester/Rawsonville)</u></b>						
Increase dam Level (Stetteynskloof Dam)	CP_0461	1,1	Loans	10 000 000	0	0
<b><u>Klipvlakte/ Transhex Residential Development (13 000 erven)</u></b>						
Electrical Reticulation	CP_0009	8,2	INEP	15 596 000	17 518 000	18 310 000
<b><u>Upgrading of Sewer Network</u></b>						
External Loan	CP_0453	1,1	Loans	3 000 000	0	0
CRR	CP_0453	3,0	CRR / Own Funding	0	3 000 000	3 000 000
<b><u>Touws River: Waste Water Treatment Works (WwTW) Augmentation</u></b>						

Augmentation Touwsriver WWTW (MIG)	CP_0420	8,0	MIG	9 085 675	18 982 076	0
<b><u>Upgrading of Gravel Roads</u></b>						
Breede Valley: Roads	CP_0062	3,0	CRR / Own Funding	0	1 000 000	0
<b><u>Resealing of Roads</u></b>						
Resealing of Municipal Roads - Rawsonville	CP_0065	3,2	CRR / Own Funding	0	500 000	0
<b><u>Resealing of Municipal Roads - Worcester</u></b>						
CRR	CP_0066	3,2	CRR / Own Funding	0	3 000 000	0
<b><u>Resealing of Municipal Roads - De Doorns</u></b>						
CRR	CP_0067	3,2	CRR / Own Funding	0	1 000 000	0
<b><u>Resealing of Municipal Roads - Touws River</u></b>						
Resealing of Municipal Roads - Touws River	CP_0068	3,2	CRR / Own Funding	0	500 000	0
<b><u>Upgrading of Roads</u></b>						
Municipal Roads (Ward 1, 2, 3, 4, 16, 17 and 18)	CP_0512	3,0	CRR / Own Funding	3 500 000	0	0
<b><u>Networks</u></b>						
Pipe cracking (all wards)	CP_0513	3,0	CRR / Own Funding	7 000 000	5 000 000	5 000 000
<b><u>Electricity (8112)</u></b>						

RMU/ Main Sub Switchgear Replacements De Doorns	CP_0466	1,1	Loans	3 000 000	0	0
RMU/Main Sub Switchgear replacements Touwsrivier	CP_0467	1,1	Loans	3 000 000	0	0
Zwelethemba removal of mid-blocks	CP_0469	3,0	CRR / Own Funding	0	4 500 000	4 500 000
66KV Ripple Control	CP_0471	1,1	Loans	6 400 000	0	0
Supply and Installation of Load Shedding Solution and Solar PV	CP_0509	3,0	CRR / Own Funding	5 000 000	0	0
Upgrade of Rental Units (Roux Park)		3,0		3 400 000	0	0
<b>Refurbishment of electrical system (NERSA)</b>						
Altona new Electrical Substation	CP_0426	3,0	CRR / Own Funding	0	1 000 000	0
Electricity - Machinery and Equipment	CP_0428	3,0	CRR / Own Funding	100 000	0	0
<b>SOLID WASTE MANAGEMENT</b>						
<b>WORCESTER</b>						
Wheeliebins	CP_0178	3,0	CRR / Own Funding	1 000 000	1 000 000	700 000
<b><u>Ward Priorities</u></b>						
Speed Humps	CP_0432	3,0	CRR / Own Funding	1 000 000	0	0
Fencing of Substations	CP_0435	3,0	CRR / Own Funding	1 000 000	0	0
Playparks	CP_0606	3,0	CRR / Own Funding	1 360 000	0	0
<b><u>Ward 1</u></b>						
Upgrading Gravel Roads	CP_0268	3,2	CRR / Own Funding	6 352 250	0	0
Upgrading Gravel Roads	CP_0268	8,0	MIG	2 506 287	0	0



<b><u>Ward 2</u></b>						
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	CP_0130	8,0	MIG	0	8 275 009	1 188 488
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG Counter funding)	CP_0623	3,2	CRR / Own Funding	0	2 498 600	0
De Doorns Water Purification Works : Augmentation of DAF Unit (WSIG funding)	CP_0511	8,8	WSIG	20 000 000	30 000 000	7 000 000
<b><u>Ward 5</u></b>						
High Mast Light GG Camp - Ward 5	New	3,0	CRR / Own Funding	801 430	0	0
<b><u>Erosion Protection of Hex River (Zweletemba)</u></b>						
Erosion Protection of Hex River : Phase 3A (750m)	CP_0338	<u>8,0</u>	MIG	0	0	35 189 535
<b><u>Ward 10</u></b>						
Transhex Housing Development - High Mast Light - PH 2	New	<u>8,0</u>	MIG	0	1 927 225	0
<b><u>Ward 15</u></b>						
Reseal of Municipal Roads - Ward 15	CP_0533	3,0	CRR / Own Funding	1 000 000	0	0
<b><u>Ward 16</u></b>						
High Mast Light - New Mandela -Ward 16	New	3,0	CRR / Own Funding	801 430	0	0
Upgrading of Gravel Road (6250m)	CP_0268	8,0		0	10 627 977	10 627 977
<b><u>Ward 21</u></b>						
Upgrading of gravel roads	CP_0268	<u>8,0</u>	MIG	20 000 000	5 227 713	0

<b><u>SERVICE CONNECTIONS (Depending on Public Contr)</u></b>						
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	2 719 200	2 719 200	1 719 200
<b><u>Parks and Cemeteries</u></b>						
Parks - Machinery and Equipment	CP_0479	3,0	CRR / Own Funding	100 000	0	0
Fencing of Cemeteries - Aan De Doorns	CP_0480	3,0	CRR / Own Funding	1 225 000	0	0
<b><u>ROADS AND STORMWATER</u></b>						
Roads - Machinery and Equipment	CP_0438	3,0	CRR / Own Funding	305 000	0	0
<b><u>Land Infill Developments</u></b>						
Avian Park Industrial - Stormwater (Phase 1 Development)	CP_0392	3,0	CRR / Own Funding	0	1 932 900	1 932 900
Uitvlug Industrial Zone - Water (Phase 1)	CP_0555	3,0	CRR / Own Funding	500 000	0	1 281 230
Uitvlug Industrial Zone - Sewer (Phase 1)	CP_0556	3,0	CRR / Own Funding	500 000	0	1 839 715
Uitvlug Industrial Zone - Electricity (Phase 1)	CP_0557	3,0	CRR / Own Funding	8 500 000	0	5 578 144
Uitvlug Industrial Zone - Roads (Phase 1)	CP_0558	3,0	CRR / Own Funding	500 000	0	14 463 618
Uitvlug Industrial Zone - Stormwater (Phase 1)	CP_0559	3,0	CRR / Own Funding	500 000	0	1 932 908

Uitvlug Industrial Zone - Fencing (Phase 1)	CP_0638	3,0	CRR / Own Funding	500 000	0	4 022 700
<b><u>SPORT: Boland Park - 5130</u></b>						
Replacement of fence perimeter	CP_0326	3,0	CRR / Own Funding	300 000	8 000 000	0
Boland Park - Tartan Track	CP_0640	3,0	CRR / Own Funding	0	200 000	3 000 000
<b><u>FANIE OTTO SPORTGROUND</u></b>						
Upgrading of Fanie Otto Sportground	CP_0604	8,0	MIG	3 283 663	0	0
<b><u>RAWSONVILLE SPORTGROUND</u></b>						
Upgrading of Rawsonville Sportground	CP_0603	8,0	MIG	6 774 375	0	0
<b><u>Fleet Management - 8860</u></b>						
Municipal Vehicles - LDV's	CP_0541	3,0	CRR / Own Funding	1 250 000	1 000 000	1 000 000
Municipal Vehicles - Sedans	CP_0542	3,0	CRR / Own Funding	0	1 000 000	1 000 000
Municipal Vehicles - Specialized	CP_0543	3,0	CRR / Own Funding	6 300 000	2 000 000	2 000 000
<b><u>Municipal Manager</u></b>						
<b><u>Admin -0603</u></b>						
Furniture and Equipment	CP_0021	3,0	CRR / Own Funding	10 000	5 000	5 000
<b><u>Community Services</u></b>						
<b><u>ADMIN - 0903</u></b>						
Furniture & Equipment	CP_0181	4,0	CRR / Own Funding	10 000	10 000	10 000

<b><u>HUMAN SETTLEMENTS</u></b>						
Rental Unit Upgrade	CP_0600	3,0	CRR / Own Funding	9 600 000	5 000 000	0
<b><u>COMMUNITY DEVELOPMENT</u></b>						
Upgrading of roof - Thusong Centre	CP_0639	3,0	Unfunded	500 000	0	0
<b><u>WATERLOO LIBRARY - 4506</u></b>						
Furniture and Office equipment	CP_0631	3,0	CRR / Own Funding	100 000	0	0
<b><u>TRAFFIC</u></b>						
<b><u>Buildings</u></b>						
Machinery and Equipment	CP_0443	3,0	CRR / Own Funding	100 000	0	0
Traffic - Furniture and Office Equipment	CP_0490	3,0	CRR / Own Funding	50 000	0	0
Traffic Vehicles	CP_0444	3,0	CRR / Own Funding	1 000 000	1 600 000	0
<b><u>FIRE DEPARTMENT: ADMIN - 4203</u></b>						
Major Fire Engine (Pumper)	CP_0494	3,0	CRR / Own Funding	7 000 000	0	8 764 000
Equipment for Fire Engine	CP_0495	3,0	CRR / Own Funding	1 500 000	0	150 000
Fire Services - Machinery and Equipment	CP_0500	3,0	CRR / Own Funding	200 000	0	0
4x4 veld and bush Fire Engine with tank and pump	CP_0632	3,0	CRR / Own Funding	0	900 000	0
Worcester Fire Station Carport	CP_0634	3,0	CRR / Own Funding	0	265 000	0
Water Tender 6000l	CP_0641	3,0	CRR / Own Funding	1 100 000	0	0

<b><u>FINANCIAL SERVICES</u></b>						
<b><u>Admin</u></b>						
Furniture and Equipment	CP_0182	4,0	CRR / Own Funding	10 000	10 000	10 000
<b><u>Financial Planning</u></b>						
Safeguarding of Assets	CP_0115	12,0	Insurnce Reserve	400 000	400 000	400 000
FS FP - Insurance claims : Other Assets	CP_0193	12,0	Insurnce Reserve	400 000	400 000	400 000
FS FP - Insurance claims : Mach & Equipment	CP_0193	12,0	Insurnce Reserve	500 000	500 000	500 000
FS FP - Insurance claims : Comp Equipment	CP_0193	12,0	Insurnce Reserve	100 000	100 000	100 000
<b><u>Revenue</u></b>						
Revenue - Upgrading of Municipal Building	CP_0502	3,0	CRR / Own Funding	1 250 000	0	0
<b><u>COUNCIL</u></b>						
<b><u>MAYORAL OFFICE - 0306</u></b>						
Furniture and Equipment	CP_0183	3,0	CRR / Own Funding	10 000	10 000	10 000
<b><u>STRATEGIC SUPPORT SERVICES</u></b>						
<b><u>STRATEGIC SUPPORT - ADMIN - 2103</u></b>						
Furniture and Equipment	CP_0183	4,0	CRR / Own Funding	10 000	10 000	10 000
<b><u>Local Economic Development</u></b>						

LED - Furniture and Office Equipment	CP_0507	4,0	CRR / Own Funding	5 000	0	0
<b><u>INFORMATION TECHNOLOGY</u></b>						
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

Capital projects funded by national and provincial grants remain a priority for the municipality although challenges may arise that may result in underperformance. Borrowings are another significant funding source of the capital budget that is primarily used for infrastructure investments that aims to increase service delivery capacity and promote revenue generation and economic growth. In addition to the R10 million allocated to the Increase dam Level (Stetteynskloof Dam) project, the remainder of the external loan to be taken up will be allocated to the project over the medium.

There has been a notable decreased in the allocation from own funds towards the capital budget when compared to recent years. The municipality invested significantly over recent years to address the backlog of infrastructure needs. This investment was made knowing what the impact on the municipality's balance sheet would be in terms of cash and investments. The capital budget over the MTREF aims to improve this position without compromising to much on the level of capital investment.

Significant contributions and investment in basic services has been made over the past financial year, contributing positively towards the minimization of technical and distribution loss on both water and electricity. Capital investment is done in an sustainable and responsive manner that aims not to compromise the financial health of the municipality, and to keep the increase on consumer tariffs as low as possible.

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 2024
2	IDP Meetings – inputs from Ward Councilors & Ward Committees	Oct 2024
3	First IDP/ Budget Steering Committee Meeting	Nov 2024
4	Departmental inputs on Draft allocations	Nov & Dec 2024
5	2 <sup>nd</sup> Budget Steering Committee – Consider Adjustment budget	Jan 2025
6	Draft Budget input captured and Budget balanced	March 2025
7	Draft IDP & Budget tabled in Council	March 2025
8	IDP & Budget workshop – Council	April 2025
9	Public Consultation	April 2025
10	Finalise Sector / Dept Strategy Plan / Budget - IDP	April 2025
11	Consideration of Comments received	April 2025
12	Tabling of Final MTREF	End May 2025



### 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

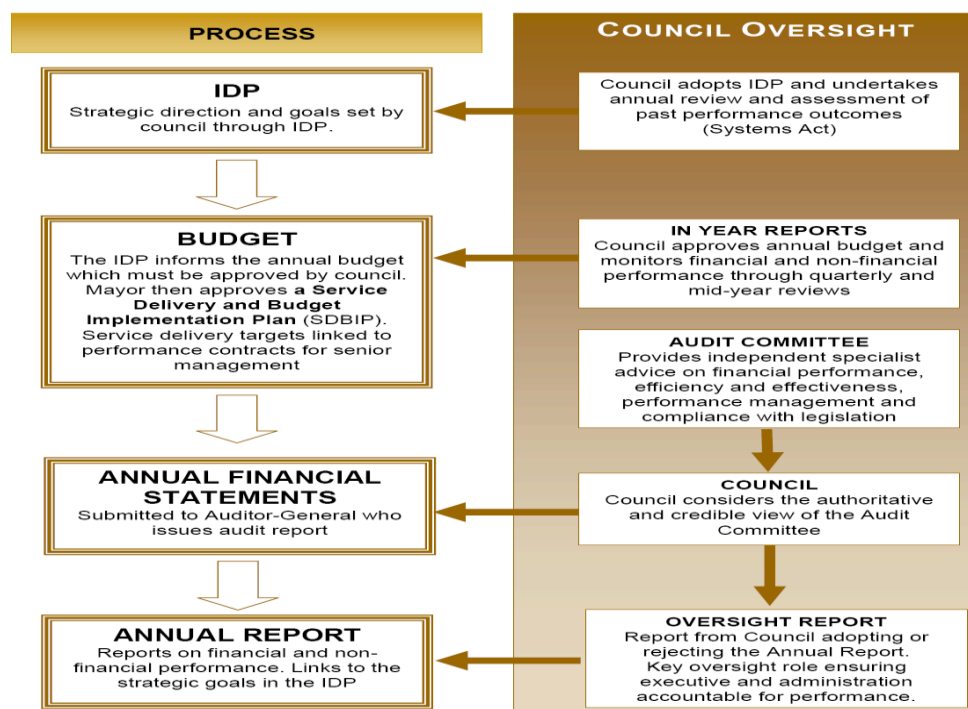
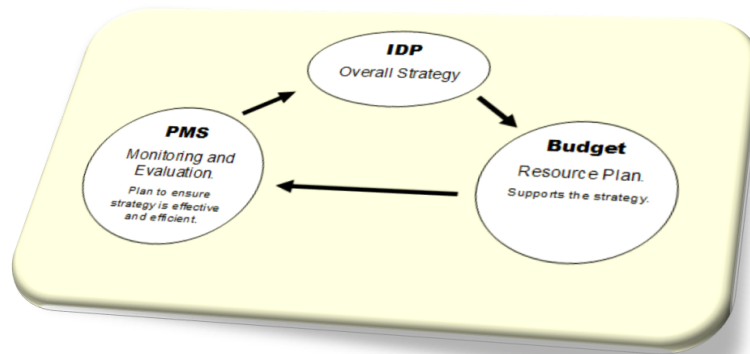


The IDP / Budget process plan was consulted with all relevant stakeholders, whom are:

- 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 2025/26 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 2025/26 MTREF:

- Tariff increases:

Service	Percentage Increase (%)
Electricity	15% (based on the cost of supply)
Water	11%
Sewerage	8%
Refuse	25%
Rates	8%

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

- CPIX = 4.3% (MFMA budget circular 130)
- Employee related cost is based on the collective agreement
- Government Grant will be received as gazetted by National and Provincial Government.
- Electricity bulk purchases in line with NERSA guideline.
- Limited 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
- All comments and inputs from the public and stakeholders were taken into consideration during the compilation of the 2025/26 Final Budget.

## 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 Engineering Services** – Recommendation supported

**Director Community Services** - Recommendation supported

**Director: Planning, Development and Integrated Services** - Recommendation supported

## **RESOLUTIONS:**

That in respect of the 2025/26 Final Budget discussed by Council at the Council Meeting of 27 May 2025:

1. Council approves the 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 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 approved the Revenue Enhancement and Implementation Plan as per Annexure E