

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

FINAL BUDGET
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.

National overview

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:

WC033 Cape Agulhas - Table A8 Cash backed reserves/accumulated surplus reconciliation			
Description	2022/23 Medium Term Revenue & Expenditure Framework		
	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	34 609	25 779	21 082
Other current investments > 90 days	25 625	61 924	92 962
Non current assets - Investments	-	-	-
Cash and investments available:	60 234	87 703	114 045
Application of cash and investments			
Unspent conditional transfers	(46 808)	(46 808)	(46 808)
Unspent borrowing	-	-	-
Statutory requirements			
Other working capital requirements	36 350	66 362	97 261
Other provisions			
Long term investments committed	-	-	-
Reserves to be backed by cash/investments			
Total Application of cash and investments:	(10 457)	19 554	50 453
Surplus(shortfall)	70 691	68 149	63 591

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	SG2: To ensure institutional sustainability	SO3: To create an administration capable of delivering on service excellence.
1.9 - Administration							
2.7 - Information Systems							
4.2 - Beaches & Holiday Resorts							
4.3 - Buildings and Commonage							
4.8 - Parks and Sports Facilities							
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	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			
			SG6: To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	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
			1.8 - Socio & Economic Development				
4.1 - Director: Management Services							
SO12: To create and maintain a safe and healthy environment	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

WC033 Cape Agulhas - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)								
Strategic Objective	Goal	Goal Code	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand								
	To create a safe and healthy environment for all citizens and visitors to the Cape	SG6	300	310	310	321	321	321
	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	5 861	5 827	5 827	6 543	6 585	6 806
	To ensure good governance and institutional sustainability	SG1	108	123	123	123	123	123
	To ensure institutional sustainability	SG2	564	568	568	570	570	570
A comprehensive, responsive and sustainable social protection system	To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SG6	6 303	6 168	6 168	5 351	5 391	5 486
A comprehensive, responsive and sustainable social protection system	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	15 604	21 427	21 427	12 018	12 903	54 836
A comprehensive, responsive and sustainable social protection system	To improve the financial viability of the Municipality and ensure its long term financial sustainability	SG3	384	384	384	604	198	198
A long and healthy life for all South Africans	To ensure institutional sustainability	SG2	2 965	2 891	2 891	3 435	3 530	3 629
As skilled and capable workforce to support an inclusive growth path	To ensure institutional sustainability	SG2	1 412	1 736	1 736	908	907	907
All people in South Africa are and feel safe	To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SG6	21 946	17 982	17 982	18 502	19 126	19 601
An efficient, competitive and responsive economic infrastructure network	To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SG6	4 373	4 353	4 353	4 317	4 324	4 332
An efficient, competitive and responsive economic infrastructure network	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	46 621	46 409	46 409	47 967	48 011	49 696
An efficient, effective and development-oriented public service	To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SG6	5 908	5 908	5 908	6 000	6 265	6 544
An efficient, effective and development-oriented public service	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	157 452	156 347	156 347	172 335	179 316	191 818
An efficient, effective and development-oriented public service	To ensure institutional sustainability	SG2	25 961	27 583	27 583	28 748	29 147	30 369
An efficient, effective and development-oriented public service	To improve the financial viability of the Municipality and ensure its long term financial sustainability	SG3	3 814	3 729	3 729	3 508	3 386	3 505
An efficient, effective and development-oriented public service	To improve the financial viability of the Municipality and ensure its long term financial sustainability	SG4	40 706	41 813	41 813	44 099	45 816	47 620
Protect and enhance our environmental assets and natural resources	To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SG6	1 330	1 324	1 324	1 433	1 468	1 504
Protect and enhance our environmental assets and natural resources	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	782	782	782	782	782	782
Responsive, accountable, effective and efficient local government	To create a safe and healthy environment for all citizens and visitors to the Cape Agulhas Municipality	SG6	1 649	1 642	1 642	1 830	1 897	1 973
Responsive, accountable, effective and efficient local government	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	3 004	2 993	2 993	2 848	2 952	3 066
Responsive, accountable, effective and efficient local government	To ensure good governance and institutional sustainability	SG1	24 254	24 405	24 405	24 732	25 293	25 597
Responsive, accountable, effective and efficient local government	To ensure institutional sustainability	SG2	7 079	7 025	7 025	7 242	7 460	7 732
Responsive, accountable, effective and efficient local government	To improve the financial viability of the Municipality and ensure its long term financial sustainability	SG3	745	745	745	710	500	500
Responsive, accountable, effective and efficient local government	To improve the financial viability of the Municipality and ensure its long term financial sustainability	SG4	13 949	13 936	13 936	14 236	14 594	15 170
Allocations to other priorities								
Total Expenditure			393 074	396 413	396 413	409 161	420 866	482 685

Capital Expenditure per Strategic Objective

WC033 Cape Agulhas - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)								
Strategic Objective	Goal	Goal Code	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand								
	To create a safe and healthy environment for all citizens and visitors to the Cape	SG6	-	1 030	1 030	625	430	1 130
	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	-	-	-	1 295	1 650	420
	To ensure good governance and institutional sustainability	SG1	-	3 464	3 464	6 293	1 089	3 789
A long and healthy life for all South Africans	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	-	1 587	1 587	262	220	430
A long and healthy life for all South Africans	To ensure institutional sustainability	SG2	-	-	-	1 806	200	200
An efficient, competitive and responsive economic infrastructure network	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	-	39 442	39 442	57 308	45 465	36 299
An efficient, effective and development-oriented public service	To ensure access to equitable affordable and sustainable municipal services for all citizens	SG5	-	1 513	1 513	880	1 005	400
An efficient, effective and development-oriented public service	To ensure good governance and institutional sustainability	SG1	-	979	979	678	2 113	1 025
An efficient, effective and development-oriented public service	To ensure institutional sustainability	SG2	-	2 327	2 327	1 469	1 670	1 291
Allocations to other priorities								
Total Capital Expenditure			-	50 341	50 341	70 616	53 842	44 983

Community budget inputs

The Municipal Finance management act 56 of 2003 stipulates as follows:

Section 22 Publication of the Annual budget - Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must—

- (a) (ii) invite the local community to submit representations in connection with the budget;

Section 23 Consultation on the Annual budget –

(1) When the annual budget has been tabled, the municipal council must consider any views of—

- (a) the local community;
- (2) After considering all budget submissions, the council must give the mayor an opportunity—
 - (a) to respond to the submissions; and
 - (b) if necessary, to revise the budget and table amendments for consideration by the council.

The local community was invited to provide comments on the Draft tabled budget as per legislation. The public participation process was conducted during April / May 2022 and a document was compiled and circulate to all managers as well the Budget steering committee for finalization of the inputs.

The outcome of the community participation process was that the budget was reviewed and changed as needed.

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:

1.3.1 Budget tables

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. Executive summary of revenue & expenditure – **Table A1**;
- 1.1.2. Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –**Table A2**;
- 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) A – **Table A3**;
- 1.1.4. Budgeted Financial Performance (revenue and expenditure) – **Table A4**;
- 1.1.5. Budgeted Capital Expenditure by vote, standard classification and funding – **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**.

1.3.2 Municipal Tariffs

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:

- 1.3.2.1 The tariffs for property rates – as set out in Annexure A1,
- 1.3.2.2 The tariffs for electricity – as set out in Annexure A1.1
- 1.3.2.3 The tariffs for the supply of water – as set out in Annexure A2

1.3.2.4 The tariffs for sanitation services – as set out in Annexure A3

1.3.2.5 The tariffs for solid waste services – as set out in Annexure A4

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 A1 to A4.

1.3.3 Budget related policies

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:

1.3.3.1 The Borrowing, funds and reserve policy as per Annexure D1

1.3.3.2 The Budget and veriment policy as per Annexure D2

1.3.3.3 The Cost containment policy as per Annexure D3

1.3.3.4 The Cash and Investment policy as per Annexure D4

Council note that no changes was made to the above policies for the reporting period. The policies are there for approve as is. Policies that need to be updated and reviewed will be submitted to Council as and when required.

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)

WC033 Cape Agulhas - Table A1 Budget Summary						
Description	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands						
Total Revenue (excluding capital transfers and contributions)	385 404	390 647	390 647	417 313	425 973	496 704
Total Expenditure	390 452	364 988	364 988	409 161	420 866	482 685
Surplus/(Deficit)	(5 048)	25 659	25 659	8 152	5 107	14 019
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	21 563	26 071	26 071	31 504	26 787	14 151
Surplus/(Deficit) after capital transfers & contributions	16 515	51 731	51 731	39 656	31 894	28 170
Surplus/(Deficit) for the year	16 515	51 731	51 731	39 656	31 894	28 170

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.

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

WC033 Cape Agulhas - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Revenue by Vote						
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION	36 170	36 883	36 883	39 493	41 366	44 407
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE	87 479	89 383	89 383	102 630	95 194	103 185
Vote 3 - MANAGEMENT SERVICES DIRECTORATE	13 800	7 800	7 800	7 874	7 990	8 331
Vote 4 - MANAGEMENT SERVICES DIRECTORATE2	20 928	27 202	27 202	17 115	17 427	59 570
Vote 5 - ENGINEERING SERVICES DIRECTORATE	246 829	253 690	253 690	279 679	288 672	293 162
Vote 6 - ENGINEERING SERVICES DIRECTORATE2	1 761	1 761	1 761	2 027	2 112	2 201
Total Revenue by Vote	406 967	416 718	416 718	448 817	452 761	510 855
Expenditure by Vote to be appropriated						
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION	40 822	40 530	40 530	40 961	41 209	42 030
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE	66 113	68 133	68 133	70 541	73 098	75 990
Vote 3 - MANAGEMENT SERVICES DIRECTORATE	28 685	24 718	24 718	25 207	26 030	26 732
Vote 4 - MANAGEMENT SERVICES DIRECTORATE2	40 532	47 233	47 233	38 143	38 415	81 206
Vote 5 - ENGINEERING SERVICES DIRECTORATE	194 172	193 177	193 177	208 266	215 259	228 767
Vote 6 - ENGINEERING SERVICES DIRECTORATE2	24 627	24 489	24 489	26 043	26 856	27 961
Total Expenditure by Vote	394 952	398 279	398 279	409 161	420 866	482 685
Surplus/(Deficit) for the year	12 015	18 439	18 439	39 656	31 894	28 170

1.5 Budget assumptions

With the compilation of the municipal budget the municipality is required to make numerous budget assumption relating the new financial year as well as outer year projections based on the guidance documents issues by the relevant National and Provincial treasury as well as other stakeholder documents ex South African local government bargaining council (SALBC) that regulates the employee remuneration of municipalities.

The following table detail the list of budget assumption used with the compilation of the Medium-Term Revenue and Expenditure framework for the period 2022/23.

Description	2022/23	2023/24	2024/25
Revenue assumptions			
- Property rates increases	4.8%	4.4%	4.5%
- Electricity increases (Nersa approval dependant)	7.47%	7.47%	7.47%
- Water increases	4.8%	4.4%	4.5%
- Sewerage increases	4.8%	4.4%	4.5%
- Refuse increases	4.8%	4.4%	4.5%
- Other increases	4.8%	4.4%	4.5%
Expenditure assumptions			
- Bulk purchases increases	8.61%	8.61%	8.61%
- Employee related cost increases	4.9%	4.5%	4.5%

1.6 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

WC033 Cape Agulhas - Table A4 Budgeted Financial Performance (revenue and expenditure)						
Description	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	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	77 675	77 675	81 511	85 098	88 927
Service charges - electricity revenue	155 851	155 769	155 769	167 603	180 159	193 656
Service charges - water revenue	32 960	30 510	30 510	31 974	33 382	34 884
Service charges - sanitation revenue	14 286	17 261	17 261	18 089	18 885	19 735
Service charges - refuse revenue	21 314	23 047	23 047	24 154	25 216	26 351
Rental of facilities and equipment	1 359	1 359	1 359	1 564	1 632	1 704
Interest earned - external investments	2 405	2 405	2 405	2 506	2 611	2 721
Interest earned - outstanding debtors	1 911	1 911	1 911	1 991	2 075	2 162
Dividends received	-	-	-	-	-	-
Fines, penalties and forfeits	10 382	4 382	4 382	3 520	3 667	3 820
Licences and permits	116	116	116	142	148	154
Agency services	3 249	3 249	3 249	4 045	4 218	4 401
Transfers and subsidies	50 084	57 365	57 365	53 037	52 214	97 006
Other revenue	11 312	11 599	11 599	12 177	12 670	13 184
Gains	2 500	4 000	4 000	15 000	4 000	8 000
Total Revenue (excluding capital transfers and contributions)	385 404	390 647	390 647	417 313	425 973	496 704

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	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand						
Revenue by Vote						
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION	36 170	36 883	36 883	39 493	41 366	44 407
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE	87 479	89 383	89 383	102 630	95 194	103 185
Vote 3 - MANAGEMENT SERVICES DIRECTORATE	13 800	7 800	7 800	7 874	7 990	8 331
Vote 4 - MANAGEMENT SERVICES DIRECTORATE 2	20 928	27 202	27 202	17 115	17 427	59 570
Vote 5 - ENGINEERING SERVICES DIRECTORATE	246 829	253 690	253 690	279 679	288 672	293 162
Vote 6 - ENGINEERING SERVICES DIRECTORATE 2	1 761	1 761	1 761	2 027	2 112	2 201
Total Revenue by Vote	406 967	416 718	416 718	448 817	452 761	510 855

Percentage growth in revenue base by main revenue source

Description	Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25	%
R thousand								
Revenue By Source								
Property rates	77 675	20%	81 511	20%	85 098	20%	88 927	18%
Service charges - electricity revenue	155 769	40%	167 603	40%	180 159	42%	193 656	39%
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%
Dividends received	-	0%	-	0%	-	0%	-	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	57 365	15%	53 037	13%	52 214	12%	97 006	20%
Other revenue	11 599	3%	12 177	3%	12 670	3%	13 184	3%
Gains	4 000	1%	15 000	4%	4 000	1%	8 000	1.6%
Total Revenue (excluding capital transfers and contributions)	390 647	100%	417 313	100%	425 973	100%	496 704	100.0%

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 73 and 77 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 13% and 30% 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	Current Year 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				
RECEIPTS:				
<u>Operating Transfers and Grants</u>				
National Government:	38 095	42 835	43 875	46 911
Local Government Equitable Share	33 290	37 037	39 750	42 717
Energy Efficiency and Demand Side Management Grant	382	401	425	450
Expanded Public Works Programme Integrated Grant	2 297	1 773	-	-
Local Government Financial Management Grant	1 550	1 550	1 550	1 550
Municipal Infrastructure Grant	576	2 075	2 150	2 194
Provincial Government:	19 270	10 202	8 339	50 095
Capacity Building	19 270	10 202	8 339	50 095
Total Operating Transfers and Grants	57 365	53 037	52 214	97 006

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.

1.6.1 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:

1.6.2 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.

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.

1.6.3 Sale of Electricity and Impact of Tariff Increases

An 7.47% 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.

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.

1.6.4 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.

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

1.6.5 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.

Projected budgeted revenue from service charges, that is Electricity, water, sanitation and refuse is as follows:

Description	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand				
Revenue By Source				
Service charges - electricity revenue	155 769	167 603 	180 159 	193 656
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
TOTAL SERVICE REVENUE	304 263	323 332	342 740	363 553

1.6.6 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	Current Year	2022/23 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year % incr.	Budget Year	Budget Year +1	Budget Year +2 2024/25
Rand/cent					
Monthly Account for Household - 'Middle Income Range'					
Rates and services charges:					
Property rates	492,06	5,0%	516,78	566,39	620,76
Electricity: Basic levy	421,25	7,5%	452,72	486,54	522,89
Electricity: Consumption	2 195,09	7,5%	2 359,06	2 535,28	2 724,67
Water: Basic levy	164,88	5,0%	173,04	180,65	188,78
Water: Consumption	212,14	5,2%	223,26	233,08	243,57
Sanitation	172,75	4,7%	180,87	188,83	197,33
Refuse removal	195,85	4,8%	205,22	214,25	223,89
Other	–	–	–	–	–
sub-total	3 854,01	6,7%	4 110,95	4 405,02	4 721,88
VAT on Services	453,37	5,7%	539,13	562,85	588,18
Total large household bill:	4 307,38	8,0%	4 650,07	4 967,87	5 310,06
% increase/-decrease	–		8,0%	6,8%	6,9%

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

Description	Current Year	2022/23 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year % incr.	Budget Year	Budget Year +1	Budget Year +2 2024/25
Rand/cent					
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	348,39	5,0%	365,89	401,02	439,52
Electricity: Basic levy	421,25	7,5%	452,72	486,54	522,89
Electricity: Consumption	889,83	7,5%	956,30	1 027,74	1 104,51
Water: Basic levy	164,88	5,0%	173,04	180,65	188,78
Water: Consumption	166,42	5,1%	174,91	182,61	190,82
Sanitation	172,75	4,7%	180,87	188,83	197,33
Refuse removal	195,85	4,8%	205,22	214,25	223,89
Other	-	-		-	-
sub-total	2 359,37	6,3%	2 508,95	2 681,63	2 867,73
VAT on Services	301,65	5,6%	321,46	335,60	350,71
Total small household bill:	2 661,01	6,4%	2 830,41	3 017,24	3 218,44
% increase/-decrease	-		6,4%	6,6%	6,7%

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

Description	Current Year	2022/23 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year % incr.	Budget Year	Budget Year +1	Budget Year +2 2024/25
Rand/cent					
Monthly Account for Household - 'Indigent'					
Household receiving free basic services					
Rates and services charges:					
Property rates	204,73	5,0%	215,01	235,65	258,27
Electricity: Basic levy	-	-	-	-	-
Electricity: Consumption	485,32	7,5%	521,57	560,53	602,40
Water: Basic levy	164,88	5,0%	173,04	180,65	188,78
Water: Consumption	120,70	4,9%	126,56	132,13	138,07
Sanitation	172,75	4,7%	180,87	188,83	197,33
Refuse removal	195,85	4,8%	205,22	214,25	223,89
Other		-		-	-
sub-total	1 344,22	5,8%	1 422,27	1 512,04	1 608,75
VAT on Services	170,92	5,3%	181,09	189,06	202,57
Total small household bill:	1 515,15	5,8%	1 603,36	1 701,10	1 811,32
% increase/-decrease	-		5,8%	6,1%	6,5%

1.7 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	2022/23 Medium Term Revenue & Expenditure Framework					
	Budget Year 2022/23	%	Budget Year +1 2023/24	%	Budget Year +2 2024/25	%
R thousand						
Expenditure By Type						
Employee related costs	167 932	41,0%	171 536	40,8%	178 377	37,0%
Remuneration of councillors	5 777	1,4%	5 777	1,4%	5 777	1,2%
Debt impairment	9 018	2,2%	9 185	2,2%	9 361	1,9%
Depreciation & asset impairment	10 827	2,6%	11 311	2,7%	11 818	2,4%
Finance charges	6 564	1,6%	6 885	1,6%	7 223	1,5%
Bulk purchases - electricity	116 487	28,5%	126 517	30,1%	137 410	28,5%
Inventory consumed	23 802	5,8%	23 260	5,5%	64 969	13,5%
Contracted services	30 263	7,4%	27 204	6,5%	27 036	5,6%
Transfers and subsidies	2 361	0,6%	2 041	0,5%	2 041	0,4%
Other expenditure	36 119	8,8%	37 140	8,8%	38 663	8,0%
Losses	10	0,0%	8	0,0%	9	0,0%
Total Expenditure	409 161	100%	420 866	100%	482 685	100%

The budgeted allocation for employee related costs for the 2022/23 financial year totals R160.762 million, which equals 41. per cent of the total operating expenditure. This percentage is set to decrease slightly over the two outer years of the MTREF at 40.8 per cent and 37. per cent respectively.

The municipality is in the process of implementing various measures to curb the rising increases in employee related cost.

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 98 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 8,61%**. 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.

1.7.1 Councilor and board member allowances and employee benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 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
	F	G	H	I
Councillors (Political Office Bearers plus Other)				
Basic Salaries and Wages	3 744	3 645	3 645	3 645
Pension and UIF Contributions	721	377	377	377
Medical Aid Contributions	66	–	–	–
Motor Vehicle Allowance	1 193	1 267	1 267	1 267
Cellphone Allowance	488	488	488	488
Housing Allowances				
Other benefits and allowances				
Sub Total - Councillors	6 212	5 777	5 777	5 777
% increase	–	(7,0%)	–	–
Senior Managers of the Municipality				
Basic Salaries and Wages	3 593	3 973	4 171	4 380
Pension and UIF Contributions	219	10	7	7
Medical Aid Contributions	106	53	56	59
Overtime				
Performance Bonus	448	556	560	574
Motor Vehicle Allowance	300	179	179	179
Cellphone Allowance	65	50	50	50
Housing Allowances	80	–	–	–
Other benefits and allowances	22	0	0	0
Payments in lieu of leave				
Long service awards				
Post-retirement benefit obligations				
Sub Total - Senior Managers of Municipality	4 834	4 822	5 024	5 250
% increase	–	(0,2%)	4,2%	4,5%
Other Municipal Staff				
Basic Salaries and Wages	102 794	109 109	110 562	115 345
Pension and UIF Contributions	17 740	18 591	19 516	20 371
Medical Aid Contributions	5 785	5 731	6 008	6 272
Overtime	3 587	3 518	3 518	3 518
Performance Bonus				
Motor Vehicle Allowance	5 946	6 646	6 646	6 646
Cellphone Allowance	491	454	454	454
Housing Allowances	971	860	898	939
Other benefits and allowances	14 960	14 349	14 889	15 386
Payments in lieu of leave	75	120	132	145
Long service awards	687	721	751	782
Post-retirement benefit obligations	2 871	3 012	3 138	3 270
Sub Total - Other Municipal Staff	155 908	163 110	166 513	173 128
% increase	–	4,6%	2,1%	4,0%
Total Parent Municipality	166 954	173 709	177 314	184 155
	–	4,0%	2,1%	3,9%

1.7.2 Monthly targets for revenue, expenditure and cash flow

Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand															
Revenue By Source															
Property rates	30 353	5 147	5 172	3 689	4 554	4 559	4 568	4 566	4 828	4 810	4 666	4 599	81 511	85 098	88 927
Service charges - electricity revenue	13 967	13 967	13 967	13 967	13 967	13 967	13 967	13 967	13 967	13 967	13 967	13 967	167 603	180 159	193 656
Service charges - water revenue	2 665	2 665	2 665	2 665	2 665	2 665	2 665	2 665	2 665	2 665	2 665	2 665	31 974	33 382	34 884
Service charges - sanitation revenue	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	18 089	18 885	19 735
Service charges - refuse revenue	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	2 013	24 154	25 216	26 351
Rental of facilities and equipment	130	130	130	130	130	130	130	130	130	130	130	130	1 564	1 632	1 704
Interest earned - external investments	209	209	209	209	209	209	209	209	209	209	209	209	2 506	2 611	2 721
Interest earned - outstanding debtors	166	166	166	166	166	166	166	166	166	166	166	166	1 991	2 075	2 162
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	293	293	293	293	293	293	293	293	293	293	293	293	3 520	3 667	3 820
Licences and permits	12	12	12	12	12	12	12	12	12	12	12	12	142	148	154
Agency services	337	337	337	337	337	337	337	337	337	337	337	337	4 045	4 218	4 401
Transfers and subsidies	1 093	16 192	993	1 593	2 599	15 165	1 493	1 093	993	9 759	993	1 068	53 037	52 214	97 006
Other revenue	1 015	1 015	1 015	1 015	1 015	1 015	1 015	1 015	1 015	1 015	1 015	1 015	12 177	12 670	13 184
Gains	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	15 000	4 000	8 000
Total Revenue (excluding capital transfers and contributions)	55 010	44 903	29 729	28 846	30 717	43 287	29 625	29 223	29 385	38 133	29 223	29 231	417 313	425 973	496 704
Expenditure By Type															
Employee related costs	13 323	13 323	13 323	13 323	21 376	13 323	13 323	13 323	13 323	13 323	13 323	13 323	167 932	171 536	178 377
Remuneration of councillors	481	481	481	481	481	481	481	481	481	481	481	481	5 777	5 777	5 777
Debt impairment	751	751	751	751	751	751	751	751	751	751	751	751	9 018	9 185	9 361
Depreciation & asset impairment	902	902	902	902	902	902	902	902	902	902	902	902	10 827	11 311	11 818
Finance charges	547	547	547	547	547	547	547	547	547	547	547	547	6 564	6 885	7 223
Bulk purchases - electricity	-	14 407	15 271	12 428	9 541	9 221	9 211	9 925	9 155	8 359	9 538	9 430	116 487	126 517	137 410
Inventory consumed	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	23 802	23 260	64 969
Contracted services	2 142	2 142	3 030	2 142	3 142	3 130	2 142	2 142	3 030	2 142	2 142	2 937	30 263	27 204	27 036
Transfers and subsidies	197	197	197	197	197	197	197	197	197	197	197	197	2 361	2 041	2 041
Other expenditure	4 431	2 881	2 881	2 881	2 881	2 881	2 881	2 881	2 881	2 881	2 881	2 881	36 119	37 140	38 663
Losses	1	1	1	1	1	1	1	1	1	1	1	1	10	8	9
Total Expenditure	24 760	37 616	39 368	35 638	41 804	33 418	32 421	33 134	33 252	31 569	32 748	33 434	409 161	420 866	482 685
Surplus/(Deficit)	30 251	7 287	(9 639)	(6 792)	(11 087)	9 869	(2 796)	(3 911)	(3 867)	6 564	(3 524)	(4 203)	8 152	5 107	14 019
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	387	2 425	5 987	1 289	811	6 966	1 322	387	4 637	1 081	1 574	4 638	31 504	26 787	14 151
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	30 638	9 711	(3 652)	(5 503)	(10 276)	16 835	(1 475)	(3 523)	771	7 646	(1 951)	434	39 656	31 894	28 170
Surplus/(Deficit)	30 638	9 711	(3 652)	(5 503)	(10 276)	16 835	(1 475)	(3 523)	771	7 646	(1 951)	434	39 656	31 894	28 170

1.7.3 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:

Repairs and maintenance per asset class

Description	Current Year 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 expenditure by Asset Class/Sub-class				
Infrastructure	50 761	52 284	52 335	54 028
Roads Infrastructure	13 076	13 126	13 379	13 888
<i>Roads</i>	12 868	12 906	13 171	13 680
<i>Road Furniture</i>	208	220	208	208
Storm water Infrastructure	–	–	–	–
Electrical Infrastructure	11 732	11 795	12 281	12 794
<i>LV Networks</i>	11 732	11 795	12 281	12 794
<i>Capital Spares</i>				
Water Supply Infrastructure	13 832	14 807	13 873	14 285
<i>Distribution</i>	13 832	14 807	13 873	14 285
Sanitation Infrastructure	7 769	8 239	8 478	8 729
<i>Reticulation</i>	7 769	8 239	8 478	8 729
Solid Waste Infrastructure	4 353	4 317	4 324	4 332
<i>Landfill Sites</i>	4 353	4 317	4 324	4 332
Community Assets	9 422	9 868	9 739	10 090
Community Facilities	6 530	6 433	6 209	6 460
<i>Cemeteries/Crematoria</i>	917	989	1 030	1 073
<i>Parks</i>	5 614	5 443	5 179	5 387
Sport and Recreation Facilities	2 891	3 435	3 530	3 629
<i>Indoor Facilities</i>	2 891	3 435	3 530	3 629
Other assets	6 315	6 331	6 593	6 826
Operational Buildings	6 315	6 331	6 593	6 826
<i>Municipal Offices</i>	6 315	6 331	6 593	6 826
Intangible Assets	4 995	5 678	5 907	6 152
Servitudes				
Licences and Rights	4 995	5 678	5 907	6 152
<i>Computer Software and Applications</i>	4 995	5 678	5 907	6 152
Computer Equipment	230	230	230	230
Computer Equipment	230	230	230	230
Furniture and Office Equipment	71	60	60	60
Furniture and Office Equipment	71	60	60	60
Machinery and Equipment	734	751	756	763
Machinery and Equipment	734	751	756	763
Transport Assets	6 105	6 806	6 843	7 057
Transport Assets	6 105	6 806	6 843	7 057
Total Repairs and Maintenance Expenditure	78 634	82 007	82 464	85 205

1.7.4 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.

1.8 Capital expenditure

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

2022/23 Medium-term capital budget per vote

Vote Description	Current Year 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 - Vote				
<u>Multi-year expenditure to be appropriated</u>				
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION	1 646	761	8	–
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE	2 371	1 609	1 705	1 326
Vote 3 - MANAGEMENT SERVICES DIRECTORATE	1 139	1 965	1 550	1 750
Vote 4 - MANAGEMENT SERVICES DIRECTORATE2	2 438	1 783	640	430
Vote 5 - ENGINEERING SERVICES DIRECTORATE	28 784	36 211	13 077	17 646
Vote 6 - ENGINEERING SERVICES DIRECTORATE2	20 443	15 702	21 522	21 401
Capital multi-year expenditure sub-total	56 821	58 031	38 502	42 553
<u>Single-year expenditure to be appropriated</u>				
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION	–	8	–	–
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE	–	116	–	–
Vote 3 - MANAGEMENT SERVICES DIRECTORATE	–	504	210	200
Vote 4 - MANAGEMENT SERVICES DIRECTORATE2	–	456	480	430
Vote 5 - ENGINEERING SERVICES DIRECTORATE	–	11 420	13 000	1 800
Vote 6 - ENGINEERING SERVICES DIRECTORATE2	–	80	1 650	–
Capital single-year expenditure sub-total	–	12 585	15 340	2 430
Total Capital Expenditure - Vote	56 821	70 616	53 842	44 983

1.9 Legislation compliance status

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

- (i) The budget was compiled taking the following legislation in consideration
 - a) Municipal Finance Management Act 56 of 2003
 - b) Constitution of the Republic of South Africa, 1996 with amendments
 - c) Municipal System act, Act 32 of 2000
 - d) Municipal Structures act, Act 117 of 1998
 - e) Other legislation and regulation applicable to local government

- (ii) Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and attached as Appendix B to be finalized after approval of the 2022/23 MTREF at least 30 days before the start of the next financial year directly aligned and informed by the 2022/23 MTREF.

- (iii) In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

- (iv) Audit Committee
An Audit Committee has been established and is fully functional.

- (v) Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

- (vi) Policies
Budget related policies will be reviewed and updated if so required for final submission with the approval of the 2022/23 MTREF & outer two years.

1.10 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	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Financial Performance										
Property rates	66 193	71 901	77 423	77 675	77 675	77 675	-	81 511	85 098	88 927
Service charges	174 679	184 813	197 038	224 411	226 588	226 588	-	241 821	257 642	274 626
Investment revenue	5 169	6 283	3 138	2 405	2 405	2 405	-	2 506	2 611	2 721
Transfers recognised - operational	32 015	45 328	46 733	50 084	57 365	57 365	-	53 037	52 214	97 006
Other own revenue	41 769	33 995	29 897	30 829	26 615	26 615	-	38 439	28 409	33 425
Total Revenue (excluding capital transfers and contributions)	319 825	342 321	354 229	385 404	390 647	390 647	-	417 313	425 973	496 704
Employee costs	114 077	130 122	157 304	160 777	160 742	160 742	-	167 932	171 536	178 377
Remuneration of councillors	5 441	5 632	5 626	6 212	6 212	6 212	-	5 777	5 777	5 777
Depreciation & asset impairment	13 262	15 528	16 715	11 823	11 823	11 823	-	10 827	11 311	11 818
Finance charges	6 849	7 263	6 972	12 044	11 019	11 019	-	6 564	6 885	7 223
Inventory consumed and bulk purchases	76 761	89 331	98 622	130 539	107 467	107 467	-	140 289	149 777	202 379
Transfers and grants	1 661	4 831	2 987	2 646	2 319	2 319	-	2 361	2 041	2 041
Other expenditure	70 520	68 972	52 590	66 411	65 406	65 406	-	75 411	73 539	75 069
Total Expenditure	288 570	321 678	340 817	390 452	364 988	364 988	-	409 161	420 866	482 685
Surplus/(Deficit)	31 255	20 643	13 411	(5 048)	25 659	25 659	-	8 152	5 107	14 019
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	19 118	20 778	15 772	21 563	26 071	26 071	-	31 504	26 787	14 151
Surplus/(Deficit) after capital transfers & contributions	12 137	10 865	(2 361)	(16 175)	(10 412)	(10 412)	-	(13 352)	(21 680)	(28 132)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	12 137	10 865	(2 361)	(16 175)	(10 412)	(10 412)	-	(13 352)	(21 680)	(28 132)
Capital expenditure & funds sources										
Capital expenditure	34 933	8 291	58 018	53 873	56 821	56 821	-	70 616	53 842	44 983
Transfers recognised - capital	15 742	8 143	15 093	21 563	24 513	24 513	-	28 004	21 787	9 151
Borrowing	5 596	(4 085)	31 181	14 760	14 900	14 900	-	19 088	7 151	10 179
Internally generated funds	13 595	4 233	11 745	17 551	17 409	17 409	-	23 524	24 904	25 654
Total sources of capital funds	34 933	8 291	58 018	53 873	56 821	56 821	-	70 616	53 842	44 983
Financial position										
Total current assets	119 116	121 615	180 848	155 039	76 460	76 460	-	78 509	79 148	77 767
Total non current assets	417 008	475 169	526 114	570 630	573 766	573 766	-	633 555	676 087	709 252
Total current liabilities	50 669	61 863	84 246	52 214	34 159	34 159	-	39 420	50 393	53 310
Total non current liabilities	100 930	113 007	152 290	211 978	153 742	153 742	-	172 756	173 058	173 756
Community wealth/Equity	343 773	393 520	430 533	449 463	460 232	460 232	-	499 889	531 783	559 953
Cash flows										
Net cash from (used) operating	-	293 504	(64 638)	153 572	(9 930)	(9 930)	-	44 704	47 057	38 635
Net cash from (used) investing	-	(29 966)	(46 481)	(56 348)	(60 971)	(60 971)	-	(55 616)	(49 842)	(36 983)
Net cash from (used) financing	-	892	34 707	36 396	-	-	-	13 330	(6 046)	(6 348)
Cash/cash equivalents at the year end	83 792	337 518	(3 371)	224 096	38 460	38 460	-	34 609	25 779	21 082
Cash backing/surplus reconciliation										
Cash and investments available	83 792	73 089	130 571	155 770	32 191	32 191	-	60 234	87 703	114 045
Application of cash and investments	33 490	(5 310)	22 267	(8 056)	(43 106)	(43 106)	-	(10 457)	19 554	50 453
Balance - surplus (shortfall)	50 302	78 398	108 305	163 826	75 297	75 297	-	70 691	68 149	63 591
Asset management										
Asset register summary (WDV)	416 816	475 009	525 960	469 393	528 170	528 170	528 170	534 535	529 633	525 573
Depreciation	11 984	14 315	15 005	10 366	10 366	10 366	10 366	10 827	11 311	11 818
Renewal and Upgrading of Existing Assets	18 432	330	3 128	38 903	43 119	43 119	43 119	60 826	46 848	37 788
Repairs and Maintenance	59 439	59 735	68 392	77 921	78 634	78 634	78 634	82 007	82 464	85 205
Free services										
Cost of Free Basic Services provided	10 438	15 135	22 360	10 888	24 438	24 438	25 450	25 450	26 569	27 765
Revenue cost of free services provided	835	791	662	605	605	605	641	641	669	699
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
<i>Governance and administration</i>		125 641	141 382	147 421	134 766	141 323	141 323	153 811	148 892	160 170
Executive and council		27 606	30 598	34 393	33 320	33 320	33 320	37 037	39 750	42 717
Finance and administration		98 035	110 784	113 028	101 446	108 003	108 003	116 774	109 142	117 453
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		7 945	13 503	12 945	20 536	26 810	26 810	16 790	17 088	59 215
Community and social services		596	6 376	6 810	7 298	7 648	7 648	7 463	7 420	7 750
Sport and recreation		7 267	6 956	5 959	8 311	8 311	8 311	8 483	8 422	8 776
Public safety		-	-	-	-	-	-	-	-	-
Housing		81	172	175	4 927	10 851	10 851	844	1 245	42 689
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		23 392	16 835	9 967	16 783	11 496	11 496	11 054	10 577	11 030
Planning and development		2 391	5 353	4 144	2 984	3 696	3 696	3 180	2 587	2 699
Road transport		3 290	2 708	3 405	3 249	3 249	3 249	4 045	4 218	4 401
Environmental protection		17 712	8 773	2 417	10 551	4 551	4 551	3 830	3 772	3 930
<i>Trading services</i>		181 966	191 378	199 669	234 882	237 090	237 090	267 163	276 205	280 441
Energy sources		123 245	129 688	132 651	158 607	158 557	158 557	174 959	184 693	198 399
Water management		27 740	28 691	30 176	40 663	38 213	38 213	49 444	46 871	35 394
Waste water management		12 077	13 136	14 112	14 297	17 272	17 272	18 314	19 119	19 979
Waste management		18 904	19 864	22 729	21 314	23 047	23 047	24 446	25 521	26 669
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	338 944	363 099	370 001	406 967	416 718	416 718	448 817	452 761	510 855
Expenditure - Functional										
<i>Governance and administration</i>		83 673	97 232	112 128	112 563	115 003	115 003	118 757	122 633	126 822
Executive and council		13 232	16 586	15 579	15 032	14 825	14 825	15 017	15 123	14 905
Finance and administration		69 123	79 369	95 043	95 882	98 545	98 545	101 909	105 609	109 942
Internal audit		1 317	1 278	1 506	1 648	1 634	1 634	1 831	1 902	1 975
<i>Community and public safety</i>		33 409	32 749	31 331	39 126	45 174	45 174	35 897	35 377	77 943
Community and social services		13 361	13 357	11 926	12 559	12 681	12 681	13 061	13 054	13 523
Sport and recreation		13 475	12 384	12 535	14 302	14 568	14 568	14 957	14 378	14 838
Public safety		4 556	4 468	4 028	4 563	4 305	4 305	4 082	3 608	3 672
Housing		2 017	2 541	2 843	7 702	13 621	13 621	3 798	4 337	45 910
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		46 028	45 374	40 803	51 261	47 084	47 084	48 039	49 443	51 054
Planning and development		9 352	10 749	12 124	15 474	15 109	15 109	15 157	15 022	15 510
Road transport		18 468	20 750	20 324	22 084	21 900	21 900	21 625	22 982	23 695
Environmental protection		18 207	13 875	8 355	13 702	10 075	10 075	11 258	11 440	11 849
<i>Trading services</i>		145 895	159 379	169 168	192 003	191 017	191 017	206 467	213 413	226 866
Energy sources		91 301	103 888	110 190	126 436	125 629	125 629	140 202	148 604	160 430
Water management		22 016	22 369	24 007	24 053	24 037	24 037	24 946	23 549	24 121
Waste water management		12 892	12 453	12 627	13 039	13 035	13 035	13 701	13 963	14 288
Waste management		19 685	20 669	22 344	28 475	28 316	28 316	27 619	27 296	28 027
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	309 004	334 735	353 431	394 952	398 279	398 279	409 161	420 866	482 685
Surplus/(Deficit) for the year		29 939	28 363	16 570	12 015	18 439	18 439	39 656	31 894	28 170

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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Revenue by Vote	1									
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION		-	38 002	39 467	36 170	36 883	36 883	39 493	41 366	44 407
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE		-	95 077	96 247	87 479	89 383	89 383	102 630	95 194	103 185
Vote 3 - MANAGEMENT SERVICES DIRECTORATE		-	11 482	5 823	13 800	7 800	7 800	7 874	7 990	8 331
Vote 4 - MANAGEMENT SERVICES DIRECTORATE2		-	13 725	13 123	20 928	27 202	27 202	17 115	17 427	59 570
Vote 5 - ENGINEERING SERVICES DIRECTORATE		-	197 429	213 265	246 829	253 690	253 690	279 679	288 672	293 162
Vote 6 - ENGINEERING SERVICES DIRECTORATE2		-	7 385	2 077	1 761	1 761	1 761	2 027	2 112	2 201
Total Revenue by Vote	2	-	363 099	370 001	406 967	416 718	416 718	448 817	452 761	510 855
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL & EXECUTIVE ADMINISTRATION		-	40 410	38 409	40 822	40 530	40 530	40 961	41 209	42 030
Vote 2 - FINANCIAL SERVICES & IT DIRECTORATE		-	50 685	64 315	66 113	68 133	68 133	70 541	73 098	75 990
Vote 3 - MANAGEMENT SERVICES DIRECTORATE		-	25 567	21 129	28 685	24 718	24 718	25 207	26 030	26 732
Vote 4 - MANAGEMENT SERVICES DIRECTORATE2		-	33 191	32 912	40 532	47 233	47 233	38 143	38 415	81 206
Vote 5 - ENGINEERING SERVICES DIRECTORATE		-	162 378	170 927	194 172	193 177	193 177	208 266	215 259	228 767
Vote 6 - ENGINEERING SERVICES DIRECTORATE2		-	22 506	25 738	24 627	24 489	24 489	26 043	26 856	27 961
Total Expenditure by Vote	2	-	334 736	353 431	394 952	398 279	398 279	409 161	420 866	482 685
Surplus/(Deficit) for the year	2	-	28 363	16 570	12 015	18 439	18 439	39 656	31 894	28 170

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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	66 193	71 901	77 423	77 675	77 675	77 675	-	81 511	85 098	88 927
Service charges - electricity revenue	2	116 147	123 684	130 028	155 851	155 769	155 769	-	167 603	180 159	193 656
Service charges - water revenue	2	27 710	28 129	30 168	32 960	30 510	30 510	-	31 974	33 382	34 884
Service charges - sanitation revenue	2	12 077	13 136	14 112	14 286	17 261	17 261	-	18 089	18 885	19 735
Service charges - refuse revenue	2	18 746	19 864	22 729	21 314	23 047	23 047	-	24 154	25 216	26 351
Rental of facilities and equipment		1 742	2 330	2 338	1 359	1 359	1 359	-	1 564	1 632	1 704
Interest earned - external investments		5 169	6 283	3 138	2 405	2 405	2 405	-	2 506	2 611	2 721
Interest earned - outstanding debtors		2 506	1 381	2 190	1 911	1 911	1 911	-	1 991	2 075	2 162
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		17 909	8 836	2 437	10 382	4 382	4 382	-	3 520	3 667	3 820
Licences and permits		10	9	3	116	116	116	-	142	148	154
Agency services		3 290	2 708	3 405	3 249	3 249	3 249	-	4 045	4 218	4 401
Transfers and subsidies		32 015	45 328	46 733	50 084	57 365	57 365	-	53 037	52 214	97 006
Other revenue	2	10 943	13 754	18 990	11 312	11 599	11 599	-	12 177	12 670	13 184
Gains		5 370	4 976	535	2 500	4 000	4 000	-	15 000	4 000	8 000
Total Revenue (excluding capital transfers and contributions)		319 825	342 321	354 229	385 404	390 647	390 647	-	417 313	425 973	496 704
Expenditure By Type											
Employee related costs	2	114 077	130 122	157 304	160 777	160 742	160 742	-	167 932	171 536	178 377
Remuneration of councillors		5 441	5 632	5 626	6 212	6 212	6 212	-	5 777	5 777	5 777
Debt impairment	3	23 722	19 861	6 697	10 159	6 665	6 665	-	9 018	9 185	9 361
Depreciation & asset impairment	2	13 262	15 528	16 715	11 823	11 823	11 823	-	10 827	11 311	11 818
Finance charges		6 849	7 263	6 972	12 044	11 019	11 019	-	6 564	6 885	7 223
Bulk purchases - electricity	2	76 761	89 331	95 595	107 467	107 467	107 467	-	116 487	126 517	137 410
Inventory consumed	8	-	-	3 027	23 072	-	-	-	23 802	23 260	64 969
Contracted services		17 482	26 481	22 619	26 913	28 498	28 498	-	30 263	27 204	27 036
Transfers and subsidies		1 661	4 831	2 987	2 646	2 319	2 319	-	2 361	2 041	2 041
Other expenditure	4, 5	30 218	22 631	23 274	29 339	30 244	30 244	-	36 119	37 140	38 663
Losses		(902)	-	-	-	-	-	-	10	8	9
Total Expenditure		288 570	321 678	340 817	390 452	364 988	364 988	-	409 161	420 866	482 685
Surplus/(Deficit)		31 255	20 643	13 411	(5 048)	25 659	25 659	-	8 152	5 107	14 019
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19 118	20 778	15 772	21 563	26 071	26 071	-	31 504	26 787	14 151
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		50 374	41 420	29 184	16 515	51 731	51 731	-	39 656	31 894	28 170
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		50 374	41 420	29 184	16 515	51 731	51 731	-	39 656	31 894	28 170
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		50 374	41 420	29 184	16 515	51 731	51 731	-	39 656	31 894	28 170
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		50 374	41 420	29 184	16 515	51 731	51 731	-	39 656	31 894	28 170

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

- 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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital Expenditure - Functional	1										
Governance and administration		1 852	1 932	3 577	2 376	2 478	2 478	-	1 903	2 237	1 326
Executive and council		36	9	37	18	13	13	-	-	-	-
Finance and administration		1 815	1 922	3 540	2 359	2 466	2 466	-	1 903	2 237	1 326
Internal audit		1	-	-	-	-	-	-	-	-	-
Community and public safety		3 479	(250)	2 068	2 848	2 868	2 868	-	3 498	995	1 505
Community and social services		137	(673)	63	69	77	77	-	1 368	495	210
Sport and recreation		3 238	(31)	1 980	2 280	2 317	2 317	-	2 101	300	850
Public safety		100	466	23	499	474	474	-	29	200	445
Housing		4	(12)	2	-	-	-	-	-	-	-
Health											
Economic and environmental services		15 318	49	10 563	20 224	22 492	22 492	-	16 753	23 740	21 729
Planning and development		32	3 070	1 473	1 116	1 758	1 758	-	1 188	703	403
Road transport		15 286	(3 021)	9 090	18 643	20 269	20 269	-	14 655	22 397	20 441
Environmental protection		-	-	-	465	465	465	-	910	640	885
Trading services		14 284	6 560	41 810	28 425	28 984	28 984	-	48 463	26 870	20 424
Energy sources		9 351	4 131	6 148	10 084	10 031	10 031	-	12 156	10 980	14 124
Water management		1 585	94	1 927	3 450	5 803	5 803	-	8 325	14 500	1 250
Waste water management		766	1 080	29 982	11 950	11 950	11 950	-	19 320	640	2 500
Waste management		2 582	1 255	3 753	2 942	1 200	1 200	-	8 662	750	2 550
Other											
Total Capital Expenditure - Functional	3	34 933	8 291	58 018	53 873	56 821	56 821	-	70 616	53 842	44 983
Funded by:											
National Government		15 742	4 403	12 840	20 748	19 332	19 332	-	27 302	21 787	9 151
Provincial Government		-	3 740	2 253	815	5 181	5 181	-	703	-	-
District Municipality											
Transfers recognised - capital	4	15 742	8 143	15 093	21 563	24 513	24 513	-	28 004	21 787	9 151
Borrowing	6	5 596	(4 085)	31 181	14 760	14 900	14 900	-	19 088	7 151	10 179
Internally generated funds		13 595	4 233	11 745	17 551	17 409	17 409	-	23 524	24 904	25 654
Total Capital Funding	7	34 933	8 291	58 018	53 873	56 821	56 821	-	70 616	53 842	44 983

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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
ASSETS											
Current assets											
Cash		25 538	(45 165)	12 317	37 516	(86 063)	(86 063)	–	(58 400)	(31 327)	(5 397)
Call investment deposits	1	58 254	118 254	118 254	118 254	118 254	118 254	–	118 634	119 029	119 442
Consumer debtors	1	24 816	33 222	38 117	19 003	32 091	32 091	–	3 132	(26 789)	(57 734)
Other debtors		8 813	13 366	10 592	13 477	10 610	10 610	–	13 585	16 685	19 915
Current portion of long-term receivables		–	3	3	3	3	3	–	3	3	3
Inventory	2	1 695	1 936	1 565	(33 215)	1 565	1 565	–	1 555	1 547	1 538
Total current assets		119 116	121 615	180 848	155 039	76 460	76 460	–	78 509	79 148	77 767
Non current assets											
Long-term receivables		192	161	154	129	154	154	–	154	154	154
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		40 200	40 329	40 320	42 498	40 311	40 311	–	40 301	40 291	40 281
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	371 911	429 818	481 153	523 805	529 153	529 153	–	589 306	632 221	665 788
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		4 705	4 861	4 486	4 198	4 148	4 148	–	3 793	3 421	3 029
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		417 008	475 169	526 114	570 630	573 766	573 766	–	633 555	676 087	709 252
TOTAL ASSETS		536 124	596 785	706 962	725 669	650 227	650 227	–	712 064	755 234	787 019
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	6 027	8 000	6 027	8 000	8 000	–	8 000	16 092	16 092
Consumer deposits		4 696	5 589	6 095	5 589	6 095	6 095	–	6 095	6 095	6 095
Trade and other payables	4	35 657	37 500	56 341	27 851	6 255	6 255	–	10 709	12 751	14 792
Provisions		10 316	12 748	13 810	12 748	13 810	13 810	–	14 616	15 456	16 331
Total current liabilities		50 669	61 863	84 246	52 214	34 159	34 159	–	39 420	50 393	53 310
Non current liabilities											
Borrowing		32 753	20 763	46 963	103 982	47 001	47 001	–	57 997	49 906	41 814
Provisions		68 178	92 244	105 327	107 995	106 741	106 741	–	114 758	123 153	131 942
Total non current liabilities		100 930	113 007	152 290	211 978	153 742	153 742	–	172 756	173 058	173 756
TOTAL LIABILITIES		151 600	174 870	236 535	264 192	187 901	187 901	–	212 176	223 451	227 065
NET ASSETS	5	384 524	421 915	470 427	461 477	462 325	462 325	–	499 889	531 783	559 953
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		308 773	358 520	393 033	414 463	422 732	422 732	–	462 389	494 283	522 453
Reserves	4	35 000	35 000	37 500	35 000	37 500	37 500	–	37 500	37 500	37 500
TOTAL COMMUNITY WEALTH/EQUITY	5	343 773	393 520	430 533	449 463	460 232	460 232	–	499 889	531 783	559 953

Explanatory notes to Table A6 - Budgeted Financial Position

- 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).
- 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.
- 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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	60 259	41 873	81 609	77 692	77 692	-	80 404	83 942	87 719
Service charges		-	166 381	140 241	222 273	251 025	251 025	-	262 863	279 527	297 410
Other revenue		-	14 548	7 568	26 001	20 562	20 562	-	18 458	19 219	20 017
Transfers and Subsidies - Operational	1	-	41 798	20 780	49 084	8 978	8 978	-	16 820	12 589	54 419
Transfers and Subsidies - Capital	1	-	10 519	1 461	20 763	-	-	-	30 804	26 787	14 151
Interest		-	-	966	-	-	-	-	759	791	824
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	(277 527)	(246 158)	(368 187)	(368 187)	-	(365 404)	(375 799)	(435 906)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	293 504	(64 638)	153 572	(9 930)	(9 930)	-	44 704	47 057	38 635
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	79	(2 500)	(4 000)	(4 000)	-	15 000	4 000	8 000
Decrease (increase) in non-current receivables		-	32	6	25	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	(29 998)	(46 566)	(53 873)	(56 971)	(56 971)	-	(70 616)	(53 842)	(44 983)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(29 966)	(46 481)	(56 348)	(60 971)	(60 971)	-	(55 616)	(49 842)	(36 983)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	34 200	36 902	-	-	-	19 088	-	-
Increase (decrease) in consumer deposits		-	892	507	(507)	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	(5 758)	(6 046)	(6 348)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	892	34 707	36 396	-	-	-	13 330	(6 046)	(6 348)
NET INCREASE/(DECREASE) IN CASH HELD		-	264 430	(76 412)	133 620	(70 901)	(70 901)	-	2 418	(8 830)	(4 696)
Cash/cash equivalents at the year begin:	2	83 792	73 088	73 041	90 476	109 361	109 361	-	32 191	34 609	25 779
Cash/cash equivalents at the year end:	2	83 792	337 518	(3 371)	224 096	38 460	38 460	-	34 609	25 779	21 082

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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	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	1	83 792	337 518	(3 371)	224 096	38 460	38 460	-	34 609	25 779	21 082
Other current investments > 90 days		-	(264 429)	133 942	(68 326)	(6 269)	(6 269)	-	25 625	61 924	92 962
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		83 792	73 089	130 571	155 770	32 191	32 191	-	60 234	87 703	114 045
Application of cash and investments											
Unspent conditional transfers		327	112	95	2 562	(48 901)	(48 901)	-	(46 808)	(46 808)	(46 808)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	33 163	(5 422)	22 172	(10 618)	5 795	5 795	-	36 350	66 362	97 261
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		33 490	(5 310)	22 267	(8 056)	(43 106)	(43 106)	-	(10 457)	19 554	50 453
Surplus(shortfall)		50 302	78 398	108 305	163 826	75 297	75 297	-	70 691	68 149	63 591

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	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	18 814	(330)	6 519	14 970	13 852	13 852	9 790	6 994	7 195
<i>Roads Infrastructure</i>		242	703	-	2 500	2 500	2 500	-	-	-
<i>Storm water Infrastructure</i>		8 561	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		1 957	-	(668)	430	413	413	832	793	1 058
<i>Water Supply Infrastructure</i>		-	1 201	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		279	-	-	250	110	110	500	-	-
<i>Solid Waste Infrastructure</i>		-	556	626	1 200	1 200	1 200	500	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		11 039	2 460	(42)	4 380	4 223	4 223	1 832	793	1 058
Community Facilities		3 834	(0)	329	800	1 513	1 513	825	680	400
Sport and Recreation Facilities		1 686	-	297	1 550	1 587	1 587	1 278	220	430
Community Assets		5 520	(0)	625	2 350	3 099	3 099	2 103	900	830
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	(494)	(177)	175	150	150	-	1 200	950
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	(494)	(177)	175	150	150	-	1 200	950
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		897	-	-	-	-	-	-	-	-
Intangible Assets		897	-	-	-	-	-	-	-	-
Computer Equipment		304	-	1 186	1 722	1 726	1 726	1 067	1 247	802
Furniture and Office Equipment		130	77	561	301	441	441	283	325	17
Machinery and Equipment		923	(2 374)	2 617	319	231	231	895	239	189
Transport Assets		-	-	1 749	5 724	3 982	3 982	3 610	2 290	3 350
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Total Renewal of Existing Assets	2	3 841	(938)	3 580	7 613	10 101	10 101	20 697	30 815	19 674
<i>Roads Infrastructure</i>		618	-	-	3 300	3 300	3 300	9 000	10 515	10 000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	668	1 263	1 263	1 263	4 069	6 090	7 038
<i>Water Supply Infrastructure</i>		569	-	-	1 000	3 353	3 353	3 500	13 000	500
<i>Sanitation Infrastructure</i>		766	-	-	1 000	1 140	1 140	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		1 953	-	668	6 563	9 056	9 056	16 569	29 605	17 538
Community Facilities		551	(407)	2 486	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		551	(407)	2 486	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	35	(1 010)	-	-	-	-	200	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	35	(1 010)	-	-	-	-	200	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		362	559	481	381	376	376	275	290	336
Furniture and Office Equipment		327	(13)	222	138	138	138	145	80	-
Machinery and Equipment		11	90	287	52	52	52	88	-	-
Transport Assets		637	(1 202)	445	480	480	480	3 620	640	1 800
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Total Upgrading of Existing Assets	6	14 591	1 268	(453)	31 290	33 018	33 018	40 130	16 033	18 114
Roads Infrastructure		5 737	(0)	–	12 013	12 339	12 339	4 500	6 712	6 921
Storm water Infrastructure		453	(139)	–	800	2 100	2 100	1 000	3 500	3 500
Electrical Infrastructure		6 056	(0)	0	5 414	5 414	5 414	5 603	3 856	4 032
Water Supply Infrastructure		100	–	–	1 850	1 850	1 850	4 450	250	–
Sanitation Infrastructure		–	–	–	10 700	10 700	10 700	17 000	–	2 500
Solid Waste Infrastructure		–	–	–	–	–	–	6 354	750	750
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		12 346	(139)	0	30 777	32 403	32 403	38 908	15 068	17 703
Community Facilities		271	1 399	–	–	–	–	55	325	–
Sport and Recreation Facilities		986	–	–	140	140	140	790	200	200
Community Assets		1 257	1 399	–	140	140	140	845	525	200
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		320	–	102	250	250	250	250	308	58
Housing		–	–	–	–	–	–	–	–	–
Other Assets		320	–	102	250	250	250	250	308	58
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		250	–	309	–	–	–	–	–	–
Intangible Assets		250	–	309	–	–	–	–	–	–
Computer Equipment		243	9	296	123	225	225	127	133	153
Furniture and Office Equipment		100	–	(1 160)	–	–	–	–	–	–
Machinery and Equipment		76	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Total Capital Expenditure	4	37 246	(0)	9 646	53 873	56 971	56 971	70 616	53 842	44 983
Roads Infrastructure		6 597	703	–	17 813	18 139	18 139	13 500	17 227	16 921
Storm water Infrastructure		9 014	(139)	–	800	2 100	2 100	1 000	3 500	3 500
Electrical Infrastructure		8 013	(0)	0	7 107	7 090	7 090	10 504	10 738	12 128
Water Supply Infrastructure		669	1 201	–	2 850	5 203	5 203	7 950	13 250	500
Sanitation Infrastructure		1 045	–	–	11 950	11 950	11 950	17 500	–	2 500
Solid Waste Infrastructure		–	556	626	1 200	1 200	1 200	6 854	750	750
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		25 338	2 321	626	41 720	45 682	45 682	57 308	45 465	36 299
Community Facilities		4 656	991	2 815	800	1 513	1 513	880	1 005	400
Sport and Recreation Facilities		2 672	–	297	1 690	1 727	1 727	2 068	420	630
Community Assets		7 328	991	3 112	2 490	3 239	3 239	2 948	1 425	1 030
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		320	(459)	(1 084)	425	400	400	250	1 708	1 008
Housing		–	–	–	–	–	–	–	–	–
Other Assets		320	(459)	(1 084)	425	400	400	250	1 708	1 008
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		1 147	–	309	–	–	–	–	–	–
Intangible Assets		1 147	–	309	–	–	–	–	–	–
Computer Equipment		909	568	1 963	2 226	2 327	2 327	1 469	1 670	1 291
Furniture and Office Equipment		557	64	(377)	439	579	579	428	405	17
Machinery and Equipment		1 010	(2 284)	2 904	370	282	282	983	239	189
Transport Assets		637	(1 202)	2 194	6 204	4 462	4 462	7 230	2 930	5 150
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		37 246	(0)	9 646	53 873	56 971	56 971	70 616	53 842	44 983

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

Description	MFMA section	Ref	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Full Year Forecast	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	224 096	38 460	38 460	34 609	25 779	21 082
Cash + investments at the yr end less applications - R'000	18(1)b	2	163 826	75 297	75 297	70 691	68 149	63 591
Cash year end/monthly employee/supplier payments	18(1)b	3	7,8	1,4	1,4	1,2	0,8	0,6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	16 515	51 731	51 731	39 656	31 894	28 170
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	4,1%	(5,3%)	(6,0%)	0,3%	0,0%	0,1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	99,8%	106,9%	106,9%	104,3%	104,2%	104,2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	3,4%	2,2%	2,2%	2,8%	2,7%	2,6%
Capital payments % of capital expenditure	18(1)c;19	8	100,0%	100,3%	100,3%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	114,2%	0,0%	0,0%	44,8%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10				0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	(33,3%)	31,5%	0,0%	(60,8%)	(160,4%)	274,3%
Long term receivables % change - incr(decr)	18(1)a	12	(16,3%)	19,5%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	14,9%	14,9%	14,9%	13,9%	13,0%	12,8%
Asset renewal % of capital budget	20(1)(vi)	14	14,1%	17,8%	17,8%	29,3%	57,2%	43,7%

Part 2 – Supporting Documentation

2.1 Other Supporting Documentation

The outstanding list of SA tables will be submitted with final budget documentation

2.2 Manager's quality certificate

NAVRAE:
ENQUIRIES: S Stanley

KONTAKNR
CONTACT NO 028 425 5798

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

KANTOOR:
OFFICES: Bredasdorp

DATUM
DATE 31 May 2022



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

QUALITY CERTIFICATE

I EBEN PHILIPS, municipal manager of **Cape Agulhas Municipality**,
hereby certify that the **Final 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 PHILIPS

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

Signature [Signature]

Date 31 MAY 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

3.4 Appendix D – Budget policies

Attached.

3.5 Appendix E - Procurement plan

Attached