

2024/25 DRAFT BUDGET MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

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

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Directorate: Financial Services

Portfolio: Financial Services

Purpose

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

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



BREED VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

26 MARCH 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.

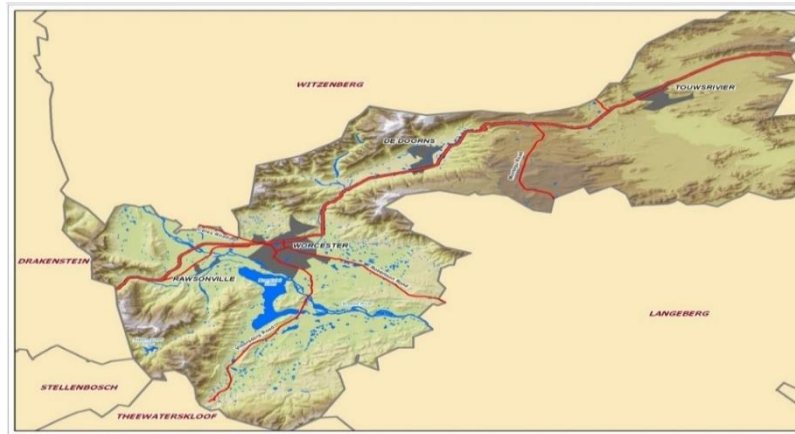
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period 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 —
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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	
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 commitment to the elimination of these non-priority items and applying zero percent increases on related items where elimination or a decrease in the MTREF budget is not possible.

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

The capital budget for 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

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older R0 - R5 000	100%	100%	100%	100%
Max Valuation	R 270 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.3 Rebates: Pensioner 70 years and older

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

3.4.4 Special Rating Area (SRA)

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

3.5 Budget Overview

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

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.

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.

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

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	Draft Budget – 2024/25	Draft Budget 2025/26	Draft Budget 2026/27
<u>Engineering Services and Public Services</u> <u>Not Allocated to Wards</u>						

<u>Worcester WwTW</u>						
<u>Stettynskloof Water Supply (Worcester/Rawsonville)</u>						
Increase dam Level (Stetteynskloof Dam)	CP_0461	1,1	Loans	10 000 000	10 000 000	0
<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
<u>Upgrading of Sewer Network</u>						
External Loan	CP_0453	1,1	Loans	0	3 000 000	0
CRR	CP_0453	3,0	CRR / Own Funding	4 500 000	10 000 000	10 000 000
<u>Touws River: Waste Water Treatment Works (WwTW) Augmentation</u>						
Augmentation Touwsriver WWTW (MIG)	CP_0420	8,0	MIG	39 790 000	2 913 920	0
Augmentation Touwsriver WWTW (External Loans)	CP_0420	1,1	Loans	10 629 200	8 979 530	0
<u>Upgrading of Gravel Roads</u>	-					
Breede Valley: Roads	CP_0062	3,0	CRR / Own Funding	0	0	5 000 000
<u>Resealing of Roads</u>	-					
Resealing of Municipal Roads - Rawsonville	CP_0065	3,2	CRR / Own Funding	0	0	500 000
<u>Resealing of Municipal Roads - Worcester</u>						
MIG	CP_0066	8,0	MIG	0	0	13 850 616
CRR	CP_0066	3,2	CRR / Own Funding	2 608 700	0	7 000 000
<u>Resealing of Municipal Roads - De Doorns</u>						
CRR	CP_0067	3,2	CRR / Own Funding	0	0	2 000 000
<u>Resealing of Municipal Roads - Touws River</u>						
Resealing of Municipal Roads - Touws River	CP_0068	3,2	CRR / Own Funding	0	0	500 000
<u>Upgrading of Roads</u>						
Municipal Roads (Ward 1, 2, 3, 4, 16, 17 and 18)	CP_0512	3,0	CRR / Own Funding	4 500 000	5 000 000	0
<u>Networks</u>	-					
Pipe cracking (all wards)	CP_0513	3,0	CRR / Own Funding	3 000 000	3 000 000	3 000 000

<u>Electricity (8112)</u>	-					
Refurbishment of Touwsriver & De Doorns Substation and Safeguarding	CP_0463	1,1	Loans	8 000 000	0	0
Robertson Road Substation	CP_0464	1,1	Loans	14 377 173	0	0
RMU/ Main Sub Switchgear Replacements De Doorns	CP_0466	1,1	Loans	0	3 000 000	0
RMU/Main Sub Switchgear replacements Touwsrivier	CP_0467	1,1	Loans	0	3 000 000	0
Roux Park capacity/equipment upgrade	CP_0468	1,1	Loans	3 200 000	0	0
66KV Ripple Control	CP_0471	1,1	Loans	0	6 900 000	0
Supply and Installation of Load Shedding Solution and Solar PV	CP_0509	3,0	CRR / Own Funding	8 200 000	6 807 000	0
<u>Refurbishment of electrical system (NERSA)</u>						
Altona new Electrical Substation	CP_0426	3,0	CRR / Own Funding	0	0	6 000 000
Electricity - Machinery and Equipment	CP_0428	3,0	CRR / Own Funding	400 000	600 000	0
<u>SOLID WASTE MANAGEMENT</u>						
<u>WORCESTER</u>						
Wheeliebins	CP_0178	3,0	CRR / Own Funding	1 000 000	1 000 000	1 000 000
<u>Ward Priorities</u>						
Speed Humps	CP_0432	3,0	CRR / Own Funding	500 000	500 000	500 000
Fencing of Substations	CP_0435	3,0	CRR / Own Funding	600 000	600 000	600 000
Playparks	CP_0606	3,0	CRR / Own Funding	500 000	500 000	500 000
<u>Ward 1</u>	-	-	-			
Upgrading Gravel Roads	CP_0268	3,2	CRR / Own Funding	5 272 516	10 852 250	0
Upgrading Gravel Roads	CP_0268	8,0	MIG	0	12 176 433	0
<u>Ward 2</u>	-	-	-			
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	CP_0130	8,0	MIG	0	0	25 145 384
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	CP_0623	3,2	CRR / Own Funding	0	0	3 498 600
<u>Ward 5</u>						
High Mast Light GG Camp - Ward 5	CP_0625	3,0	CRR / Own Funding	0	801 430	0
<u>Ward 7</u>						
Upgrading of Gravel Roads (Smith str.)	CP_0607	3,0	CRR / Own Funding	1 401 750	0	0

Ward 8	-	-	-			
Upgrading of Gravel Roads - Industrial Area	CP_0608	<u>3,0</u>	CRR / Own Funding	5 935 250	0	0
High Mast Light Makoala Park - Ward 8	CP_0626	3,0	CRR / Own Funding	798 000	0	0
		-	-			
Ward 10		-				
Reseal of Roads - Ward 10	CP_0524	<u>3,0</u>	CRR / Own Funding	500 000	0	0
		-				
Ward 11		-				
Reseal of Roads - Ward 11	CP_0526	<u>3,0</u>	CRR / Own Funding	500 000	0	0
		-				
Ward 12		-	-			
Reseal of Municipal Roads - Ward 12	CP_0527	3,0	CRR / Own Funding	2 500 000	0	0
		-				
Ward 13		-				
Reseal of Municipal Roads - Ward 13	CP_0529	3,0	CRR / Own Funding	500 000	0	0
		-				
Ward 15		-				
Reseal of Municipal Roads - Ward 15	CP_0533	3,0	CRR / Own Funding	2 500 000	1 000 000	0
		-				
Ward 16		-				
High Mast Light - New Mandela -Ward 16	CP_0627	3,0	CRR / Own Funding	0	801 430	0
		-				
Ward 20		-	-			
High Mast Light - Ward 20	CP_0537	3,0	CRR / Own Funding	700 000	0	0
		-				
Ward 21		-	-			
Upgrading of gravel roads	CP_0268	3,2	CRR / Own Funding	8 326 701	0	0
Upgrading of gravel roads	CP_0268	<u>8,0</u>	MIG	0	26 518 647	0
SERVICE CONNECTIONS (Depending on Public Contr)						
Sewer Connections	CP_0165	3,3	CRR / Own Funding	1 120 000	1 120 000	0
Electricity Connections	CP_0166	3,3	CRR / Own Funding	1 000 000	1 000 000	0
Water Connections	CP_0167	3,3	CRR / Own Funding	1 219 200	2 719 200	0
Water and Waste Water Treatment Works						
WWTW and WTW Generators	CP_0476	3,0	CRR / Own Funding	800 000	0	0
Fencing and safeguarding of WTW and WWTW pumpstations	CP_0477	3,0	CRR / Own Funding	1 000 000	0	0
WWTW Pump station upgrading and refurbishment	CP_0478	1,1	Loans	2 000 000	0	0

<u>Parks and Cemeteries</u>						
Parks - Machinery and Equipment	CP_0479	3,0	CRR / Own Funding	100 000	100 000	0
Fencing of Cemeteries - Aan De Doorns	CP_0480	3,0	CRR / Own Funding	0	1 225 000	0
Fencing of Cemeteries - De Wet Str.	CP_0481	3,0	CRR / Own Funding	237 500	0	0
<u>Water and Sewerage</u>						
Water - Machinery and Equipment	CP_0281	3,0	CRR / Own Funding	300 000	0	0
<u>ROADS AND STORMWATER</u>						
Roads - Machinery and Equipment	CP_0438	3,0	CRR / Own Funding	300 000	305 000	0
<u>Land Infill Developments</u>						
Uitvlug Industrial Zone - Water	CP_0555	3,0	CRR / Own Funding	100 000	500 000	0
Uitvlug Industrial Zone - Sewer	CP_0556	3,0	CRR / Own Funding	100 000	500 000	0
Uitvlug Industrial Zone - Electricity	CP_0557	3,0	CRR / Own Funding	100 000	10 000 000	0
Uitvlug Industrial Zone - Roads	CP_0558	3,0	CRR / Own Funding	100 000	500 000	0
Uitvlug Industrial Zone - Stormwater	CP_0559	3,0	CRR / Own Funding	100 000	500 000	0
<u>Municipal Manager</u>						
<u>Admin -0603</u>						
Furniture and Equipment	CP_0021	3,0	CRR / Own Funding	5 000	0	0
<u>Community Services</u>						
<u>ADMIN - 0903</u>						
Furniture & Equipment	CP_0181	4,0	CRR / Own Funding	5 000	0	0
<u>COMMUNITY DEVELOPMENT</u>						
Youth Café - Furniture and Office Equipment	CP_0486	3,0	CRR / Own Funding	1 000 000	1 000 000	0
Airconditioners	CP_0628	3,0	CRR / Own Funding	50 000	0	0
<u>NEKKIES</u>						
UPGRADE OF RECEPTION OFFICE	CP_0628	3,0	CRR / Own Funding	300 000	0	0
<u>DE LA BAT SWIMMING POOL</u>						
FENCING AROUND PUMPING ROOM	CP_0630	3,0	CRR / Own Funding	90 000	0	0
<u>SPORT: Boland Park - 5130</u>						
Replacement of fence perimeter	CP_0326	3,0	CRR / Own Funding	0	3 000 000	7 000 000
<u>Bowling Green</u>						
Bowling Green - Renewal of Roof	CP_0616	3,0	CRR / Own Funding	250 000	0	0

<u>TOUWSRIVER STADION</u>						
1X Walk Behind vibrating Roller	CP_0636	3,0	CRR / Own Funding	300 000	0	0
<u>DE DOORNS WEST SPORTGROUND</u>						
<u>DE WET SPORTGROUND</u>						
Upgrading of De Wet Sportground	CP_0604	8,0	MIG	0	0	1 100 000
Upgrading of De Wet Sportground		3,2	CRR / Own Funding	200 000	0	0
<u>RAWSONVILLE SPORTGROUND</u>						
Upgrading of Rawsonville Sportground	CP_0603	8,0	MIG	0	0	4 900 000
Upgrading of Rawsonville Sportground		3,2	CRR / Own Funding	200 000	0	0
<u>SPORT: Esselen Park</u>						
Replacement of fence perimeter	CP_0441	3,0	CRR / Own Funding	9 150 000	0	0
<u>WATERLOO LIBRARY - 4506</u>						
Waterloo Library - Airconditioners						
Air conditioners - variety of libraries	CP_0619	3,0	CRR / Own Funding	500 000	0	0
Furniture and Office equipment	CP_0631	3,0	CRR / Own Funding	150 000	0	0
<u>TRAFFIC</u>						
<u>Buildings</u>						
Traffic Vehicles	CP_0444	3,0	CRR / Own Funding	0	2 100 000	1 600 000
<u>FIRE DEPARTMENT: ADMIN - 4203</u>						
Major Fire Engine (Pumper)	CP_0494	3,0	CRR / Own Funding	7 000 000	8 000 000	0
Equipment for Fire Engine	CP_0495	3,0	CRR / Own Funding	1 500 000	2 000 000	0
Fire Services - Machinery and Equipment	CP_0500	3,0	CRR / Own Funding	40 000	0	0
4x4 veld and bush Fire Engine with tank and pump	CP_0632	3,0	CRR / Own Funding	850 000	0	0
Zwelethemba Fire Station - Fence	CP_0633	3,0	CRR / Own Funding	240 000	0	0
Worcester Fire Station Carport	CP_0634	3,0	CRR / Own Funding	250 000	0	0
Touwsrivier Fire Station - Fence	CP_0634	3,0	CRR / Own Funding	150 000	0	0
<u>FINANCIAL SERVICES</u>						
<u>Admin</u>						
Furniture and Equipment	CP_0182	4,0	CRR / Own Funding	5 000	0	0
<u>Financial Planning</u>						
Safeguarding of Assets	CP_0115	12,0	Insurnce Reserve	400 000	400 000	0

FS FP - Insurance claims : Other Assets	CP_0193	12,0	Insurance Reserve	400 000	400 000	0
FS FP - Insurance claims : Mach & Equipment	CP_0193	12,0	Insurance Reserve	500 000	500 000	0
FS FP - Insurance claims : Comp Equipment	CP_0193	12,0	Insurance Reserve	100 000	100 000	0
<u>Fleet Management - 8860</u>						
Municipal Vehicles - LDV's	CP_0541	3,0	CRR / Own Funding	500 000	0	0
Municipal Vehicles - Sedans	CP_0542	3,0	CRR / Own Funding	500 000	0	0
Municipal Vehicles - Specialized	CP_0543	3,0	CRR / Own Funding	1 500 000	0	0
<u>COUNCIL & MAYCO</u>						
<u>MAYORAL OFFICE - 0306</u>						
Furniture and Equipment	CP_0183	3,0	CRR / Own Funding	5 000	0	0
<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	0
<u>INFORMATION TECHNOLOGY</u>						
ICT - Computer Equipment	CP_0120	3,0	CRR / Own Funding	3 000 000	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

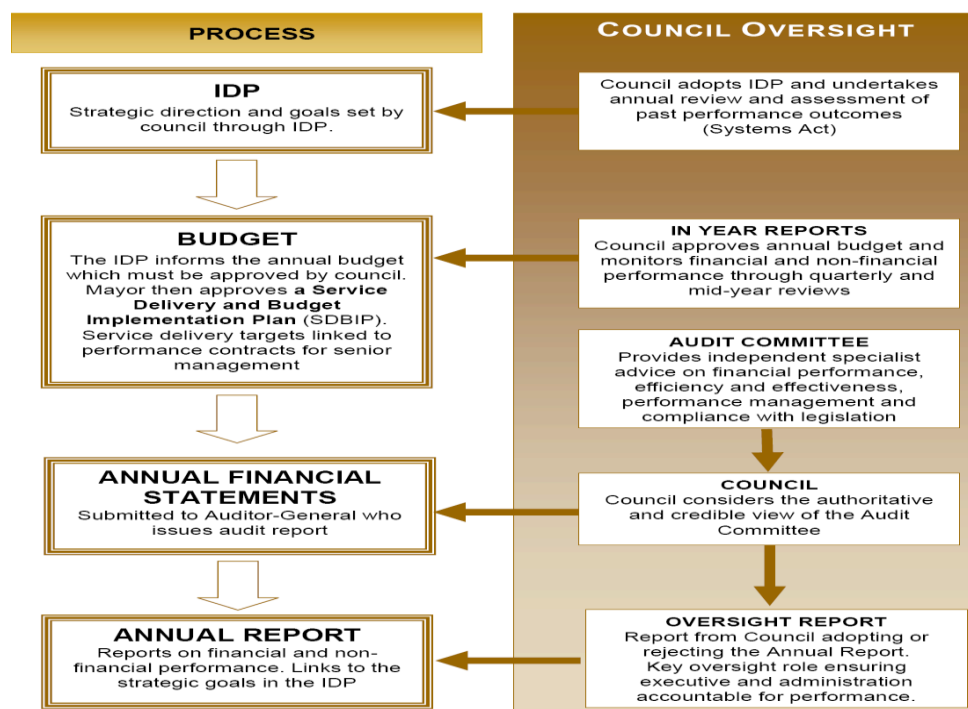
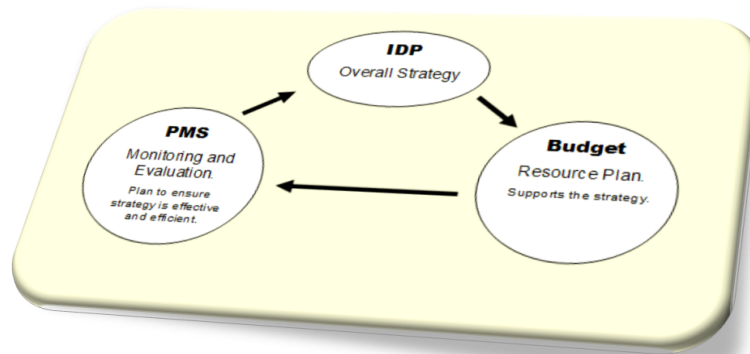
	STEP	PROCESS
1.	Planning	Schedule key dates, establish consultation forums, review previous processes
2.	Strategising	Review IDP, Determine priorities, set service delivery targets and objectives for the next three years, consult on tariffs, indigent, credit control, free basic services, etc and consult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

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 2024/25 MTREF.

Please refer to Annexure A

9. Overview of Budget Related Policies

The following budget related policies are in use:

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

Please refer to annexure D for the budget related policies.

10. Overview of Budget Assumptions

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

- Tariff increases:

Service	Percentage Increase (%)
Electricity	11.02% (subject to final approval by NERSA)
Water	5.78%
Sewerage	5.78%
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.

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 (Acting) - Recommendation supported

TABLING OF DRAFT RESOLUTIONS

That in respect of the 2024/25 Draft Budget discussed by Council at the Council Meeting of 26 March 2024:

1. Council approves the tabling of the draft 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 tabling of the Quality Certificate to the draft budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the tabling of revised budget related policies as per Annexure C.
4. Council approves the tabling of 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 tabling of Revenue Enhancement Implementation Plan as per Annexure G.