

CAPE AGULHAS MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023 TO 2024/2025



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CAPE AGULHAS MUNICIPALITY
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ANNUAL BUDGET OF
CAPE AGULHAS
MUNICIPALITY

2022/23 TO 2024/25
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Part 1 – Annual Budget

1.1 Vision & Mission

Our Vision

Together for excellence

Saam vir uitnemendheid

Sisonke siyagqwesa

Our Mission

To render excellent services through good governance, public ownership and partnership in order to create a safer environment that will promote socio-economic growth and ensure future financial sustainability in a prosperous southernmost community

This will be achieved through:

- Fairness
- Integrity
- Accountability and responsibility
- Transparency
- Innovativeness
- Responsiveness
- Empathy

1.2 Mayor's Report

In terms Section 152 of the Constitution of the Republic of South Africa, the objectives of local government are as follows:

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organisations in the matters of Local Government.

A municipality must strive, within its financial and administrative capacity, to achieve these objective set out in Section 152.

As Mayor and Council we are committed to the following major focus areas:

- Youth Development;
- Development and upgrading of Recreational Facilities;
- Social Development and related projects;
- Local Economic Development (LED);
- Beautification of Communities;
- Sport Development;
- Uplift and support elderly;
- Safety and Security of the Community;
- Mitigating the negative impact of COVID 19 through increased social welfare support; and
- Job creation initiatives/programs;

In order to achieve our goals in the focus areas identified, it is imperative that we:

- Spend at least 95% of our budget allocations;
- Tighten our oversight responsibility in each and every department (Financial monitoring and reporting);
- Be open minded, responsive and caring;
- Work closer as a collective and respect one another's job and responsibility;
- Employ capable officials who can contribute to service delivery;
- Ensure sustained financial viability for maximum development support;
- Sound financial administration;
- Ensure internal control over municipality's financial activities;
- Maximise Revenue potential through effective debt collection and credit control practices;
- Effective and efficient management of the municipality's assets and motor vehicle fleet to optimise the economic benefit over the useful life of the asset;
- Develop and implement ICT Governance to realise the following benefits:
 - o Integrates and institutionalise good practices to ensure that the ICT component supports the business objectives
 - o The organisation will use ICT Governance Framework to drive the Stakeholders' values.
 - o The organisation will also understand and manage the associated IT risks.
- Provide an effective and efficient financial management service to external and internal stakeholders in respect of council's assets, liabilities, revenue and expenditure in a sustained manner.

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery.

The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS. This revision reflects a combination of the impact of changes in the global environment, along with South Africa's own unique challenges. Commodity prices, which have supported South Africa's economic recovery, slowed in the second half of 2021. Also, violent unrest in July 2021, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains South Africa made in the first half of the year. Industrial action in the manufacturing sector, and the re-emergence of loadshedding, also slowed the pace of the recovery.

Real Gross Domestic Product (GDP) growth of 2.1 per cent is projected for 2022. Over the next three years, GDP growth is expected to average 1.8 per cent. Headline inflation is expected to remain between 3 to 6 per cent target range over the 2022/23 MTREF.

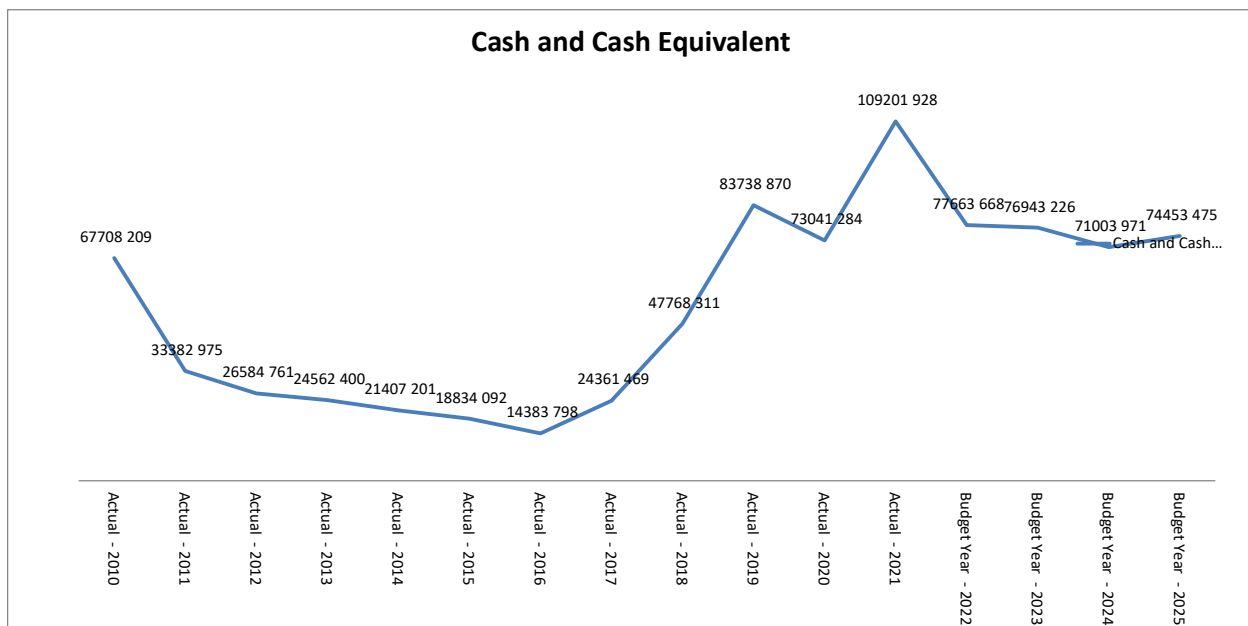
In summary, the tax revenue in 2021/22 was higher than projections and this was mainly due to commodity price rally. However, these are projected to be short term, and as such long-term spending commitments should not be made based on short term revenue benefits. There are measures in place to reduce expenditure to narrow the budget deficit.

The following macro-economic forecasts was considered when preparing the 2022/23 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2020 - 2025

| Fiscal year | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---------------|---------|----------|----------|---------|---------|
| | Actual | Estimate | Forecast | | |
| CPI Inflation | 2.9% | 4.5% | 4.8% | 4.4% | 4.5% |

Currently, the proposed program will not have a negative impact on the projected cash position of the municipality over the MTREF as indicated below:



This result (which is considered to be positive due to the curb in the downward cash trend over the MTREF) is mainly due projected operating surplus being budgeted for over the MTREF. However, the municipality should remain cautious, as this positive result is also dependent on the realization of asset sales amounting to R 27 million as well as projected borrowing amounting to R 36.417 million that needs to be raised over the MTREF.

To address these concerns, the following strategic goals and objectives (aligned to both the National KPA's and the departments within the municipality) are contained in the IDP of Cape Agulhas Municipality:

| National KPA | Municipal KPA | Strategic goal | Strategic objective | Department | |
|--|---|---|--|--|---|
| KPA1: Good Governance and Public Participation | MKPA1: Good Governance and Public Participation | SG1: To ensure good governance and institutional sustainability | SO1: To create a culture of good governance | 1.1 - Council Administration | |
| | | | | 1.2 - Internal Audit | |
| | | | | 1.3 - Municipal Manager | |
| | | | | 1.4 - Council Support | |
| | | | | 1.5 - Shared Services | |
| | | | | 1.6 - Strategic Services | |
| | | | | 1.9 - Administration | |
| | | | | SO2: To create a culture of public participation and empower communities to participate in the affairs of the Municipality | 1.1 - Council Administration |
| | | | | 1.10 - Human Resources & Organisational Development | |
| | | | | KPA2: Municipal Institutional Development and Transformation | MKPA2: Municipal Institutional Development and Transformation |
| 1.9 - Administration | | | | | |
| 2.7 - Information Systems | | | | | |
| 4.2 - Beaches & Holiday Resorts | | | | | |
| 4.3 - Buildings and Commonage | | | | | |
| KPA3: Local Economic Development | MKPA3: Local Economic Development and Tourism | SG3: To promote local economic development in the Cape Agulhas Municipal Area | SO4: To create an enabling environment for economic growth and development | 4.8 - Parks and Sports Facilities | |
| | | | | 1.10 - Human Resources & Organisational Development | |
| | | | | 1.6 - Strategic Services | |
| | | | | 4.11 - Social Development | |
| | | | | 4.8 - Parks and Sports Facilities | |
| | | | | 5.1 - Director: Engineering Services | |
| | | | | SO5: To promote tourism in the Municipal Area | 1.1 - Council Administration |
| 1.11 - Tourism | | | | | |
| KPA4: Municipal Financial Viability and Management | MKPA4: Municipal Financial Viability and Management | SG4: To improve the financial viability of the Municipality and ensure its long term financial sustainability | SO6: To provide effective financial, asset and procurement management | 2.1 - Budget & Treasury | |
| | | | | 2.2 - Expenditure Management | |
| | | | | 2.3 - Director: Financial Services & ICT | |
| | | | | 2.4 - Revenue Management | |
| | | | | 2.5 - Supply Chain Management | |
| KPA5: Basic Service Delivery | MKPA5: Basic Service Delivery | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | SO10: Development of sustainable vibrant human settlements | 1.7 - Town Planning | |
| | | | | 4.6 - Human Settlements | |
| | | | | 5.7 - Building Control | |
| | | | | SO7: Provision of equitable quality basic services to all households | 1.1 - Council Administration |
| | | | | SO8: To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery. | 2.6 - Workshop |
| | | | | 5.1 - Director: Engineering Services | |
| | | | | 5.10 - Air Quality | |
| | | | | 5.2 - Sewerage Services | |
| | | | | 5.3 - Refuse Removal Services | |
| | | | | 5.4 - Streets & Stormwater | |
| | | | | 5.5 - Water | |
| | | | | 5.6 - Workshop | |
| | | | | 5.8 - Electricity Services | |
| | | | | 5.9 - PMU Unit | |
| | | | | SO9: To provide community facilities and services | 4.10 - Public Services |
| 4.4 - Cemetery | | | | | |
| 4.7 - Library Services | | | | | |
| KPA6: Social and youth development | MKPA6: Social and youth development | SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality | SO10: Development of sustainable vibrant human settlements | 4.6 - Human Settlements | |
| | | | | SO11: To promote social and youth development | 1.1 - Council Administration |
| KPA7: Safe and healthy environment | MKPA7: Safe and healthy environment | SG7: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality | SO12: To create and maintain a safe and healthy environment | 1.8 - Socio & Economic Development | |
| | | | | 4.1 - Director: Management Services | |
| | | | | 4.12 - Traffic & Law Enforcement | |
| | | | | 4.13 - Traffic Licencing & Vehicle Testing Station | |
| | | | | 4.5 - Environmental Services | |
| 4.9 - Protective Services | | | | | |
| | | | | 5.3 - Refuse Removal Services | |

The Integrated Development Plan (IDP) is a 5-year strategic developmental plan, setting strategic and budget priorities as required in terms of the Municipal Systems Act of 2000. **This plan is yet to be updated and approved by the new inaugurated council. It was however agreed that the IDP adopted by the previous council be utilised in the interim.** Previous municipal councils had an obligation to ensure that the legislative stipulations were complied with. Therefore, current councils are expected to continue the process of the development of the IDP starting with the development and adoption of the process plans as provided for in section 28 of the Municipal Systems Act, 2000. Municipalities should then implement the adopted budget process plan and conduct the public engagements as per dates they have indicated in the process plan.

The IDP, set our budget priorities for the next five years, should be aligned with the development plans of provincial and national government, and is agreed upon between Cape Agulhas Municipality and the residents during the public participation process. Therefore the IDP enables Cape Agulhas Municipality to make the best use of scarce resources and it also enables the councillors to make decisions based on the needs and priorities of their communities.

With the IDP, Cape Agulhas Municipality can:

- Develop a clear vision
- Identify its key development priorities
- Formulate appropriate strategies
- Develop the appropriate organisational structure and systems
- Align resources with development priorities

In view of the aforementioned, the following allocations are allocated to the strategic objectives and goals in the MTREF under review:

Operating Expenditure per Strategic Objective

| Strategic Objective | Goal | Goal Code | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|---|---------------|--------------------|---|------------------------|------------------------|
| | | | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | | | |
| SO1: To create a culture of good governance | SG1: To ensure good governance and institutional sustainability | KPA1/SG1/SO1 | 18 071 | 17 150 | 17 521 | 17 948 |
| SO2: To create a culture of public participation and empower communities to participate in the affairs of the Municipality | SG1: To ensure good governance and institutional sustainability | KPA1/SG1/SO2 | 425 | 446 | 446 | 446 |
| SO3: To create an administration capable of delivering on service excellence. | SG2: To ensure institutional sustainability | KPA2/SG2/SO3 | 45 210 | 48 144 | 47 874 | 49 790 |
| SO4: To create an enabling environment for economic growth and development | SG3: To promote local economic development in the Cape Agulhas Municipal Area | KPA3/SG3/SO4 | 300 | 300 | 300 | 300 |
| SO5: To promote tourism in the Municipal Area | SG3: To promote local economic development in the Cape Agulhas Municipal Area | KPA3/SG3/SO5 | 4 005 | 3 788 | 3 901 | 4 020 |
| SO6: To provide effective financial, asset and procurement management | SG4: To improve the financial viability of the Municipality and ensure its long term financial sustainability | KPA4/SG4/SO6 | 57 416 | 60 017 | 62 387 | 64 891 |
| SO7: Provision of equitable quality basic services to all households | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO7 | 499 | 602 | 662 | 728 |
| SO8: To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery. | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO8 | 202 162 | 217 350 | 227 381 | 243 493 |
| SO9: To provide community facilities and services | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO9 | 10 991 | 11 174 | 11 626 | 12 098 |
| SO10: Development of sustainable vibrant human settlements | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO10 | 21 455 | 11 144 | 12 073 | 53 909 |
| SO11: To promote social and youth development | SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality | KPA6/SG6/SO11 | 6 264 | 5 961 | 5 786 | 5 920 |
| SO12: To create and maintain a safe and healthy environment | SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality | KPA6/SG6/SO12 | 31 478 | 30 427 | 31 837 | 32 634 |
| Total Expenditure | | | 398 276 | 406 501 | 421 794 | 486 177 |

Capital Expenditure per Strategic Objective

| Strategic Objective | Goal | Goal Code | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|---|---------------|--------------------|---|------------------------|------------------------|
| | | | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | | | |
| SO1: To create a culture of good governance | SG1: To ensure good governance and institutional sustainability | KPA1/SG1/SO1 | 1 646 | 704 | - | - |
| SO3: To create an administration capable of delivering on service excellence. | SG2: To ensure institutional sustainability | KPA2/SG2/SO3 | 4 774 | 3 888 | 2 537 | 2 176 |
| SO5: To promote tourism in the Municipal Area | SG3: To promote local economic development in the Cape Agulhas Municipal Area | KPA3/SG3/SO5 | 124 | 125 | 700 | 400 |
| SO6: To provide effective financial, asset and procurement management | SG4: To improve the financial viability of the Municipality and ensure its long term financial sustainability | KPA4/SG4/SO6 | 8 | 116 | - | - |
| SO8: To maintain infrastructure and undertake development of bulk infrastructure to ensure sustainable service delivery. | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO8 | 48 023 | 54 493 | 48 497 | 38 295 |
| SO9: To provide community facilities and services | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO9 | 15 | 3 | 280 | - |
| SO10: Development of sustainable vibrant human settlements | SG5: To ensure access to equitable affordable and sustainable municipal services for all citizens | KPA5/SG5/SO10 | 4 | 17 | 3 | 3 |
| SO11: To promote social and youth development | SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality | KPA6/SG6/SO11 | 158 | 15 | 15 | 10 |
| SO12: To create and maintain a safe and healthy environment | SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality | KPA6/SG6/SO12 | 2 219 | 11 011 | 3 110 | 6 295 |
| Total Capital Expenditure | | | 56 971 | 70 371 | 55 142 | 47 178 |

1.3 Draft Council Resolutions

It is recommended that the Council approves and adopts the following resolutions for the annual budget:

The Council of Cape Agulhas Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2022/23 and the multi-year and single-year capital appropriations as set out in the following tables in part 1.8 of this report
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables in part 1.8 of this report:
 - 1.2.1. Budgeted Financial Position as contained in Table A6;
 - 1.2.2. Budgeted Cash Flows as contained in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;

- 1.2.4. Asset management as contained in Table A9; and
 - 1.2.5. Basic service delivery measurement as contained in Table A10.
2. The Council of Cape Agulhas Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2022:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure A
 - 2.3. the tariffs for the supply of water – as set out in Annexure A
 - 2.4. the tariffs for sanitation services – as set out in Annexure A
 - 2.5. the tariffs for solid waste services – as set out in Annexure A
 3. The Council of Cape Agulhas Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2022 the tariffs for other services, as set out in Annexure A.

1.4 Executive Summary

Over the 2022 MTEF period, direct transfers to municipalities will grow above inflation, at an annual average rate of 7.9 per cent. Direct conditional grants grow at an annual average rate of 5.3 per cent over the MTEF, while the Local Government Equitable Share (LGES) grows faster, at an annual average rate of 10.3 per cent over the same period.

The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2022 MTEF period.

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities, like Cape Agulhas Local Municipality, have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending.

Municipalities must ensure that they render basic services, maintain their assets and clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in reduced unemployment.

The municipality must focus on maximising the revenue generation of the municipal revenue base, while also setting cost reflective tariffs.

It should also be noted that it is easier for consumers to pay for services if they are reliable and when the environment is well maintained.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2022/23 MTREF (R'000)

| R thousand | Current Year 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Total Operating Revenue | 392 055 | 420 610 | 433 131 | 508 357 |
| Total Operating Expenditure | (398 276) | (406 501) | (421 794) | (486 177) |
| <i>Surplus/(Deficit) before capital transfers</i> | (6 220) | 14 109 | 11 336 | 22 179 |
| Transferred Recognised Capital | 24 663 | 31 504 | 26 787 | 14 151 |
| <i>Surplus/(Deficit) for the year</i> | 18 442 | 45 613 | 38 124 | 36 330 |

As can be seen from the above, the municipality is projected to operate at an operating surplus over the 2022/23 MTREF. This is considered positive as sufficient revenue will be raised to cover both cash and non-cash expenditure to be incurred. As previously mentioned, this will have a positive impact on the cash resources and sustainability of the municipality.

The budget presented is aligned to the following vote structure:

| Vote | Executive and Council | Financial Services & ICT | Management Services | Engineering Services |
|------------|--|------------------------------------|---|--------------------------------|
| Department | Council Administration | Budget & Treasury | Beaches & Holiday Resorts | Director: Engineering Services |
| | Strategic Services | Expenditure Management | Buildings and Commonage | Sewerage Services |
| | Town Planning | Director: Financial Services & ICT | Cemetery | Refuse Removal Services |
| | Socio & Economic Development | Revenue Management | Human Settlements | Water |
| | Administration | Supply Chain Management | Library Services | Building Control |
| | Human Resources & Organisational Development | Workshop | Parks and Sports Facilities | Electricity Services |
| | Tourism | Information Systems | Traffic & Law Enforcement | Streets & Stormwater |
| | Internal Audit | | Traffic Licencing & Vehicle Testing Station | PMU Unit |
| | Municipal Manager | | Director: Management Services | Air Quality |
| | Council Support | | Environmental Services | |
| | Shared Services | | Protective Services | |
| | | | Public Services | |

In line with the municipal structure, the following revenue and expenditure is appropriated to each vote:

| Vote Description R thousand | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Revenue by Vote | | | | |
| Vote 1 - Executive and Council | 37 276 | 41 338 | 41 657 | 44 708 |
| Vote 2 - Financial Services & ICT | 89 383 | 103 756 | 96 553 | 104 601 |
| Vote 4 - Management Services | 34 609 | 23 804 | 25 126 | 67 600 |
| Vote 5 - Engineering Services | 255 451 | 283 216 | 296 582 | 305 599 |
| Total Revenue by Vote | 416 718 | 452 114 | 459 918 | 522 508 |
| Expenditure by Vote to be appropriated | | | | |
| Vote 1 - Executive and Council | 46 601 | 46 045 | 45 261 | 46 703 |
| Vote 2 - Financial Services & ICT | 70 494 | 74 902 | 77 935 | 81 144 |
| Vote 4 - Management Services | 65 876 | 57 068 | 59 795 | 103 117 |
| Vote 5 - Engineering Services | 215 305 | 228 488 | 238 803 | 255 213 |
| Total Expenditure by Vote | 398 276 | 406 501 | 421 794 | 486 177 |
| Surplus/(Deficit) for the year | 18 442 | 45 613 | 38 124 | 36 330 |

1.5 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years."

The following table is a summary of the 2022/23 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| Revenue By Source | | | | |
| Property rates | 77 675 | 81 396 | 84 978 | 88 802 |
| Service charges - electricity revenue | 155 769 | 170 897 | 187 309 | 205 297 |
| Service charges - water revenue | 30 510 | 31 974 | 33 382 | 34 884 |
| Service charges - sanitation revenue | 17 261 | 18 089 | 18 885 | 19 735 |
| Service charges - refuse revenue | 23 047 | 24 154 | 25 216 | 26 351 |
| Rental of facilities and equipment | 1 359 | 1 564 | 1 632 | 1 704 |
| Interest earned - external investments | 2 405 | 2 506 | 2 611 | 2 721 |
| Interest earned - outstanding debtors | 1 911 | 1 991 | 2 075 | 2 162 |
| Fines, penalties and forfeits | 4 382 | 3 520 | 3 667 | 3 820 |
| Licences and permits | 116 | 142 | 148 | 154 |
| Agency services | 3 249 | 4 045 | 4 218 | 4 401 |
| Transfers and subsidies | 58 773 | 53 037 | 52 214 | 97 006 |
| Other revenue | 11 599 | 12 295 | 12 797 | 13 321 |
| Gains | 4 000 | 15 000 | 4 000 | 8 000 |
| Total Revenue (excluding capital transfers and contributions) | 392 055 | 420 610 | 433 131 | 508 357 |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Summary of revenue classified by municipal vote

| Vote Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|-----------------------------------|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| Revenue by Vote | | | | |
| Vote 1 - Executive and Council | 37 276 | 41 338 | 41 657 | 44 708 |
| Vote 2 - Financial Services & ICT | 89 383 | 103 756 | 96 553 | 104 601 |
| Vote 4 - Management Services | 34 609 | 23 804 | 25 126 | 67 600 |
| Vote 5 - Engineering Services | 255 451 | 283 216 | 296 582 | 305 599 |
| Total Revenue by Vote | 416 718 | 452 114 | 459 918 | 522 508 |

Percentage growth in revenue base by main revenue source

| Description | 2021/22 | | 2022/23 Medium Term Revenue & Expenditure Framework | | | | | |
|--|--------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Full Year Forecast | % | Budget Year 2022/23 | % | Budget Year +1 2023/24 | % | Budget Year +2 2024/25 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 77 675 | 20% | 81 396 | 19% | 84 978 | 20% | 88 802 | 17% |
| Service charges - electricity revenue | 155 769 | 40% | 170 897 | 41% | 187 309 | 43% | 205 297 | 40% |
| Service charges - water revenue | 30 510 | 8% | 31 974 | 8% | 33 382 | 8% | 34 884 | 7% |
| Service charges - sanitation revenue | 17 261 | 4% | 18 089 | 4% | 18 885 | 4% | 19 735 | 4% |
| Service charges - refuse revenue | 23 047 | 6% | 24 154 | 6% | 25 216 | 6% | 26 351 | 5% |
| Rental of facilities and equipment | 1 359 | 0% | 1 564 | 0% | 1 632 | 0% | 1 704 | 0% |
| Interest earned - external investments | 2 405 | 1% | 2 506 | 1% | 2 611 | 1% | 2 721 | 1% |
| Interest earned - outstanding debtors | 1 911 | 0% | 1 991 | 0% | 2 075 | 0% | 2 162 | 0% |
| Fines, penalties and forfeits | 4 382 | 1% | 3 520 | 1% | 3 667 | 1% | 3 820 | 1% |
| Licences and permits | 116 | 0% | 142 | 0% | 148 | 0% | 154 | 0% |
| Agency services | 3 249 | 1% | 4 045 | 1% | 4 218 | 1% | 4 401 | 1% |
| Transfers and subsidies | 58 773 | 15% | 53 037 | 13% | 52 214 | 12% | 97 006 | 19% |
| Other revenue | 11 599 | 3% | 12 295 | 3% | 12 797 | 3% | 13 321 | 3% |
| Gains on disposal of PPE | 4 000 | 1% | 15 000 | 4% | 4 000 | 1% | 8 000 | 2% |
| Total Revenue (excluding capital transfers and contributions) | 392 055 | 100% | 420 610 | 100% | 433 131 | 100% | 508 357 | 100% |
| Rates and Services Contribution | 304 263 | 78% | 326 511 | 78% | 349 770 | 81% | 375 068 | 74% |

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 74 and 81 percent of the total revenue mix.

The municipality remains highly dependent on internal revenue sources to fund the budget, with transfers and grants only contributing between 12% and 15% to the operating revenue basket. This percentage is lower than the previous MTREF cycle when the contribution was between 15% and 20%. On average over the MTREF, 8.8% (8.2% during 2022 MTREF) of the revenue basket can be attributed to equitable share.

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

Operating Transfers and Grant Receipts

| Description | 2020/21 | 2021/22 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2021/22 | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
| R thousand | | | | |
| EXPENDITURE: | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | |
| National Government: | 40 650 | 38 087 | 37 832 | 38 023 |
| Local Government Equitable Share | 36 460 | 33 290 | 35 287 | 35 444 |
| Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B] | 2 026 | 2 297 | – | – |
| Local Government Financial Management Grant [Schedule 5B] | 1 266 | 1 550 | 1 550 | 1 550 |
| Municipal Infrastructure Grant [Schedule 5B] | 548 | 569 | 596 | 613 |
| Integrated National Electrification Programme (Municipal Grant) [Schedule 5B] | 350 | 382 | 398 | 416 |
| Provincial Government: | 37 731 | 11 997 | 21 958 | 31 674 |
| Human Settlement Development | 30 889 | 4 752 | 15 234 | 24 764 |
| Library Service Conditional Grant | 6 284 | 6 698 | 6 577 | 6 763 |
| Community Development Workers (CDW) | 168 | 207 | 57 | 57 |
| Financial Management Support (WC_FMGSG) | 300 | 250 | – | – |
| Roads Subsidy | 90 | 90 | 90 | 90 |
| Total operating expenditure of Transfers and Grants: | 78 381 | 50 084 | 59 790 | 69 697 |

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.8 per cent, which is the current projected inflation rate for 2022/23.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates, also taking into account recovery rates achieved in the 2021/22 year to date. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment.

1.5.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

An increase of 4.8 per cent (in line with projected CPI) in the Property Rates tariff is proposed for 2022/23 financial year. This is reasonable considering the current economic environment, also considering the gap (deficit) between revenue and operating expenditure (all services except trading services) over the MTREF. The shortfall can be illustrated as follows:

| Other Services (Excluding Trading Services) | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Operating Revenue | 167 943 | 164 203 | 156 669 | 164 909 | 172 402 | 167 703 | 221 410 |
| Operating Expenditure | (175 758) | (182 699) | (184 262) | (207 259) | (202 424) | (208 240) | (257 179) |
| Surplus/(Deficit) | (7 815) | (18 496) | (27 593) | (42 350) | (30 022) | (40 537) | (35 769) |
| Profit % | -4.65% | -11.26% | -17.61% | -25.68% | -17.41% | -24.17% | -16.16% |

1.5.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure cost reflective tariffs are achieved.

An increase of 4.8 per cent (in line with projected CPI) in the Water tariff is proposed for 2022/23 financial year.

The following projections are applicable to the water service:

| Water Services | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--------------------------|-----------------|-----------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Operating Revenue | 26 842 | 28 276 | 30 176 | 30 513 | 31 978 | 33 385 | 34 888 |
| Operating Expenditure | (20 371) | (22 389) | (24 007) | (24 037) | (24 745) | (23 577) | (24 148) |
| Surplus/(Deficit) | 6 471 | 5 887 | 6 169 | 6 477 | 7 233 | 9 809 | 10 740 |
| Profit % | 24.11% | 20.82% | 20.44% | 21.23% | 22.62% | 29.38% | 30.78% |

Although this service is running, the following should also be taken into account when coming to a final conclusion with regards to the service provided:

- The increase in the tariff is aligned to the Long Term financial plan of the municipality. It is imperative that the service generates a surplus not only to provide the required funding needed for capital purposes, but also to increase the cash reserves of the municipality that will ensure that the basic services are provided on a sustainable manner.
- The service should be reviewed in conjunction with the provision of Sewerage and Sanitation Services. It is estimated that 70% of all water consumption eventually filters through into the sewerage systems of the municipality. In order to ensure that the level of services in the municipal area are maintained from a sewerage point of view, it is only considered fair that the large water consumers contribute to the needs of the Sewerage Infrastructure requirements of the municipality.

Full details regarding the tariffs are included as Appendix A to this document.

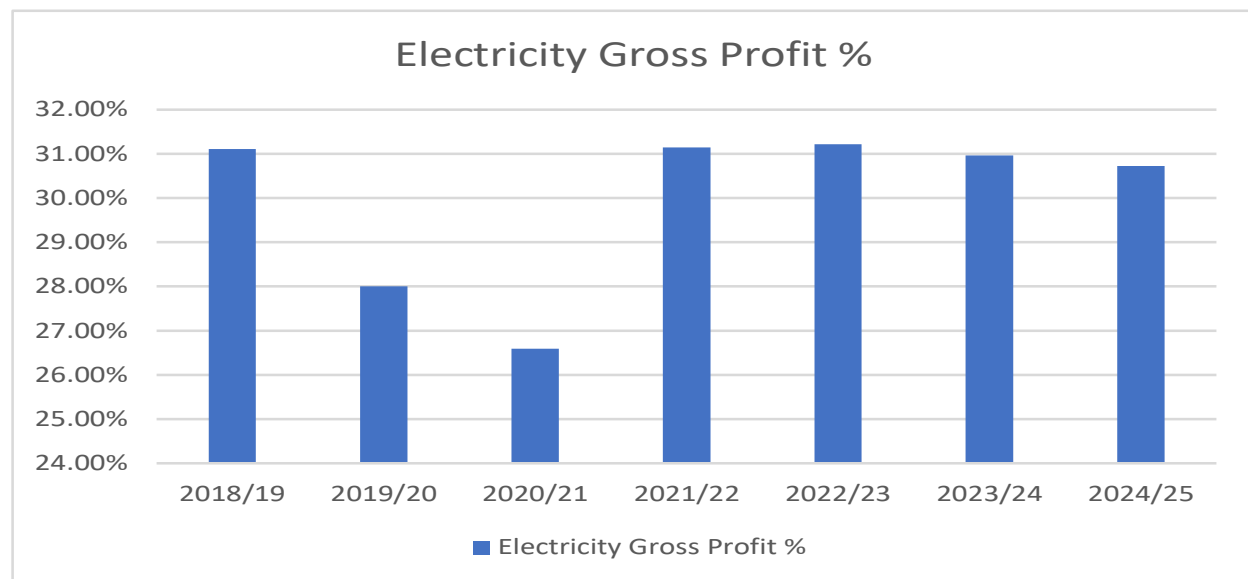
1.5.3 Sale of Electricity and Impact of Tariff Increases

An 9.68% increase in Electricity tariffs are currently factored into the projections below. This increase is subject to approval from NERSA during April/May 2022 and could potentially still be adjusted based on final determinations by NERSA.

The following projections are applicable to the electricity service:

| Electricity Services | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|-----------------------|-----------------|-----------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Operating Revenue | 111 662 | 124 586 | 130 410 | 156 313 | 173 976 | 187 929 | 205 961 |
| Operating Expenditure | (89 606) | (103 946) | (110 190) | (125 629) | (138 764) | (148 892) | (162 755) |
| Surplus/(Deficit) | 22 056 | 20 640 | 20 220 | 30 684 | 35 212 | 39 037 | 43 206 |
| Profit % | 19.75% | 16.57% | 15.51% | 19.63% | 20.24% | 20.77% | 20.98% |

This above inflation increase is required to ensure that the “profitability” of the service remains intact and in line with the projected increase in bulk energy cost which is payable to Eskom. The surplus is also required to meet the capital demands associated with delivering the service.



Full details regarding the tariffs are included as Appendix A to this document.

1.5.4 Sanitation and Impact of Tariff Increases

An average increase of 4.8 per cent in the Sanitation tariff is proposed for 2022/23 financial year. This is in line with projected CPI and is required to ensure that the service provides a surplus in order to provide support to the capital funding requirements associated with the service.

The following projections are applicable to the sewerage service:

| Sanitation Services | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|-----------------------|-----------------|-----------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Operating Revenue | 11 979 | 13 136 | 14 112 | 17 272 | 18 101 | 18 897 | 19 748 |
| Operating Expenditure | (12 107) | (12 453) | (12 627) | (13 035) | (13 346) | (13 609) | (13 933) |
| Surplus/(Deficit) | (128) | 683 | 1 485 | 4 237 | 4 755 | 5 289 | 5 815 |
| Profit % | -1.07% | 5.20% | 10.52% | 24.53% | 26.27% | 27.99% | 29.44% |

Full details regarding the tariffs are included as Appendix A to this document.

1.5.5 Waste Removal and Impact of Tariff Increases

An average increase of 4.8 per cent in the Refuse Removal tariff is proposed for 2022/23 financial year. The service is currently being operated at a deficit (also taking into account the municipality's obligation to rehabilitate landfill sites). The municipality should investigate the service to ensure that the service becomes cost reflective over time.

The following projections are applicable to the refuse service:

| Refuse Services | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|-----------------------|-----------------|-----------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Operating Revenue | 19 555 | 19 864 | 22 729 | 23 047 | 24 154 | 25 216 | 26 351 |
| Operating Expenditure | (18 831) | (20 683) | (22 344) | (28 316) | (27 223) | (27 477) | (28 163) |
| Surplus/(Deficit) | 724 | (819) | 385 | (5 269) | (3 069) | (2 261) | (1 812) |
| Profit % | 3.70% | -4.12% | 1.69% | -22.86% | -12.71% | -8.97% | -6.88% |

1.5.6 Overall impact of tariff increases on households

Information on the impact on households can be illustrated below.

Household profile used for municipal Account based on National Treasury guideline document:

Value of the Property – R700,000
 Units electricity used- 1000 kWh
 Units water used - 30kl

| Description | Ref | Current Year 2021/22 | | | 2022/23 Medium Term Revenue & Expenditure Framework | | | |
|--|-----|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2022/23 % incr. | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Rand/cent | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | 1 | | | | | | | |
| Rates and services charges: | | | | | | | | |
| Property rates | | 492,06 | 492,06 | 492,06 | 5,0% | 516,78 | 539,51 | 563,79 |
| Electricity: Basic levy | | 421,25 | 421,25 | 421,25 | 9,6% | 461,69 | 506,02 | 554,60 |
| Electricity: Consumption | | 2 195,09 | 2 195,09 | 2 195,09 | 9,6% | 2 405,81 | 2 636,77 | 2 889,90 |
| Water: Basic levy | | 164,88 | 164,88 | 164,88 | 5,0% | 173,04 | 180,65 | 188,78 |
| Water: Consumption | | 212,14 | 212,14 | 212,14 | 5,2% | 223,26 | 233,08 | 243,57 |
| Sanitation | | 172,75 | 172,75 | 172,75 | 4,7% | 180,87 | 188,83 | 197,33 |
| Refuse removal | | 195,85 | 195,85 | 195,85 | 4,8% | 205,22 | 214,25 | 223,89 |
| Other | | - | - | - | | | - | - |
| sub-total | | 3 854,01 | 3 854,01 | 3 854,01 | | 4 166,67 | 4 499,11 | 4 861,86 |
| VAT on Services | | 453,37 | 453,37 | 453,37 | | 547,48 | 593,94 | 644,71 |
| Total large household bill: | | 4 307,38 | 4 307,38 | 4 307,38 | | 4 714,15 | 5 093,05 | 5 506,57 |
| % increase/-decrease | | | | | | 9,4% | 8,0% | 8,1% |

Value of the Property – R500,000
 Units electricity used- 500 kWh
 Units water used - 25kl

| Description | Ref | Current Year 2021/22 | | | 2022/23 Medium Term Revenue & Expenditure Framework | | | |
|---|-----|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2022/23 % incr. | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Rand/cent | | | | | | | | |
| Monthly Account for Household - 'Affordable Range' | 2 | | | | | | | |
| Rates and services charges: | | | | | | | | |
| Property rates | | 348,39 | 348,39 | 348,39 | 5,0% | 365,89 | 381,99 | 399,18 |
| Electricity: Basic levy | | 421,25 | 421,25 | 421,25 | 9,6% | 461,69 | 506,02 | 554,60 |
| Electricity: Consumption | | 889,83 | 889,83 | 889,83 | 9,6% | 975,30 | 1 068,93 | 1 171,55 |
| Water: Basic levy | | 164,88 | 164,88 | 164,88 | 5,0% | 173,04 | 180,65 | 188,78 |
| Water: Consumption | | 166,42 | 166,42 | 166,42 | 5,1% | 174,91 | 182,61 | 190,82 |
| Sanitation | | 172,75 | 172,75 | 172,75 | 4,7% | 180,87 | 188,83 | 197,33 |
| Refuse removal | | 195,85 | 195,85 | 195,85 | 4,8% | 205,22 | 214,25 | 223,89 |
| Other | | - | - | - | - | - | - | - |
| sub-total | | 2 359,37 | 2 359,37 | 2 359,37 | | 2 536,93 | 2 723,28 | 2 926,15 |
| VAT on Services | | 301,65 | 301,65 | 301,65 | | 325,66 | 351,19 | 379,04 |
| Total small household bill: | | 2 661,01 | 2 661,01 | 2 661,01 | - | 2 862,58 | 3 074,47 | 3 305,19 |
| % increase/-decrease | | | | | | 7,6% | 7,4% | 7,5% |

Value of the Property – R300,000
 Units electricity used- 300 kWh
 Units water used - 20kl

| Description | Ref | Current Year 2021/22 | | | 2022/23 Medium Term Revenue & Expenditure Framework | | | |
|---|-----|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2022/23 % incr. | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Rand/cent | | | | | | | | |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | 3 | | | | | | | |
| Rates and services charges: | | | | | | | | |
| Property rates | | 204,73 | 204,73 | 204,73 | 5,0% | 215,01 | 224,47 | 234,57 |
| Electricity: Basic levy | | - | - | - | | - | - | - |
| Electricity: Consumption | | 485,32 | 485,32 | 485,32 | 9,6% | 531,93 | 583,00 | 638,96 |
| Water: Basic levy | | 164,88 | 164,88 | 164,88 | 5,0% | 173,04 | 180,65 | 188,78 |
| Water: Consumption | | 120,70 | 120,70 | 120,70 | 4,9% | 126,56 | 132,13 | 138,07 |
| Sanitation | | 172,75 | 172,75 | 172,75 | 4,7% | 180,87 | 188,83 | 197,33 |
| Refuse removal | | 195,85 | 195,85 | 195,85 | 4,8% | 205,22 | 214,25 | 223,89 |
| Other | | - | - | - | | - | - | - |
| sub-total | | 1 344,22 | 1 344,22 | 1 344,22 | | 1 432,63 | 1 523,32 | 1 621,61 |
| VAT on Services | | 170,92 | 170,92 | 170,92 | | 182,64 | 190,68 | 199,26 |
| Total small household bill: | | 1 515,15 | 1 515,15 | 1 515,15 | | 1 615,27 | 1 714,00 | 1 820,87 |
| % increase/-decrease | | | | | | 6,6% | 6,1% | 6,2% |

1.6 Operating Expenditure Framework

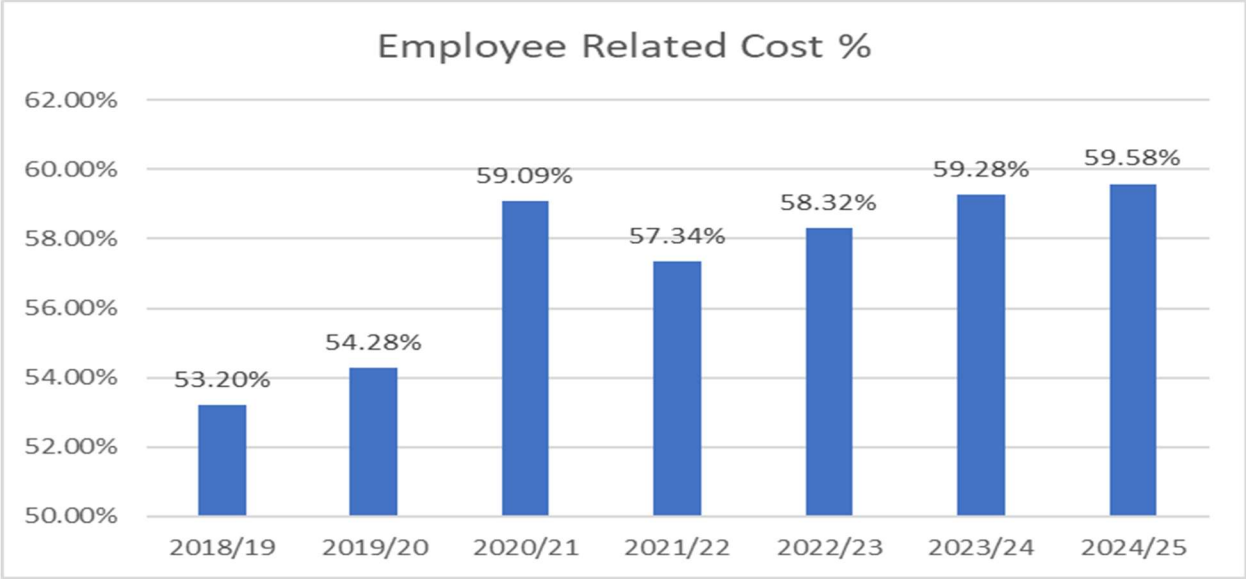
Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high-level summary of the 2022/23 budget and MTREF (classified per main type of operating expenditure):

Table 1 Summary of operating expenditure by standard classification item

| Description R thousand | 2021/22 | | 2022/23 Medium Term Revenue & Expenditure Framework | | | | | |
|---------------------------------|--------------------|----------------|---|----------------|------------------------|----------------|------------------------|----------------|
| | Full Year Forecast | % | Budget Year 2022/23 | % | Budget Year +1 2023/24 | % | Budget Year +2 2024/25 | % |
| Expenditure By Type | | | | | | | | |
| Employee related costs | 160 762 | 40.4% | 168 109 | 41.36% | 172 653 | 40.93% | 179 494 | 36.92% |
| Remuneration of councillors | 6 212 | 1.56% | 5 777 | 1.42% | 5 777 | 1.37% | 5 777 | 1.19% |
| Debt impairment | 6 665 | 1.67% | 7 165 | 1.76% | 7 408 | 1.76% | 7 661 | 1.58% |
| Depreciation & asset impairment | 11 823 | 2.97% | 10 827 | 2.66% | 11 311 | 2.68% | 11 818 | 2.43% |
| Finance charges | 11 019 | 2.77% | 11 570 | 2.85% | 12 142 | 2.88% | 12 742 | 2.62% |
| Bulk purchases | 107 253 | 26.93% | 117 549 | 28.92% | 129 304 | 30.66% | 142 234 | 29.26% |
| Inventory consumed | 33 505 | 8.41% | 23 809 | 5.86% | 23 260 | 5.51% | 64 969 | 13.36% |
| Contracted services | 28 339 | 7.12% | 28 556 | 7.02% | 26 039 | 6.17% | 26 296 | 5.41% |
| Transfers and subsidies | 2 420 | 0.61% | 2 361 | 0.58% | 2 041 | 0.48% | 2 041 | 0.42% |
| Other expenditure | 30 279 | 7.60% | 30 778 | 7.57% | 31 859 | 7.55% | 33 144 | 6.82% |
| Total Expenditure | 398 276 | 100.00% | 406 501 | 100.00% | 421 794 | 100.00% | 486 177 | 100.00% |

The budgeted allocation for employee related costs for the 2022/23 financial year totals R160.762 million, which equals 41.36 per cent of the total operating expenditure. This percentage is set to decrease slightly over the two outer years of the MTREF at 40.93 per cent and 36.92 per cent respectively. However, before the municipality reaches any conclusions with regards to levels of employee related costs of the municipality, the municipality should assess the impact of any items that could distort these figures. In this regard the municipality should consider the impact that bulk purchases and operating housing grants have on this percentage. If we exclude bulk purchases and housing grant expenditure, employee related cost as a percentage of operating expenditure can be illustrated as follows:



Effectively we now see an increase in the percentage over the MTREF.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality’s budget.

The provision of debt impairment was determined based on an annual collection rate of 96 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption.

Bulk purchases are largely informed by the purchase of electricity from Eskom, which is projected to increase by 9.68%. Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption. The municipality should also explore options to reduce dependency on Eskom (ie solar initiatives).

Other expenditure and Other materials comprise of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). These items should be reviewed by the municipality to ensure that all non-priority expenditure is eliminated.

1.6.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital programme and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget

Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2022/23 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2022/23 to 2024/25 Capital Budget should be allocated to the renewal/upgrade of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE).

The municipality have made great strides to achieve both these benchmarks. A large contributing factor to reaching the required levels of repairs and maintenance can be attributed to the costing system of the municipality where employee related and other costs directly related to repairs and maintenance projects now accurately being allocated to this line item as follows:

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Repairs and Maintenance by Expenditure Item | | | | |
| Employee related costs | 48 669 | 49 346 | 50 817 | 52 809 |
| Inventory Consumed (Project Maintenance) | 14 408 | 15 020 | 13 881 | 14 090 |
| Contracted Services | 10 978 | 11 031 | 11 267 | 11 502 |
| Other Expenditure | 5 235 | 5 204 | 5 377 | 5 571 |
| Total Repairs and Maintenance Expenditure | 79 290 | 80 602 | 81 341 | 83 972 |

Repairs and maintenance per asset class

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| Repairs and Maintenance by Asset Class | 79 290 | 80 602 | 81 341 | 83 972 |
| <i>Roads Infrastructure</i> | 13 201 | 13 016 | 13 429 | 13 938 |
| <i>Electrical Infrastructure</i> | 11 413 | 11 395 | 11 856 | 12 344 |
| <i>Water Supply Infrastructure</i> | 14 197 | 14 804 | 13 948 | 14 360 |
| <i>Sanitation Infrastructure</i> | 7 857 | 8 239 | 8 478 | 8 729 |
| <i>Solid Waste Infrastructure</i> | 4 373 | 4 317 | 4 324 | 4 332 |
| Infrastructure | 51 042 | 51 770 | 52 036 | 53 703 |
| Community Facilities | 6 430 | 6 344 | 6 466 | 6 717 |
| Sport and Recreation Facilities | 3 609 | 3 810 | 3 718 | 3 817 |
| Community Assets | 10 039 | 10 154 | 10 183 | 10 534 |
| Operational Buildings | 6 174 | 6 184 | 6 439 | 6 668 |
| Other Assets | 6 174 | 6 184 | 6 439 | 6 668 |
| Licences and Rights | 4 995 | 5 678 | 5 907 | 6 152 |
| Intangible Assets | 4 995 | 5 678 | 5 907 | 6 152 |
| Computer Equipment | 230 | 230 | 230 | 230 |
| Furniture and Office Equipment | 81 | 74 | 74 | 74 |
| Machinery and Equipment | 722 | 739 | 744 | 751 |
| Transport Assets | 6 006 | 5 772 | 5 728 | 5 859 |
| TOTAL EXPENDITURE OTHER ITEMS | 79 290 | 80 602 | 81 341 | 83 972 |
| <i>Renewal and upgrading of Existing Assets as % of total capex</i> | 57.7% | 62.8% | 45.8% | 60.2% |
| <i>Renewal and upgrading of Existing Assets as % of deprecn</i> | 278.2% | 408.1% | 223.2% | 240.4% |
| <i>R&M as a % of PPE</i> | 15.1% | 13.7% | 12.9% | 12.6% |
| <i>Renewal and upgrading and R&M as a % of PPE</i> | 20.0% | 20.0% | 16.0% | 16.0% |

1.6.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The cost associated with indigent subsidies amounts to R26.091 million in 2022/23 and increases to R 27.238 million and R28.464 million in the 2 outer years respectively.

The support more than doubled from the previous years budgeted allocations over the MTREF. These figures do not include the 50 kWh electricity provided to indigents.

1.7 Capital expenditure

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

2022/23 Medium-term capital budget per vote

| Vote Description R thousand | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Capital expenditure - Vote | | | | |
| <u>Multi-year expenditure to be appropriated</u> | | | | |
| Vote 1 - Executive and Council | – | 100 | 100 | 100 |
| Vote 2 - Financial Services & ICT | 1 665 | 1 065 | 1 330 | 890 |
| Vote 4 - Management Services | 370 | 765 | 825 | 200 |
| Vote 5 - Engineering Services | 29 396 | 30 042 | 26 389 | 24 604 |
| Capital multi-year expenditure sub-total | 31 431 | 31 972 | 28 644 | 25 794 |
| <u>Single-year expenditure to be appropriated</u> | | | | |
| Vote 1 - Executive and Council | 1 928 | 809 | 623 | 310 |
| Vote 2 - Financial Services & ICT | 707 | 660 | 375 | 436 |
| Vote 4 - Management Services | 3 075 | 3 808 | 2 640 | 4 395 |
| Vote 5 - Engineering Services | 19 830 | 33 122 | 22 861 | 16 244 |
| Capital single-year expenditure sub-total | 25 540 | 38 399 | 26 498 | 21 385 |
| Total Capital Expenditure - Vote | 56 971 | 70 371 | 55 142 | 47 178 |

The following table provides more information on the breakdown of the capital budget.

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| CAPITAL EXPENDITURE | | | | |
| <u>Total New Assets</u> | 24 083 | 26 186 | 29 891 | 18 770 |
| <i>Roads Infrastructure</i> | – | 2 500 | 2 500 | 1 500 |
| <i>Storm water Infrastructure</i> | 800 | 1 000 | 3 500 | 3 500 |
| <i>Electrical Infrastructure</i> | 5 414 | 5 603 | 4 199 | 5 353 |
| <i>Water Supply Infrastructure</i> | 8 900 | 1 300 | 13 000 | 500 |
| <i>Sanitation Infrastructure</i> | 360 | 250 | – | – |
| <i>Solid Waste Infrastructure</i> | – | 6 354 | 750 | 750 |
| Infrastructure | 15 474 | 17 008 | 23 949 | 11 603 |
| Community Facilities | 120 | – | – | – |
| Sport and Recreation Facilities | 3 063 | 1 850 | 1 500 | 2 000 |
| Community Assets | 3 183 | 1 850 | 1 500 | 2 000 |
| Computer Equipment | 11 | 60 | 84 | 88 |
| Furniture and Office Equipment | 241 | 347 | 98 | 312 |
| Machinery and Equipment | 2 272 | 5 321 | 2 401 | 1 168 |
| Transport Assets | 2 902 | 1 600 | 1 860 | 3 600 |
| <u>Total Renewal of Existing Assets</u> | 11 123 | 19 366 | 13 667 | 17 307 |
| <i>Roads Infrastructure</i> | 3 100 | 6 500 | 8 000 | 8 500 |
| <i>Electrical Infrastructure</i> | – | 2 434 | 2 917 | 3 627 |
| <i>Water Supply Infrastructure</i> | 1 850 | 6 350 | 1 250 | 750 |
| <i>Sanitation Infrastructure</i> | 3 890 | – | – | 2 500 |
| <i>Solid Waste Infrastructure</i> | 500 | 500 | – | – |
| Infrastructure | 9 340 | 15 784 | 12 167 | 15 377 |
| Community Facilities | 150 | 200 | – | – |
| Community Assets | 150 | 200 | – | – |
| Computer Equipment | 426 | 342 | 313 | 371 |
| Furniture and Office Equipment | 220 | 230 | 103 | 10 |
| Machinery and Equipment | 7 | 131 | 15 | – |
| Transport Assets | 980 | 2 680 | 1 070 | 1 550 |

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| <u>Total Upgrading of Existing Assets</u> | 21 765 | 24 819 | 11 583 | 11 101 |
| <i>Roads Infrastructure</i> | 15 064 | 4 500 | 6 712 | 6 921 |
| <i>Electrical Infrastructure</i> | 1 463 | 1 642 | 2 506 | 2 939 |
| <i>Water Supply Infrastructure</i> | 2 603 | 500 | 250 | – |
| <i>Sanitation Infrastructure</i> | – | 17 000 | – | – |
| <i>Solid Waste Infrastructure</i> | 600 | – | – | – |
| Infrastructure | 19 729 | 23 642 | 9 468 | 9 860 |
| Community Facilities | 1 275 | 530 | 1 505 | 600 |
| Sport and Recreation Facilities | 140 | 520 | 220 | – |
| Community Assets | 1 415 | 1 050 | 1 725 | 600 |
| Operational Buildings | – | – | 258 | 58 |
| Housing | – | – | – | 430 |
| Other Assets | – | – | 258 | 488 |
| Computer Equipment | 191 | 127 | 133 | 153 |
| Furniture and Office Equipment | 150 | – | – | – |
| Transport Assets | 280 | – | – | – |
| <u>Total Capital Expenditure</u> | 56 971 | 70 371 | 55 142 | 47 178 |
| <i>Roads Infrastructure</i> | 18 164 | 13 500 | 17 212 | 16 921 |
| <i>Storm water Infrastructure</i> | 800 | 1 000 | 3 500 | 3 500 |
| <i>Electrical Infrastructure</i> | 6 877 | 9 679 | 9 621 | 11 919 |
| <i>Water Supply Infrastructure</i> | 13 353 | 8 150 | 14 500 | 1 250 |
| <i>Sanitation Infrastructure</i> | 4 250 | 17 250 | – | 2 500 |
| <i>Solid Waste Infrastructure</i> | 1 100 | 6 854 | 750 | 750 |
| Infrastructure | 44 544 | 56 433 | 45 583 | 36 840 |
| Community Facilities | 1 545 | 730 | 1 505 | 600 |
| Sport and Recreation Facilities | 3 203 | 2 370 | 1 720 | 2 000 |
| Community Assets | 4 748 | 3 100 | 3 225 | 2 600 |
| Operational Buildings | – | – | 258 | 58 |
| Housing | – | – | – | 430 |
| Other Assets | – | – | 258 | 488 |
| Computer Equipment | 628 | 529 | 530 | 611 |
| Furniture and Office Equipment | 611 | 577 | 200 | 322 |
| Machinery and Equipment | 2 278 | 5 452 | 2 416 | 1 168 |
| Transport Assets | 4 162 | 4 280 | 2 930 | 5 150 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 56 971 | 70 371 | 55 142 | 47 178 |

1.8 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/2023 budget and MTREF to be approved by the Council.

Table A1 - Budget Summary

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousands | | | | |
| <u>Financial Performance</u> | | | | |
| Property rates | 77 675 | 81 396 | 84 978 | 88 802 |
| Service charges | 226 588 | 245 114 | 264 792 | 286 267 |
| Investment revenue | 2 405 | 2 506 | 2 611 | 2 721 |
| Transfers recognised - operational | 58 773 | 53 037 | 52 214 | 97 006 |
| Other own revenue | 26 615 | 38 557 | 28 537 | 33 562 |
| Total Revenue (excluding capital transfers and contributions) | 392 055 | 420 610 | 433 131 | 508 357 |
| Employee costs | 160 762 | 168 109 | 172 653 | 179 494 |
| Remuneration of councillors | 6 212 | 5 777 | 5 777 | 5 777 |
| Depreciation & asset impairment | 11 823 | 10 827 | 11 311 | 11 818 |
| Finance charges | 11 019 | 11 570 | 12 142 | 12 742 |
| Inventory consumed and bulk purchases | 140 758 | 141 358 | 152 564 | 207 203 |
| Transfers and grants | 2 420 | 2 361 | 2 041 | 2 041 |
| Other expenditure | 65 282 | 66 499 | 65 306 | 67 102 |
| Total Expenditure | 398 276 | 406 501 | 421 794 | 486 177 |
| Surplus/(Deficit) | (6 220) | 14 109 | 11 336 | 22 179 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 24 663 | 31 504 | 26 787 | 14 151 |
| Surplus/(Deficit) for the year | 18 442 | 45 613 | 38 124 | 36 330 |
| <u>Capital expenditure & funds sources</u> | | | | |
| Capital expenditure | 56 971 | 70 371 | 55 142 | 47 178 |
| Transfers recognised - capital | 24 663 | 31 504 | 26 787 | 14 151 |
| Borrowing | 14 900 | 19 088 | 7 151 | 10 179 |
| Internally generated funds | 17 409 | 19 779 | 21 204 | 22 849 |
| Total sources of capital funds | 56 971 | 70 371 | 55 142 | 47 178 |

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousands | | | | |
| <u>Financial position</u> | | | | |
| Total current assets | 132 572 | 137 324 | 137 434 | 147 567 |
| Total non current assets | 571 259 | 630 801 | 674 629 | 709 987 |
| Total current liabilities | 91 025 | 95 236 | 100 198 | 106 137 |
| Total non current liabilities | 147 260 | 161 729 | 162 583 | 165 805 |
| Community wealth/Equity | 465 546 | 511 159 | 549 282 | 585 613 |
| <u>Cash flows</u> | | | | |
| Net cash from (used) operating | 28 963 | 44 708 | 48 176 | 43 551 |
| Net cash from (used) investing | (52 968) | (55 368) | (51 139) | (39 176) |
| Net cash from (used) financing | (7 533) | 9 940 | (2 976) | (926) |
| Cash/cash equivalents at the year end | 77 664 | 76 943 | 71 004 | 74 453 |
| <u>Cash backing/surplus reconciliation</u> | | | | |
| Cash and investments available | 77 664 | 76 943 | 71 004 | 74 453 |
| Application of cash and investments | 65 872 | 65 852 | 65 126 | 64 744 |
| Balance - surplus (shortfall) | 11 791 | 11 091 | 5 878 | 9 710 |
| <u>Asset management</u> | | | | |
| Asset register summary (WDV) | 571 108 | 630 651 | 674 483 | 709 843 |
| Depreciation | 11 823 | 10 827 | 11 311 | 11 818 |
| Renewal and Upgrading of Existing Assets | 32 888 | 44 185 | 25 251 | 28 408 |
| Repairs and Maintenance | 79 290 | 80 602 | 81 341 | 83 972 |
| <u>Free services</u> | | | | |
| Cost of Free Basic Services provided | – | – | – | – |
| Revenue cost of free services provided | 25 042 | 26 091 | 27 238 | 28 464 |
| <u>Households below minimum service level</u> | | | | |
| Water: | – | – | – | – |
| Sanitation/sew erage: | – | – | – | – |
| Energy : | – | – | – | – |
| Refuse: | – | – | – | – |

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The accumulated surplus is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Functional Classification Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | | |
|---|----------------|---|---------------------|------------------------|------------------------|
| | R thousand | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Revenue - Functional | | | | | |
| <i>Governance and administration</i> | 141 323 | 156 018 | 150 251 | 161 586 | |
| Executive and council | 33 320 | 37 037 | 39 750 | 42 717 | |
| Finance and administration | 108 003 | 118 981 | 110 501 | 118 869 | |
| <i>Community and public safety</i> | 31 361 | 19 716 | 20 860 | 63 146 | |
| Community and social services | 7 648 | 7 307 | 7 420 | 7 750 | |
| Sport and recreation | 8 311 | 8 083 | 8 422 | 8 776 | |
| Public safety | 4 551 | 3 620 | 3 772 | 3 930 | |
| Housing | 10 851 | 706 | 1 245 | 42 689 | |
| <i>Economic and environmental services</i> | 6 945 | 7 224 | 6 805 | 7 099 | |
| Planning and development | 3 696 | 3 180 | 2 587 | 2 699 | |
| Road transport | 3 249 | 4 045 | 4 218 | 4 401 | |
| <i>Trading services</i> | 237 090 | 269 156 | 282 003 | 290 677 | |
| Energy sources | 158 557 | 177 923 | 191 504 | 209 691 | |
| Water management | 38 213 | 48 978 | 46 385 | 34 888 | |
| Waste water management | 17 272 | 18 101 | 18 897 | 19 748 | |
| Waste management | 23 047 | 24 154 | 25 216 | 26 351 | |
| Total Revenue - Functional | 416 718 | 452 114 | 459 918 | 522 508 | |
| Expenditure - Functional | | | | | |
| <i>Governance and administration</i> | 115 051 | 121 535 | 123 963 | 128 744 | |
| Executive and council | 14 825 | 14 766 | 14 673 | 14 905 | |
| Finance and administration | 98 592 | 104 937 | 107 389 | 111 864 | |
| Internal audit | 1 634 | 1 831 | 1 902 | 1 975 | |
| <i>Community and public safety</i> | 55 247 | 45 576 | 47 002 | 89 960 | |
| Community and social services | 12 681 | 11 929 | 12 362 | 12 813 | |
| Sport and recreation | 14 568 | 14 860 | 14 989 | 15 449 | |
| Public safety | 14 377 | 15 127 | 15 314 | 15 787 | |
| Housing | 13 621 | 3 660 | 4 337 | 45 910 | |
| <i>Economic and environmental services</i> | 33 492 | 32 026 | 33 874 | 34 955 | |
| Planning and development | 11 547 | 10 473 | 10 804 | 11 172 | |
| Road transport | 21 900 | 21 515 | 23 032 | 23 745 | |
| Environmental protection | 45 | 39 | 39 | 39 | |
| <i>Trading services</i> | 191 017 | 204 077 | 213 554 | 228 999 | |
| Energy sources | 125 629 | 138 764 | 148 892 | 162 755 | |
| Water management | 24 037 | 24 745 | 23 577 | 24 148 | |
| Waste water management | 13 035 | 13 346 | 13 609 | 13 933 | |
| Waste management | 28 316 | 27 223 | 27 477 | 28 163 | |
| <i>Other</i> | 3 470 | 3 288 | 3 401 | 3 520 | |
| Total Expenditure - Functional | 398 276 | 406 501 | 421 794 | 486 177 | |
| Surplus/(Deficit) for the year | 18 442 | 45 613 | 38 124 | 36 330 | |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 16 mSCOA functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.
4. The table includes capital grant revenue, but excludes internal charges between various departments such as electricity, water, sanitation and refuse. These items, although correctly included/excluded, should also be taken into account before coming to any conclusion with regards to the cost reflectiveness of tariffs and fees raised by the municipality.

MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| Revenue by Vote | | | | |
| Vote 1 - Executive and Council | 37 276 | 41 338 | 41 657 | 44 708 |
| Vote 2 - Financial Services & ICT | 89 383 | 103 756 | 96 553 | 104 601 |
| Vote 4 - Management Services | 34 609 | 23 804 | 25 126 | 67 600 |
| Vote 5 - Engineering Services | 255 451 | 283 216 | 296 582 | 305 599 |
| Total Revenue by Vote | 416 718 | 452 114 | 459 918 | 522 508 |
| Expenditure by Vote to be appropriated | | | | |
| Vote 1 - Executive and Council | 46 601 | 46 045 | 45 261 | 46 703 |
| Vote 2 - Financial Services & ICT | 70 494 | 74 902 | 77 935 | 81 144 |
| Vote 4 - Management Services | 65 876 | 57 068 | 59 795 | 103 117 |
| Vote 5 - Engineering Services | 215 305 | 228 488 | 238 803 | 255 213 |
| Total Expenditure by Vote | 398 276 | 406 501 | 421 794 | 486 177 |
| Surplus/(Deficit) for the year | 18 442 | 45 613 | 38 124 | 36 330 |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| <u>Revenue By Source</u> | | | | |
| Property rates | 77 675 | 81 396 | 84 978 | 88 802 |
| Service charges - electricity revenue | 155 769 | 170 897 | 187 309 | 205 297 |
| Service charges - water revenue | 30 510 | 31 974 | 33 382 | 34 884 |
| Service charges - sanitation revenue | 17 261 | 18 089 | 18 885 | 19 735 |
| Service charges - refuse revenue | 23 047 | 24 154 | 25 216 | 26 351 |
| Rental of facilities and equipment | 1 359 | 1 564 | 1 632 | 1 704 |
| Interest earned - external investments | 2 405 | 2 506 | 2 611 | 2 721 |
| Interest earned - outstanding debtors | 1 911 | 1 991 | 2 075 | 2 162 |
| Fines, penalties and forfeits | 4 382 | 3 520 | 3 667 | 3 820 |
| Licences and permits | 116 | 142 | 148 | 154 |
| Agency services | 3 249 | 4 045 | 4 218 | 4 401 |
| Transfers and subsidies | 58 773 | 53 037 | 52 214 | 97 006 |
| Other revenue | 11 599 | 12 295 | 12 797 | 13 321 |
| Gains | 4 000 | 15 000 | 4 000 | 8 000 |
| Total Revenue (excluding capital transfers and contributions) | 392 055 | 420 610 | 433 131 | 508 357 |
| <u>Expenditure By Type</u> | | | | |
| Employee related costs | 160 762 | 168 109 | 172 653 | 179 494 |
| Remuneration of councillors | 6 212 | 5 777 | 5 777 | 5 777 |
| Debt impairment | 6 665 | 7 165 | 7 408 | 7 661 |
| Depreciation & asset impairment | 11 823 | 10 827 | 11 311 | 11 818 |
| Finance charges | 11 019 | 11 570 | 12 142 | 12 742 |
| Bulk purchases - electricity | 107 253 | 117 549 | 129 304 | 142 234 |
| Inventory consumed | 33 505 | 23 809 | 23 260 | 64 969 |
| Contracted services | 28 339 | 28 556 | 26 039 | 26 296 |
| Transfers and subsidies | 2 420 | 2 361 | 2 041 | 2 041 |
| Other expenditure | 30 279 | 30 778 | 31 859 | 33 144 |
| Losses | - | - | - | - |
| Total Expenditure | 398 276 | 406 501 | 421 794 | 486 177 |
| Surplus/(Deficit) | (6 220) | 14 109 | 11 336 | 22 179 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 24 663 | 31 504 | 26 787 | 14 151 |
| Surplus/(Deficit) for the year | 18 442 | 45 613 | 38 124 | 36 330 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality as well as the mSCOA reporting framework.

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

| Vote Description R thousand | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Capital expenditure - Vote | | | | |
| <u>Multi-year expenditure to be appropriated</u> | | | | |
| Vote 1 - Executive and Council | – | 100 | 100 | 100 |
| Vote 2 - Financial Services & ICT | 1 665 | 1 065 | 1 330 | 890 |
| Vote 4 - Management Services | 370 | 765 | 825 | 200 |
| Vote 5 - Engineering Services | 29 396 | 30 042 | 26 389 | 24 604 |
| Capital multi-year expenditure sub-total | 31 431 | 31 972 | 28 644 | 25 794 |
| <u>Single-year expenditure to be appropriated</u> | | | | |
| Vote 1 - Executive and Council | 1 928 | 809 | 623 | 310 |
| Vote 2 - Financial Services & ICT | 707 | 660 | 375 | 436 |
| Vote 4 - Management Services | 3 075 | 3 808 | 2 640 | 4 395 |
| Vote 5 - Engineering Services | 19 830 | 33 122 | 22 861 | 16 244 |
| Capital single-year expenditure sub-total | 25 540 | 38 399 | 26 498 | 21 385 |
| Total Capital Expenditure - Vote | 56 971 | 70 371 | 55 142 | 47 178 |

| Vote Description R thousand | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Capital Expenditure - Functional | | | | |
| Governance and administration | 2 478 | 1 903 | 2 237 | 1 326 |
| Executive and council | 13 | – | – | – |
| Finance and administration | 2 466 | 1 903 | 2 237 | 1 326 |
| Community and public safety | 3 479 | 4 413 | 2 935 | 4 585 |
| Community and social services | 223 | 1 368 | 1 995 | 2 210 |
| Sport and recreation | 2 317 | 2 101 | 300 | 850 |
| Public safety | 939 | 944 | 640 | 1 525 |
| Economic and environmental services | 21 907 | 15 718 | 22 400 | 20 444 |
| Planning and development | 1 638 | 721 | 3 | 3 |
| Road transport | 20 269 | 14 655 | 22 397 | 20 441 |
| Environmental protection | – | 342 | – | – |
| Trading services | 28 984 | 48 213 | 26 870 | 20 424 |
| Energy sources | 10 031 | 12 156 | 10 980 | 14 124 |
| Water management | 13 503 | 8 325 | 1 500 | 1 250 |
| Waste water management | 4 250 | 19 070 | 13 640 | 2 500 |
| Waste management | 1 200 | 8 662 | 750 | 2 550 |
| Other | 124 | 125 | 700 | 400 |
| Total Capital Expenditure - Functional | 56 971 | 70 371 | 55 142 | 47 178 |
| Funded by: | | | | |
| National Government | 19 332 | 30 802 | 26 787 | 14 151 |
| Provincial Government | 5 331 | 703 | – | – |
| Transfers recognised - capital | 24 663 | 31 504 | 26 787 | 14 151 |
| Borrowing | 14 900 | 19 088 | 7 151 | 10 179 |
| Internally generated funds | 17 409 | 19 779 | 21 204 | 22 849 |
| Total Capital Funding | 56 971 | 70 371 | 55 142 | 47 178 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and

will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- 4.** The capital program is funded from National, Provincial and Other grants and transfers, borrowing and internally generated funds from current and prior year surpluses.

MBRR Table A6 - Budgeted Financial Position

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|----------------------------------|---|------------------------|------------------------|
| | R thousand Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 27 664 | 26 943 | 21 004 | 24 453 |
| Call investment deposits | 50 000 | 50 000 | 50 000 | 50 000 |
| Consumer debtors | 45 161 | 51 001 | 57 435 | 64 520 |
| Other debtors | 8 179 | 7 811 | 7 427 | 7 025 |
| Current portion of long-term receivables | 3 | 3 | 3 | 3 |
| Inventory | 1 565 | 1 565 | 1 565 | 1 565 |
| Total current assets | 132 572 | 137 324 | 137 434 | 147 567 |
| Non current assets | | | | |
| Long-term receivables | 152 | 149 | 147 | 144 |
| Investment property | 40 311 | 40 301 | 40 291 | 40 281 |
| Property, plant and equipment | 526 649 | 586 557 | 630 771 | 666 533 |
| Intangible | 4 148 | 3 793 | 3 421 | 3 029 |
| Total non current assets | 571 259 | 630 801 | 674 629 | 709 987 |
| TOTAL ASSETS | 703 831 | 768 124 | 812 063 | 857 554 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowing | 8 160 | 9 160 | 11 160 | 13 160 |
| Consumer deposits | 5 865 | 6 217 | 6 590 | 6 985 |
| Trade and other payables | 59 626 | 61 443 | 62 927 | 65 299 |
| Provisions | 17 374 | 18 417 | 19 521 | 20 693 |
| Total current liabilities | 91 025 | 95 236 | 100 198 | 106 137 |
| Non current liabilities | | | | |
| Borrowing | 38 938 | 47 526 | 42 177 | 38 856 |
| Provisions | 108 322 | 114 203 | 120 406 | 126 949 |
| Total non current liabilities | 147 260 | 161 729 | 162 583 | 165 805 |
| TOTAL LIABILITIES | 238 285 | 256 965 | 262 781 | 271 941 |
| NET ASSETS | 465 546 | 511 159 | 549 282 | 585 613 |
| COMMUNITY WEALTH/EQUITY | | | | |
| Accumulated Surplus/(Deficit) | 425 546 | 468 659 | 504 282 | 538 113 |
| Reserves | 40 000 | 42 500 | 45 000 | 47 500 |
| TOTAL COMMUNITY WEALTH/EQUITY | 465 546 | 511 159 | 549 282 | 585 613 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Property rates | 75 315 | 78 923 | 82 395 | 86 103 |
| Service charges | 219 702 | 237 666 | 256 745 | 277 567 |
| Other revenue | 17 418 | 18 912 | 19 697 | 20 519 |
| Transfers and Subsidies - Operational | 58 773 | 53 037 | 52 214 | 97 006 |
| Transfers and Subsidies - Capital | 21 597 | 31 504 | 26 787 | 14 151 |
| Interest | 4 257 | 4 436 | 4 622 | 4 817 |
| Payments | | | | |
| Suppliers and employees | (360 196) | (371 650) | (386 197) | (448 223) |
| Finance charges | (5 484) | (5 758) | (6 046) | (6 348) |
| Transfers and Grants | (2 420) | (2 361) | (2 041) | (2 041) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 28 963 | 44 708 | 48 176 | 43 551 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | 4 000 | 15 000 | 4 000 | 8 000 |
| Decrease (increase) in non-current receiv ables | 3 | 3 | 3 | 3 |
| Payments | | | | |
| Capital assets | (56 971) | (70 371) | (55 142) | (47 178) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (52 968) | (55 368) | (51 139) | (39 176) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Borrowing long term/refinancing | 1 046 | 19 088 | 7 151 | 10 179 |
| Increase (decrease) in consumer deposits | 332 | 352 | 373 | 395 |
| Payments | | | | |
| Repay ment of borrow ing | (8 911) | (9 500) | (10 500) | (11 500) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (7 533) | 9 940 | (2 976) | (926) |
| NET INCREASE/ (DECREASE) IN CASH HELD | (31 538) | (720) | (5 939) | 3 450 |
| Cash/cash equiv alents at the year begin: | 109 202 | 77 664 | 76 943 | 71 004 |
| Cash/cash equiv alents at the year end: | 77 664 | 76 943 | 71 004 | 74 453 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget in full.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| Cash and investments available | | | | |
| Cash/cash equivalents at the year end | 77 664 | 76 943 | 71 004 | 74 453 |
| Cash and investments available: | 77 664 | 76 943 | 71 004 | 74 453 |
| Application of cash and investments | | | | |
| Unspent conditional transfers | 10 023 | 10 023 | 10 023 | 10 023 |
| Statutory requirements | 36 | 36 | 36 | 36 |
| Other working capital requirements | (1 561) | (5 124) | (9 455) | (13 509) |
| Other provisions | 17 374 | 18 417 | 19 521 | 20 693 |
| Reserves to be backed by cash/investments | 40 000 | 42 500 | 45 000 | 47 500 |
| Total Application of cash and investments: | 65 872 | 65 852 | 65 126 | 64 744 |
| Surplus(shortfall) | 11 791 | 11 091 | 5 878 | 9 710 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF the end objective of the medium-term framework is to ensure the budget is funded and aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| CAPITAL EXPENDITURE | | | | |
| <u>Total New Assets</u> | 24 083 | 26 186 | 29 891 | 18 770 |
| <i>Roads Infrastructure</i> | – | 2 500 | 2 500 | 1 500 |
| <i>Storm water Infrastructure</i> | 800 | 1 000 | 3 500 | 3 500 |
| <i>Electrical Infrastructure</i> | 5 414 | 5 603 | 4 199 | 5 353 |
| <i>Water Supply Infrastructure</i> | 8 900 | 1 300 | 13 000 | 500 |
| <i>Sanitation Infrastructure</i> | 360 | 250 | – | – |
| <i>Solid Waste Infrastructure</i> | – | 6 354 | 750 | 750 |
| Infrastructure | 15 474 | 17 008 | 23 949 | 11 603 |
| Community Facilities | 120 | – | – | – |
| Sport and Recreation Facilities | 3 063 | 1 850 | 1 500 | 2 000 |
| Community Assets | 3 183 | 1 850 | 1 500 | 2 000 |
| Computer Equipment | 11 | 60 | 84 | 88 |
| Furniture and Office Equipment | 241 | 347 | 98 | 312 |
| Machinery and Equipment | 2 272 | 5 321 | 2 401 | 1 168 |
| Transport Assets | 2 902 | 1 600 | 1 860 | 3 600 |
| <u>Total Renewal of Existing Assets</u> | 11 123 | 19 366 | 13 667 | 17 307 |
| <i>Roads Infrastructure</i> | 3 100 | 6 500 | 8 000 | 8 500 |
| <i>Electrical Infrastructure</i> | – | 2 434 | 2 917 | 3 627 |
| <i>Water Supply Infrastructure</i> | 1 850 | 6 350 | 1 250 | 750 |
| <i>Sanitation Infrastructure</i> | 3 890 | – | – | 2 500 |
| <i>Solid Waste Infrastructure</i> | 500 | 500 | – | – |
| Infrastructure | 9 340 | 15 784 | 12 167 | 15 377 |
| Community Facilities | 150 | 200 | – | – |
| Community Assets | 150 | 200 | – | – |
| Computer Equipment | 426 | 342 | 313 | 371 |
| Furniture and Office Equipment | 220 | 230 | 103 | 10 |
| Machinery and Equipment | 7 | 131 | 15 | – |
| Transport Assets | 980 | 2 680 | 1 070 | 1 550 |

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| <u>Total Upgrading of Existing Assets</u> | 21 765 | 24 819 | 11 583 | 11 101 |
| <i>Roads Infrastructure</i> | 15 064 | 4 500 | 6 712 | 6 921 |
| <i>Electrical Infrastructure</i> | 1 463 | 1 642 | 2 506 | 2 939 |
| <i>Water Supply Infrastructure</i> | 2 603 | 500 | 250 | – |
| <i>Sanitation Infrastructure</i> | – | 17 000 | – | – |
| <i>Solid Waste Infrastructure</i> | 600 | – | – | – |
| Infrastructure | 19 729 | 23 642 | 9 468 | 9 860 |
| Community Facilities | 1 275 | 530 | 1 505 | 600 |
| Sport and Recreation Facilities | 140 | 520 | 220 | – |
| Community Assets | 1 415 | 1 050 | 1 725 | 600 |
| Operational Buildings | – | – | 258 | 58 |
| Housing | – | – | – | 430 |
| Other Assets | – | – | 258 | 488 |
| Computer Equipment | 191 | 127 | 133 | 153 |
| Furniture and Office Equipment | 150 | – | – | – |
| Transport Assets | 280 | – | – | – |
| <u>Total Capital Expenditure</u> | 56 971 | 70 371 | 55 142 | 47 178 |
| <i>Roads Infrastructure</i> | 18 164 | 13 500 | 17 212 | 16 921 |
| <i>Storm water Infrastructure</i> | 800 | 1 000 | 3 500 | 3 500 |
| <i>Electrical Infrastructure</i> | 6 877 | 9 679 | 9 621 | 11 919 |
| <i>Water Supply Infrastructure</i> | 13 353 | 8 150 | 14 500 | 1 250 |
| <i>Sanitation Infrastructure</i> | 4 250 | 17 250 | – | 2 500 |
| <i>Solid Waste Infrastructure</i> | 1 100 | 6 854 | 750 | 750 |
| Infrastructure | 44 544 | 56 433 | 45 583 | 36 840 |
| Community Facilities | 1 545 | 730 | 1 505 | 600 |
| Sport and Recreation Facilities | 3 203 | 2 370 | 1 720 | 2 000 |
| Community Assets | 4 748 | 3 100 | 3 225 | 2 600 |
| Operational Buildings | – | – | 258 | 58 |
| Housing | – | – | – | 430 |
| Other Assets | – | – | 258 | 488 |
| Computer Equipment | 628 | 529 | 530 | 611 |
| Furniture and Office Equipment | 611 | 577 | 200 | 322 |
| Machinery and Equipment | 2 278 | 5 452 | 2 416 | 1 168 |
| Transport Assets | 4 162 | 4 280 | 2 930 | 5 150 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 56 971 | 70 371 | 55 142 | 47 178 |

| Description | 2021/22 | 2022/23 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|---|------------------------|------------------------|
| | Full Year Forecast | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| R thousand | | | | |
| ASSET REGISTER SUMMARY - PPE (WDV) | 571 108 | 630 651 | 674 483 | 709 843 |
| <i>Roads Infrastructure</i> | 98 139 | 110 114 | 125 725 | 140 965 |
| <i>Storm water Infrastructure</i> | 51 574 | 51 882 | 54 655 | 57 392 |
| <i>Electrical Infrastructure</i> | 71 343 | 79 198 | 86 905 | 96 813 |
| <i>Water Supply Infrastructure</i> | 54 846 | 61 767 | 74 977 | 74 872 |
| <i>Sanitation Infrastructure</i> | 84 687 | 100 131 | 98 293 | 98 921 |
| <i>Solid Waste Infrastructure</i> | 463 | 7 220 | 7 867 | 8 509 |
| Infrastructure | 361 053 | 410 312 | 448 421 | 477 471 |
| Community Assets | 39 020 | 41 825 | 44 740 | 47 015 |
| Investment properties | 40 311 | 40 301 | 40 291 | 40 281 |
| Other Assets | 90 189 | 89 654 | 89 352 | 89 251 |
| Intangible Assets | 4 148 | 3 793 | 3 421 | 3 029 |
| Computer Equipment | 6 308 | 6 451 | 6 575 | 6 760 |
| Furniture and Office Equipment | 5 022 | 4 795 | 4 150 | 3 584 |
| Machinery and Equipment | 8 992 | 14 105 | 16 164 | 16 958 |
| Transport Assets | 16 065 | 19 415 | 21 369 | 25 494 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 571 108 | 630 651 | 674 483 | 709 843 |
| EXPENDITURE OTHER ITEMS | 91 113 | 91 429 | 92 652 | 95 790 |
| <u>Depreciation</u> | 11 823 | 10 827 | 11 311 | 11 818 |
| <u>Repairs and Maintenance by Asset Class</u> | 79 290 | 80 602 | 81 341 | 83 972 |
| <i>Roads Infrastructure</i> | 13 201 | 13 016 | 13 429 | 13 938 |
| <i>Electrical Infrastructure</i> | 11 413 | 11 395 | 11 856 | 12 344 |
| <i>Water Supply Infrastructure</i> | 14 197 | 14 804 | 13 948 | 14 360 |
| <i>Sanitation Infrastructure</i> | 7 857 | 8 239 | 8 478 | 8 729 |
| <i>Solid Waste Infrastructure</i> | 4 373 | 4 317 | 4 324 | 4 332 |
| Infrastructure | 51 042 | 51 770 | 52 036 | 53 703 |
| Community Facilities | 6 430 | 6 344 | 6 466 | 6 717 |
| Sport and Recreation Facilities | 3 609 | 3 810 | 3 718 | 3 817 |
| Community Assets | 10 039 | 10 154 | 10 183 | 10 534 |
| Operational Buildings | 6 174 | 6 184 | 6 439 | 6 668 |
| Other Assets | 6 174 | 6 184 | 6 439 | 6 668 |
| Licences and Rights | 4 995 | 5 678 | 5 907 | 6 152 |
| Intangible Assets | 4 995 | 5 678 | 5 907 | 6 152 |
| Computer Equipment | 230 | 230 | 230 | 230 |
| Furniture and Office Equipment | 81 | 74 | 74 | 74 |
| Machinery and Equipment | 722 | 739 | 744 | 751 |
| Transport Assets | 6 006 | 5 772 | 5 728 | 5 859 |
| TOTAL EXPENDITURE OTHER ITEMS | 91 113 | 91 429 | 92 652 | 95 790 |

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

MBRR Table A10 - Basic Service Delivery Measurement

Supporting Table SA10 Funding measurement

| Description | MFMA section | Ref | Current Year 2021/22 | | | | 2022/23 Medium Term Revenue & | | |
|---|--------------|-----|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| | | | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2022/23 | Budget Year +1 2023/24 | Budget Year +2 2024/25 |
| Funding measures | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | 31 171 | 31 171 | 31 171 | 31 171 | 76 943 | 71 004 | 74 453 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 18 905 | 18 905 | 18 905 | 18 905 | 65 852 | 65 852 | 65 852 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | 1,1 | 1,1 | 1,1 | 1,1 | 2,5 | 2,2 | 2,0 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 12 873 | 12 873 | 12 873 | 12 873 | 24 936 | 25 419 | 25 927 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | 5 | 5,0% | 5,0% | 5,0% | 5,0% | 2,6% | 1,1% | (6,0%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 92,5% | 92,5% | 92,5% | 92,5% | 98,0% | 98,0% | 98,0% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | 3,4% | 3,4% | 3,4% | 3,4% | 2,2% | 2,1% | 2,0% |
| Capital payments % of capital expenditure | 18(1)c;19 | 8 | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 0,0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 51,0% | 51,0% | 51,0% | 51,0% | 49,1% | 25,2% | 30,8% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | 10 | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | 11 | 24,4% | 24,4% | 24,4% | 24,4% | 21,5% | 19,1% | 0,0% |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | (1,6%) | (1,6%) | (1,6%) | (1,6%) | (1,7%) | (1,7%) | 0,0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 13 | 14,7% | 14,7% | 14,7% | 14,7% | 13,8% | 13,8% | 0,0% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 13,8% | 13,8% | 13,8% | 13,8% | 14,7% | 16,5% | 0,0% |

Part 2 – Supporting Documentation

2.1 Other Supporting Documentation

Other Supporting documentation contained in SA1 to SA38 of the Treasury A Schedules.

2.2 Manager's quality certificate

NAVRAE:
ENQUIRIES: S Stanley

KONTAKNR
CONTACT NO: 028 425 5798

VERW:
REF: 5/3/2022-23 (Draft budget)

KANTOOR:
OFFICES: Bredasdorp

DATUM
DATE: 30 March 2022



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

QUALITY CERTIFICATE

I EBEN PHILLIPS, municipal manager of **Cape Agulhas Municipality**, hereby certify that the **Draft Budget 2022-23 MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print name

Eben Phillips

Accounting Officer / Chief Financial Officer of **CAPE AGULHAS MUNICIPALITY WC033** (name and demarcation of municipality)

Signature

Date

30.03.2022

Part 3 – Appendices

3.1 Appendix A – Tariff Listing

Attached.

3.2 Appendix B – SDBIP

Attached.

3.3 Appendix C – Service Level Standards

Attached.