

ANNUAL BUDGET OF BITOU MUNICIPALITY



2023/24 TO 2025/26 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

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1 Part 1 – Annual Budget

1.1 Mayor's Report

Honourable Speaker, Deputy Mayor, Members of the Mayoral Committee, Councillors, Municipal Manager, Directors, guests, ladies and gentlemen, good morning.

The budget tabled here today was compiled under the most challenging circumstances forced upon us through a combination of the failing state, the extreme and prolonged energy crises brought on through years of neglect and mismanagement of the national governments cash cow, Eskom, the effect of the Covid-19 pandemic that is still felt in various sectors of the local economy, especially tourism and construction that represent a significant portion of the local GDP, as well as years of neglect of the financial, institutional and operational affairs of the municipality, brought upon us through the struggle for power and control of the municipality.

We have persevered through the most challenging of times, the hard lockdown, the civil unrest in July 2021, the 120 days of load shedding in 2022 and have endured load shedding, with the exception of 3 days, for every single day in 2023. We have navigated our way through the early days of the 5th municipal Council of Bitou since the dawn of democracy and I am indeed thankful and privileged to be able to stand here before you today and present the budget and related documents for 2023/2024 and the two outer years of the MTREF for consideration and public participation.

We are walking baby steps to drag the municipality away from the abyss that the previous council and administration has put it in and with each gain we make, we are confronted with immanent challenges that have been slumbering for a number of years. The proverbial chickens have come home to roost and the momentum we need to move forward, is continuously interrupted by having to deal with the legacy of the past.

The economic gains that were made post pandemic and the July 2021 unrest were reversed by the prolonged effect that load shedding has had on the local, provincial and national economy. The extent of which has had such a profound impact, that we are currently facing the possibility of an economic recession that will put further pressure on the ability of the municipality to deliver services as well as the households and business to pay for these services.

We have succeeded, through these most difficult times and have delivered on our commitment to provide our communities with top class and reliable services and to create an environment suitable for investment and economic progression of our residents.

The term of the new Council provides us with another opportunity to deliver on our service delivery mandate as we continue to strive to improve the livelihood of our communities.

We appreciate the contribution that our community makes to the Municipality, its processes and its finances, and I can assure you that we, as the custodian of public funds, will continue

to exercise the utmost care when utilising financial, and other public resources in the delivery of services to our communities.

Economic growth forecasts for 2023 remain bleak and the Reserve Bank has forecasted a GDP Growth of 0.3% in 2023 with a 0.5% estimate for 2024 and a 1.0% growth predicted for 2025. The National Treasury remains more bullish with a forecasted 1.4% growth over the medium term, the economic growth for 2023 is expected to be 0.9%. These targets currently seem unachievable as the economy has in recent days taken a further turn for the worst through the exchange rate registering record lows, the economy shedding more jobs, food prices increasing out of control and inflation persisting with an upward trend.

Inflation continuously exceed the Reserve Bank's target and the Reserve Bank has already increased interest rates by 400 basis points since November 2021, adding to the woes of consumers through the increased cost of borrowing, the increase in the cost of living and the resultant diminishing disposable household income. Inflation reached 7% at the end of February 2023 and is forecasted to remain between 3 per cent and 6 per cent over the MTREF, it seems as if we have unfortunately not reached the plateau in respect of interest rates hikes with another 50 basis points increase implemented in May 2023.

The Minister of Finance has in his budget speech confirmed that the South African economy has been through a number of tough years and are contending with various obstacles such as the aftermath of the pandemic, unemployment, the prolonged electricity crises as well as the disruptions in the freight and logistics networks. All the aforementioned collectively adding to the dismal state of the economy.

The initial prediction of economic recovery by 2023 made by the National Treasury in 2021 did not materialise because of the electricity crises that has negated any gains made post the Covid-19 pandemic. A huge task rests on the shoulders of Local Government to find innovative ways to navigate around the failures of the state and to ensure the improvement in the livelihoods of the communities that we serve.

In this budget year the municipality will aim to consolidate its position and move forward stronger and be more resilient to tackle the challenges that lie before us and to improve service delivery through focussing financial resources where it is needed most.

Allow me to provide a brief summary of the Bitou Municipality's budget:

The operating revenue budget (excluding capital transfers and contributions) amounts to R 901 054 583 . The bulk of the income is derived from assessment rates and user charges. Operational expenditure from own funds amount to R 900 274 440 with the main two categories of operational expenditure being salary related expenditure and bulk purchases. These account for 59.90 per cent of the total operational expenditure.

The municipality is eager to enhance its service delivering offering to its communities and is therefore focussing on basic service delivery as our core mandate in the budgetary allocations.

The following has been budgeted for service delivery items:

Electricity sources receive R 258 402 205.00 , water services receive R 74 486 742.00 , waste water management receive R 62 252 477.00 , roads and stormwater receive R 37 243 877.00 and solid waste management receive an allocation of R 71 964 979.00 for the 2023/2024 financial year, community, general services, social services, sport and recreation, public safety and housing are allocated a combined total of R 144 366 941.00 for the financial year ahead. **This direct allocation to service delivery departments, account for 72.06 per cent of the total annual budget.**

The capital budget amounts to R 109 432 104, the capital budget once again focusses on infrastructure development.

92.48 per cent of the capital budget is therefore allocated to community and engineering services infrastructure and related projects which include the municipal vehicle fleet. We are proposing an increase in capital investment to create capacity for future development and to replace ageing infrastructure as well as the ageing fleet that have caused service delivery disruptions.

Infrastructure spending in the capital budget will be allocated as follows: Water services infrastructure R 27 349 759; Electricity infrastructure R 23 740 689; Sanitation services R 19 246 452 and roads infrastructure R 13 669 129, Vehicle fleet replacement receive R 17 200 000 which is in addition to the aforementioned figures.

Sport, recreation, community and social projects are allocated R 3 879 606 and the remainder of the capital budget consists of machinery, computers, backup power systems, furniture and equipment needed in the delivering of services to our communities amounting to R 4 346 469.

In accordance with the capital funding mix strategy, a new loan of R 45 150 000 will be taken up in the 2023/2024 financial year, further own funding through the Capital Replacement Reserve in the amount of R 29 946 887 will be added to fund the capital budget in addition to the amount of R 34 335 217 in grant receipts of for the 2023/2024 financial year.

Employee related cost remain a major component of the municipal budget, the municipality has taken cognisance of the current economic environment as well as the affordability threshold with which consumers and ratepayers are confronted. The municipality is bound by the collective bargaining process and have no alternative but to make provision for a 5.4% general salary adjustment.

Employee related cost as a percentage of total expenditure, inclusive of a R8.86 million allocation to the EPWP program of which R 1.88 million is subsidised, equals 37.00 % and is within the norm for this category of expenditure, if the EPWP portion is excluded the percentage equals 36.01%, it will be carefully managed over the MTREF to ensure that it remains within acceptable limits.

The aftermath of the pandemic coupled with the prolonged energy crises has placed pressure on the municipal budget, and revenue streams continue to diminish and remain difficult to collect as there is a lack of economic opportunity for the community. The Municipality was forced, at the onset of the pandemic to implement lower than normal tariff increases, although the cost of rendering the services were exponentially higher than the revenue received from it.

Decisions made in setting tariffs have proved ineffective over the last number of years and we are therefore in the current budget cycle faced with the difficult task of having to play catch-up and increase tariffs above average to ensure that the financial wellbeing of the municipality is protected and to ensure that the actual cost of rendering the services are recovered from those making use of the services.

National Treasury directs municipalities to motivate tariff increases that are higher than the upper end of the estimated inflation rate, and we have therefore included a comprehensive paragraph for each tariff increase in the executive summary of the main budget document.

The continued increase in the price of electricity remains a huge concern and NERSA has confirmed that the Eskom increase to municipalities will be 18.49 per cent which will result in a tariff increase of 15.1% per cent to the end user. The 15.1% municipal tariff increase was prescribed by the National Energy Regulator as the guideline increase to municipal customers.

We remain resolute in our focus on the delivery of the core municipal services through the application of efficient and effective service delivery mechanisms and the application of management strategies to continue improving our service delivery offering and make Bitou a destination of choice for our communities, visitors, and investors alike.

The application of prudent financial management principles in the compilation of the municipality's financial plan is not only essential, but critical to ensure that Bitou Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities, we will therefore continue to strive to improve the quality of life of everyone that live and work in the Bitou Municipal area.

The economic reality has led us to ensure that the most vulnerable are taken care of through the indigent subsidization program and I would once again like to invite everyone that qualify for indigent subsidy to apply for the assistance that is available. Qualifying indigent households will receive an indigent support package consisting of 50 units of free electricity, 6000 litres of free water as well as a 100% subsidy on a standard household refuse and sewerage tariff per month, basic charges in respect of these services will also be exempted. Households with a combined household income of less than R5000 per month will qualify for the subsidy. In addition thereto households with a municipal valuation of R350,000 or less will be exempted from the payment of assessment rates.

We continue to pursue and encourage community participation in programmes, plans and strategies to ensure that our plans are in line with community needs, we have consulted widely through public meetings in this current budget process and I would like to express

my appreciation to all stakeholders, members of the public and interested parties that participated in the budget process by attending the meetings, asked the questions and provided input in the budget and IDP processes, your input is valued and ensures accountability and transparency in the budget and IDP processes.

In conclusion, I would like to thank the members of the Budget Steering Committee, the Municipal Manager, the acting Chief Financial Officer and the staff in the IDP and Budget Offices, Directors and other personnel who were involved in compiling the budget and related documents presented here today for consideration and approval.

I thank you.

COUNCILLOR DAVE SWART
EXECUTIVE MAYOR

1.2 Council Resolutions

- 1) The Council of Bitou Municipality, acting in terms of Section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - a) The annual budget of the municipality for the financial year 2023/24 and the multi-year and single-year capital appropriations as set out in the following tables:
 - i) Budgeted summary as per Table A1
 - ii) Budgeted Financial Performance (revenue and expenditure by standard classification) – Table A2;
 - iii) Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3;
 - iv) Budgeted Financial Performance (revenue by source and expenditure by type) – Table A4; and
 - v) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source – Table A5.
 - b) 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:
 - i) Budgeted Financial Position – Table A6;
 - ii) Budgeted Cash Flows – Table A7;
 - iii) Cash backed reserves and accumulated surplus reconciliation – Table A8;
 - iv) Asset management – Table A9; and
 - v) Basic service delivery measurement – Table A10.
- 2) The Council of Bitou 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 2023:
 - a) the tariffs for property rates as per Annexure “D”,
 - b) the tariffs for electricity as per Annexure “D”,
 - c) the tariffs for the supply of water as per Annexure “D”
 - d) the tariffs for sanitation services as per Annexure “D”
 - e) the tariffs for solid waste services as per Annexure “D”
- 3) The Council of Bitou 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 2023 the tariffs for miscellaneous and other services as contained in the tariff list that is included in the budget document as per Annexure “D”.
- 4) That Council specifically take note of the fact that the proposed electricity charges and tariff structure contained in the tariff schedule as well as the cost of supply study is subject to NERSA approval that may change from that stated in the tariff listing.
- 5) To give proper effect to the municipality’s annual budget, the Council of Bitou Municipality approves:
 - a) That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent

- long-term loans and unspent conditional grants are cash backed as required in terms of Section 8 of the Municipal Budget and Reporting Regulations.
- b) That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2023/24 financial year limited to an amount of R 45 150 000 in terms of Section 46 of the Municipal Finance Management Act.
 - c) That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.
- 6) That the Council of Bitou Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts the following existing and revised policies:
- a) Accounts payable policy
 - b) Budget Implementation and Monitoring policy
 - c) Cost Containment policy
 - d) Petty Cash Policy
 - e) Subsistence and Travelling allowance policy.
 - f) Borrowing Policy
 - g) Tariff policy
 - h) Supply Chain Management policy
 - i) Property Rates policy
 - j) Liquidity Funding and Reserves Policy
 - k) Investment and Cash Management policy
 - l) Customer care, credit control, debt collection, indigent and tampering policy
 - m) Writing -off of irrecoverable debt policy
 - n) Asset management policy
 - o) Preferential Procurement Policy
- 7) That the service level standards attached as Annexure “F” be approved.
- 8) That the Long Term Financial Plan attached as Annexure “I” be approved
- 9) That the draft SDBIP as per Annexure “H” be submitted to the mayor for final consideration and approval.
- 10) That the SIME Budget assessment as well as municipal response thereon attached as Annexure “K” be noted.
- 11) That the mSCOA roadmap attached as Annexure "J" be approved.
- 12) That the demand management plan attached as per Annexure “L” be approved.
- 13) That where the tariff and other policy revisions necessitate amendments to relevant By-laws, the amendments be effected and made public in accordance with Section 75A of the Municipal Systems Act, (Act 32 of 2000)

1.3 Executive Summary

The budget for the 2023/2024 financial year and Medium Term Revenue and Expenditure Framework (MTREF) was again drafted under challenging circumstances as the municipality still finds itself in aftermath of the Covid-19 pandemic with the tourism and construction sector struggling to recover to pre-pandemic levels, coupled with the prolonged and intensified electricity crises, the ailing economy, the failure of the state and all associated state owned entities and the high commodity prices as a result of the continuing war in the Ukraine.

The brief headway that was made in economic recovery post the pandemic, was negated by the violent unrest in July 2021 that caused in excess of R50 Billion in damages, cost the lives of more than 340 citizens and lead to the contraction of the GDP by 1.5 per cent in the third quarter of 2021.

The national budget remains under strain and the consolidated fiscal deficit is expected to be 4.2% of GDP by 2022/2023 and will reach 3.2% by 2025/2026. National debt is expected to peak at 73.6% of GDP in 2025/2026. In general, government debt is high. The gross debt stock is projected to increase from R4.73 trillion in 2022/23 to R5.84 trillion in 2025/26.

Debt-service costs are projected to average R366.8 billion annually over the medium term, reaching R397.1 billion in 2025/26. These are resources that could otherwise be used to address pressing social needs or to invest in our future.

The Corona Virus has added pressure on the already strained economy and the tourism sector, the hospitality industry as well as the construction industry have not yet recovered to pre-pandemic levels. The war in the Ukraine has added to the woes of the Local Economy and the price of commodities remain high, especially the oil price that have caused a significant increase in the cost of service delivery and have further prolonged the economic recovery period necessary to reach pre-pandemic levels of activity in the local economy.

Economic growth estimates for 2023 have been revised downward, from 1.4 per cent to 0.9 per cent. Economic growth for the MTREF is expected to recover to 1.8 per cent by 2025, this is not sufficient to generate sustained economic growth and ensure job creation and the economic empowerment of the citizenry.

The headline inflation forecast for 2023 is 6.9%, recovering to between 3 and 6 per cent over the MTREF with a prediction of 5.3 per cent for 2023/2024, 4.9 per cent for 2024/2025 and 4.7 per cent for 2025/2026. The recovery of the economy is anticipated to be slow over the MTREF with the continuing electricity crises continuing to hamper economic growth. The lack of energy security coupled with the excessive increase in the price of electricity and other energy sources are the main factors hampering economic progression and damaging investor confidence in the South African Economy.

Considering the prevailing economic circumstances, it remains necessary to continue applying prudent financial management principles in the budget process of Bitou Municipality thereby ensuring that the Municipality become financially viable and that municipal services are provided sustainably, economically, and equitably to all communities.

The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process. Where appropriate, funds were focussed to address high-priority programmes to ensure that we address the most critical service delivery needs.

The regression of the refuse removal service over the last number of years has necessitated a focussed approach in budgeting where significant resources are allocated to the refuse removal service to remedy the situation, and to ensure that all legal prescripts are adhered to in the rendering of the service. The municipality will also focus additional resources to improve the quality of water provision and the treatment of wastewater.

In accordance with the revenue enhancement program, a review of all units of service rendered will be done to ensure that all consumers or users of services are appropriately charged in accordance with the extent to which services are consumed and the demand placed on infrastructure and volumes of waste generated. It is of essence to ensure operational efficiency in the services that are rendered and to continue to enforce cost reduction and austerity measures in accordance with the cost containment regulations.

The Municipality was forced at the onset of the pandemic to implement lower than normal tariff increases, although the cost of rendering the services were exponentially higher than the revenue received from it. We are therefore in the current budget cycle faced with the difficult task of having to play catch-up and increase tariffs above average to ensure that the financial wellbeing of the municipality is protected and to ensure that the actual cost of rendering the services is recovered from those making use of the services.

Where tariff increases that are higher than the upper end of the estimated inflation target, we have included a comprehensive paragraph for each tariff increase in the discussion under each tariff in the main budget document hereunder.

The Municipality has adopted a voluntary financial recovery plan and have embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. As a last resort, where debt remains outstanding for long periods of time and no suitable arrangement is made for the repayment thereof, the municipality has no alternative but to hand the debt over for collection. Incentives are available for the settlement of debt and customers are urged to make use of the various repayment options and arrangements. The municipality will continue with various customer care initiatives to ensure that the municipality truly involves all citizens in the democratic processes.

National Treasury's MFMA Circular No. 122 and 123 was used to guide and inform the compilation of the 2023/24 MTREF.

The main challenges experienced during the compilation of the 2023/24 MTREF can be summarised as follows:

- The lingering effect that Covid -19 has had on the Global, National, Provincial and especially the Local economy in so far as tourism and the hospitality industry is concerned.
- The ongoing war in the Ukraine and the impact that it has on commodity prices such as fuel as food prices and the effect on the global markets.

- The decline in economic growth as well as the immanent economic recession.
- The slow economic recovery especially the tourism and construction industry.
- The electricity crises and continued load shedding that is persistently hampering economic growth and damaging investor sentiment.
- The continued rising in unemployment.
- Rising interest rates.
- Rising inflation.
- Ageing water, roads and electricity infrastructure and the need to maintain current infrastructure versus the demand for new services.
- The need to reprioritise projects and expenditure within the existing resource envelope given the current cash flow reality of the municipality.
- The increase in the cost of bulk electricity from Eskom which is placing upward pressure on service tariffs to residents and resulting in a decline in units sold.
- The need to fill critical vacancies necessary to ensure service delivery to the community.
- The demand for services that continue to outstrip the available resources.

The following budget principles and guidelines directly informed the compilation of the 2023/2024 MTREF:

- The 2022/23 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2023/24 annual budget.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Cost cutting and austerity measures have been applied in all expenditure categories and value for money considerations are made when expenditure is incurred.
- Tariff and property rate increases should be affordable and should generally not exceed the growth parameters or upper limits of inflation as measured by the CPI, except where there are price increases in the input of services that are beyond the control of the municipality, this relate to the continued escalation in the electricity and fuel price increase and the above average increase in specialized goods and services needed in service delivery that are subject to exchange rate fluctuations.
- For the 2023/2024 financial year tariff increases were adjusted to ensure that the cost of the services is adequately recovered in the tariff setting.
- Operational efficiencies are implemented, and processes designed, not only to save cost but to enhance service delivery mechanisms.
- The recovery of the financial position of the municipality and ensuring optimum levels of operating reserves as well as cash backed reserves and current provisions.
- Cost reflective tariff setting and multi-year tariff strategies where tariffs are found not to cover the cost of service rendering.
- The cost of supply study is informing the electricity tariffs and associated tariff structuring.
- Ensuring a cash funded budget and the strict application of prudent financial management principles.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

The following table is a consolidated overview of the proposed 2023/2024 MTREF:

Table 1 Consolidated Overview of the 2023/24 MTREF

Description	3rd Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Total Revenue	R 853 451 778	R 938 522 583	R 1 116 214 345	R 1 164 063 074
Total Operating Expenditure	R 851 826 056	R 900 274 440	R 987 598 237	R 1 031 635 539
Total Capital Expenditure	R 101 970 927	R 109 432 104	R 89 040 870	R 93 396 522

Total revenue increased by R 85 070 805 to an amount of R 938 522 583 for the 2023/24 financial year when compared to the 2022/2023 3rd adjustments budget. This is due to additional revenue raised through increased tariffs as well as a slight improvement in the revenue raised from the improvement in revenue generation through the revenue enhancement program. For the two outer years, operational revenue will increase by 18.93 and 4.29 percent respectively.

Total operating expenditure for the 2023/2024 financial year has been appropriated at R 900 274 440 and translates into a budgeted surplus of R 38 248 143 after capital contributions.

When compared to the 3rd adjustments budget, operational expenditure increases with R 48 448 384 in 2023/24. The expenditure for the two outer years, increases with R 87 323 797 and R 44 037 302 respectively.

The capital budget of R 109 432 104 for 2023/24 increases with 7.32 per cent when compared to the 3rd adjustments budget of 2022/2023. The capital programme decreases to R 89 040 870 in the 2024/25 financial year and then increases in 2025/26 to R 93 396 522. Borrowing will contribute 41.26 percent of the capital funding for the 2023/24 financial year and will remain constant over the MTREF it will ensure that gearing remain in a narrow band for the foreseeable future and ensure that the liquidity position of the municipality is improved. This funding strategy is confirmed in the long term financial plan that form part of the budget documents. The balance of capital expenditure will be funded from internally generated funds and conditional grants.

Borrowing as a funding source is recommended for capital investment in respect of the replacement and refurbishment of infrastructure to underline the user-pays principle where current and future users of the service will be required to contribute to the cost associated with the raising of funding necessary to execute the programs or projects. It must be emphasized that the gearing ratio of the municipality (the ratio between debt and own revenue generated) remains sound at less than 17% and will remain in a narrow band over the MTREF. The gearing ratio remain well under the maximum of the norm of 40% and the capital funding strategy strikes a balance between affordability and the retention and improvement of the liquidity position of the municipality.

1.4 Operating Revenue Framework

For Bitou Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management principles are fundamental to the financial sustainability of every municipality. The reality is that we are faced with ageing and failing infrastructure, development backlogs, poverty and increasing unemployment. The expenditure required to address these challenges will inevitably always exceed available funding hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

In considering the aforementioned, a difficult decision had to be made in respect of proposed tariff increases to ensure the continuation of the quality of services and prevent a further breakdown in the provision of essential services.

The prevailing economic circumstances, and especially the long-term effect that Covid -19 and the persistent load shedding and lack of economic growth have on households ability to generate income are adding to the difficulties in collecting the revenue that is due to the municipality. The promotion of operational efficiencies, revenue enhancement strategies, as well as savings and austerity measures remain a priority in ensuring the availability of sufficient financial resources to fund the MTREF.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The current reality in respect of inflationary increases as well as other economic factors and price increases such as fuel price and associated taxation make it extremely difficult for municipalities to manage tariff increases within the guidelines set. It must be pointed out that the “basket of goods and services” necessary to provide municipal basic services do not necessarily correspond with the “basket of goods and services” influencing the CPI rate applicable to households in general and therefore this arbitrary prescription for tariff increases are of little value to the municipal decision making process. The cost drivers of municipal services vary significantly from that of households and higher than inflationary tariff increases are therefore unavoidable.

Excessive increases are also likely to be counterproductive, resulting in higher levels of non-payment. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. It is nonetheless of utmost importance to balance service delivery standards on the one hand with the appropriate tariffs to render those high quality services on the other hand.

It is within this framework that the Municipality has undertaken the tariff setting process in respect of service charges.

The municipality’s revenue strategy is built around the following key components:

- Strengthening the financial position of the municipality.
- Cost reflective tariff setting – The municipality is phasing in the principle of cost reflective tariffs for the majority of services.
- A cost reflective tariff study for water, sewerage and refuse are underway and a basic revenue enhancement assessment has identified various anomalies in the charges levied

for the rendering of refuse removal services, this has directed the municipality to embark on a process to audit of all service points and units of service consumed or used by consumers.

- Revenue enhancement, funding was obtained from the provincial treasury for the commencement of a revenue enhancement strategy of which the first phase will commence in the 2022/2023 financial year and which will gain momentum over the MTREF. The revenue enhancement program will ensure that all revenue is correctly billed in accordance with the category, user type and applicable tariffs and number of service units as determined by the municipality, if correctly applied and implemented, it will ensure that consumers across the board are saved from future above average tariff increases.
- Proposed tariff increases for the 2023/2024 financial year are higher than the average tariff increases implemented over the last number of years, tariff increases over the last 10 years have on average been less than 6% with the cost of service delivering increased on average by more than 9% annually.
- Electricity guideline increases have been determined by NERSA and a tariff increase to end users of 15.1% is proposed on the back of a 18.49% Eskom tariff increase. Appropriate tariff increases are of essence to sustain and improve on service delivery standards and to ensure the long-term financial sustainability of the municipality.
- The municipal council has adopted a principle of protecting the poor from excessive tariff increases and will therefore endeavour to limit the increase to lower income consumers in accordance with the national treasury growth parameters where possible. Subsidization of free basic services are adequate to ensure access to basic services by the poorest of the poor and most vulnerable category of consumers.
- National Treasury's guidelines and growth parameters have been taken into account where appropriate and possible and an explanation will be provided for increases higher than inflationary predictions, the municipality is however mainly guided by the actual cost of services rendering and financial sustainability considerations in its tariff decision making process.
- Efficient revenue management, which aims to improve the debtors collection rate to 90% for 2023/2024 and further increase the collection rate over the MTREF.
- Budgeting for a moderate surplus at the conclusion of the MTREF to enable the municipality to build cash reserves to back statutory funds and provisions and to build an operating as well as capital replacement reserve.

The aforementioned factors collectively contribute to the financial wellbeing of the municipality and the extent to which it is executed or concluded will either aide, or impact negatively on the long term sustainability of the municipality.

It must be emphasized that, at the current trend, growing expenditure associated with the current quality and the ever escalating cost of service delivery, the municipality will find it all the more difficult to improve its financial position over the MTREF, unless catalytic economic investments and growth opportunities are garnered expediently.

The current rates base can no longer support the cost of services, especially considering the ageing infrastructure and the cost necessary in upgrading and refurbishment of service delivery infrastructure vehicles and equipment. It is of utmost importance to factor these cost factors into the true cost of services to continue delivering high quality services to all communities.

All role-players would need to collectively contribute to ensure not only the financial sustainability of the municipality, but also the economic progression of its citizenry.

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

Table 2 Consolidated Overview of the 2023/2024 MTREF

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue		0	0		0	0	0	0	0	0	0
Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Service charges - Electricity	2	162 483	168 628	200 313	207 720	201 639	201 639	189 388	241 830	278 221	320 103
Service charges - Water	2	82 154	80 711	85 578	93 277	83 010	83 010	78 037	86 725	90 714	94 887
Service charges - Waste Water Management	2	73 742	78 675	82 693	87 047	81 212	81 212	72 204	77 663	81 236	84 973
Service charges - Waste Management	2	43 566	46 413	33 409	53 272	44 084	44 084	42 196	58 016	57 085	61 034
Sale of Goods and Rendering of Services		3 430	4 930	7 259	5 970	7 442	7 442	6 345	11 571	8 443	8 831
Agency services		1 785	2 345	2 423	2 414	2 536	2 536	2 167	3 014	3 153	3 298
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		13 628	12 721	12 131	13 306	14 912	14 912	15 421	13 282	11 964	10 645
Interest earned from Current and Non Current Assets		10 308	6 601	3 747	4 600	5 700	5 700	5 344	4 950	5 200	5 326
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 224	1 045	1 255	1 193	1 179	1 179	920	1 030	1 118	1 214
Licence and permits		700	308	1 091	389	414	414	446	589	616	644
Operational Revenue		1 965	2 234	2 082	1 905	2 187	2 187	2 523	2 207	2 433	1 046
Non-Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Property rates	2	137 416	149 321	157 194	159 956	152 705	152 705	139 309	179 779	191 710	204 432
Surcharges and Taxes		-	-	-	-	-	-	-	1 500	1 553	1 684
Fines, penalties and forfeits	-	8 778	30 462	54 430	35 870	25 758	25 758	23 921	31 699	33 065	34 491
Licences or permits		-	411	-	613	650	650	648	696	728	761
Transfer and subsidies - Operational		122 744	149 909	141 588	153 896	164 774	164 774	145 931	163 277	270 154	265 575
Interest		1 703	1 858	2 647	1 265	3 520	3 520	3 833	3 759	3 384	3 008
Operational Revenue		-	-	11 486	-	13 549	13 549	-	15 518	16 205	16 950
Gains on disposal of Assets		-	270	-	-	522	522	454	3 950	-	-
Total Revenue (excluding capital transfers and contributions)		665 625	736 842	799 325	822 693	805 791	805 791	729 087	901 055	1 056 980	1 118 902

Table 3 Growth in revenue by main revenue source

Description	2023/24 Medium Term Revenue & Expenditure Framework				
R thousand	Budget Year 2023/24	Growth %	Budget Year +1 2024/25	Growth %	Budget Year +2 2025/26
Revenue By Source					
Property rates	181 278 837	5.75	191 710 145	6.64	204 431 951
Service charges - electricity revenue	241 829 845	15.05	278 221 487	15.05	320 102 532
Service charges - water revenue	86 724 746	4.60	90 714 085	4.60	94 886 931
Service charges - sanitation revenue	77 663 341	4.60	81 235 856	4.60	84 972 705
Service charges - refuse revenue	58 015 997	(1.60)	57 085 446	6.92	61 034 182
Service charges - other	11 571 277	(27.04)	8 442 552	4.60	8 830 911
Rental of facilities and equipment	1 029 784	8.54	1 117 701	8.59	1 213 717
Interest earned - external investments	3 759 458	(10.00)	3 383 512	(11.11)	3 007 567
Interest earned - outstanding debtors	13 282 258	(9.93)	11 963 652	(11.02)	10 645 189
Interest Earned non current assets	4 950 000	5.05	5 200 000	2.42	5 325 900
Fines, penalties and forfeits	31 698 620	4.31	33 064 986	4.31	34 491 228
Licences and permits	1 284 509	4.60	1 343 596	4.60	1 405 400
Agency services	3 014 360	4.60	3 153 020	4.60	3 298 059
Transfers and subsidies	163 276 998	65.46	270 153 998	(1.69)	265 574 998
Other revenue	21 674 553	(14.01)	18 637 677	(3.44)	17 996 594
Total Revenue (excluding capital transfers and contributions)	901 054 583	17.13	1 055 427 713	5.855	1 117 217 864

The table above illustrates the growth in sources of revenue from the first to the second and shows a further increase from the second to the 3rd year of the MTREF caused mainly by a sharp increase in grant allocations in the 2nd and 3rd year of the MTREF.

Table 4 Major sources of revenue

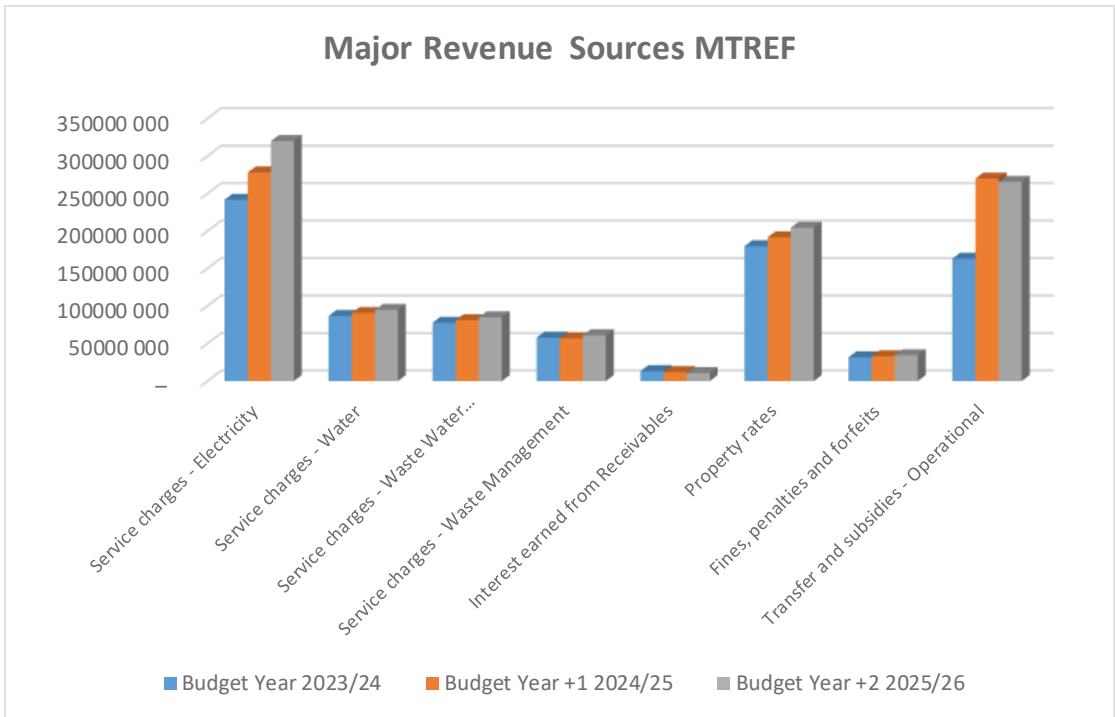
The major sources of revenue for the financial year can be summarised as follows:

Main Sources of revenue		
Source	Amount	%
Property rates	181 278 837	20.12
Electricity revenue	241 829 845	26.84
Water revenue	86 724 746	9.62
Sanitation revenue	77 663 341	8.62
Refuse revenue	58 015 997	6.44
Transfers and subsidies	163 276 998	18.12
Other revenue	92 264 819	10.24
Total	901 054 583	100.00

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 51.52 per cent of total revenue. The second largest source of revenue

is assessment rates with transfers and subsidies making up the 3rd highest contributor to the revenue basket.

Figure 1 Major revenue sources over the MTREF



Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised under normal circumstances, local economic conditions, input costs and the affordability of services are taken into account to ensure the financial sustainability of the Municipality. The setting of tariffs in this budget was extremely difficult, especially taking into account the economic environment that we are currently in, coupled to the last few years of financial under-performance caused by a combination of an inadequate financial strategy any under-recovery of the cost associated with the rendering of services.

An overwhelming fact and consideration for this year’s tariff setting was the principle of moving towards cost recovery and setting cost reflective tariffs that will support the long term financial sustainability of the municipality as well as quality of service rendering.

Municipalities also use benchmarking to ensure that the tariffs we apply are within the industry norm as operational requirements and service standards of comparable sizes and demographics of municipalities are similar and a deviation from this norm will give an indication of whether a municipality may be heading for disaster in the application of its tariff strategy.

1.4.1 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.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rates ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be a minimum of 0,25:1. The implementation of these regulations were done in the previous budget process and the Property Rates Policy of the Municipality was amended accordingly.

The following stipulations in the Property Rates Policy are still relevant and therefore highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- The first R 350,000 of value is exempted from the levying of assessment rates where properties are located in sub-economic areas.
- For properties of a valuation of R1,000,000 and below, the first R175,000 will be exempted from the payment of assessment rates.
- To qualify for the rebates and exemptions the property must be categorized as residential.
- The Municipality may award a 100 percent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a relief.
- Bona-fide agricultural properties will receive a rebate of 75% on assessment rates in accordance with the ratio determination between agricultural and residential properties as determined by the Minister of Local Government as per Section 83 of the Municipal Property Rates Act in 2009, being a ratio of 0.25:1 or a 75% rebate. Conditions to qualify for the rebate are set out in the municipal rates policy.

The first special rating area will be introduced in the history of Bitou Municipality for the area of Natures Valley, this will mean that a surcharge on the current assessment rate charge will be implemented for the property owners of Natures Valley only, the additional revenue generated will be allocated for the special programs identified by the Natures Valley Special Rating Area representative body.

The fees collected will be paid over to the NVSRA on a monthly basis to fund the budget submitted to the municipality annually in accordance with the SRA By-law. Provision is made for an administrative fee as well as a non-payment percentage estimated to be approximately 5% in total. It is proposed therefore that a surcharge of R 0.00114 in the Rand be applied on the valuation of all properties in the Natures Valley area Resulting in an additional average amount of assessment rates of R300 per property per month.

The third supplementary valuation roll has been done adding approximately 1% to the rates base annually over the MTREF, it is evident from the current application for building plan as well as clearance certificates that there seems to be a slight upward movement in the construction industry and the development of vacant erven that may add additional revenue to the rates base upon the completion of the next supplementary valuation roll. A growth rate in the rates base of approximately 1.1% is anticipated in the 2023/2024 financial year. The revenue associated with the expansion of the rates base have been factored into the revenue estimates for 2023/2024 and beyond.

To further increase and supplement revenue, additional sources of revenue must be explored on a continuous basis, the revenue enhancement strategy is designed to address this, and it is anticipated that positive results from this program will be evident towards the second half of the 2023/2024 financial year. It is very important that an environment for economic development is created through the provision of high quality reliable municipal services and the budget strategy support this principle.

Table 5 Comparison of Assessment rate tariff

Category	Current Tariff (1 July 2022)	Proposed tariff (From 1 July 2023)
	C	C
Residential properties	.00562	.00602
Vacant residential properties	.00729	.00782
Institutional Public Benefit Org	.00140	.00151
Agricultural	.00140	.00151
Commercial Properties	.00937	.01004
Industrial Properties	.00937	.01004

The assessment rates tariff is proposed to increase with 7.2% which is slightly higher than the upper boundary of the predicted inflationary targets for 2023/2024 but it is unfortunately unavoidable to increase the tariff at the current rate proposed due to factors such as the increase in cost to render services such as the increase in the cost of labour, the fuel price increase, the increase in the price of goods and services necessary to render essential as well as community and general municipal services, the increase maintenance and operational cost of municipal facilities, equipment and infrastructure.

From an analysis of the cost factors that necessary to provide an array of general and institutional as well as community related services, it is evident that community and general services are cross subsidized from service charges, meaning that there is a general under-recovery of expenses that should be funded from assessment rates of approximately R6.6 million per annum.

1.4.2 Sale of Water and Impact of Tariff Increases

Although most of the summer rainfall areas received good rainfall, South Africa remain a water scarce country and faces similar challenges regarding water supply as it did with electricity, since demand growth outstrips supply. National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.
- Municipalities are urged by national treasury to limit water supplied to subsidised and indigent customers, not to exceed the free allocation.

Better maintenance of infrastructure, the replacement of failing water mains, the installation of smart metering devices and cost-reflective tariffs will ensure that the supply challenges are managed to ensure long term sustainability. To ensure the continued levels of service delivery and to prevent disruptions in supply, the municipality has decided to focus its resources for the coming financial year on the improvement of water quality and to curb unaccounted losses, a special focus area is the replacement of old water mains that has reached the end of its economic life, and which is causing service interruptions through frequent pipe bursts.

A cost reflective tariff study will be undertaken by the municipality in the 2023/2024 financial year to determine whether the tariffs levied for the consumption of water are covering the full cost associated with the rendering of the service, the result thereof will form the basis for tariff determinations going forward and it could result in tariff restructuring for future financial years.

In order to ensure appropriate accounting for revenue foregone in respect of indigent households, the basic/minimum charge that is charged and aims to recover the basic charge as well as the consumption of the first 25kl of water per month, was split in the tariff list to clearly indicate what portion can be regarded as the basic charge and what portion is regarded as being the minimum consumption charge to cover the first 25 kilolitres for non-indigent households. The splitting of the charge in 2 different cost components have no influence on the amount charged for Basic/minimum as contained in the tariff listing that formed part of the draft budget document. There will thus be a single charge on the account as usual yet the amount is split in the accounting records to ensure appropriate accounting for revenue foregone.

A tariff increase of 6.8 per cent from 1 July 2023 for water is proposed. 6 kl water per month will **still only** be granted free of charge to registered indigent consumers.

Table 6 Comparison of Commercial water tariffs

CATEGORY	CURRENT TARIFFS 2022/23 15% VAT Excl.	PROPOSED TARIFFS 2023/2024 15% VAT Excl.
	Rand per kl	Rand per kl
BUSINESS/COMMERCIAL/OTHER		
0 - 60 kilolitres	R 13.08	R 13.97
61 - 100 kilolitres	R 29.59	R 31.60
101 - 200 kilolitres	R 33.83	R 36.13
Above 200 kilolitres - Excluding Laundromats	R 38.02	R 40.61
Above 200 kilolitres - Laundromats	R 33.83	R 36.13

The Residential Tariff structure is as follows:

Table 7 Comparison of Residential water tariffs

CATEGORY – RESIDENTIAL AND CHURCHES	CURRENT TARIFFS 2022/23 15% VAT Excl.	PROPOSED TARIFFS 2023/2024 15% VAT Excl.
	Rand per kℓ	Rand per kℓ
0 - 25 kilolitres (included in minimum charge)	R -	R -
26 - 30 kilolitres	R 9.48	R 10.13
31 - 40 kilolitres	R 13.28	R 14.18
41 - 50 kilolitres	R 16.09	R 17.19
51 - 60 kilolitres	R 20.82	R 22.23
61 - 70 kilolitres	R 26.51	R 28.31
Above 70 kilolitres	R 52.08	R 55.62

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. It has confirmed that the price increase to municipalities will equal 18.49%, this will translate into an approximate increase of 15.1 % to municipal customers. The proposed tariff increase is subject to final approval from NERSA and will be implemented with effect from 1 July 2023 upon receipt of final approval from the National Energy Regulator.

The municipality has embarked on a cost of supply study in complying with the requirements for electricity tariff setting as determined by law. The study provides an assessment of the expenditure and forecasted revenue generated due to the sale of electricity. The goal of the CoS study is to fairly and as equitably as possible distribute the expenses associated with providing services to each customer group. The study aimed to do this by achieving the following objectives:

- Review the current tariff structure.
- Assess the expenses incurred in the provision of electricity services to customers.
- Determine the revenue requirement for the electricity trade service.
- Determine the cost reflective unit tariffs.
- Assess the effectiveness of the current tariff structure in recovering the revenue requirement.
- Redesign of the tariff structure where appropriate.
- Present a tariff application to NERSA for the 2023/24 financial year.

The result of the CoS study is included in the budget documents for public information. The proposed tariffs after restructuring are also included as a separate tariff annexure, the tariff application to the energy regulator will be based on the cost of supply study and if approval is granted, it will be implemented with effect from 1 July 2023.

Should timely approval of the cost of supply study and tariff restructuring not be done in time, the municipality will revert to the current tariff structure at the guideline increase allowed by NERSA.

It should be noted that given the nature of the continuing electricity tariff increases, coupled with the prolonged loadshedding, it is expected that the growth in electricity consumption will continue to depress as municipal customers are becoming more energy wise and small scale embedded generation becomes a reality, this will have a negative impact on the municipality's revenue from electricity and will put further pressure on the financial performance of the municipality in these difficult economic times.

The indigent subsidy policy of the municipality allows for a subsidy of 50 kWh of free electricity per month to registered indigents and households with 30 Ampère lifeline connections. Only indigent households will be exempted from the payment of basic charges and all other customers, inclusive of those in previously defined sub-economical areas will be charged a basic charge based on the size of the circuit breaker/customer type.

1.4.4 Sanitation and Impact of Tariff Increases

A general tariff increase of 6.81 per cent for sanitation is proposed from 1 July 2023. This is based on the input cost assumptions relating to the service and the extent to which customers make use of the service. The higher-than-average increase is necessary as the cost associated with the service have increased exponentially over the last number of financial years and tariff increases have not kept up with the actual cost of rendering the service.

Factors adding to the cost are the effect that load shedding has on the use of generators for the pumping of effluent and the operations of the waste water treatment works, the continuous plundering and vandalism of the sewer infrastructure, especially during loadshedding, the cost of protecting the assets, the cost to mitigate electricity outages through standby generators and additional staffing requirements to mitigate the effect of loadshedding, the cost of monitoring the pump stations and associated purification infrastructure as well as the continued rising in the cost of labour, chemicals and electricity necessary to provide the service within the legislative requirements.

It should be noted that energy costs contribute a significant portion of waste water treatment input costs, therefore the electricity as well as the fuel price increase makes it unavoidable to increase the sewer tariffs in line with the inflationary predictions. A general tariff increase of 6.8% is therefore unavoidable.

The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigents costing the municipality approximately R 22 million per annum.
- The total expenditure is expected to be generated from rendering this service amounts to R77,66 million for the 2023/24 financial year.

Table 8 Comparison of Sanitation tariffs

Category – Single residential	CURRENT TARIFFS 2022/23 15%VAT Excl.	PROPOSED TARIFFS 2023/24 15%VAT Excl.
Sanitation	R5975.23 per annum	R6382.00 per annum

The tariffs for other categories of customers will be increased with 6.8% per annum.

The following relief measures are available for customers falling outside the indigent threshold:

Category A: Earnings between R 5,201 – R 6,710 - % discount on Basic Sanitation	Rebate of :	40.00%
Category B: Earnings Between R 6,711 – R 8,723 - % discount on Basic Sanitation	Rebate of :	30.00%
Category C: Earnings Between R 8,724 – R 11,340 - % discount on Basic Sanitation	Rebate of :	20.00%
Category D: Earnings Between R 11,341 – R 14,743 - % discount on Basic Sanitation	Rebate of :	10.00%

1.4.5 Waste Removal and Impact of Tariff Increases

The improvement in the solid waste removal service offering to the community takes preference in the current financial year and budget resources are focussed to ensure a huge improvement in this service.

Municipal PPE, Property Plant and Equipment in use in the service have reached the end of economic life and a replacement program was adopted and provided for in the capital budget, R13.4 million is provided for the replacement of vehicles, refuse compactors, haulage and compacting equipment to improve the service offering.

The municipal landfills site was closed a few years ago, and in accordance with the solid waste removal strategy, waste is transported to the Gourikwa landfill site of Petro SA on a daily basis. It is common cause that the cost associated with this method of refuse disposal is very costly and unavoidable.

The new regional landfill site is under construction and Bitou Municipality will take up approximately 11% of the capacity of the landfill site. The landfill site will have an estimated lifespan of 25 years and the initial establishment cost is estimated at between R260 and R300 million. As with the municipal landfill site, provision needs to be made for the rehabilitation of the site after it reaches the end of its economic life, the rehabilitation cost is calculated to be approximately R245 million and all municipalities making use of the facility will contribute to the rehabilitation cost from the first day of operation. Provision is made for an initial annual contribution for the landfill site establishment cost in the 2023/2024 financial year at an amount of R6,0 million. This will result in an additional charge of R30.00 per household per month.

The continued rising in fuel prices as a result of the Ukrainian war coupled with the upswing in world demand for fossil fuel has caused the cost associated with rendering the service to exponentially increase over the last number of years. A basic revenue assessment was done,

and it was discovered that many households and businesses alike are not charged appropriately for the volumes of refuse generated and collected by the municipality.

The fees for disposing of refuse at drop-off sites, especially bulky waste as well as green waste (garden waste) are not appropriate to cover the cost of the service and a revision of the tariffs are included in the annual tariff schedule accompanying the draft budget document.

This tariff methodology is based on the input cost assumptions relating to the service and the extent to which customers make use of the service and the volumes of refuse generated.

Consumers will therefore be assessed based on the volumes of refuse generated, especially in respect of commercial and institutional clients and the municipality will engage on a process where the volumes of refuse generated by customers are assessed and billed according to the results of the survey. This will ensure equity in respect of the charges levied versus the volumes generated for all categories of consumers.

It must be emphasized that consumers that fall within the area in which the service is rendered must in accordance with the solid waste removal by-laws make use of the service, there will thus be a charge for the rendering of the service whether refuse is collected or not, consumers are therefore encouraged not to dispose of household or business refuse themselves as it will result in a double charge being made, once for the compulsory use of the service and once for disposal at the transfer station.

The general public is urged to refrain from littering and dropping waste in public spaces, and law enforcement staff will be monitoring and taking action where illegal dumping occur. Consumers are also encouraged to recycle at source to reduce the volumes of refuse transported and disposed of at the regional landfill in an effort to limit future tariff increases.

The following table compares current and proposed amounts payable from 1 July 2023:

Table 9 Comparison between current waste removal fees and increases

Category – Domestic/Churches and crèches	CURRENT TARIFFS 2022/23 15%VAT Excl.	PROPOSED TARIFFS 2023/24 15%VAT Excl.
Solid Waste removal	R 3 467.10 per annum	R 4 063.00 per annum

The above tariff comparison is an illustration of the tariff applicable to a single residential consumer, The complete tariff schedule is attached as part of the budget documents.

Similar to the rebate in respect of wastewater tariffs, the following rebates, based on household income will be applied to qualifying applicants.

Relief measures according to income group categories - Domestic		
Category A: R 5,201 – R 6,710 - % discount on Basic Refuse	Rebate of :	40%
Category B: R 6,711 – R 8,723 - % discount on Basic Refuse	Rebate of :	30%
Category C: R 8,724 – R 11,340 - % discount on Basic Refuse	Rebate of :	20%
Category D: R 11,341 – R 14,743 - % discount on Basic Refuse	Rebate of :	10%

The general increase in refuse tariffs to all customers must unfortunately be raised with a percentage increase of approximately 17.2% made up by an annual adjustment of 8.5% as a result of the increase in the operational cost of the service and 8.7% representing the cost of the contribution to the Garden Route District Municipality equalling R30.00 per month for all categories customers.

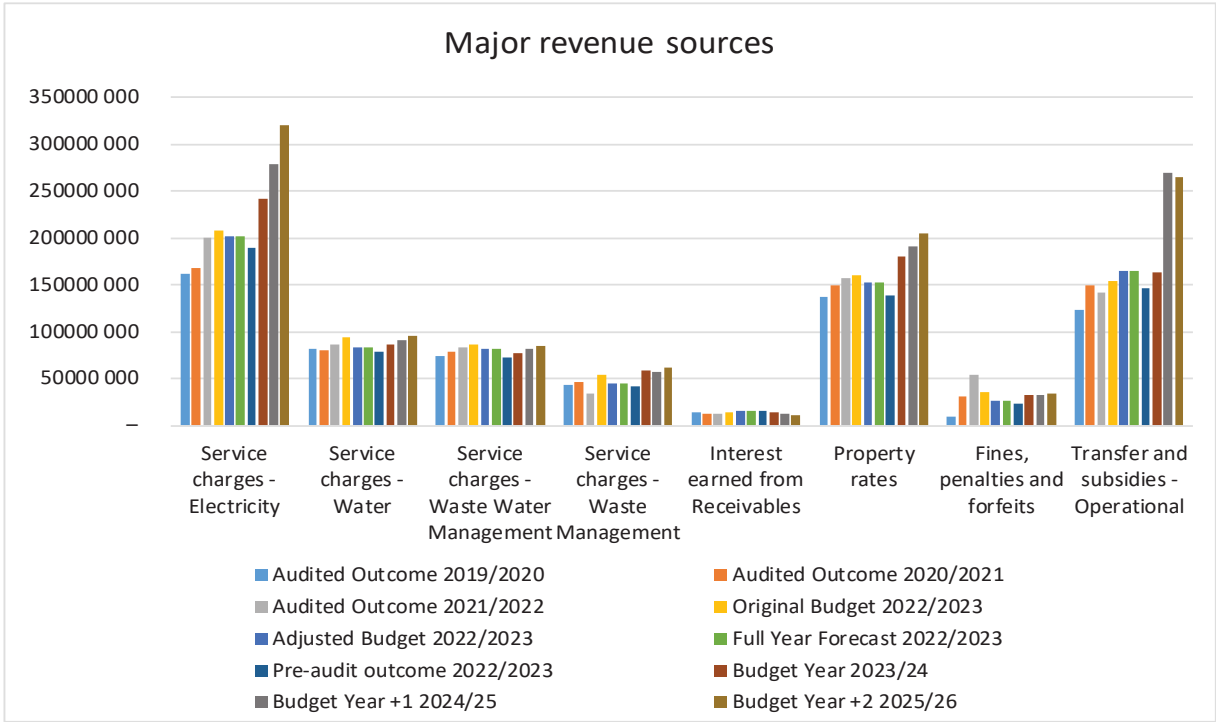
These tariff increases are essential to ensure the recovery of all costs associated with the service over the MTREF and to ensure that the service becomes financially viable and remains financially sustainable in the long term. The reasons for the tariff increase are detailed as follows:

- The increase in the cost of fuel and transport of refuse to landfill sites.
- The increase in the cost of collection and recycling.
- The replacement of Refuse Compactor trucks necessary to ensure that the standards of service can be met.
- The cost of clean-up of illegal dumping and general littering in all areas.
- The cost of clean-up of transfer stations as a result of refuse being dumped in contradiction with the rules and by-laws of the municipality.
- The cost of removal of bulky waste not appropriately recovered from persons disposing thereof.
- The cost of security at transfer stations to protect municipal property plant, equipment, staff and the public in general.
- The contribution to the establishment cost of the Regional Landfill site in Mosselbay.
- The cost associated with rehabilitation of the regional landfill.
- The increase in the general cost of materials and other related goods and services associated with refuse removal.
- The increasing cost of labour for refuse removal and clean-ups of the streets, CBD's and other open spaces on weekends.
- The increase in the cost of consumables necessary to render the service incurred by the municipality.
- The cost to procure and provide wheelie bins to allow for better measurement of waste volumes.

The above factors coupled with years of moderate and lower than essential increase percentages have contributed to the fact that the refuse service is not financially viable as the actual cost of service rendering have not been recovered by the tariffs charged for several years. The Municipality must therefore implement the higher increase in the tariff to ensure that the service can become financially viable over the MTREF and remains sustainable over the long term.

Refuse tariffs are charged per category of consumer as per the list of tariffs attached to the budget and it must be emphasized that customers that do not fall under the definition of single residential are to be billed in accordance with the relevant applicable tariffs in future.

Figure 2 Growth in major revenue sources over a 7 year horizon



From the graph above, it is evident that electricity has over the 7 year horizon had the highest increases in contrast to the other municipal service charges where increases remained moderate over the 7 year period. It is evident that the electricity tariff increases annually absorbs the bulk of the additional money that household and business alike pay for municipal services.

Property rates steadily increase over the MTREF as the rates base grows coupled with the annual tariff increases. Transfers and subsidies show a steep increase over the last two years of the MTREF as a result of the additional housing allocations.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 10 MBRR SA14 – Household bills

WC047 Bitou - Supporting Table SA14 Household bills											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		911.67	957.25	305.97	163.84		163.84	60.8%	263.38	280.87	299.24
Electricity: Basic levy		482.00	511.98	342.39	379.35		379.35	15.1%	436.60	484.19	527.77
Electricity: Consumption		2 166.56	2 301.32	2 176.63	2 268.54		2 268.54	15.1%	2 611.08	2 895.69	3 156.30
Water: Basic levy		355.00	369.20	384.73	403.20		403.20	6.8%	430.62	459.04	489.33
Water: Consumption		1 176.80	1 223.87	45.23	47.40		47.40	6.8%	50.63	53.97	57.53
Sanitation		438.83	456.39	475.13	497.94		497.94	6.8%	531.80	566.89	604.31
Refuse removal		252.25	264.86	275.69	288.92		288.92	17.2%	338.60	360.90	384.70
Other		–	–	–	–		–	–	–	–	–
sub-total		5 783.11	6 084.88	4 005.77	4 049.19	–	4 049.19	15.2%	4 662.70	5 101.55	5 519.18
VAT on Services		730.72	769.14	554.97	582.80	–	582.80	13.2%	659.90	723.10	782.99
Total large household bill:		6 513.83	6 854.02	4 560.74	4 631.99	–	4 631.99	14.9%	5 322.60	5 824.65	6 302.17
% increase/-decrease			5.2%	(33.5%)	1.6%		–		14.9%	9.4%	8.2%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		205.12	215.38	216.63	70.21	70.21	70.21	132.2%	163.04	173.87	185.24
Electricity: Basic levy		362.00	384.52	452.96	379.35	379.35	379.35	15.1%	436.60	484.19	527.77
Electricity: Consumption		1 087.57	1 155.22	866.04	904.58	904.58	904.58	15.1%	1 041.17	1 154.66	1 258.58
Water: Basic levy		355.00	369.58	384.73	403.20	403.20	403.20	6.8%	430.62	459.04	489.33
Water: Consumption		484.10	503.46	–	–	–	–	–	–	–	–
Sanitation		438.83	456.39	475.13	497.94	497.94	497.94	6.8%	531.80	566.89	604.31
Refuse removal		252.25	264.86	275.69	288.92	288.92	288.92	17.2%	338.60	360.90	384.70
Other		–	–	–	–	–	–	–	–	–	–
sub-total		3 184.87	3 349.40	2 671.18	2 544.20	2 544.20	2 544.20	15.6%	2 941.82	3 199.55	3 449.92
VAT on Services		446.96	470.10	368.18	371.10	371.10	371.10	12.3%	416.82	453.85	489.70
Total small household bill:		3 631.84	3 819.51	3 039.37	2 915.29	2 915.29	2 915.29	15.2%	3 358.64	3 653.40	3 939.63
% increase/-decrease			5.2%	(20.4%)	(4.1%)	–	–		15.2%	8.8%	7.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		–	–	–	–	–	–	–	–	–	–
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		41.80	43.47	116.59	488.82	488.82	488.82	15.1%	562.63	623.96	610.80
Water: Basic levy		–	–	–	–	–	–	–	–	–	–
Water: Consumption		252.25	264.86	275.46	122.19	122.19	122.19	(4.3%)	116.90	124.60	132.86
Sanitation		–	–	–	–	–	–	–	–	–	–
Refuse removal		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
sub-total		294.05	308.33	392.05	611.01	611.01	611.01	11.2%	679.53	748.56	743.66
VAT on Services		163.18	170.09	17.49	91.65	–	91.65	11.2%	101.93	118.88	135.42
Total small household bill:		457.23	478.42	409.54	702.66	611.01	702.66	11.2%	781.46	867.44	879.08
% increase/-decrease			4.6%	(14.4%)	71.6%	(13.0%)	15.0%		11.2%	11.0%	1.3%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)
4. Note this is for a SINGLE household.

1.5 Operating Expenditure Framework

Bitou Municipality's expenditure framework for the 2023/24 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and informed by community needs and priorities;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2023/2024 budget and MTREF (classified per main type of operating expenditure)

Table 11 A4 – Budgeted Financial Performance

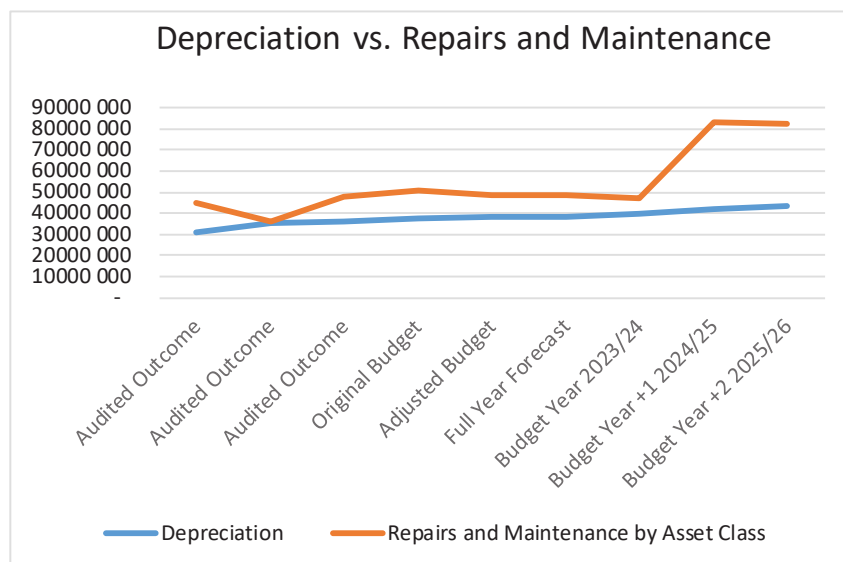
Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure By Type										
Employee related costs	227 170	266 759	278 100	306 473	307 940	307 940	249 510	333 063	353 642	375 850
Remuneration of councillors	5 908	6 250	6 198	6 944	6 944	6 944	5 661	7 674	8 050	8 428
Bulk purchases - electricity	127 341	134 674	159 802	161 902	173 902	173 902	136 205	206 241	214 478	235 925
Inventory consumed	10 063	25 917	14 864	17 674	17 716	17 716	11 936	19 543	22 300	21 734
Debt impairment	22 690	8 391	33 141	48 540	48 540	48 540	-	18 270	19 001	19 894
Depreciation and amortisation	31 007	35 686	36 223	37 400	38 163	38 163	31 166	40 059	42 062	43 324
Interest	14 825	13 399	11 102	10 739	8 776	8 776	4 929	13 428	16 257	18 829
Contracted services	92 707	98 624	102 726	91 004	98 179	98 179	40 388	95 793	145 240	142 099
Transfers and subsidies	5 248	5 571	4 527	4 750	7 285	7 285	5 453	12 230	6 300	6 600
Irrecoverable debts written off	76 663	108 578	93 735	54 900	64 100	64 100	60 496	64 900	58 575	52 255
Operational costs	32 485	57 987	57 505	78 447	80 280	80 280	51 161	89 075	101 695	106 698
Losses on disposal of Assets	2 311	1 726	1 687	-	-	-	-	-	-	-
Other Losses	(24)	(15)	125	-	-	-	-	-	-	-
Total Expenditure	648 393	763 546	799 736	818 774	851 826	851 826	596 904	900 274	987 598	1 031 636

The budgeted allocation for employee related costs excluding public office bearer's remuneration for the 2023/2024 financial year totals R 333 062 538 million which equals 37.00 per cent of the total operating expenditure. A provision for a 5.4% general salary increase is made for the 2023/2024 financial year, provision is also made for notch increases equalling approximately 2.3% and is applicable to employees who have not yet reached the maximum notch of their salary scales.

The cost associated with the remuneration of councillors 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). There has been a proclamation in the current financial year of 3% increase and provision is made for an increase in the 2023/2024 financial year in accordance with prudent financial management principles.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy as well as the GRAP accounting principles. Budget appropriations in this regard total R 40 058 761 for the 2023/24 financial year and equates to 4.45 percent of the total operating expenditure.

Figure 3 Depreciation compared to repairs and maintenance



The figure above reflects the depreciation charges in comparison to the money spent on repairs and maintenance, it is indicative of an increase in the spending on repairs and maintenance over the 7-year budget horizon. It must be emphasized that the amount reflected above does not include the cost of labour associated with maintenance related activities, when this is added, maintenance cost would in all probability exceed 12% of the value of PPE.

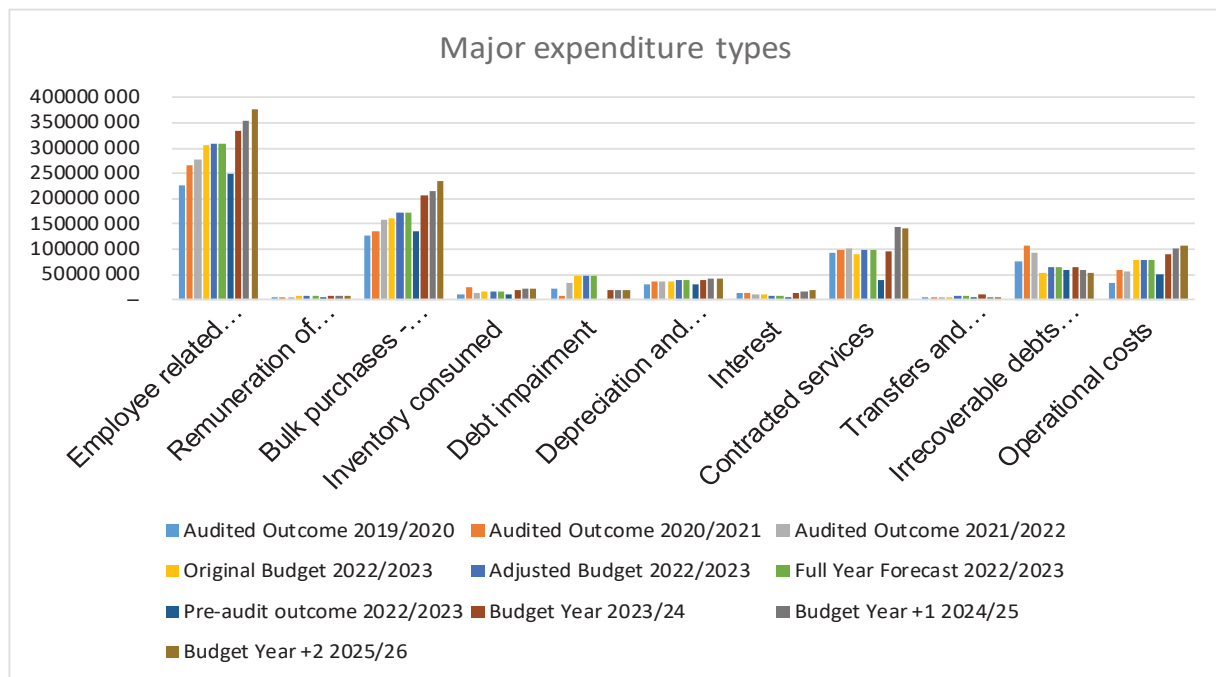
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.49 per cent or R 13 428 009 of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

A concerted effort is underway to curb electricity as well as water losses as it has a direct bearing on the revenue streams of the municipality and ultimately the financial sustainability. The revenue enhancement program will aid in ensuring accurate services and billing data and assist in the reduction of unaccounted consumption of water and electricity. Inaccessible meters are being replaced by smart meters that will enable reading to be taken without access to properties being necessary, meters will also be moved to outside property fences to ensure accessibility by meter readers, the water By-laws will be amended to include the requirement. The municipality has budgeted in excess of R5.0 million for either the replacement or installation of new and enhanced metering equipment for the 2023/2024 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

Figure 4 Major expenditure categories over a 7 year horizon



1.6 Capital expenditure

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

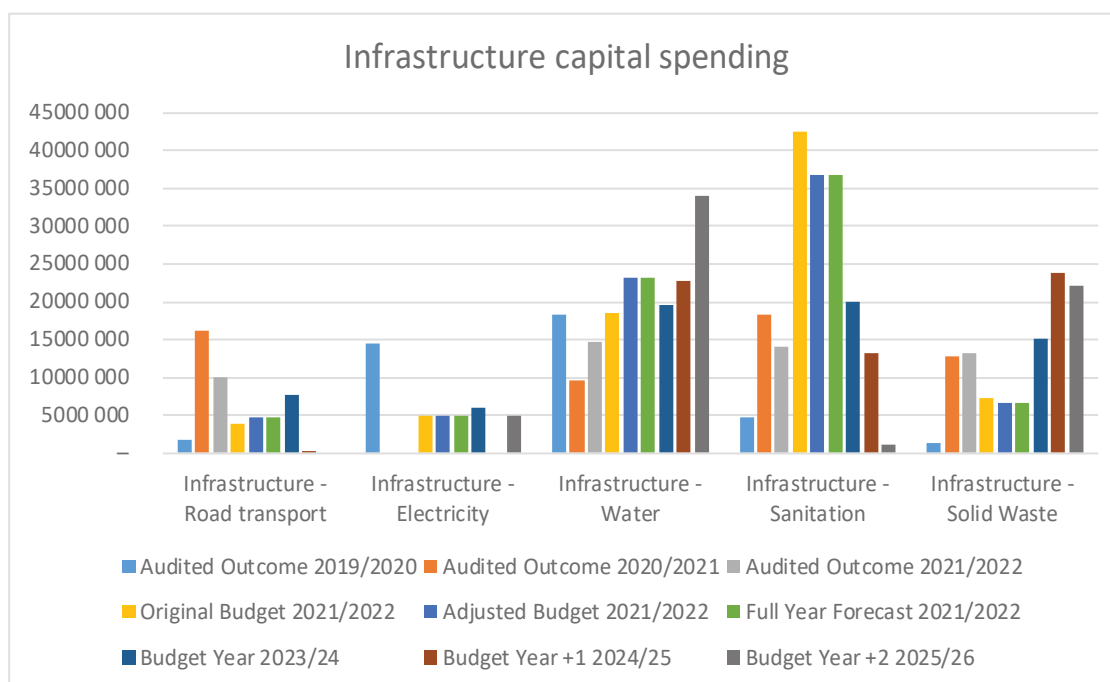
Table 12 2023/24 Medium-term capital budget per vote

WC047 Bitou - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 3 - Community Services	3 886	5 068	2 428	578	794	794	980	4 780	8 669	9 722
Vote 4 - Corporate Services	235	173	520	2 404	2 304	2 304	282	1 016	4 459	1 000
Vote 5 - Financial Services	–	–	–	600	–	–	–	–	–	–
Vote 7 - Engineering Services	19 202	19 062	18 371	32 668	40 989	40 989	13 714	40 959	70 586	73 886
Capital multi-year expenditure sub-total	23 323	24 303	21 318	36 250	44 087	44 087	14 975	46 755	83 714	84 608
Single-year expenditure to be appropriated										
Vote 1 - Council	–	115	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	–	–	–	–	–	–	–	1 000	–	–
Vote 3 - Community Services	1 642	10 266	6 575	9 848	8 921	8 921	2 027	835	300	–
Vote 4 - Corporate Services	1 744	2 125	2 592	35	35	35	28	561	–	–
Vote 5 - Financial Services	326	45	2 713	–	–	–	–	–	–	–
Vote 6 - Economic Development & Planning	–	75	–	–	435	435	238	304	–	–
Vote 7 - Engineering Services	24 945	42 275	46 052	52 317	48 493	48 493	15 295	59 977	5 027	8 789
Capital single-year expenditure sub-total	28 658	54 900	57 931	62 200	57 884	57 884	17 587	62 677	5 327	8 789
Total Capital Expenditure - Vote	51 982	79 203	79 249	98 450	101 971	101 971	32 563	109 432	89 041	93 397

The Capital Budget increases from R101,97 million in 2022/23 to R109,432 million in 2023/24, thereafter it reduces to R 89,041 million for 2024/2025 and increases to R93,397 million in the 2025/2026 financial year, and the total amount of capital investment over the MTREF amounts to R 291.8 million.

Total new assets represent 63.5 percent of the total capital budget, upgrading and renewal of assets represent 36.5 percent or R 39.9 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the Table A9, Tables SA34a, b, c, d, e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. The future operational costs and revenues associated with the capital programme have been included in Table SA35.

Figure 5 Infrastructure Capital spending trend 7 year horizon



1.7 Annual Budget Tables

Table 13 MBRR A1 - Budget Summary

WC047 Bitou - Table A1 Budget Summary										
Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	137 416	149 321	157 194	159 956	152 705	152 705	139 309	179 779	191 710	204 432
Service charges	361 944	374 427	401 993	441 315	409 945	409 945	381 825	464 234	507 257	560 996
Investment revenue	10 308	6 601	3 747	4 600	5 700	5 700	5 344	4 950	5 200	5 326
Transfer and subsidies - Operational	122 744	149 909	141 588	153 896	164 774	164 774	145 931	163 277	270 154	265 575
Other own revenue	33 212	56 583	94 804	62 926	72 667	72 667	56 679	88 815	82 659	82 573
Total Revenue (excluding capital transfers and contributions)	665 625	736 842	799 325	822 693	805 791	805 791	729 087	901 055	1 056 980	1 118 902
Employee costs	227 170	266 759	278 100	306 473	307 940	307 940	249 510	333 063	353 642	375 850
Remuneration of councillors	5 908	6 250	6 198	6 944	6 944	6 944	5 661	7 674	8 050	8 428
Depreciation and amortisation	31 007	35 686	36 223	37 400	38 163	38 163	31 166	40 059	42 062	43 324
Interest	14 825	13 399	11 102	10 739	8 776	8 776	4 929	13 428	16 257	18 829
Inventory consumed and bulk purchases	137 404	160 591	174 666	179 576	191 618	191 618	148 141	225 784	236 778	257 660
Transfers and subsidies	5 248	5 571	4 527	4 750	7 285	7 285	5 453	12 230	6 300	6 600
Other expenditure	226 832	275 290	288 920	272 892	291 099	291 099	152 045	268 038	324 511	320 946
Total Expenditure	648 393	763 546	799 736	818 774	851 826	851 826	596 904	900 274	987 598	1 031 636
Surplus/(Deficit)	17 232	(26 704)	(411)	3 919	(46 035)	(46 035)	132 183	780	69 382	87 267
Transfers and subsidies - capital (monetary allocations)	26 187	33 032	48 270	46 335	47 661	47 661	12 521	37 468	59 234	45 161
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	43 419	6 328	47 859	50 254	1 626	1 626	144 704	38 248	128 616	132 428
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	43 419	6 328	47 859	50 254	1 626	1 626	144 704	38 248	128 616	132 428
Capital expenditure & funds sources										
Capital expenditure	51 982	79 203	79 249	98 450	101 971	102 031	33 556	109 432	89 041	93 397
Transfers recognised - capital	22 575	28 991	60 306	41 078	41 860	41 860	11 860	34 335	25 421	27 097
Borrowing	-	11 805	-	38 843	34 621	34 621	15 318	45 150	36 320	42 300
Internally generated funds	29 406	38 406	18 943	18 529	25 491	25 491	6 378	29 947	27 300	24 000
Total sources of capital funds	51 982	79 203	79 249	98 450	101 971	101 971	33 556	109 432	89 041	93 397
Financial position										
Total current assets	320 034	309 745	341 997	(30 668)	358 300	358 300	149 373	429 672	535 781	551 903
Total non current assets	1 130 282	1 173 699	1 218 623	61 050	1 279 953	1 279 953	(7 467)	1 335 112	1 319 730	1 313 323
Total current liabilities	240 173	255 308	359 377	(30 228)	399 182	399 182	12 587	426 612	431 508	431 171
Total non current liabilities	200 326	203 045	134 689	10 356	170 927	170 927	(15 429)	190 333	185 796	192 037
Community wealth/Equity	966 069	1 007 987	1 073 494	36 499	1 068 143	1 068 143	1 413	1 147 839	1 238 206	1 242 018
Cash flows										
Net cash from (used) operating	(414 349)	(1 046 467)	(1 125 239)	77 840	102 142	103 083	(1 061 094)	75 138	139 294	171 135
Net cash from (used) investing	(9 748)	(20 464)	(39 074)	(98 450)	(101 540)	(101 540)	38 431	(98 470)	(89 041)	(93 397)
Net cash from (used) financing	192	468	835	(21 828)	13 451	13 451	852	19 383	14 845	21 086
Cash/cash equivalents at the year end	(333 815)	(940 747)	(1 090 013)	68 025	62 680	63 621	(1 021 811)	55 791	120 889	219 714
Cash backing/surplus reconciliation										
Cash and investments available	134 072	82 572	58 480	(68 453)	25 123	25 123	82 357	55 750	124 607	158 337
Application of cash and investments	72 418	64 838	71 045	(77 729)	10 231	10 230	(52 746)	(22 280)	(16 152)	(30 014)
Balance - surplus (shortfall)	61 654	17 734	(12 565)	9 276	14 892	14 893	135 102	78 030	140 759	188 351
Asset management										
Asset register summary (WDV)	1 121 978	1 164 648	1 208 765	61 050	1 270 095	1 270 095		1 335 112	1 319 730	1 313 323
Depreciation	31 007	35 686	36 223	37 400	38 163	38 163		40 059	42 062	43 324
Renewal and Upgrading of Existing Assets	18 567	29 768	5 513	40 944	36 296	36 296		39 934	48 078	37 358
Repairs and Maintenance	44 601	36 138	47 976	50 447	48 615	48 615		47 306	83 377	82 135
Free services										
Cost of Free Basic Services provided	-	21 312	31 370	28 216	28 216	28 216		53 992	56 986	60 300
Revenue cost of free services provided	-	3 848	5 860	5 887	5 887	5 887		3 295	3 447	3 605

Table 14 MBRR A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

WC047 Bitou - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional										
<i>Governance and administration</i>		248 443	240 053	229 606	239 884	237 337	237 337	277 194	293 836	314 118
Executive and council		94 844	47 898	51 060	57 984	58 083	58 083	64 999	72 473	78 586
Finance and administration		153 599	192 155	178 547	181 901	179 254	179 254	212 195	221 363	235 532
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		29 960	53 404	76 892	66 900	63 959	63 959	60 847	174 713	142 827
Community and social services		12 353	11 094	11 957	12 109	12 109	12 109	12 472	12 277	12 821
Sport and recreation		94	81	221	123	127	127	252	263	275
Public safety		10 675	29 525	56 550	39 193	29 698	29 698	36 230	37 804	39 451
Housing		6 838	12 703	8 163	15 475	22 026	22 026	11 893	124 369	90 280
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8 151	11 211	25 536	6 911	8 778	8 778	13 216	7 989	6 889
Planning and development		5 652	10 341	23 756	6 752	8 619	8 619	13 076	7 809	6 669
Road transport		2 499	870	1 780	159	159	159	140	180	220
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		403 823	464 520	515 098	554 769	542 926	542 926	586 738	639 124	699 651
Energy sources		176 864	191 581	231 502	239 081	233 787	233 787	269 936	310 383	354 568
Water management		101 648	120 160	129 227	142 523	135 380	135 380	133 489	139 853	146 140
Waste water management		78 865	91 548	101 399	101 614	107 201	107 201	100 071	104 759	109 379
Waste management		46 446	61 231	52 971	71 552	66 558	66 558	83 242	84 130	89 564
<i>Other</i>	4	1 435	686	463	564	452	452	527	552	577
Total Revenue - Functional	2	691 812	769 874	847 595	869 028	853 452	853 452	938 523	1 116 214	1 164 063
Expenditure - Functional										
<i>Governance and administration</i>		142 374	158 427	80 262	191 618	181 512	181 512	199 449	227 033	238 761
Executive and council		36 953	37 873	25 709	33 897	34 176	34 176	34 057	35 791	42 400
Finance and administration		100 711	116 889	50 144	152 040	141 605	141 605	159 415	184 855	189 983
Internal audit		4 709	3 665	4 408	5 681	5 731	5 731	5 976	6 388	6 378
<i>Community and public safety</i>		105 339	140 317	147 024	148 830	160 367	160 367	144 367	166 162	168 458
Community and social services		26 928	26 502	29 604	34 622	33 338	33 338	33 679	36 088	36 285
Sport and recreation		23 524	23 246	22 669	26 853	26 707	26 707	23 168	26 113	24 024
Public safety		43 955	55 786	74 583	69 843	71 094	71 094	77 981	95 158	99 197
Housing		10 932	34 783	20 168	17 512	29 229	29 229	9 539	8 802	8 952
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		71 345	73 004	77 631	77 489	76 874	76 874	84 577	108 595	112 304
Planning and development		30 896	37 334	41 839	42 495	41 057	41 057	47 333	49 103	50 158
Road transport		40 448	35 669	35 792	34 994	35 818	35 818	37 244	59 492	62 146
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		325 635	365 827	462 222	390 525	422 663	422 663	467 106	480 688	506 741
Energy sources		166 244	173 857	205 343	215 443	229 482	229 482	258 402	273 443	299 359
Water management		59 354	117 229	79 199	86 882	69 336	69 336	74 487	73 930	74 453
Waste water management		57 491	12 678	123 131	31 182	59 041	59 041	62 252	64 016	61 835
Waste management		42 546	62 062	54 548	57 018	64 804	64 804	71 965	69 299	71 094
<i>Other</i>	4	3 700	25 971	32 597	10 313	10 410	10 410	4 776	5 121	5 371
Total Expenditure - Functional	3	648 393	763 546	799 736	818 774	851 826	851 826	900 274	987 598	1 031 636
Surplus/(Deficit) for the year		43 419	6 328	47 859	50 254	1 626	1 626	38 248	128 616	132 428

Table 15 MBRR A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

WC047 Bitou - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Revenue by Vote	1									
Vote 1 - Council		7	2 812	2 918	2 918	2 918	2 918	2 918	3 090	3 212
Vote 2 - Office of the Municipal Manager		94 836	45 086	48 142	55 066	55 165	55 165	62 081	69 383	75 374
Vote 3 - Community Services		72 075	103 459	123 557	124 220	109 641	109 641	137 471	135 860	143 561
Vote 4 - Corporate Services		404	780	526	19	423	423	19	19	19
Vote 5 - Financial Services		152 124	190 538	177 153	181 221	178 152	178 152	207 447	220 528	234 659
Vote 6 - Economic Development & Planning		9 795	21 996	27 581	19 676	27 967	27 967	21 821	130 727	96 930
Vote 7 - Engineering Services		362 571	405 201	467 719	485 908	479 186	479 186	506 765	556 607	610 307
Total Revenue by Vote	2	691 812	769 874	847 595	869 028	853 452	853 452	938 523	1 116 214	1 164 063
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		11 292	11 340	7 835	9 773	9 268	9 268	13 229	13 171	13 322
Vote 2 - Office of the Municipal Manager		26 031	27 553	23 300	30 026	30 938	30 938	24 180	26 368	27 154
Vote 3 - Community Services		149 502	200 841	223 084	207 813	214 802	214 802	220 646	242 074	246 424
Vote 4 - Corporate Services		54 356	71 231	69 353	71 752	72 261	72 261	81 193	97 291	107 115
Vote 5 - Financial Services		39 727	40 666	31 955	66 371	62 948	62 948	67 121	67 182	67 841
Vote 6 - Economic Development & Planning		32 550	59 021	44 362	42 065	52 527	52 527	43 237	43 160	43 483
Vote 7 - Engineering Services		334 934	352 894	399 847	390 974	409 082	409 082	450 669	498 353	526 295
Total Expenditure by Vote	2	648 393	763 546	799 736	818 774	851 826	851 826	900 274	987 598	1 031 636
Surplus/(Deficit) for the year	2	43 419	6 328	47 859	50 254	1 626	1 626	38 248	128 616	132 428

It is evident from the table herein above that the bulk of municipal spending is aimed at basic service delivery as the Technical Services and community services combined represent 72.52% of total operational expenditure, Institutional, Financial and Support Services make up the remainder of operational expenses.

Table 16 MBRR A4 - Budgeted Financial Performance (revenue and expenditure)

WC047 Bitou - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	162 483	168 628	200 313	207 720	201 639	201 639	189 388	241 830	278 221	320 103
Service charges - Water	2	82 154	80 711	85 578	93 277	83 010	83 010	78 037	86 725	90 714	94 887
Service charges - Waste Water Management	2	73 742	78 675	82 693	87 047	81 212	81 212	72 204	77 663	81 236	84 973
Service charges - Waste Management	2	43 566	46 413	33 409	53 272	44 084	44 084	42 196	58 016	57 085	61 034
Sale of Goods and Rendering of Services		3 430	4 930	7 259	5 970	7 442	7 442	6 345	11 571	8 443	8 831
Agency services		1 785	2 345	2 423	2 414	2 536	2 536	2 167	3 014	3 153	3 298
Interest earned from Receivables		13 628	12 721	12 131	13 306	14 912	14 912	15 421	13 282	11 964	10 645
Interest earned from Current and Non Current Assets		10 308	6 601	3 747	4 600	5 700	5 700	5 344	4 950	5 200	5 326
Rental from Fixed Assets		1 224	1 045	1 255	1 193	1 179	1 179	920	1 030	1 118	1 214
Licence and permits		700	308	1 091	389	414	414	446	589	616	644
Operational Revenue		1 965	2 234	2 082	1 905	2 187	2 187	2 523	2 207	2 433	1 046
Non-Exchange Revenue											
Property rates	2	137 416	149 321	157 194	159 956	152 705	152 705	139 309	179 779	191 710	204 432
Surcharges and Taxes		-	-	-	-	-	-	-	1 500	1 553	1 684
Fines, penalties and forfeits		8 778	30 462	54 430	35 870	25 758	25 758	23 921	31 699	33 065	34 491
Licences or permits		-	411	-	613	650	650	648	696	728	761
Transfer and subsidies - Operational		122 744	149 909	141 588	153 896	164 774	164 774	145 931	163 277	270 154	265 575
Interest		1 703	1 858	2 647	1 265	3 520	3 520	3 833	3 759	3 384	3 008
Operational Revenue		-	-	11 486	-	13 549	13 549	-	15 518	16 205	16 950
Gains on disposal of Assets		-	270	-	-	522	522	454	3 950	-	-
Total Revenue (excluding capital transfers and contributions)		665 625	736 842	799 325	822 693	805 791	805 791	729 087	901 055	1 056 980	1 118 902
Expenditure											
Employee related costs	2	227 170	266 759	278 100	306 473	307 940	307 940	249 510	333 063	353 642	375 850
Remuneration of councillors		5 908	6 250	6 198	6 944	6 944	6 944	5 661	7 674	8 050	8 428
Bulk purchases - electricity	2	127 341	134 674	159 802	161 902	173 902	173 902	136 205	206 241	214 478	235 925
Inventory consumed	8	10 063	25 917	14 864	17 674	17 716	17 716	11 936	19 543	22 300	21 734
Debt impairment	3	22 690	8 391	33 141	48 540	48 540	48 540	-	18 270	19 001	19 894
Depreciation and amortisation		31 007	35 686	36 223	37 400	38 163	38 163	31 166	40 059	42 062	43 324
Interest		14 825	13 399	11 102	10 739	8 776	8 776	4 929	13 428	16 257	18 829
Contracted services		92 707	98 624	102 726	91 004	98 179	98 179	40 388	95 793	145 240	142 099
Transfers and subsidies		5 248	5 571	4 527	4 750	7 285	7 285	5 453	12 230	6 300	6 600
Irrecoverable debts written off		76 663	108 578	93 735	54 900	64 100	64 100	60 496	64 900	58 575	52 255
Operational costs		32 485	57 987	57 505	78 447	80 280	80 280	51 161	89 075	101 695	106 698
Losses on disposal of Assets		2 311	1 726	1 687	-	-	-	-	-	-	-
Other Losses		(24)	(15)	125	-	-	-	-	-	-	-
Total Expenditure		648 393	763 546	799 736	818 774	851 826	851 826	596 904	900 274	987 598	1 031 636
Surplus/(Deficit)		17 232	(26 704)	(411)	3 919	(46 035)	(46 035)	132 183	780	69 382	87 267
Transfers and subsidies - capital (monetary allocations)	6	26 187	33 032	48 270	46 335	47 661	47 661	12 521	37 468	59 234	45 161
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		43 419	6 328	47 859	50 254	1 626	1 626	144 704	38 248	128 616	132 428
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		43 419	6 328	47 859	50 254	1 626	1 626	144 704	38 248	128 616	132 428
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		43 419	6 328	47 859	50 254	1 626	1 626	144 704	38 248	128 616	132 428
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	43 419	6 328	47 859	50 254	1 626	1 626	144 704	38 248	128 616	132 428

Table 17 MBRR A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

WC047 Bitou - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 3 - Community Services		3 886	5 068	2 428	578	794	794	980	4 780	8 669	9 722
Vote 4 - Corporate Services		235	173	520	2 404	2 304	2 304	282	1 016	4 459	1 000
Vote 5 - Financial Services		-	-	-	600	-	-	-	-	-	-
Vote 7 - Engineering Services		19 202	19 062	18 371	32 668	40 989	40 989	13 714	40 959	70 586	73 886
Capital multi-year expenditure sub-total		23 323	24 303	21 318	36 250	44 087	44 087	14 975	46 755	83 714	84 608
Single-year expenditure to be appropriated	2										
Vote 1 - Council		-	115	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	1 000	-	-
Vote 3 - Community Services		1 642	10 266	6 575	9 848	8 921	8 921	2 027	835	300	-
Vote 4 - Corporate Services		1 744	2 125	2 592	35	35	35	28	561	-	-
Vote 5 - Financial Services		326	45	2 713	-	-	-	-	-	-	-
Vote 6 - Economic Development & Planning		-	75	-	-	435	435	238	304	-	-
Vote 7 - Engineering Services		24 945	42 275	46 052	52 317	48 493	48 493	15 295	59 977	5 027	8 789
Capital single-year expenditure sub-total		28 658	54 900	57 931	62 200	57 884	57 884	17 587	62 677	5 327	8 789
Total Capital Expenditure - Vote	3,7	51 982	79 203	79 249	98 450	101 971	101 971	32 563	109 432	89 041	93 397
Capital Expenditure - Functional											
Governance and administration		3 643	2 481	19 190	3 835	3 415	3 415	533	20 857	5 576	2 500
Executive and council		-	115	-	-	-	-	-	1 000	-	-
Finance and administration		3 643	2 367	19 190	3 835	3 415	3 415	533	19 857	5 576	2 500
Community and public safety		2 214	6 548	5 340	8 204	7 323	7 323	2 407	4 265	3 644	2 722
Community and social services		865	143	605	3 930	3 511	3 511	688	2 880	3 144	2 722
Sport and recreation		1 349	5 077	2 449	3 794	1 351	1 351	722	1 000	500	-
Public safety		-	1 329	2 286	480	2 460	2 460	997	385	-	-
Economic and environmental services		1 805	17 184	9 984	10 790	10 579	10 579	2 257	13 973	100	5 000
Planning and development		-	75	-	-	435	435	238	304	-	-
Road transport		1 805	17 109	9 984	10 790	10 144	10 144	2 019	13 669	100	5 000
Trading services		44 320	52 971	44 734	75 621	80 654	80 714	28 360	70 337	79 721	83 175
Energy sources		16 453	9 665	19 459	21 116	25 741	25 741	10 917	23 741	27 449	41 459
Water management		18 224	17 275	17 352	40 579	36 547	36 607	10 421	27 350	17 977	7 059
Waste water management		7 639	17 307	4 273	12 400	16 870	16 870	6 622	17 896	29 294	27 657
Waste management		2 004	8 724	3 650	1 526	1 496	1 496	400	1 350	5 000	7 000
Other		-	18	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3,7	51 982	79 203	79 249	98 450	101 971	102 031	33 556	109 432	89 041	93 397
Funded by:											
National Government		18 612	25 142	42 019	35 048	33 401	33 401	10 622	23 581	25 421	27 097
Provincial Government		3 963	3 849	18 287	6 030	8 354	8 354	1 238	10 754	-	-
District Municipality		-	-	-	-	104	104	-	-	-	-
Transfers recognised - capital	4	22 575	28 991	60 306	41 078	41 860	41 860	11 860	34 335	25 421	27 097
Borrowing	6	-	11 805	-	38 843	34 621	34 621	15 318	45 150	36 320	42 300
Internally generated funds		29 406	38 406	18 943	18 529	25 491	25 491	6 378	29 947	27 300	24 000
Total Capital Funding	7	51 982	79 203	79 249	98 450	101 971	101 971	33 556	109 432	89 041	93 397

Table 18 MBRR A6 - Budgeted Financial Position

WC047 Bitou - Table A6 Budgeted Financial Position											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		125 717	73 465	48 623	(68 453)	15 265	15 265	92 214	55 750	124 607	158 337
Trade and other receivables from exchange transaction	1	40 551	31 425	33 291	25 701	49 790	49 790	3 840	43 839	78 878	59 081
Receivables from non-exchange transactions	1	22 667	22 462	30 951	12 084	61 959	61 959	21 923	100 771	102 985	105 172
Current portion of non-current receivables		(3)	1	11	-	11	11	(0)	11	11	11
Inventory	2	15 437	16 467	16 358	-	16 450	16 450	0	16 538	16 538	16 538
VAT		115 441	165 551	212 584	-	214 645	214 645	30 674	212 584	212 584	212 584
Other current assets		225	374	180	-	180	180	722	180	180	180
Total current assets		320 034	309 745	341 997	(30 668)	358 300	358 300	149 373	429 672	535 781	551 903
Non current assets											
Investments		8 355	9 107	9 857	-	9 857	9 857	(9 857)	-	-	-
Investment property		22 226	22 229	12 692	-	12 692	12 692	-	12 692	12 692	12 692
Property, plant and equipment	3	1 099 717	1 142 384	1 196 038	61 050	1 257 368	1 257 368	2 391	1 322 385	1 307 002	1 300 596
Heritage assets		35	35	35	-	35	35	-	35	35	35
Intangible assets		(0)	(0)	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transaction		(65)	(67)	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transaction		13	11	-	-	-	-	-	-	-	-
Total non current assets		1 130 282	1 173 699	1 218 623	61 050	1 279 953	1 279 953	(7 467)	1 335 112	1 319 730	1 313 323
TOTAL ASSETS		1 450 316	1 483 444	1 560 619	30 382	1 638 252	1 638 252	141 907	1 764 784	1 855 511	1 865 226
LIABILITIES											
Current liabilities											
Financial liabilities		-	-	21 828	-	24	24	-	0	(0)	(0)
Consumer deposits		8 546	9 013	9 848	-	9 848	9 848	852	9 848	9 848	9 848
Trade and other payables from exchange transactions	4	76 006	68 606	75 213	(71 009)	68 829	68 829	(72 037)	79 612	84 592	75 548
Trade and other payables from non-exchange transaction	5	(839)	(12 234)	(9 496)	3 961	(9 779)	(9 779)	29 146	(15 640)	(16 003)	(14 570)
Provision		31 884	32 276	40 148	17 033	57 182	57 182	798	57 320	57 334	57 341
VAT		110 305	157 647	207 999	-	239 157	239 157	37 536	239 157	239 157	239 157
Other current liabilities		14 272	-	13 837	19 787	33 921	33 921	16 291	56 316	56 579	63 847
Total current liabilities		240 173	255 308	359 377	(30 228)	399 182	399 182	12 587	426 612	431 508	431 171
Non current liabilities											
Financial liabilities	6	121 797	100 544	66 876	10 356	102 151	102 151	(12 890)	121 558	117 021	123 262
Provision	7	34 614	33 512	9 358	-	10 320	10 320	(1 255)	10 320	10 320	10 320
Other non-current liabilities		43 915	68 989	58 456	-	58 456	58 456	(1 285)	58 456	58 456	58 456
Total non current liabilities		200 326	203 045	134 689	10 356	170 927	170 927	(15 429)	190 333	185 796	192 037
TOTAL LIABILITIES		440 499	458 353	494 067	(19 873)	570 110	570 110	(2 842)	616 946	617 304	623 208
NET ASSETS		1 009 817	1 025 091	1 066 553	50 254	1 068 143	1 068 143	144 749	1 147 839	1 238 206	1 242 018
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	873 069	905 987	1 054 944	36 499	1 049 593	1 049 593	1 413	1 099 339	1 162 406	1 142 218
Reserves and funds	9	93 000	102 000	18 550	-	18 550	18 550	-	48 500	75 800	99 800
TOTAL COMMUNITY WEALTH/EQUITY	10	966 069	1 007 987	1 073 494	36 499	1 068 143	1 068 143	1 413	1 147 839	1 238 206	1 242 018

Table 19 MBRR A7 - Budgeted Cash Flow Statement

WC047 Bitou - Table A7 Budgeted Cash Flows											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	6 097	26 295	159 956	130 542	130 542	(79)	163 156	173 940	185 514
Service charges		-	3 689	32 114	375 118	359 228	359 234	-	422 573	435 620	514 266
Other revenue		-	1 666	9 192	38 050	12 787	12 787	-	22 595	20 000	20 951
Transfers and Subsidies - Operational	1	-	13 123	120 285	105 717	164 646	165 581	(146)	163 277	270 154	265 575
Transfers and Subsidies - Capital	1	-	-	-	52 305	47 011	47 011	-	37 468	59 234	45 161
Interest		5 662	4 364	3 593	4 600	5 700	5 700	(7 709)	8 221	8 144	7 942
Payments											
Suppliers and employees		(419 978)	(1 075 345)	(1 316 717)	(644 455)	(602 011)	(602 011)	(1 053 160)	(716 494)	(805 242)	(842 846)
Interest		(33)	(60)	(1)	(8 700)	(8 776)	(8 776)	-	(13 428)	(16 257)	(18 829)
Transfers and Subsidies	1	-	-	-	(4 750)	(6 985)	(6 985)	-	(12 230)	(6 300)	(6 600)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(414 349)	(1 046 467)	(1 125 239)	77 840	102 142	103 083	(1 061 094)	75 138	139 294	171 135
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	431	431	-	10 962	-	-
Decrease (increase) in non-current receivables		4	2	2	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(752)	(752)	(750)	-	-	-	9 857	-	-	-
Payments											
Capital assets		(8 999)	(19 714)	(38 326)	(98 450)	(101 971)	(101 971)	28 573	(109 432)	(89 041)	(93 397)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 748)	(20 464)	(39 074)	(98 450)	(101 540)	(101 540)	38 431	(98 470)	(89 041)	(93 397)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		-	-	-	-	35 255	35 255	-	40 150	36 320	42 300
Increase (decrease) in consumer deposits		192	468	835	-	-	-	852	-	-	-
Payments											
Repayment of borrowing		-	-	-	(21 828)	(21 804)	(21 804)	-	(20 767)	(21 475)	(21 214)
NET CASH FROM/(USED) FINANCING ACTIVITIES		192	468	835	(21 828)	13 451	13 451	852	19 383	14 845	21 086
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	90 089	125 717	73 465	110 464	48 627	48 627	-	59 740	55 791	120 889
Cash/cash equivalents at the year end:	2	(333 815)	(940 747)	(1 090 013)	68 025	62 680	63 621	(1 021 811)	55 791	120 889	219 714

The cash flow budget shows that a decrease in cash held is anticipated for the 2023/2024 financial year where-after the liquidity position continues to improve over the MTREF up to the 2025/2026 financial year, an improvement in the liquidity position is anticipated over the MTREF although the cash resources are not yet ideal when one considers the short-term provisions, reserves and funding cash backing requirements.

Table 20 MBRR A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

WC047 Bitou - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(333 815)	(940 747)	(1 090 013)	68 025	62 680	63 621	(1 021 811)	55 791	120 889	219 714
Other current investments > 90 days		459 532	1 014 212	1 138 636	(136 479)	(47 415)	(48 356)	1 114 025	(41)	3 717	(61 377)
Non current Investments	1	8 355	9 107	9 857	–	9 857	9 857	(9 857)	–	–	–
Cash and investments available:		134 072	82 572	58 480	(68 453)	25 123	25 123	82 357	55 750	124 607	158 337
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent conc		(839)	(12 234)	(9 496)	3 961	(9 779)	(9 779)	29 146	(15 820)	(16 003)	(14 570)
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	76 006	67 965	70 888	(81 690)	10 152	10 151	(72 035)	(6 460)	(150)	(15 444)
Other provisions		(11 105)	–	(204)	–	–	–	–	–	–	–
Long term investments committed	4	8 355	9 107	9 857	–	9 857	9 857	(9 857)	–	–	–
Total Application of cash and investments:		72 418	64 838	71 045	(77 729)	10 231	10 230	(52 746)	(22 280)	(16 152)	(30 014)
Surplus(shortfall)		61 654	17 734	(12 565)	9 276	14 892	14 893	135 102	78 030	140 759	188 351

The table above indicates the cash held and the application thereof over the MTREF, from the table it is clear that there is sufficient cash resources available to cover operational as well as own funded capital expenditure over the MTREF. It is indicative that the municipality would be able to attain a sound financial position after the conclusion of the MTREF.

Table 21 MBRR A9 - Asset Management

WC047 Bitou - Table A9 Asset Management										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	33 414	49 435	73 736	57 506	65 675	65 675	69 498	40 963	56 038
Roads Infrastructure		1 306	3 750	23 865	2 790	3 461	3 461	4 400	100	-
Electrical Infrastructure		6 654	8 522	14 211	11 051	15 900	15 900	8 003	9 228	23 323
Water Supply Infrastructure		13 078	12 706	10 972	27 584	24 541	24 541	14 831	200	250
Sanitation Infrastructure		1 758	5 450	2 733	-	-	-	6 912	9 310	8 615
Solid Waste Infrastructure		1 276	-	3 056	-	-	-	-	3 200	7 000
Information and Communication Infrastructure		-	-	-	-	104	104	-	-	-
Infrastructure		24 072	30 428	54 837	41 425	44 007	44 007	34 145	22 037	39 188
Community Facilities		-	33	-	30	435	435	2 654	2 300	-
Sport and Recreation Facilities		840	1 666	1 050	-	-	-	-	-	-
Community Assets		840	1 699	1 050	30	435	435	2 654	2 300	-
Operational Buildings		1 200	37	-	2 204	1 914	1 914	7 985	7 731	6 499
Other Assets		1 200	37	-	2 204	1 914	1 914	7 985	7 731	6 499
Computer Equipment		1 688	2 511	5 139	3 950	3 397	3 397	1 881	3 601	2 000
Furniture and Office Equipment		354	199	72	75	285	285	1 064	300	-
Machinery and Equipment		4 519	1 082	8 902	8 437	12 316	12 316	5 368	4 994	6 951
Transport Assets		741	13 479	3 736	1 385	3 321	3 321	16 400	-	1 400
<u>Total Renewal of Existing Assets</u>	2	126	1 080	5 050	6 515	5 825	5 825	3 861	6 053	4 400
Electrical Infrastructure		-	1 080	374	1 215	989	989	890	1 878	-
Water Supply Infrastructure		-	-	-	2 900	2 746	2 746	-	-	-
Sanitation Infrastructure		-	-	2 517	2 200	1 900	1 900	-	-	-
Infrastructure		-	1 080	2 891	6 315	5 635	5 635	890	1 878	-
Community Facilities		-	-	-	-	-	-	-	325	-
Community Assets		-	-	-	-	-	-	-	325	-
Operational Buildings		-	-	-	-	-	-	2 795	3 350	3 900
Other Assets		-	-	-	-	-	-	2 795	3 350	3 900
Computer Equipment		126	-	2 159	200	190	190	176	500	500
<u>Total Upgrading of Existing Assets</u>	6	18 442	28 688	463	34 429	30 472	30 472	36 073	42 025	32 958
Roads Infrastructure		499	12 428	(13 906)	1 000	1 183	1 183	3 269	-	-
Storm water Infrastructure		-	-	-	5 000	5 000	5 000	6 000	-	5 000
Electrical Infrastructure		7 791	-	0	6 350	6 308	6 308	10 789	11 699	10 744
Water Supply Infrastructure		5 146	5 530	3 000	12 045	9 411	9 411	5 200	12 985	950
Sanitation Infrastructure		2 947	7 345	7 983	5 000	4 620	4 620	8 135	14 485	13 542
Infrastructure		16 383	25 303	(2 922)	29 395	26 521	26 521	33 393	39 168	30 236
Community Facilities		509	2 894	1 814	3 900	2 400	2 400	250	-	-
Sport and Recreation Facilities		-	471	1 276	438	654	654	2 430	2 844	2 722
Community Assets		509	3 365	3 090	4 338	3 054	3 054	2 680	2 844	2 722
Operational Buildings		1 550	-	113	696	896	896	-	-	-
Other Assets		1 550	-	113	696	896	896	-	-	-
Computer Equipment		-	20	183	-	-	-	-	13	-
<u>Total Capital Expenditure</u>	4	51 982	79 203	79 249	98 450	101 971	101 971	109 432	89 041	93 397
Roads Infrastructure		1 805	16 178	9 960	3 790	4 644	4 644	7 669	100	-
Storm water Infrastructure		-	-	-	5 000	5 000	5 000	6 000	-	5 000
Electrical Infrastructure		14 445	9 602	14 585	18 616	23 197	23 197	19 682	22 804	34 067
Water Supply Infrastructure		18 224	18 236	13 972	42 529	36 697	36 697	20 031	13 185	1 200
Sanitation Infrastructure		4 705	12 795	13 233	7 200	6 520	6 520	15 046	23 794	22 157
Solid Waste Infrastructure		1 276	-	3 056	-	-	-	-	3 200	7 000
Information and Communication Infrastructure		-	-	-	-	104	104	-	-	-
Infrastructure		40 455	56 811	54 806	77 135	76 163	76 163	68 428	63 083	69 425
Community Facilities		509	2 926	1 814	3 930	2 835	2 835	2 904	2 625	-
Sport and Recreation Facilities		840	2 137	2 326	438	654	654	2 430	2 844	2 722
Community Assets		1 349	5 063	4 140	4 368	3 489	3 489	5 334	5 469	2 722
Operational Buildings		2 750	37	113	2 900	2 810	2 810	10 780	11 081	10 399
Other Assets		2 750	37	113	2 900	2 810	2 810	10 780	11 081	10 399
Computer Equipment		1 814	2 531	7 481	4 150	3 587	3 587	2 058	4 114	2 500
Furniture and Office Equipment		354	199	72	75	285	285	1 064	300	-
Machinery and Equipment		4 519	1 082	8 902	8 437	12 316	12 316	5 368	4 994	6 951
Transport Assets		741	13 479	3 736	1 385	3 321	3 321	16 400	-	1 400
TOTAL CAPITAL EXPENDITURE - Asset class		51 982	79 203	79 249	98 450	101 971	101 971	109 432	89 041	93 397

Table 22 MBRR A10 - Basic Service Delivery Measurement

WC047 Bitou - Table A10 Basic service delivery measurement										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	10 572 618	11 058 959	11 567 671
Sanitation (free minimum level service)		-	9 923 985	6 423 181	11 145 400	11 145 400	11 145 400	22 377 782	23 407 160	24 483 890
Electricity/other energy (50kwh per household per month)		-	3 818 662	4 590 146	4 581 361	4 581 361	4 581 361	5 734 034	6 599 873	7 596 454
Refuse (removed at least once a week)		-	7 569 357	20 357 134	12 488 806	12 488 806	12 488 806	15 307 314	15 919 607	16 651 908
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	10 573	11 059	11 568
Sanitation (free sanitation service to indigent households)		-	9 924	6 423	11 145	11 145	11 145	22 378	23 407	24 484
Electricity/other energy (50kwh per indigent household per month)		-	3 819	4 590	4 581	4 581	4 581	5 734	6 600	7 596
Refuse (removed once a week for indigent households)		-	7 569	20 357	12 489	12 489	12 489	15 307	15 920	16 652
Total cost of FBS provided		-	21 312	31 370	28 216	28 216	28 216	53 992	56 986	60 300
<u>Highest level of free service provided per household</u>										
<u>Revenue cost of subsidised services provided (R'000)</u>	9									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	3 848	5 860	5 887	5 887	5 887	3 295	3 447	3 605
Total revenue cost of subsidised services provided		-	3 848	5 860	5 887	5 887	5 887	3 295	3 447	3 605

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Councils IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Steering Committee meetings were held during the budget preparation process to ensure a co-ordinated approach to budgeting through the linking of the community needs with administrative requirement and ensuring political oversight in the process.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2022) a time schedule that sets out the process to revise the IDP and prepare the budget.

The mayor tabled in Council the required the IDP and budget time schedule on 31 August 2022 setting out the schedule of key deadlines in accordance with which the IDP and Budgeting planning processes would flow into the ultimate approval of the new budget and IDP revision.

SUMMARY OF KEY ACTIVITIES OF THE TIME SCHEDULE OF KEY DEADLINES FOR THE 2023/24 BUDGET AND IDP REVIEW

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET ii	PMS ⁱⁱⁱ	MM ^{iv}	EM ^v		
PREPARATION	Preparation of the IDP, Budget Time Schedule							x	Sections 21, 53, MFMA	Draft time schedule
	District Framework Alignment Meeting	July 22	Aug 22	x	x	x			Section 27, MSA	District Framework
	Steering Committee Meeting to Review the previous year IDP process	July 22	Aug 22						Best Practice	Minutes and attendance registers
	Review participation mechanisms and processes	July 22	Aug 22							Process report presented to the steering committee
	Receive comments from the MEC	July 22	Aug 22					x	Section 32 MFMA	MEC report presented to the Steering committee
	Review past performance	Aug 22	Sep 22	x		x			Section 34, 46 MSA	PMS presentation and discussion by steering committee
	Set-up budget committees	Sep 22	Sep 22							Resolution and acceptance letters
	Submission of annual report	Aug 22	Aug 22			x				Confirmation of receipt by the AG's office
									Chapter 4 Systems Act	
SITUATION ANALYSIS	Extended steering committee meeting	Sep 22	Sep 22							
	IDP Indaba 1	Sep 22	Oct 22	x	x					JPI Requirement
	Public Participation (Ward Committee Meetings)	Sep 22	Oct 22							
	Analysis of socio-economic data	Sep 22	Oct 22							Analysis Report
	Analysis of service provision									Service Gaps Report
	Analysis of municipal infrastructure services (Water, Roads, Electricity, Sewer, Waste Water treatment, Housing Demand, financial Services (revenue and expenditure), and Institutional Capacity etc.)	Sep 22	Oct 22							Departments to submit analysis reports to the IDP office for consolidation.
	Comparison study of existing Data Sets	Sep 22	Sep 22							
	Review of Municipal sector plans	Sep 22	Oct 22							Report on Status of Sector Plans
	Procure strategic session facilitation services	Sep 22	Nov 22							Appointment certificate
STRATEGY	Strategic planning workshop	Nov 22	Dec 22							Revised strategic objectives, indicators and targets
	Strategic priorities and budget recommendations	Nov 22	Dec 22							Strategic outcomes and reports
	Get feedback on progress on current priority catalytic projects	Nov 22	Dec 22							
PROJECTS	Design project template	Oct 22	Oct 22							
	Distribute community priorities to departments	Nov 22	Nov 22							
	Appointment of departmental mSCOA champions	Nov 22	Dec 22	x	x					
	Identification of Priority Projects	Jan 23	Feb 23	x	x				Section 127 MFMA	Draft capex and opex budgets
	Loading of projects to mSCOA portal	Jan 23	Feb 23	x	x					mSCOA report
INTEGRATION	TIME Engagement	Feb 23	Feb 23							JPI Report and Attendance Register
	IDP Indaba 2	Mar 23	Mar 23							JPI Report and Attendance Register
	Receive summaries of Sector Plans from departments	Jan 23	April 23	x					Best Practice	Sector Plans Section in the IDP
	Integrate the District JPI, PGDP, and NDP	Jan 23	Feb 23							
	Add capex and OPEX MTREF budgets to the IDP	Jan 23	March 23	x	x				Best Practice	Budget Section in the IDP
	GRDM IDP Forum Meeting	Nov 22	Dec 22							

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK	POE NOTES
		START	FINISH	ID/P	BUDGET i	PMS ⁱⁱ	MM ^{iv}	EM ^v		
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	July 22	Aug 22	x	x		x			
	Portfolio Committee to discuss IDP/Budget Time Schedule	Aug 22	Aug 22	x	x					
	MAYCO to recommends IDP/Budget time schedule to Council	Aug 22	Aug 22	x	x			x		
	Council Approves the IDP/ Budget Time Schedule	Aug 22	Aug 22	x	x			x	Section 34 MSA, Section 21, 22 & 24 MFMA	Council Resolution and Minutes
	IDP Process Plan Time and Schedule is advertised	Sep 22	Sep 22	x	x				MFMA Guidance	
	Approval of the Adjustment Budget	Feb 23	Feb 23		x					
	Council Approves Annual Report	Jan 23	Jan 23			x			Section 121 MFMA	Council Resolution
	Council adopts amendments to the revised IDP and Draft Budget	Mar 23	Mar 23	x	x				Section 34	Council Resolution
	SIME Engagements	May 23	May 23	x	x		x		Section 23 MFMA	IDP and Budget assessment report
	Notice is placed in the local newspaper for 21 days	April 23	April 23	x	x				Municipal Performance Regulations, Section 4 (ii) performance regulations.	Newspaper Advert
	IDP and Budget Road Shows	April 23	April 23	x	x				Chapter 4 MSA	Minutes and attendance Registers
	Extended IDP Steering Committee Meeting	April 23	May 23	x					Section 23 MFMA, chapter 4, MSA	Third Quart MS Report, IDP Presentation, attendance and minutes of meeting
	Preparing responses to respond to written submissions	April 23	May 23	x	x				Section 23 MFMA	
	Amending IDP and Budget to incorporate provincial assessments	May 23	May 23	x	x				Section 23 MFMA	Revised Documents
	Council Approves IDP and Budget	May 23	May 23							
	Send copies of IDP and Budget to the MEC for Local Government	June 23	June 23	x	x		x	x	Section 32, MSA, Section 24 MFMA	Confirmation of receipt
	Publish annual budget and IDP	June 23	June 23	x	x				Section 22, MFMA	Advert and web key
IMPLEMENTATION	Approval of SDBIP	June 23	June 23							
	Rollout of SDBIP (2023/24)	July 23	July 23						Section 69	Performance Agreements
	Submission of SDBIP to the MEC for Local Government	July 23	July 23						Section 69 MFMA	Council Resolution
	Submit annual Performance Agreements to Mayor	June 23	July 23				x		Section 69, MFMA	Signed Performance Contracts
	Tabling of MID Term Report	Jan 23	Jan 23			x	x	x	Sections 36, 72 MFMA	Mid-year report, council resolution and council minutes
	Submission of annual report to AG	Jan 23	Jan 23			x	x		Section 72 MFMA	Confirmation Receipt
	Preparation of Oversight Report	Jan 23	Jan 23			x				Council Resolution
	Council adopts oversight report	Feb 23	Feb 23			x	x	x		Council Resolution

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The 1st review of the 5th Generation IDP is herewith submitted and will be concluded with the 2023/2024 budget process.

The Municipal IDP is its principle strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into strategic goals, strategic objective, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the annual revisions of the Fifth Generation IDP includes the following key IDP processes and deliverables:

- Registration of community needs;
- Consideration of master planning documents dovetailing into infrastructure and other service delivery needs identified by the community;
- Compilation of departmental strategic plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the TL-SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2023/24 MTREF, based on the approved 2022/23 MTREF, Mid-year Review and adjustments budget. The business planning processes have subsequently been refined in the light of current economic circumstances and the resulting revenue and expenditure projections.

With the compilation of the 2023/2024 MTREF, each department and section had to review the business planning processes, including the setting of priorities and targets after reviewing the mid-year and subsequent performance against the 2022/23 top level service delivery and budget implementation plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Council, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear

understanding of such intent is therefore imperative to ensure that the Council strategically complies with the key national and provincial priorities.

The aim of the Fifth Generation IDP was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Council's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2023/24 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Goals and Strategic Objectives

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
SO1: Provide Excellent Service Delivery to the residents of Bitou Municipality including informal settlements and the poor.	Fleet and Plant	Upgrade municipal workshop to include an accredited service section
		Upgrade municipal fleet
		Replace old and redundant plant
	Upgrade and Maintenance Sewer Network	Sewer treatment
		Upgrade of network
		Purification and management
	Water Services	Raw Water Harvesting
		Storage
		Purification,
		Distribution
	Electrical Services	Bulk Purchase
		Renewable energy
		Transmit and distribute
		Maintenance and upgrade
	Roads and Storm water	Maintenance of roads and storm water
		Upgrade and extension of road network
		Upgrade storm water
		Traffic calming
	Upgrade and Maintenance of Parks and recreation facilities	Parks, Cemeteries, Sports fields and Horticulture Maintenance Services
		Beach Control and Beachfront Maintenance and lifeguard training and facilities
		Facilities and Service Centres (Community Halls and Service Centres)
		Aerodrome-Possible move to Strategic Services
		Municipal Buildings and Maintenance

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
	Solid Waste Management	The collection of household waste streams
		Collection of green/natural waste streams
		Collection of Industrial & commercial waste streams
		Collection of recyclable waste streams
		Processing of the various waste streams
		Disposal of the various waste streams (i.e. regional landfill site, composting, recycling manufacturing houses)
		Recycling
	Upgrade and maintain public transport systems	Upgrade and Maintain Airport
		Upgrade and Maintain taxi ranks
		Maintain and upgrade bus shelters
		Upgrade and maintain cycling lanes

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
SO2: Facilitate growth, jobs, and expand tourism to empower the residents of Bitou.	Tourism Development	Capacitate the tourism VA
		Create Tourism Routes
		Invest in township tourism
		Arts and culture
		Sport and water sport tourism
		Safaris
		Call Centres
		Airport precinct development
		Investment conference
	Agriculture	Upgrade launching pad for small fisherman
		Small scale farming
		Subsistence vegetable gardens
		Provision of land to small farmers
		Develop policies and SOP's for farmer support
	Government Services	Construction of 500 – 1000 bed correctional centre
		Construction of additional schools
		Upgrading South Cape College
		Investigate the possibility of SANDF to use the air strip and Bitou coastline for specialised training

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
SO3:	Revenue enhancement	

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
Put relevant control measures in place to ensure effective, efficiency and economic use of scarce municipal resources.	Loss control	
	Supply chain Management	

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
<p style="text-align: center;">SO4: Build a capable, well-resourced and viable institution that can deliver on the developmental mandate of the municipality.</p>		

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
<p style="text-align: center;">SO5: Create a conducive and mutually beneficial communication environment that is responsive to the developmental priorities of the municipality and community</p>		

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP process which is directly aligned to that of the national and provincial priorities.

New game changers have been identified and are included in the IDP review document and will also be taken up into the Service Delivery and Budget implementation plan for the 2023/2024 financial year and beyond to ensure the execution of strategic objectives.

The 2023/24 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

WC047 Bitou - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
R thousand			Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Provide excellent service delivery to the resident of Bitou Municipality			2	362 571	405 201	467 719	485 908	477 035	477 035	507 654	559 405	615 588
Re-establish, grow and expand tourism within the municipality				9 621	16 343	26 932	19 676	30 467	30 467	21 471	130 727	96 930
Put relevant control measures in place to ensure efficiency and excellence				95 247	48 679	51 586	58 003	58 377	58 377	65 018	70 947	76 999
Provide basic service delivery to informal settlements and the poor				61 400	73 934	67 007	85 027	79 943	79 943	98 530	98 056	104 110
Facilitate growth, jobs and empowerment of people of Bitou				173	5 653	648	-	500	500	350	-	-
To ensure the safety of residents and visitors to Bitou Municipality				10 675	29 525	56 550	39 193	29 578	29 578	36 230	37 804	39 451
To build institutional and financial sustainability				152 124	190 538	177 153	181 221	177 552	177 552	207 447	218 976	232 975
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)			1	691 812	769 874	847 595	869 028	853 452	853 452	936 700	1 115 915	1 166 054

Table 24 MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating Expenditure

WC047 Bitou - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
R thousand			Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
Provide excellent service delivery to the resident of Bitou Municipality				334 934	352 894	459 524	390 974	406 039	406 039	451 415	497 326	523 127	
Re-establish, grow and expand tourism within the municipality				26 539	50 254	33 898	33 049	44 746	44 746	34 000	31 037	32 097	
Put relevant control measures in place to ensure efficiency and excellence				91 679	110 124	(2 217)	111 551	112 018	112 018	117 046	136 830	147 592	
Provide basic service delivery to informal settlements and the poor				104 206	121 736	118 102	130 075	136 496	136 496	139 604	141 923	143 215	
Facilitate growth, jobs and empowerment of people of Bitou				6 011	8 768	8 367	9 016	9 019	9 019	9 387	12 123	11 386	
To ensure the safety of residents and visitors to Bitou Municipality				45 296	79 104	104 981	77 738	78 469	78 469	82 064	100 609	104 799	
To build institutional and financial sustainability				39 727	40 666	70 140	66 371	65 039	65 039	63 355	65 341	65 843	
Allocations to other priorities													
Total Expenditure				1	648 393	763 546	792 795	818 774	851 826	851 826	896 871	985 189	1 028 060

Table 25 MBRR SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

WC047 Bitou - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)											
R thousand		Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Provide excellent service delivery to the resident of Bitou Municipality	A		44 147	61 337	57 785	84 985	89 482	89 482	99 656	75 121	82 675
Re-establish, grow and expand tourism within the municipality	B		-	75	-	-	435	435	304	-	-
Put relevant control measures in place to ensure efficiency and excellence	C		1 979	2 412	3 347	-	35	35	-	-	-
Provide basic service delivery to informal settlements and the poor	D		5 529	13 946	13 378	10 426	9 715	9 715	6 895	9 462	9 722
Facilitate growth, jobs and empowerment of people of Bitou	E		-	-	-	-	-	-	-	-	-
To ensure the safety of residents and visitors to Bitou Municipality	F		-	1 348	4 500	-	-	-	-	-	-
To build institutional and financial sustainability	G		326	84	240	3 039	2 304	2 304	2 577	4 459	1 000
Allocations to other priorities		3									
Total Capital Expenditure		1	51 982	79 203	79 249	98 450	101 971	101 971	109 432	89 041	93 397

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Council has developed and implemented a performance management system which is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table sets out the municipalities main performance objectives and benchmarks for the 2023/24 MTREF.

Table 26 MBRR SA7 - Measurable performance objectives

WC047 Bitou - Supporting Table SA7 Measureable performance objectives							
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Financial Services							
Revenue - Free Basic Services							
Provide subsidies for free basic services to indigent households as at 30 June 2023	3 404	3 404	3 404	3 404	3 404	3 404	3 404
Revenue - Sanitation							
Number of residential properties with sanitation services to which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2023	11 857	12 750	12 750	12 750	12 750	12 750	12 750
Revenue - Electricity							
Number of residential properties with electricity which are connected to the municipal electrical infrastructure network (credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2023	12 474	12 500	12 500	12 500	12 500	12 500	12 500
Revenue - Refuse							
Number of residential properties for which refuse is removed once per week and billed for the service as at 30 June 2023	11 798	12 500	12 500	12 500	12 500	12 500	12 500
Revenue - Water							
Number of residential properties with piped water which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2023	11 893	11 893	11 893	11 893	11 893	11 893	11 893
Debt to Revenue							
Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease / (Total Operating Revenue - Operating Conditional Grant) x 100	13.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Outstanding Service Debtors							
Financial viability measured in terms of the outstanding service debtors as at 30 June 2023 ((Total outstanding service debtors/ revenue received for services)x100)	7.72%	11.80%	11.80%	11.80%	11.80%	11.80%	11.80%
Cover Fix Operating Expenditure							
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2023 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	0.75	0.75	0.75	0.75	0.75	1.20	1.20
Debtor Payment Achieved							
Achieve a debtor payment percentage of 90% by 30 June 2023 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	84.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Engineering Services							
Water Losses							
Limit unaccounted for water to less than 30% by 30 June 2023 ((Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100)	37.7%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Electricity Losses							
Limit unaccounted for electricity to less than 10% as at 30 June 2023 ((Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) x100)	18.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Capital Budget - Waste Water Services							
Spend 90% of the approved capital budget for Waste Water services by 30 June 2023 ((Total actual capital expenditure /Total capital amount budgeted)x100) (excluding Fleet)	89.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Capital Budget - Electrical & Mechanical Services							
Spend 90% of the approved capital budget for Electrical and Mechanical services by 30 June 2023 ((Total actual capital expenditure /Total capital amount budgeted)x100) (excluding Fleet)	96.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Capital Budget - Water Services							
Spend 90% of the approved capital budget for Water services by 30 June 2023 (Total actual capital expenditure /Total capital amount budgeted)x100) (excluding Fleet)	86.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Capital Budget - Roads & Storm Water							
Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2023 ((Total actual capital expenditure /Total capital amount budgeted)x100) (excluding Fleet)	113.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
MIG Funding							
Spend 100% of MIG Funding allocation by 30 June 2023 ((Total actual MIG expenditure /Total MIG amount budgeted)x100)	88.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Electricity Theft Investigations							
Conduct 700 potential electricity theft investigations annually 30 June 2023	984	700	700	700	700	700	700
Budget - Ebenezer New Bulk Water Construction							
Spend 90% of the budget allocated for the construction of Ebenezer New Bulk Water (Portion 20) by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	51.0%	90.0%	90.0%	90.0%	90.0%	KPI removed	0.0%
Budget - 20MVA 66/11kv Kwanokhutula Substation							
Spend 90% of the budget allocated for the installation of 20MVA 66/ 11kv at Kwanokhutula substation (INEP) by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	New KPI	90.0%	90.0%	90.0%	90.0%	KPI removed	0.0%
Budget - Kurland WTW							
Spend 90% of the budget allocated for the upgrade of the Kurland WTW (from 0.6ml to 1.2ml) by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	New KPI	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Budget - Plett WTW New Clear Water Pumpstation							
Spend 95% of the budget allocated for the Plett WTW New Clear Water Pumpstation by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	New KPI	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Budget - Stormwater Upgrades							
Spend 90% of the budget allocated for the stormwater upgrades by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	New KPI	90.0%	90.0%	90.0%	90.0%	KPI removed	0.0%
Budget - Upgrade Bossiesgiff Sports Facility							
Spend 95% of the budget allocated for the upgrade of the Bossiesgiff sports facility by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	New KPI	95.0%	95.0%	95.0%	90.0%	KPI removed	0.0%
Budget - Electrification on Informal Settlements (Bossiesgiff, Qolweni and Kurland)							
Spend 90% of the budget allocated for the electrification of informal settlements(Bossiesgiff, Qolweni and Kurland) by 30 June 2023((Total actual capital expenditure /Total capital amount budgeted)x100)	New KPI	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Community Services							
EPWP Job Opportunities							
Create 200 job opportunities in terms of the EPWP by 30 September 2022	440	200	200	200	200	225	225

Table 27 MBRR SA8 - Performance indicators and benchmarks

WC047 Bitou - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	4.8%	4.7%	4.5%	7.2%	7.0%	7.0%	5.2%	6.8%	6.4%	6.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	5.9%	6.1%	5.6%	8.9%	9.2%	9.2%	5.3%	8.4%	7.3%	7.1%
Borrowed funding of own capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	58.7%	58.7%	0.0%	53.5%	57.1%	63.8%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	131.0%	98.6%	360.5%	0.0%	550.7%	550.7%	0.0%	250.6%	154.4%	123.5%
Liquidity											
Current Ratio	Current assets/current liabilities	1.3	1.2	1.0	1.0	0.9	0.9	11.9	1.0	1.2	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.2	1.0	1.0	0.9	0.9	11.9	1.0	1.2	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.4	0.2	1.4	0.2	0.2	7.6	0.2	0.5	0.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	2.6%	14.3%	119.6%	117.3%	117.3%	0.0%	123.1%	118.2%	122.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.0%	6.5%	7.2%	1.5%	11.0%	11.0%	1.7%	13.0%	11.3%	10.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		-22.8%	-7.3%	-6.9%	-104.4%	110.5%	108.9%	7.0%	142.7%	70.0%	34.4%
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.1%	36.2%	34.8%	37.3%	38.2%	38.2%	34.2%	37.0%	33.5%	33.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.0%	37.1%	35.6%	38.1%	39.2%	39.2%		37.8%	34.2%	34.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.7%	4.9%	6.0%	6.1%	6.0%	6.0%		5.3%	7.9%	7.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.1%	6.0%	8.7%	10.4%	10.8%	10.8%	4.3%	6.5%	5.8%	5.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	121.0	163.5	24.3	24.1	24.1	24.1	20.3	24.4	29.7	31.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	10.4%	10.2%	11.5%	2.7%	18.7%	18.7%	5.6%	24.5%	23.0%	21.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(7.7)	(18.8)	(20.8)	1.3	1.1	1.2	(24.4)	0.9	1.8	3.1

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Council. The National Treasury determined the poverty threshold as two times the government old age pension and the indigent subsidy received through the equitable share is intended to subsidise the households that meet the qualification criteria. In the case of Bitou municipality, the council has adopted a policy whereby the qualifying threshold was increased to provide subsidies to households earning less than R5000 per month which is still nearly 20% more than the threshold determined by the National Treasury.

In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 Kwh of electricity, sanitation and free waste removal once a week, as well as an exemption

from the payment of property rates where a valuation is below R350 000. It is anticipated that approximately 3500 households will receive indigent subsidy in the 2023/2024 financial year costing the municipality in excess of R70 million per annum.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement).

2.4 Overview of budget related policies

The Council budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies forms part of the budget document and has been reviewed as indicated in the undermentioned summary of changes made:

CHANGES TO BUDGET RELATED POLICIES 2023/2024

ACCOUNTS PAYABLE POLICY

Applicable Legislation, Regulation and Policies

Paragraph 6.2 of the policy is amended to allow contractors who are in arrears with their municipal accounts to participate in procurement processes subject to a suitable arrangement being entered into with the municipality for the settlement of debt during the period of provision of the service, as follows:

“Section 38 1 (e) (i) of the Council’s approved Supply Chain Management Policy addresses the processes that the Accounting Officer must follow when receiving any bid from a bidder with the municipal rates and taxes or municipal services charges, owed by the bidder or any of its directors, in arrears for more than three (3) months. When submitting a tender for the provision of services or the delivery of goods, each potential contractor, service provider and supplier (hereinafter referred to as the ‘tenderer’) must prove to the satisfaction of the Municipality that all accounts for which the tenderer is liable, have been paid up to date, and that all accounts for which each and every director, owner, partner or trustee of the tenderer is liable, have also been paid up to date. Unless a suitable arrangement has been made between the bidder and the Bitou Municipality that the total amount in arrears be recovered directly from the bidder’s invoices during the contract period”.

SUBSISTENCE AND TRAVEL POLICY

Under the heading: Hotel Accommodation – Councillors and Staff, the following amendments are proposed to Section 7:

Section 7 of the policy is amended as follows:-

7.6 Should a delegate elect to arrange his/her own accommodation at relatives or friends, an allowance be paid to him/her calculated as follows:

7.6.1 *Meals and incidental cost in amount equal to annual determination for meals and incidental cost that are deemed to have been expected by South African Revenue Services (R522.00 for 2024).*

Subsistence Allowance – councillors and Staff

Section 8 of the policy is amended as follows: -

- 8.2 *Exceeding 6 hours outside Bitou Municipality: Incidental costs in the amount equal to the annual determination for incidental cost that are deemed to have been expended by the South African Revenue Services (R161.00 for 2024) per day.*
- 8.3 *Exceeding 24 daily hours (overnight): Meals and incidental costs in the amount equal to the annual determination for meals and incidental cost that are deemed to have been expended by South African Revenue Services (R380.00 for 2024) per day.*
- 8.4 *Where a booking for accommodation is done on a dinner, bed and breakfast basis; either by the host or Bitou Municipality, an allowance for incidental costs in the amount equal to the annual determination for incidental costs that are deemed to have been expended by the South African Revenue Services (R161.00 for 2024) per day will be payable.*

Reimbursement of Travel Costs – Official Municipal Guests

Section 10 of the policy is amended as follows.

- 10.1 *The municipality will reimburse the guests' travel costs based on the actual distance travelled at R4.64 per kilometre, regardless of the value and engine capacity of the vehicle as per SARS schedules for 2024.*

Hotel Accommodation – Interviews Candidates (Invitee)

Section 11 of the policy has been withdrawn, meaning that no accommodation cost will be paid to candidates attending selection and recruitment processes.

Reimbursement of Travel Costs – Interviews Candidates (Invitee)

Section 12 of the policy has been withdrawn. Meaning that no allowances or reimbursement will be paid to candidates attending recruitment and selection processes.

SUPPLY CHAIN MANAGEMENT POLICY

Procedures for procuring goods or services through written quotations and formal written price quotations.

Section 18 (5) of the policy is amended as follows:

The following are possible examples of not being in a position to obtain three written quotations or formal written price quotations: -

- i. *Publication of official and legal notices as well as advertisements in the media,*
- ii. *Disciplinary hearings (Appointment of a Chairperson, Initiator) ,as per delegations of the Municipal Manager, the appointment of any legal person(s)*

to institute and defend any legal processes/proceedings and claims by or against Council, in any court of law, including the initiation, dealing with or settlement of such proceedings, training events, corporate branding and artwork, courses, seminars, membership fees, doctor consultations, medical specialists, local travel agencies, accommodation, subscription, tow in services, services agents, franking machine postage, library books, books, monitoring of alarms, advertisements, motivational speakers, artists, subscription fees, security services in case of emergency or as determined by the Accounting Officer.

- iii. In the event of a strip and quote or ad-hoc repairs to plant, equipment and machinery where it is not possible to ascertain the nature or extent of the work required in order to call for quotations, authorised by the Director Engineering Services.*
- iv. Payment of annual license and support charges, enhancements and additional functional modules to ensure compliance with the MSCOA classification framework and to move towards a municipal ERP system, to the provider of the core financial system of the municipality.*

Bid Committees

Section 28 (1) (a) and (b) of the policy is amended as follows.

The technical evaluation committee must be convened, (a) where the value of the tender for goods and services exceeds the amount of R2 million (excluding VAT), and (2) where the value of the tender for infrastructure exceeds the amount of R2,5 million (excluding VAT).

Combating of abuse of supply chain management system

Section 38 (1) (e) (i) of the policy is amended as follows to allow persons to make suitable arrangement for the repayment of arrears municipal debt owed to Bitou municipality and to participate in procurement processes.

“The Accounting Officer must reject any bid from a bidder if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; unless a suitable arrangement has been made between the bidder and the Bitou Municipality that the total amount in arrears be recovered directly from the bidder’s invoices during the contract period. The said debt repayment plans are selectively for local bidders, who reside within the Bitou Municipal area. All other bidders residing outside the Bitou area are excluded from such arrangements”.

BORROWING POLICY SUMMARY OF PROPOSED AMENDMENTS

1. Page 8 – Sources of Borrowing, Paragraph 7.1.2

- Amend from “The Development Bank of South Africa” to “Development Finance Institutions”.

- Amendment proposed to remove the limitation to a specific development financial institution, as alluded to within the Policy Framework for Municipal Borrowing, 2017.

2. Page 8 – Sources of Borrowing, Paragraph 7.1.2

- Amend from “**Instalment**” to “**Instalment**”.
- Correct grammatical error.

3. Page 8 – Sources of Borrowing, Paragraph 7.1.4

- Amend from “**Any other institution approved by the Council from time to time**” to “**Any other institutional investors**”.
- Amendment proposed to remove the limitation to specifically approved institutional investors, as eluded to within the Policy Framework for Municipal Borrowing, 2017.

4. Page 12 – Loan Covenants, Paragraph 19.2

- Amend from “**.... reported on bi-annually...**” to “**...reported on annually to council following the compilation of the Annual Financial Statements (AFS)...**”.
- Amendment proposed to:
 - Remove ambiguity to whom the report should be submitted.
 - Ensure better accuracy of reporting, since the mid-year report may skew the ratio analysis, given the timing of certain financial transactions and accounting.

5. Page 13 – Level of Gearing, Paragraph 20.3.5

- Amend from “**...to be less than 10%**” to “**...less than 8%**”.
- Amendment proposed to align with MFMA Circular No 71, Financial Ratios and Norms.

6. Page 17 – Commencement, Paragraph 32

- Amend from “**...on a date to be determined by Council...**” to “**...on the date as approved and resolved by Council...**”.
- Amendment proposed to remove the ambiguity i.r.o. the date of approval.

BUDGET IMPLEMENTATION AND MONITORING POLICY

Changes in the policy only relate to the Virement Policy which is Section 8. Budget Virements.

Paragraph 8(3) of the policy is amended by adding the following paragraph before point (a) to emphasize the requirements of the MSCOA classification framework:

“In accordance with the mSCOA Regulations, municipalities are required to budget and transact in terms of a data string that consists of seven segments. These segments include Project, Function, Item, Fund, Region, Costing and Municipal Standard Classification.

When considering a virement for approval, the municipality shall consider all seven segments to ensure that the Virement Policy is being adhered to all times.

Virements shall only be considered for approval, in accordance with the following:"

Paragraph 8(3) of the policy is amended by adding the following paragraph (f) to further clarify what can be increased or decreased in terms of a Virement:

"Virements shall not be permitted to increase or decrease the following items and/or projects

- i. Expenditure: Bulk Purchases*
- ii. Expenditure: Salaries and allowances in case of an absolute emergency per notification to MM and duly motivated*
- iii. Expenditure: Remuneration of Councillors*
- iv. Gains and Losses: Impairment Loss*
- v. Gains and Losses: Reversal of Impairment Loss*
- vi. Expenditure: Interest, Dividend, Rent on Land: Interest Paid*
- vii. Expenditure: Depreciation and Amortisation*
- viii. Expenditure: Transfers and Subsidies: Capital: Allocations in kind: Households*
- ix. Expenditure: Transfers and Subsidies: Capital: Monetary allocations: Households*
- x. Expenditure: Transfers and Subsidies: Operational: Allocations in kind: Households*
- xi. Expenditure: Transfers and Subsidies: Operational: Monetary allocations: Households*
- xii. Project: Operational: Typical Workstreams: Cost of Free Basic Services*
- xiii. Project: Operational: Typical Workstreams: Revenue Cost of Free Basic Services*
- xiv. Project: Operational: Typical Workstreams: Property rates rebates*
- xv. Expenditure: Operational costs: Insurance Underwriting*
- xvi. Assets: Current Assets: VAT Receivable*
- xvii. Liabilities: Current Liabilities: VAT Control (Payable)*
- xviii. Liabilities: VAT Credit: Output Accrual*
- xix. Liabilities: Output VAT*
- xx. Liabilities: Provision for Doubtful Debt Impairment"*

Paragraph 8(3) paragraph (l) of the policy is amended with the following:

"Virements may not exceed a maximum of R2, 500, 000.00 per vote per financial year as periodically reviewed by Council"

Paragraph 8(3) of the policy is amended by adding the following paragraph (m) to emphasize the funding sources that may not be used in a virement:

"Virements shall not be permitted for items with the funding source being Fund: Operational: Transfers and Subsidies and/or Fund: Capital: Transfers and Subsidies, where this may result in items being funded for purposes that are not in accordance with the conditions in the relevant conditional grant framework"

PROPERTY RATES POLICY

Section 6.1.(e) is amended by moving the outlined section to tariff structure and replacing it with the reference from the Municipal Property Rates Act, 2004.

- (e) *Residential properties (excluding accommodation establishments and vacant land) in terms of Section 15(1) (b) of the Act will be exempted as per tariff structure.*

Section 9.1.3 is amended by adding a text line that improves compliance controls on applications by inserting - “ issued *within the preceding 12 months of application*”.

9.1.3 Applications for Public Benefit organizations must reach the municipality before end October preceding the start of the new municipal financial year in which relief is sought. A tax exemption certificate *issued within the preceding 12 months of application*, issued by the South African Revenue Services(SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act ,1962 No 58 of 1962 must be submitted with the application .The municipal manager or his nominee must approve all applications.

Section 13.7 is amended by moving 13.7.1 to 13.7.2 and inserting reference to Municipal Systems Act Section 118 as 13.7.1, furthermore, 13.7.3 will be inserted as new clause.

13.7.1 Issuing of Clearance Certificate will be dealt with in accordance with Section 118 of Municipal Systems Act.

13.7.2 With the sale of a property within the municipal jurisdiction the Council shall withhold rates clearance certificate until all rates, services and sundry costs attached to the property is paid and an amount equal to four months’ rates and service charges will be collected in advance as part of the rates clearance process. The rates clearance remains valid for 60 days from the date of issuing.

13.7.3 All debt is deemed to be collectable from the seller of a property by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b).

WRITING-OFF OF IRRECOVERABLE DEBT POLICY

Section 5.5 is amended by the deletion of the second sentence starting with “ However,” in subsection 5.5.1 and by substituting subsections 5.5.2 and 5.5.3 to align this section to the Municipal Property Rates Act, 2003.

5.5.1 In terms of Section 118 of the Local Government: Municipal Systems Act, Bitou Municipality may not issue a clearance certificate on any property unless all outstanding amounts that became due during the two years preceding the date of application are paid to date.

5.5.2 In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal rates, levies and duties are a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property

5.5.3 All debt is deemed to be collectable from the seller of a property by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b). After registration of the transfer the outstanding debt of the previous owner may not be collected from the new owner

Section 5.6, 5.7 and 5.8 are amended by substituting the dates of subsections 5.6.10, 5.7.7 and 5.8.7 with “older than 12 months from the date of application” respectively -

5.6.10 When a debtor who does not want to make arrangements for the repayment of his / her arrear debt as set out in paragraph 5.6.2 above wants to pay 50% on their arrear debt through a once-off payment, the remaining 50% on their arrear debt older than 12 months will be written-off immediately. The arrear debt amount to be considered to be written-off on the 50% incentive basis will be the arrear debt amount (principal debt, interest levied and other costs) ***older than 12 months from the date of application.***

5.7.7 When a debtor in this category of consumers who does not want to make arrangements for the repayment of their arrear debt as set out in paragraph 5.7.4 above pays 50% on their arrear debt through a once-off payment, the remaining 50% on the arrear debt will be written-off immediately. The arrear debt amount to be considered to be written-off on the 50% incentive basis will be the arrear debt amount (principal debt, interest levied and other costs) ***older than 12 months from the date of application.***

5.8.7 When a debtor in this category of consumers who does not want to make arrangements for the repayment of their arrear account as set out in paragraph 5.8.4 above pays 50% on their arrear debt through a once-off payment, the remaining 50% on their arrear debt will be written-off immediately. The arrear debt amount to be considered to be written-off on the 50% incentive basis will be the arrear debt amount (principal debt, interest levied and other costs) ***older than 12 months from the date of application.***

CUSTOMER CARE, CREDIT CONTROL, DEBT COLLECTION, INDIGENT AND TAMPERING POLICY

Credit Control Policy

Section 8.19.4 is amended by insertion of the words in sub paragraph (i) “Bitou” “ total amount in arrears” and “during the contract period” to make the requirements more specific -

- (i) Reject any bid from a bidder if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other Municipality or Municipal entity, are in arrears for more than three months, unless a suitable arrangement has been made between the supplier and the *Bitou* municipality that *the total amount in arrears* be recovered directly from the supplier's invoice *during the contract period*.

INDIGENT, SENIOR CITIZENS AND PEOPLE WITH DISABILITY POLICY

Section 10.4.2 is amended by substitution of subsection 10.4.2.1 and 10.4.2.2 and by deletion of subsection 10.4.2.3

10.4.2.1 The indigent status of a customer will remain valid and will be determined continuously throughout the year as determined by the municipality either by physical audit checks or by external verification checks (accredited service providers) but will be verified at least annually. Should the requirements for qualification as indigent not be met, the subsidy for the consumer will be cancelled.

10.4.2.2 The application period for indigents will be continues throughout the financial year

TARIFF POLICY

Section 5 is amended by moving subsection 5.14 down to 5.15 and substituting 5.14 to specifically provide within the policy for the billing of individual units on one erf for all the basic services based on the use of the various self-sufficient units.

5.14 *The different individual self-sufficient units on a single erf whether occupied as a residential unit or utilised as a business unit or any other use in line with this policy, will be levied for all basic services individually as would apply to a single residential or business unit on an individual erf, as provided for in the tariff structure in line with the use of such unit.*

INVESTMENT AND CASH MANAGEMENT POLICY REVIEW

There are many spelling and grammar errors that are shown all over the document that is corrected in the proposed policy.

The whole document is renumbered for future ease of reference.

Paragraph 1.2 of the policy is amended by adding the following:

“The cash collection process as determined by Chapter 9 of the Local Government: Municipal Systems Act (Act 32 of 2000)”

Paragraph 1.3 of the policy is referring to the Municipal Investment Regulation is amended by adding the Regulation number as follows:

“(R 308)”

Paragraph 4.2.2 of the policy is amended by removing the following, due to the wording already incorporated under 4.2.2.4:

“Large sums of money received must be deposited into the bank account on the same day that payments are received”

Paragraph 4.2.3.1. of the policy is amended by adding wording as follows for clarity for the reader:

“(computer-generated or handwritten in official pre-printed receipt book)”

Paragraph 4.2.3.2 of the policy is amended by moving the Cancelling of receipts procedure under a new heading as follows:

“Cancellation of receipts

4.2.3.2.1. *Every cancelled original handwritten receipt will be re-attached, in the correct place, in the receipt book.*

4.2.3.2.2 *In the case of computer-generated receipts, the original receipt to be cancelled, must be attached to the daily cash-up sheet and filed for record purposes.”*

Paragraph 4.2.3.3 under the heading (*Money received by post*) of the policy is removed because this procedure is no longer relevant, due to banks stopping the using of cheques.

Paragraph 4.2.4.3 of the policy is amended by removing the R 30 000 000 amount and replacing it with a percentage of *“5% of the annual Operational and Capital Expenditure budgets as approved by council”*, due to ensuring the amount always stays relevant to budget changes.

Paragraph 4.3.5 of the policy is amended by adding wording as follows:

“Creditors with arrear debtor’s accounts with Bitou Municipality, shall only receive payments after adherence to council’s credit control and debt collection policy.”

Paragraph 4.6 of the policy is amended by updating it to the current Petty cash procedures.

Paragraph 6 is amended by reorganizing the paragraphs to clarify the flow of the processes for the reader.

Paragraph 7 is amended by removing the following wording as it is no longer valid since all documentation is electronic:

“safeguarded in a fire resistant safe, with dual custody.”

Paragraph 11 of the policy is amended by adding the following section of the Investment regulations to ensure completeness:

“If an investee pays any fee, commission or other reward to an investment manager in respect of any investment made by a municipality or municipal entity, both the investee and the investment manager must declare such payment to the council of the municipality or the board of directors of the municipal entity by way of a certificate disclosing full details of the payment.”

Paragraph 17 is amended by removing the reference to Generally Accepted Municipal Accounting Practice with the new Standard which is Generally Recognized Accounting Practice.

Paragraph 19 is amended by removing the reference to SALGA and IMFO with the new Standard which is GRAP.

LIQUIDITY, FUNDING AND RESERVES POLICY REVIEW

There are many spelling and grammar errors that is shown all over the document that are corrected in the draft policy amendments.

The whole document is renumbered for future ease of reference

Under paragraph 2.4.3.1 adding the following paragraphs as this forms part of the minimum Liquidity required:

“2.4.3.1.6. Capital redemption on external loans”

“2.4.3.1.8. Commitments resulting from contracts concluded as part of the capital expenditure program.”

Under paragraph 2.4.3.2.1.2 replacing NCD’s with:

“Negotiable Certificate of Deposits”

Under paragraph 2.4.3.2.1.3 replacing JSE with:

“Johannesburg Stock Exchange”

Under paragraph 3.1.3. adding the following heading:

“3.1.3. In terms of Section 19 of the Municipal Finance Management Act (Act No 56 of 2003), (MFMA):”

“• A municipality may spend on a capital project only if -

- *the sources of funding have been considered, are available and have not been committed for other purposes.”*

Under paragraphs 3.5.1., 3.7.2.4.1. and 3.8.9.1. replacing Debt Management Policy with:

“Borrowing Policy”

Under paragraph 3.6.1.3.11. replacing Bad Debt with:

“provision for debt impairment”

Under paragraph 3.6.1.3.20. adding the following paragraphs as this forms part of the provisions required:

“3.6.1.3.20.1. Bonus Provision”

“3.6.1.3.20.1.1. Liabilities for annual bonus are recognised as they accrue to employees. An annual provision is made from the operating budget to the bonus provision. This provision must be 100% backed by cash.”

“3.6.1.3.20.2. Performance Bonus Provision”

“3.6.1.3.20.2.1. Liabilities for Performance bonus are recognised as they accrue to Directors. An annual provision is made from the operating budget to the Performance bonus provision. This provision must be 100% backed by cash.”

“3.6.2.1.20.7. Other Provisions as may be indicated on the Annual Financial Statements”

“3.6.2.1.20.7.1. Any other Provision as may be indicated on the Annual Financial Statements in terms of GRAP should be provided for. Any provision in this category must be 100% cash backed to ensure the availability of cash for the payment of the liabilities.”

Removing paragraph 3.6.1.3.21. as it was already incorporated under point 3.6.1.3.20.:

“3.6.1.3.21. It is therefore a requirement that all provision be backed by cash, the contribution to all current provisions be set at 70%.”

Under paragraph 3.8.3.1.8. adding the following word for the paragraphs to be meaningful:

“cash”

Removing paragraph 3.7.2.4.4.8. in order to add the more relevant Section 19(2) of the MFMA:

“3.7.2.4.4.8. Revenue generation as the additional expenses incurred may be offset by additional revenue generated to determine the real impact on tariffs.”

Adding the more relevant Section 19(2) of the MFMA:

“3.7.2.4.4.8. The projected cost covering all financial years until the project is operational; and”

“3.7.2.4.4.9. The future operational costs and revenue on the project, including municipal tax and tariff implications.”

Removing paragraph 3.8.5. as it was a requirement under IMFO, which is not relevant anymore:

“3.8.5. SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS”

“3.8.5.1. It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.”

“3.8.5.2. As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a “balanced” budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.”

“3.8.5.3. Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.”

Under paragraphs 3.8.5., 3.8.5.1 and 3.8.5.2 replacing macro with:

“expected”

Under paragraph 3.8.6.3. replacing permissible with:

“advisable”

Under paragraph 3.8.7. adding the following to the heading:

“PROVISION FOR”

Under paragraph 5.3.1. replacing Borrowing with:

“Liquidity”

Under paragraph 5.5.1. replacing Borrowing with:

“Liquidity, Funding”

ASSET MANAGEMENT POLICY

7. Page 13 – Section 5.3 Asset Register data requirements

- Amend from **“National Treasury Classifications”** to **“GRAP Classifications”**
- **Motivation:** Amendment proposed to align/comply with ASB Standards.

8. Page 26 – Section 6.10 Inventory: Property

Amend the following paragraphs under the Procedures and Rules section:

- “The CFO shall ensure the recognition and measurement of *Inventory Property* in terms of GRAP 12, read in conjunction with the provisions of iGRAP18.”
- **Motivation:** Include reference to iGRAP18 which was adopted by the municipality during the 2018/19 financial period, and which provide further guidance regarding the accounting treatment of Land.

9. Page 27 – Section 6.11 Minor Assets

Amend the following paragraphs under the Policy section:

- “However, these assets shall be ~~bar coded for identification purposes and~~ recorded at cost in the Minor Asset Inventory Listing.”
- **Motivation:** Not always practical and cost effective to bar code minor assets.

10. Page 30 – Section 7.4 Donated Assets

Remove the following paragraph under the Procedures and Rules section:

- “Municipal Officers must first get approval from the Municipal Manager prior to accepting any donation.”
- **Motivation:** Remove duplication as this is already addressed within the preceding paragraphs.

11. Page 39 – Section 9.4 Asset Disposal

Amend the following paragraphs under the Procedures and Rules section:

- “Donations: Donations may be considered as a method of alienation, but such requests must be aligned to the principles as set out within the Municipal Asset Transfer Regulation, 2008. ~~motivated to the Municipal Manager for approval.~~”
- **Motivation:** Ensure Donations/Transfers of capital assets are done in accordance with the principles as set out within the Municipal Asset Transfer Regulations, 2008.

12. Page 43 – Section 10.2 Insurance of Assets

Amend the following paragraphs under the General section:

- Insurance provides selected coverage for the accidental loss of the asset value. In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets.

It is the responsibility of the Accounting Officer or his/her delegates to ensure that all municipal assets are safeguarded against all risks that will result in loss. The Accounting Officer has to take all reasonable steps to ensure that Bitou Municipality has and implements budget related policies for effective financial and risk management. ~~Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury.~~

- **Motivation:** Align and refer to Insurance Policy.

13. Page 44 – Section 11.1 Capital Replacement Reserve (CRR)

Remove the following paragraphs under the Policy section:

- “Whenever an asset is sold by the municipality, the proceeds of the assets must be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets.”
- “All proceeds on the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Net Assets.

Amend the following paragraphs under the Procedures and Rules section:

- The CFO is responsible for creating and maintaining the CRR in accordance with council's Liquidity, Funding and Reserves Policy

Remove the following paragraphs under the Procedures and Rules section:

- “The balance on the CRR must always be represented by Cash, which must be held in a separate identifiable bank or investment account.”
- “Interest earned on the CRR investments is recorded as interest earned in the Statement of Financial Performance and must then be transferred to the CRR in the Statement of Net Assets.”

Motivation: All the above amendments are proposed to align and/not conflict with council's Liquidity, Funding and Reserve Policy.

14. Page 45 – Section 11.2 Funding

Amend the following paragraphs under the General section:

The Municipal Finance Management Act (MFMA) provides guidelines on how to utilise funds in financing assets (Section 19 of MFMA). The municipality shall utilise any of the following sources to acquire and / or purchase capital assets:

- Government Grants and Subsidies ~~and Public Contributions~~;
 - ~~Revenue Contributions~~ Public Contributions / Donations;
 - Capital Replacement Reserve;
 - ~~Cash Surplus~~ Finance Leases; and / or
 - External Borrowing.
 - ~~Donor Funds~~
- **Motivation:** Align funding source groupings to current terminology used for Capex Budgeting.

15. Page 46-47: Section 11.3 Disaster

Amend the following paragraphs under the Policy section:

- The Municipality will correspond with the ~~Eden District Municipality~~ Municipality, as well as other relevant organs of state, to gain funds for repairing assets damaged in disaster events in accordance with council's disaster management plan.
- **Motivation:** Align AMP to council's Disaster Management Plan/Processes

Amend the following paragraphs under the Procedures and Rules section:

- ~~The Municipality~~ Municipal officials and all other role players must adhere to the disaster management plan of council for the prevention and mitigation of disasters. ~~in order to be able to attract the disaster management contribution during or after disaster~~
- **Motivation:** Align AMP to council's Disaster Management Plan/Processes

COST CONTAINMENT POLICY

There are no amendments proposed in respect of the cost containment policy.

2.5 Overview of budget assumptions

Key Financial Indicators

Budget assumptions and parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets. The assumptions and principles applied in the development of this budget are mainly based upon guidelines from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA) and Garden Route District Municipality. The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury determines the ceiling of year-on-year increases in the total operating budget, whilst the National Electricity Regulator (NERSA) regulates electricity tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies as well as their activities within the region.

There are five key factors that have been taken into consideration in the compilation of the 2023/24 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Bitou Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of employment for 2023/2024.

Below average tariff increases could not be recommended as the principle of cost reflective tariffs were applied where possible in tariff decisions and especially where it is clear that a service is not viable and unsustainable in the long term. Electricity tariffs are still subjected to NERSA guidelines

and are therefore determined in accordance with the guidelines prescribed, furthermore, the cost of supply study will form the basis of future electricity tariff setting, if the study and the associated tariff structure are approved by NERSA.

The increase in tariffs is required to ensure that the tariffs cover the cost of the services and various cost drivers have been considered. The increases are above the current inflationary trends and exceed the National Treasury guideline therefore a full motivation is provided in respect of each tariff exceeding the guideline. The main cost drivers of the tariff increase are the increase in cost of employment through the general salary adjustment, coupled with the annual notch increases of staff, provision for the filling of critical vacancies, and other cost drivers associated with the rendering of goods and services by the municipality such as high fuel price increases, increasing interest rates, increase in the cost of commodities, scarcity of certain products due to the war in the Ukraine, the volatility in the markets, contractual obligations and other pre-determined and regulated price adjustments and legislated tariffs, fees and charges.

The following key assumptions underpinned the preparation of the medium-term budget:

Description	2023/24
	%
Inflation rates - CPI	5 to 6%
Growth	0 - 2%
Provision for Doubtful Debt	10%
Remuneration increase	5.4% + 2.3% (Notch)
Electricity distribution loss	12%
Electricity price increase	18.49%
Water distribution loss	25%

2.5.1 Collection rate for revenue services

The base assumption is that tariffs will increase at a rate higher than CPI over the medium term. It is assumed that the energy crises will have an ongoing negative effect on the economy and economic growth, the current economic conditions therefore remain volatile and unpredictable, revenue estimations remain conservative and revenue performance may require adjustments during the course of the financial year ahead.

The rate of revenue collection is currently expressed as a percentage (90 percent) of annual billing. Cash flow is also assumed to be 90 percent of billing, we are cautiously optimistic that there will be an increase in the debtors collection rate as revenue enhancement and collection efforts are applied and improved. The current economic circumstances are not supportive of the debt collection efforts as unemployment remain high and the subsidy basket becomes bigger year-on-year. No additional cash inflow from arrears debt is anticipated over the short term and adjustments in this regard will only be reconsidered once revenue trends indicate an upward movement.

It is anticipated that the combined efforts of the revenue enhancement program, coupled to a slight anticipated growth in the area will add approximately 2% in revenue from the most consumer services.

2.5.2 Salary increases

A collective agreement in respect of salaries and wages have already been concluded and we are entering the second year of the 3-year collective wage agreement. The general salary increase for the 2023/2024 financial year amounts to 5.4% in accordance with the collective agreement.

Provision is also made for a notch increase of approximately 2.3 percent to employees who have not reached the maximum notch of their respective salary scales in the 2023/2024 financial year.

2.5.3 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 96 percent is achieved on operating expenditure and 100 percent on the capital programme for the 2023/24 MTREF of which performance has been factored into the cash flow budget.

2.5.4 Cost containment measures

The municipality has developed and adopted a Cost Containment Policy in accordance with the principles contained in the Cost Containment Regulations. Due to the fact that no baseline existed against which cost reduction or containment could be measured, the reporting remain difficult as the baseline of measurement varies year-on-year depending on the service delivery mechanisms adopted by the municipality.

2.6 Overview of budget funding

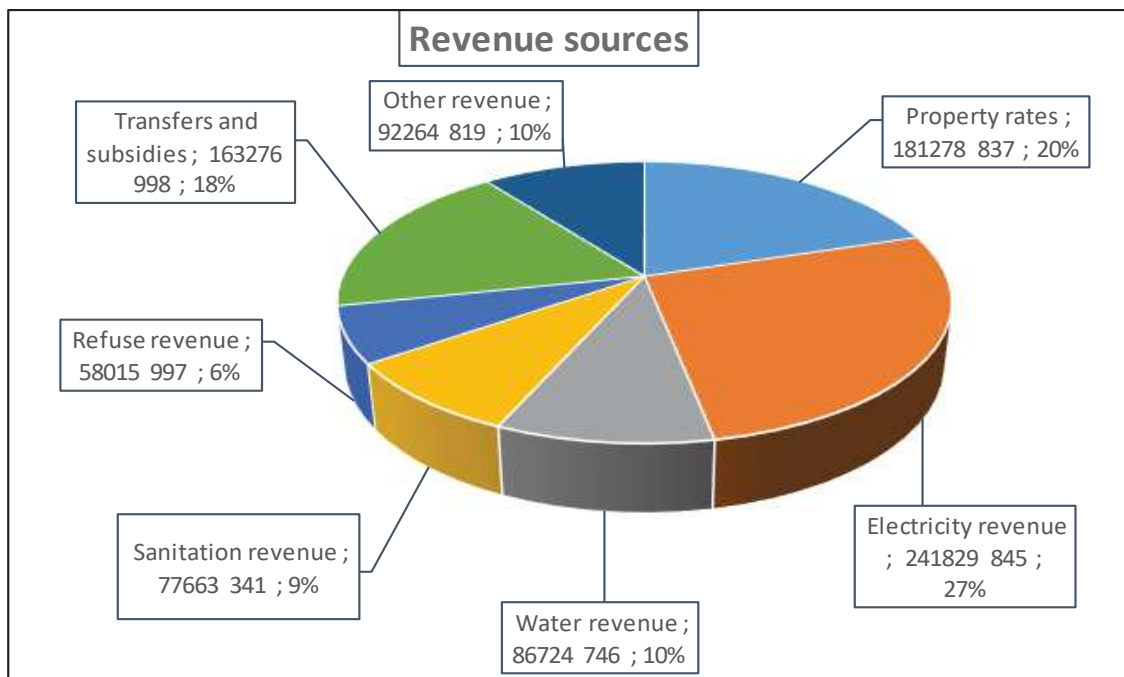
2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium term:

Table 28 Breakdown of the operating revenue over the medium-term.

Description	2023/24 Medium Term Revenue & Expenditure Framework				
R thousand	Budget Year 2023/24	Growth %	Budget Year +1 2024/25	Growth %	Budget Year +2 2025/26
Revenue By Source					
Property rates	181 278 837	5.75	191 710 145	6.64	204 431 951
Service charges - electricity revenue	241 829 845	15.05	278 221 487	15.05	320 102 532
Service charges - water revenue	86 724 746	4.60	90 714 085	4.60	94 886 931
Service charges - sanitation revenue	77 663 341	4.60	81 235 856	4.60	84 972 705
Service charges - refuse revenue	58 015 997	(1.60)	57 085 446	6.92	61 034 182
Service charges - other	11 571 277	(27.04)	8 442 552	4.60	8 830 911
Rental of facilities and equipment	1 029 784	8.54	1 117 701	8.59	1 213 717
Interest earned - external investments	3 759 458	(10.00)	3 383 512	(11.11)	3 007 567
Interest earned - outstanding debtors	13 282 258	(9.93)	11 963 652	(11.02)	10 645 189
Interest Earned non current assets	4 950 000	5.05	5 200 000	2.42	5 325 900
Fines, penalties and forfeits	31 698 620	4.31	33 064 986	4.31	34 491 228
Licences and permits	1 284 509	4.60	1 343 596	4.60	1 405 400
Agency services	3 014 360	4.60	3 153 020	4.60	3 298 059
Transfers and subsidies	163 276 998	65.46	270 153 998	(1.69)	265 574 998
Other revenue	21 674 553	(14.01)	18 637 677	(3.44)	17 996 594
Total Revenue (excluding capital transfers and contributions)	901 054 583	17.13	1 055 427 713	5.855	1 117 217 864

Figure 6 Main operational revenue per category



The tables below provide detail investment information and investment particulars by maturity.

Table 29 MBRR SA15 – Detail Investment Information

WC047 Bitou - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		51 428	60 661	9 857	-	9 857	9 857	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	51 428	60 661	9 857	-	9 857	9 857	-	-	-
Consolidated total:		51 428	60 661	9 857	-	9 857	9 857	-	-	-

Table 30 MBRR SA16 – Investment particulars by maturity

Due to the fact that all cash and cash equivalents are held in the current bank account at year-end, no investments are reflected in the schedule.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2023/24 medium-term capital programme:

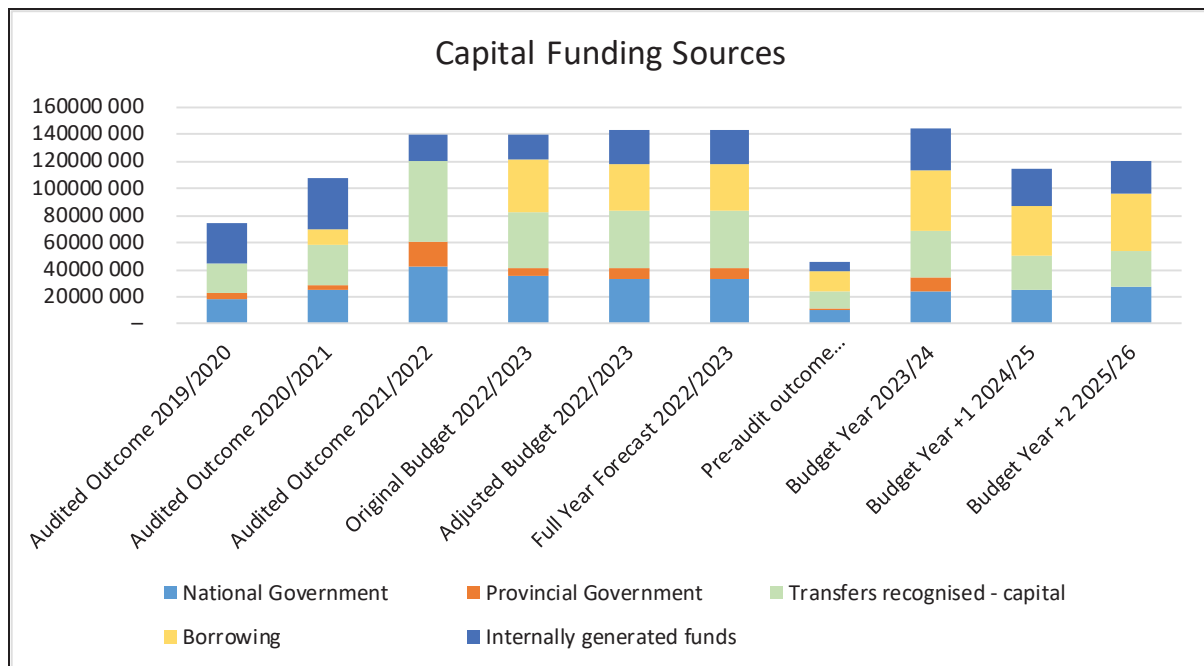
Table 31 Sources of capital revenue over the MTREF

FUNDING SOURCE	Audited Outcome 2019/2020	Audited Outcome 2020/2021	Audited Outcome 2021/2022	Original Budget 2022/2023	Adjusted Budget 2022/2023	Full Year Forecast 2022/2023	Pre-audit outcome 2022/2023	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
National Government	18 612	25 142	42 019	35 048	33 401	33 401	10 622	23 581	25 421	27 097
Provincial Government	3 963	3 849	18 287	6 030	8 354	8 354	1 238	10 754	-	-
Transfers recognised - capital	22 575	28 991	60 306	41 078	41 755	41 755	11 860	34 335	25 421	27 097
Borrowing	-	11 805	-	38 843	34 621	34 621	15 318	45 150	36 320	42 300
Internally generated funds	29 406	38 406	18 943	18 529	25 491	25 491	6 378	29 947	27 300	24 000
Total Capital Funding	51 982	79 203	79 249	98 450	101 971	101 971	33 556	109 432	89 041	93 397

The table above indicate that the bulk of the capital budget is funded through own sources being Capital Replacement Reserve and External Borrowing.

The above table is graphically represented as follows for the 2023/24 financial year.

Figure 7 Main sources of capital revenue



Sources of capital revenue for the 2023/24 financial year

National and Provincial capital grant receipts equates to 31.38 percent of the total funding source which represents an amount of R 34 335 217 or the 2023/24 financial year.

Borrowing becomes a significant funding source for the capital programme over the medium-term with an estimated R 45.15 million to be raised for the 2023/2024 financial year totalling 41.26 percent of the total funding of the capital budget.

The following table is a detailed analysis of the Council's long-term borrowing liability.

Table 32 Detail of borrowings

	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
Borrowing - Categorised by type	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Annuity and Bullet Loans	121 797	100 544	65 625	100 880	100 880	100 880	120 307	115 770	122 011

Growth in outstanding borrowing (long-term liabilities)

The following graph illustrates the growth in outstanding borrowing for the period 2019/20 to 2025/26. The gearing ratio remains in a narrow band with gearing not exceeding 15% over the MTREF

Figure 8 Growth in borrowing 2019/2020 to 2025/2026

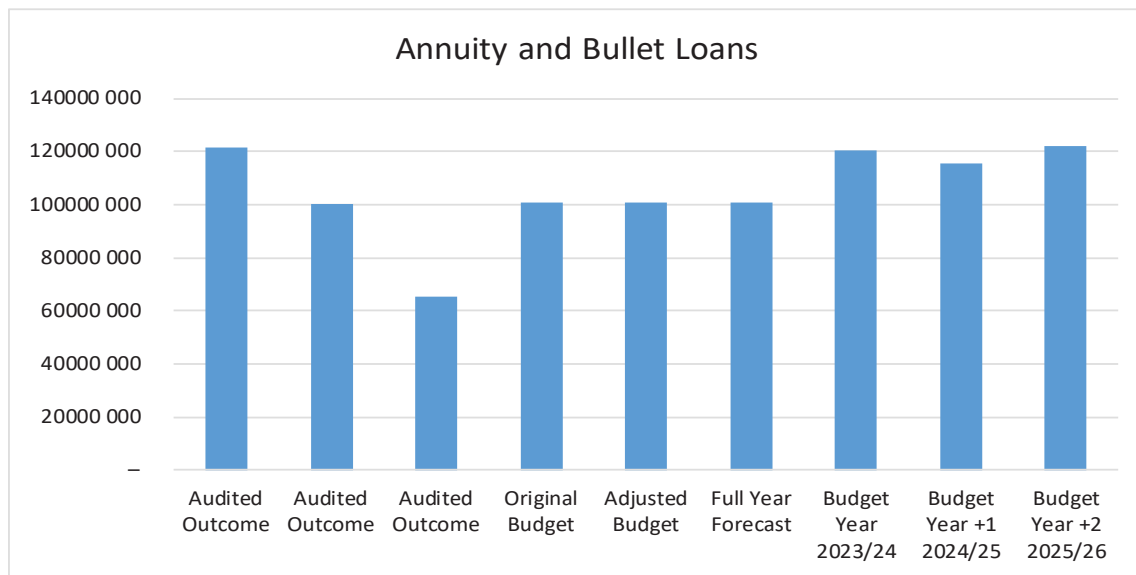


Table 33 MBRR SA17 Borrowing

WC047 Bitou - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Parent municipality										
Annuity and Bullet Loans		121 797	100 544	65 625	–	100 880	100 880	120 307	115 770	122 011
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	10 508	1 251	–	1 251	1 251	1 251	1 251	1 251
Municipality sub-total	1	121 797	111 052	66 876	–	102 131	102 131	121 558	117 021	123 262
Total Borrowing	1	121 797	111 052	66 876	–	102 131	102 131	121 558	117 021	123 262

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves the level of understanding for councillors and management.

In order to enhance cash flow over the MTREF, a new funding mix methodology was adopted, where cash generated from operations are retained to a larger extent over the MTREF than what was previously done. This will add in improving the liquidity position of the municipality and will also ensure that sufficient liquid resources are available to cover operational requirements in the short and medium term.

The funding methodology will also ensure that the “user pays” principle is ascribed to where current users of services are footing the bill for the capital investment required to deliver the service.

The municipality has through the last 5 financial years over utilised own liquidity in operational as well as capital funding which caused a depletion of liquid cash resources to the extent that a cash flow crisis was imminent. The draft long-term financial plan as well as a sound funding mix strategy indicate that borrowing as a funding source should be considered for the remainder of the MTREF, not only to ascribe to the user-pays principle in service rendering, but also to ensure a recovery of the liquidity position of the municipality. Other liquidity requirements such as a sound operating reserve and the cash backing of the CRR is also applied as prudent financial management principles. The methodology was first implemented in the 2014/2015 financial year, yet the long-term financial plan was discarded by the previous administration causing the financial decline through inappropriate financial decisions taken.

The municipality intends to take up borrowing in the amount of R 117 million over the MTREF, however gearing will remain in a narrow band and will in all probability not exceed 15% in the medium term.

Table 34 MBRR A7 Budgeted cash flow statement

WC047 Bitou - Table A7 Budgeted Cash Flows											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	6 097	26 295	159 956	130 542	130 542	(79)	163 156	173 940	185 514
Service charges		–	3 689	32 114	375 118	359 228	359 234	–	422 573	435 620	514 266
Other revenue		–	1 666	9 192	38 050	12 787	12 787	–	22 595	20 000	20 951
Transfers and Subsidies - Operational	1	–	13 123	120 285	105 717	164 646	165 581	(146)	163 277	270 154	265 575
Transfers and Subsidies - Capital	1	–	–	–	52 305	47 011	47 011	–	37 468	59 234	45 161
Interest		5 662	4 364	3 593	4 600	5 700	5 700	(7 709)	8 221	8 144	7 942
Payments											
Suppliers and employees		(419 978)	(1 075 345)	(1 316 717)	(644 455)	(602 011)	(602 011)	(1 053 160)	(716 494)	(805 242)	(842 846)
Interest		(33)	(60)	(1)	(8 700)	(8 776)	(8 776)	–	(13 428)	(16 257)	(18 829)
Transfers and Subsidies	1	–	–	–	(4 750)	(6 985)	(6 985)	–	(12 230)	(6 300)	(6 600)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(414 349)	(1 046 467)	(1 125 239)	77 840	102 142	103 083	(1 061 094)	75 138	139 294	171 135
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	431	431	–	10 962	–	–
Decrease (increase) in non-current receivables		4	2	2	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		(752)	(752)	(750)	–	–	–	9 857	–	–	–
Payments											
Capital assets		(8 999)	(19 714)	(38 326)	(98 450)	(101 971)	(101 971)	28 573	(109 432)	(89 041)	(93 397)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 748)	(20 464)	(39 074)	(98 450)	(101 540)	(101 540)	38 431	(98 470)	(89 041)	(93 397)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		–	–	–	–	35 255	35 255	–	40 150	36 320	42 300
Increase (decrease) in consumer deposits		192	468	835	–	–	–	852	–	–	–
Payments											
Repayment of borrowing		–	–	–	(21 828)	(21 804)	(21 804)	–	(20 767)	(21 475)	(21 214)
NET CASH FROM/(USED) FINANCING ACTIVITIES		192	468	835	(21 828)	13 451	13 451	852	19 383	14 845	21 086
NET INCREASE/ (DECREASE) IN CASH HELD											
		(423 905)	(1 066 464)	(1 163 478)	(42 438)	14 053	14 994	(1 021 811)	(3 949)	65 098	98 825
Cash/cash equivalents at the year begin:	2	90 089	125 717	73 465	110 464	48 627	48 627	–	59 740	55 791	120 889
Cash/cash equivalents at the year end:	2	(333 815)	(940 747)	(1 090 013)	68 025	62 680	63 621	(1 021 811)	55 791	120 889	219 714

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

Table 35 MBRR A8 - Cash backed reserves/accumulated surplus reconciliation

WC047 Bitou - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(333 815)	(940 747)	(1 090 013)	68 025	62 680	63 621	(1 021 811)	55 791	120 889	219 714
Other current investments > 90 days		459 532	1 014 212	1 138 636	(136 479)	(47 415)	(48 356)	1 114 025	(41)	3 717	(61 377)
Non current Investments	1	8 355	9 107	9 857	–	9 857	9 857	(9 857)	–	–	–
Cash and investments available:		134 072	82 572	58 480	(68 453)	25 123	25 123	82 357	55 750	124 607	158 337
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent cond		(839)	(12 234)	(9 496)	3 961	(9 779)	(9 779)	29 146	(15 820)	(16 003)	(14 570)
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	76 006	67 965	70 888	(81 690)	10 152	10 151	(72 035)	(6 460)	(150)	(15 444)
Other provisions		(11 105)	–	(204)	–	–	–	–	–	–	–
Long term investments committed	4	8 355	9 107	9 857	–	9 857	9 857	(9 857)	–	–	–
Total Application of cash and investments:		72 418	64 838	71 045	(77 729)	10 231	10 230	(52 746)	(22 280)	(16 152)	(30 014)
Surplus(shortfall)		61 654	17 734	(12 565)	9 276	14 892	14 893	135 102	78 030	140 759	188 351

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. From the assessment it is clear that the budget of Bitou complies with the funding requirements as referred to in the legislative framework.

Table 36 MBRR SA10 – Funding compliance measurement

Total Operating Revenue		665 625	736 842	799 325	822 693	805 791	805 791	729 087	901 055	1 056 980	1 118 902
Total Operating Expenditure		648 393	763 546	799 736	818 774	851 826	851 826	596 904	900 274	987 598	1 031 636
Operating Performance Surplus/(Deficit)		17 232	(26 704)	(411)	3 919	(46 035)	(46 035)	132 183	780	69 382	87 267
Cash and Cash Equivalents (30 June 2012)											
Revenue											
% Increase in Total Operating Revenue			10.7%	8.5%	2.0%	(2.1%)	0.0%	(9.5%)	11.8%	17.3%	5.0%
% Increase in Property Rates Revenue			8.7%	5.3%	1.8%	(4.5%)	0.0%	(8.8%)	29.1%	6.6%	6.6%
% Increase in Electricity Revenue			3.8%	18.8%	3.7%	(2.9%)	0.0%	(6.1%)	19.9%	15.0%	15.1%
% Increase in Property Rates & Services Charges			4.9%	6.8%	7.5%	(6.4%)	0.0%	(7.4%)	14.5%	8.5%	9.5%
Expenditure											
% Increase in Total Operating Expenditure			17.8%	4.7%	2.4%	4.0%	0.0%	(29.9%)	5.7%	9.7%	4.5%
% Increase in Employee Costs			17.4%	4.3%	10.2%	0.5%	0.0%	(19.0%)	8.2%	6.2%	6.3%
% Increase in Electricity Bulk Purchases			5.8%	18.7%	1.3%	7.4%	0.0%	(21.7%)	18.6%	4.0%	10.0%
Average Cost Per Budgeted Employee Position (Remuneration)				654353.1723	0				0		
Average Cost Per Councillor (Remuneration)				0	0				0		
R&M % of PPE		3.2%	2.8%	3.6%	70.8%	3.3%	3.3%		3.0%	5.7%	5.6%
Asset Renewal and R&M as a % of PPE		4.9%	5.3%	4.0%	137.8%	6.1%	6.1%		6.0%	9.4%	8.5%
Debt Impairment % of Total Billable Revenue		2.0%	4.9%	2.7%	2.9%	3.1%	3.1%	2.3%	3.0%	3.2%	2.8%
Capital Revenue											
Internally Funded & Other (R'000)		-	11 805	-	38 843	34 621	34 621	15 318	45 150	36 320	42 300
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		51 982	79 203	79 249	98 450	101 971	102 031	33 556	109 432	89 041	93 397
Internally Generated funds % of Non Grant Funding		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(99.9%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		176.8%	206.2%	418.4%	531.3%	400.0%	400.3%	526.1%	365.4%	326.2%	389.2%
Capital Expenditure											
Total Capital Programme (R'000)		51 982	79 203	79 249	98 450	101 971	101 971	33 556	109 432	89 041	93 397
Asset Renewal		18 567	29 768	5 513	40 944	36 296	36 296	-	39 934	48 078	37 358
Asset Renewal % of Total Capital Expenditure		35.7%	37.6%	7.0%	41.6%	35.6%	35.6%	0.0%	36.5%	54.0%	40.0%
Cash											
Cash Receipts % of Rate Payer & Other		0.0%	2.0%	10.6%	88.4%	81.7%	81.7%	(0.0%)	85.6%	82.3%	86.5%
Cash Coverage Ratio		(0)	(0)	(0)	0	0	0	(0)	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		4.8%	4.7%	4.5%	7.2%	7.0%	7.0%	5.2%	6.8%	6.4%	6.3%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	58.7%	58.6%	0.0%	53.5%	57.1%	63.8%
Reserves											
Surplus/(Deficit)		61 654	17 734	(12 565)	9 276	14 892	14 893	135 102	78 030	140 759	188 351
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	17.5%	28.0%	21.9%	21.9%	21.9%		37.3%	35.2%	34.4%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.7%	0.9%	0.9%	0.9%	0.9%		0.4%	0.4%	0.4%
Total Operating Revenue		665 625	736 842	799 325	822 693	805 791	805 791	729 087	901 055	1 056 980	1 118 902
Total Operating Expenditure		648 393	763 546	799 736	818 774	851 826	851 826	596 904	900 274	987 598	1 031 636
Surplus/(Deficit) Budgeted Operating Statement		17 232	(26 704)	(411)	3 919	(46 035)	(46 035)	132 183	780	69 382	87 267
Surplus/(Deficit) Considering Reserves and Cash Backing		61 654	17 734	(12 565)	9 276	14 892	14 893	135 102	78 030	140 759	188 351
MTREF Funded (1)/Unfunded (0)	15	1	1	0	1	1	1	1	1	1	1
MTREF Funded ✓ /Unfunded ✗	15	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓

Cash/cash equivalent position

Bitou Municipality's forecasted cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves

and working capital requirements. In the case of Bitou this is positive for the over the entire MTREF.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Bitou Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts, the COVID – 19 pandemic and any other threat to the economy or the impact that the war in the Ukraine has on the world economy. The Municipality needs to achieve at least three month's cash coverage in the medium term, and then gradually move towards five months coverage. This measure will have to be carefully monitored going forward.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a budgeted surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Bitou Municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

The Municipality relies on funding from national as well as provincial government to execute its service delivery mandate, specifically in respect of the provision of free basic services and

essential infrastructure as well as human settlements to the previously disadvantaged communities and people in need.

The government grant allocations are set out in Supplementary tables SA18, table SA19 provide information on the expenditure of these grants and table SA 20 provide a reconciliation between transfers, grant receipts and unspent funds.

Budget table SA21 provides detailed information on the transfers grants and allocations made by the municipality for the financial year as well as the MTREF. Allocations made by the municipality are done in accordance with the grant in aid policy as well as specific service delivery mechanisms concluded with providers of specific functions on behalf of the municipality.

2.8 Councillor and employee benefits

In accordance with the provision of the budget and reporting regulations, the information in respect of the salaries and allowances of both staff and public office bearers are disclosed, the disclosure is done in table SA 22 in the budget tables annexed hereto, reflecting the councillor and staff benefits, SA 23 discloses the salary and benefits payable to Senior Management, the executive as well as other political office bearers.

Table SA24 provides the employee numbers per department and function over a 3-year horizon, it gives an indication of the growth or reduction in employee numbers and provide a breakdown of staff in the various occupational categories.

2.9 Monthly targets for revenue, expenditure and cash flow

Table SA25 provides information on the monthly budgeted cash flow per main revenue source as well as per the main expenditure categories, if sufficiently done, the information therein should provide information on how revenue will be generated, and expenditure incurred over the 12 months of the financial year. This will give a reasonable indication of not only the inflow of cash over the 12 months, but also the extent to which cash resources will be required to fund operational expenses throughout the financial year.

Table SA26 gives an indication of the monthly revenue and expenditure per municipal vote, this provides an overview of the financial performance per directorate for the financial year, when appropriately monitored anomalies in the revenue and expenditure trends should be easy to identify and report to the appropriate level of authority.

SA 27 provides an analysis of the revenue and expenditure per standard classification, this classification represents all the sections and sub-sections in the municipality, it will alert management in respect of the achievements and financial performance per section to allow for timely remedial action if appropriately monitored where necessary.

SA28 provides an indication of the planned capital expenditure per municipal vote, this will assist in cash flow planning to ensure that sufficient cash resources are available when payment for capital projects become due. This is essential for appropriate cash flow budgeting and maximising income from investments.

SA29 provides information about the budgeted monthly capital expenditure by standard classification this will aide in monitoring the monthly capital programs to ensure implementation in accordance with the capital and procurement plans submitted upon the commencement of the financial year.

SA 30 provides detail of the anticipated monthly cash flows, this is necessary for prudent cash flow planning and monitoring to ensure that sufficient liquidity is available to fulfil monthly operational and capital expenditure responsibilities.

2.10 Contracts having future budgetary implications

In terms of the Council's Supply Chain Management Policy, with the exception of the Banking Services contract and External Loans, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation or Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following tables in the attached budget tables present details of the Council's capital expenditure programme, table SA 34a indicate the capital expenditure on new assets by asset class, table 34b indicate the capital expenditure on the renewal of existing assets by asset class, table 34c reflects the repairs and maintenance by asset class, table 34d indicate the depreciation by asset class, table 34e shows the capital expenditure on the upgrading of existing assets by asset class and table SA35 indicate the future financial implications of the capital budget.

The following pages contain the detailed capital program over the MTREF as per budget Schedule SA36

Table 37 MBRR SA36 Detailed capital budget

WC047 Bitou - Supporting Table SA36 Detailed capital budget					
			2023/24 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Ward Location	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Parent municipality:					
INFORMATION COMMUNICATION TECHNOLOGY (ICT)					
BITOU LAPTOP REPLACEMENT	Replacement of equipment older than 5 Years and not fit for purpose	ADMINISTRATIVE	–	300	300
BITOU COMPUTER OPERATIONAL SPARES &LOANS	Operational in nature / Loans while servicing or repairing	ADMINISTRATIVE	–	200	200
BITOU MOBILE DEVICES	For paper less agenda, workforce and meter reading readers	ADMINISTRATIVE	–	100	100
BITOU REPAIRS MAINTENANCE & EQUIPMENT	Operational in nature / Replacement of failed capital item in the field	ADMINISTRATIVE	176	200	200
BITOU NEW USERS		ADMINISTRATIVE	701	200	200
COUNCIL TABLE ACCESSORIES	COUNCIL TABLE ACCESSORIES	ADMINISTRATIVE	112	–	–
DEPARTMENTAL REQUESTS HUMAN SETTLEMENTS	DEPARTMENTAL REQUESTS HUMAN SETTLEMENTS	ADMINISTRATIVE	–	90	
DEPARTMENTAL REQUESTS ELECTRICAL AND MECHANICAL ENGINEERING	DEPARTMENTAL REQUESTS ELECTRICAL AND MECHANICAL ENGINEERING	ADMINISTRATIVE	–	60	–
DEPARTMENTAL REQUESTS INTEGRATED DEVELOPMENT PLANNING	DEPARTMENTAL REQUESTS INTEGRATED DEVELOPMENT PLANNING	ADMINISTRATIVE	–	45	–
DEPARTMENTAL REQUESTS ADMINISTRATION	DEPARTMENTAL REQUESTS ADMINISTRATION	ADMINISTRATIVE	–	15	–
DEPARTMENTAL REQUESTS WASTE MANAGEMENT	DEPARTMENTAL REQUESTS WASTE MANAGEMENT	ADMINISTRATIVE	–	125	–
DEPARTMENTAL REQUESTS TOWN PLANNING	DEPARTMENTAL REQUESTS TOWN PLANNING	ADMINISTRATIVE	–	30	–
DEPARTMENTAL REQUESTS LAW ENFORCEMENT	DEPARTMENTAL REQUESTS LAW ENFORCEMENT	ADMINISTRATIVE	–	135	–
DEPARTMENTAL REQUESTS HUMAN RESOURCE MANAGEMENT	DEPARTMENTAL REQUESTS HUMAN RESOURCE MANAGEMENT	ADMINISTRATIVE	–	300	–
DEPARTMENTAL REQUESTS EXPENDITURE	DEPARTMENTAL REQUESTS EXPENDITURE	ADMINISTRATIVE	–	15	–
DEPARTMENTAL REQUESTS LOCAL ECONOMIC DEVELOPMENT	DEPARTMENTAL REQUESTS LOCAL ECONOMIC DEVELOPMENT	ADMINISTRATIVE	–	60	–
DEPARTMENTAL REQUESTS SUPPLY CHAIN MANAGEMENT	DEPARTMENTAL REQUESTS SUPPLY CHAIN MANAGEMENT	ADMINISTRATIVE	–	45	–
DEPARTMENTAL REQUESTS COMMUNITY DEVELOPMENT WORKER	DEPARTMENTAL REQUESTS COMMUNITY DEVELOPMENT WORKER	ADMINISTRATIVE	–	30	–
DEPARTMENTAL REQUESTS MPAC	DEPARTMENTAL REQUESTS MPAC	ADMINISTRATIVE	–	15	–
DEPARTMENTAL REQUESTS AFS, TREASURY & ACCOUNTING	DEPARTMENTAL REQUESTS AFS, TREASURY & ACCOUNTING	ADMINISTRATIVE	–	15	–
DEPARTMENTAL REQUESTS INTERNAL AUDIT	DEPARTMENTAL REQUESTS INTERNAL AUDIT	ADMINISTRATIVE	–	45	
WIRELESS AP MAIN BUILDING COUNCIL CHAMBERS	WIRELESS AP MAIN BUILDING COUNCIL CHAMBERS	ADMINISTRATIVE	4	–	
WIRELESS AP MAIN BUILDING MM OFFICE	WIRELESS AP MAIN BUILDING MM OFFICE	ADMINISTRATIVE	4	–	
WIRELESS AP NEW HORIZON YAC	WIRELESS AP NEW HORIZON YAC	ADMINISTRATIVE	4	–	
MELVILLS CORNER NETWORK CABINET REPLACEMENT	MELVILLS CORNER NETWORK CABINET REPLACEMENT	ADMINISTRATIVE	29	–	
MELVILLS CORNER GENERATOR EXTENSION	MELVILLS CORNER GENERATOR EXTENSION	ADMINISTRATIVE	–	–	
WATERWORKS 2-WAY RADIOS	WATERWORKS 2-WAY RADIOS	ADMINISTRATIVE	–	48	
BEACHES OFFICE 2-WAY RADIOS	BEACHES OFFICE 2-WAY RADIOS	ADMINISTRATIVE	64	–	
FIRE DEPARTMENT 2-WAY RADIOS	FIRE DEPARTMENT 2-WAY RADIOS	ADMINISTRATIVE	19	–	
LAW ENFORCEMENT 2 WAY RADIOS	LAW ENFORCEMENT 2 WAY RADIOS	ADMINISTRATIVE	–	119	
CORPORATE SERVICES BOARDROOM EQUIPMENT UPGRADE	CORPORATE SERVICES BOARDROOM EQUIPMENT UPGRADE	ADMINISTRATIVE		32	
SPEAKERS' OFFICE TABLE EQUIPMENT UPGRADE	SPEAKERS' OFFICE TABLE EQUIPMENT UPGRADE	ADMINISTRATIVE	–	13	
ENGINEERING SERVICES BOARDROOM EQUIPMENT UPGRADE	ENGINEERING SERVICES BOARDROOM EQUIPMENT UPGRADE	ADMINISTRATIVE		6	
DEVELOPMENT & PLANNING BOARDROOM EQUIPMENT UPGRADE	DEVELOPMENT & PLANNING BOARDROOM EQUIPMENT UPGRADE	ADMINISTRATIVE	–	6	
FINANCIAL SERVICES BOARDROOM (CFO OFFICE) EQUIPMENT UPGRADE	FINANCIAL SERVICES BOARDROOM (CFO OFFICE) EQUIPMENT UPGRADE	ADMINISTRATIVE	–	13	
ICT OFFICE FURNITURE & EQUIPMENT	ICT OFFICE FURNITURE & EQUIPMENT	ADMINISTRATIVE	14	–	
CAMERA SURVEILLANCE WASTE TRANSFER SITE	CAMERA SURVEILLANCE WASTE TRANSFER SITE	ADMINISTRATIVE	–	50	
CAMERA SURVEILLANCE ELECTRICAL	CAMERA SURVEILLANCE ELECTRICAL	ADMINISTRATIVE	–	110	
BRAKKLOOF SUBSTATION SCADA CONNECTIVATY	BRAKKLOOF SUBSTATION SCADA CONNECTIVATY	ADMINISTRATIVE	–	30	
KWANO SUBSTATION SCADA CONNECTIVATY	KWANO SUBSTATION SCADA CONNECTIVATY	ADMINISTRATIVE		30	

MAIN SUBSTATION (FERDINAND) SCADA CONNECTIVATY	MAIN SUBSTATION (FERDINAND) SCADA CONNECTIVATY	ADMINISTRATIVE	–	30	
KLOOF SUBSTATION (TAXI RANK) SCADA CONNECTIVITY	KLOOF SUBSTATION (TAXI RANK) SCADA CONNECTIVITY	ADMINISTRATIVE	–	30	
PHAROS SUBSTATION (PHAROS AVENUE) SCADA CONNECTIVITY	PHAROS SUBSTATION (PHAROS AVENUE) SCADA CONNECTIVITY	ADMINISTRATIVE		30	
LONGSHIPS SUBSTATION (LONGSHIPS RD) SCADA CONNECTIVITY	LONGSHIPS SUBSTATION (LONGSHIPS RD) SCADA CONNECTIVITY	ADMINISTRATIVE		30	
NEW HORIZONS SUBSTATION (C/O SARINGA AND N2) SCADA CONNECTIVITY	NEW HORIZONS SUBSTATION (C/O SARINGA AND N2) SCADA CONNECTIVITY	ADMINISTRATIVE	–	30	
EBENEZER (NEW SUBSTATION AT EBENEZER ENTRANCE) SCADA CONNECTIVITY	EBENEZER (NEW SUBSTATION AT EBENEZER ENTRANCE) SCADA CONNECTIVITY	ADMINISTRATIVE	–	30	
DORETHERA SUBSTATION (DORETHERA STR & BEACONWAY) SCADA CONNECTIVITY	DORETHERA SUBSTATION (DORETHERA STR & BEACONWAY) SCADA CONNECTIVITY	ADMINISTRATIVE	–	30	
KEURBOOMS MATJIES FONTEIN SCADA CONNECTIVITY	KEURBOOMS MATJIES FONTEIN SCADA CONNECTIVITY	ADMINISTRATIVE	–	30	
NATURES VALLEY SCADA CONNECTIVITY	NATURES VALLEY SCADA CONNECTIVITY	ADMINISTRATIVE	–	30	
WATERWORKS TELEMETRY ADOPTION	WATERWORKS TELEMETRY ADOPTION	ADMINISTRATIVE	–	143	
ELECTRICAL TELEMETRY ADOPTION	ELECTRICAL TELEMETRY ADOPTION	ADMINISTRATIVE	–	143	
KURLAND OFFICE BACKUP POWER AND SOLAR	KURLAND OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
WATER WORKS OFFICE BACKUP POWER AND SOLAR	WATER WORKS OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
PARKS AND RECREATION OFFICE BACKUP POWER AND SOLAR	PARKS AND RECREATION OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
NEW HORIZON LIBRARY BACKUP POWER AND SOLAR	NEW HORIZON LIBRARY BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
COUNCILLORS OFFICE BACKUP POWER AND SOLAR	COUNCILLORS OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
ENGINEERING BACKUP POWER AND SOLAR	ENGINEERING BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	75	
FIRE STATION BACKUP POWER AND SOLAR	FIRE STATION BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
BOSSIESGIF HOUSING OFFICE BACKUP POWER AND SOLAR	BOSSIESGIF HOUSING OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
KWANO LIBRARY BACKUP POWER AND SOLAR	KWANO LIBRARY BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
SIGNAL HILL HIGH SITE BACKUP POWER AND SOLAR	SIGNAL HILL HIGH SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
SPITSKOP HIGH SITE BACKUP POWER AND SOLAR	SPITSKOP HIGH SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
KRANSHOEK HOUSING OFFICE BACKUP POWER AND SOLAR	KRANSHOEK HOUSING OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
KRANSHOEK LIBRARY BACKUP POWER AND SOLAR	KRANSHOEK LIBRARY BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
KRANSHOEK HIGH SITE BACKUP POWER AND SOLAR	KRANSHOEK HIGH SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
TRAFFIC DEPT./LAW ENFORCEMENT BACKUP POWER AND SOLAR	TRAFFIC DEPT./LAW ENFORCEMENT BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
COMMUNITY SERVICES BACKUP POWER AND SOLAR	COMMUNITY SERVICES BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
ROBBERG HIGH SITE BACKUP POWER AND SOLAR	ROBBERG HIGH SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
CUTTY SARK HIGHT SITE BACKUP POWER AND SOLAR	CUTTY SARK HIGHT SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	75	–	
MAIN OFFICE BACKUP POWER AND SOLAR	MAIN OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	420	
WITTEDRIFT LIBRARY BACKUP POWER AND SOLAR	WITTEDRIFT LIBRARY BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
AIRPORT BACKUP POWER AND SOLAR	AIRPORT BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
BEACHES BACKUP POWER AND SOLAR	BEACHES BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
CRAGS FIRE STATION BACKUP POWER AND SOLAR	CRAGS FIRE STATION BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
NEW HORIZON HOUSING OFFICE BACKUP POWER AND SOLAR	NEW HORIZON HOUSING OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
ICT OFFICE BACKUP POWER AND SOLAR	ICT OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	25	–	
BEACON ISLAND RELAY SITE BACKUP POWER AND SOLAR	BEACON ISLAND RELAY SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
MELVILLES CORNER BACKUP POWER AND SOLAR	MELVILLES CORNER BACKUP POWER AND SOLAR	ADMINISTRATIVE	125	–	
ENGINEERING SERVICES STORES BACKUP POWER AND SOLAR	ENGINEERING SERVICES STORES BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
KRANSHOEK SEWER SITE BACKUP POWER AND SOLAR	KRANSHOEK SEWER SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
KWANO WASTE TRANSFER SITE BACKUP POWER AND SOLAR	KWANO WASTE TRANSFER SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
CCC OFFICE BACKUP POWER AND SOLAR	CCC OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	420	
PIESANGVALLEY HALL BACKUP POWER AND SOLAR	PIESANGVALLEY HALL BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
WITTEDRIFT HIGH SITE BACKUP POWER AND SOLAR	WITTEDRIFT HIGH SITE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
WITTEDRIFT HOUSING OFFICE BACKUP POWER AND SOLAR	WITTEDRIFT HOUSING OFFICE BACKUP POWER AND SOLAR	ADMINISTRATIVE	–	25	
MELVILLES POWER SUPPORTING EQUIPMENT	MELVILLES POWER SUPPORTING EQUIPMENT	ADMINISTRATIVE	–	30	

ROADS, STORMWATER AND BUILDINGS MAINTENANCE					
NEW HORIZONS-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - New Horizon	4	1 000	–	5 000
WITTEDRIFT-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - Wittedrift	7	5 000	–	–
SPEEDHUMPS	CONSTRUCTION OF SPEEDHUMPS	ALL WARDS	100	100	–
UPGRADING OF ALL GRAVEL ROADS IN KRANSHOEK WITH SURFACING	UPGRADING OF ALL GRAVEL ROADS IN KRANSHOEK WITH SURFACING	7	3 269	–	–
QOLWENI/BOSSIESGIF PHASE 4	Construction of road network for 350 erven with related stormwater	3	2 800	–	–
KURLAND (1500): NEW ROADS	Construction of road network for 1500 erven with related stormwater	1	1 500	–	–
WATER SERVICES: WASTE WATER PURIFICATION					
PUMP STATION EQUIPMENT	Capital Spares: new pumps, motors and fittings	ALL WARDS	2 500	2 500	2 500
UPGRADE SEWER RETIC	Upgrade internal sewer reticulation based on the master plan and Operational requirements	ALL WARDS	2 000	3 000	3 000
HEIDELAND SEWAGE PUMP STATION (SPS)	Upgrade of Pump Station	2	2 500	–	–
KURLAND OLD SPS(KURLAND PS2)	Upgrade of Pump Station	1	1 800	3 000	–
SECURITY FENCING - WASTE WATER PLANTS	Security Measures to meet legislative compliance by DWS - Greendrop programme	ALL WARDS	3 500	3 000	3 000
KURLAND Waste Water Treatment Works	KURLAND Waste Water Treatment Works	1	435	9 310	8 615
KWANOKRANSHOEK: UPGRADING OF SEWER INFRASTRUCTURE	KWANO: UPGRADING OF SEWER INFRASTRUCTURE	5 & 7	435	8 050	7 436
GREEN VALLEY: UPGRADING OF BULK SEWER	GREEN VALLEY: UPGRADING OF BULK SEWER	1	–	435	3 107
Qolweni/Bossiesgif Phase 4B: Upgrading of Sewer	Construction of sewer reticulation for 350 erven	3	2 450	–	–
KWANOKUTHULA-BOXER SHOPPING CENTRE	WATER AND SANITATION AUGMENTATION LEVIES FOR ERF 7210, BOXER SHOPPING CENTER, KWANOKUTHULA	5	1 677	–	–
KURLAND (1500): NEW SEWER	Construction of sewer reticulation for 1500 erven	1	600	–	–
ELECTRICAL AND MECHANICAL ENGINEERING SERVICES					
MACHINERY AND EQUIPMENT	Supply and Delivery of Extension Ladders, Proximity Testers, Bag Switches, Earthing Kits, Megger, Cable Locator, Digital	ADMINISTRATIVE	204	202	1 492
PLETT: ASSET REPLACEMENT	Capital spares: replace defective mini-sub and transformer and RMUs in all areas	ADMINISTRATIVE	2 360	2 743	3 499
PLETT: NEW GENERATORS	Mobile Genset for back up supply for operational requirements-10Kva	ALL WARDS	50	–	–
SCADA SYSTEMS	Master Plan Project: Supply and Install Scada Systems at various substations to facilitate effective Outage Management the	ALL WARDS	650	850	1 500
REPLACE FAULTY MV METER UNIT	Maintenance Related: Replacing faulty metering units - to enhance revenue collection	ALL WARDS	795	850	900
GOOSEVALLEY: UPGRADE MAIN SUPPLY	Replace MV Overhead Line with Underground Cable to reduce outages	2	650	1 000	2 000
BRAKKLOOF NEW 20MVA 66/11KV TRF	Masterplan Project: Brakkloof 66kV New 20MVA Transformer for firm capacity and allow for maintenance on existing Trans	MULTIPLE WARDS(2, 3 & 4)	3 661	4 000	8 165
PLETT: UPGRADE O/H TO U/G NETWORK (LV)	Ageing Low Voltage Networks to be upgraded with underground	MULTIPLE WARDS(1,2 & 4)	1 150	2 917	1 000
ELECTRIFICATION OF INFORMAL SETTLEMENT	New/Upgrade of Electrical Networks in Informal Settlements in the greater Bibu Area	MULTIPLE WARDS (1,3,5 & 6)	3 000	2 182	1 000
NEW HIGH MAST LIGHTS	High Mast Lights with Backup Supply In greater Bibu Area	MULTIPLE WARDS (1,4,5&6)	660	680	700
SECURITY KEY SITES	Provision of security at various key sites to prevent theft and vandalism	MULTIPLE WARDS (2,4,5&6)	400	200	200
REPLACE MV RADIAL SUPPLY	Masterplan Project: Replace Radial MV supply between MS-Ray and MS-Strydom	2	890	890	–
NEW STREETLIGHTS	New Streetlights	ALL WARDS	–	–	5 245
REPLACEMENT OF THE FAULTY CABLE WITTEDRIFT	Masterplan Project: Replace Faulty Underground Cable to complete Ring Feed	1	–	988	–
11KV LINKS KWANO AND SS1 SUB STATIONS	Masterplan Project: New MV Feeders between SS New Horizons and Erf 34/438.	MULTIPLE WARDS (4,5&6)	–	–	3 796
11KV LINKS KWANO TO LADYWOOD	Masterplan Project: Upgrade Golf Course and Ladywood 11kV Overhead Lines to SS Kwano, MV Cable and Circuit Break	MULTIPLE WARDS (4,5&6)	–	–	1 194
KEURBOOMS: UPGRADE NETWORK	Create Additional Feed Supply for Keurbooms to allow contingency and continuity of supply	1	5 989	5 600	5 550
ELECTRIFICATION OF 204 HOUSEHOLD FOR EBENEZER PHASE A	ELECTRIFICATION OF 204 HOUSEHOLD FOR EBENEZER PHASE A	4	3 282	4 348	5 217
FLEET MANAGEMENT					
TOOLS AND EQUIPMENT	2 POST LIFT , VEHICLE DIAGNOSTIC KIT ,TOOLS-MECHANICAL WORKSHOP	ADMINISTRATIVE	180	–	100
2X NEW LDV WITH POLICE CANOPIES -LAW ENFORCEMENT	2X NEW LDV WITH POLICE CANOPIES -LAW ENFORCEMENT	ADMINISTRATIVE	650	–	1 400
1X HATCHBACK-METER READING	HATCHBACK -REVENUE COLLECTION	ADMINISTRATIVE	250	–	–

1X NEW HOOKLIFT TRUCK-WASTE MANAGEMENT	1 X NEW HOOKLIFT TRUCK	ADMINISTRATIVE	3 000	–	–
3X NEW 15CUBE COMPACTORS- WASTE MANAGEMENT	3 X NEW 15 CUBE COMPACTORS	ADMINISTRATIVE	5 500	–	–
FRONT END LOADER- WASTE MANAGEMENT	FRONT END LOADER	ADMINISTRATIVE	1 600	–	–
2X LDV WITH CANOPY- WATER SERVICES	3X LDV WITH CANOPY- WATER SERVICES-REPLACEMENTS	ADMINISTRATIVE	900	–	–
CONVERT OLD COMPACTOR FOR SKIP LOADING-WASTE MANAGEMENT	CONVERT OLD COMPACTOR FOR SKIP LOADING.	ADMINISTRATIVE	700	–	–
2X LDVS-ELECTRICITY	2X LDVS-ELECTRICITY	ADMINISTRATIVE	900	–	–
5X HIGH COMPACTION CONTAINERS	5X HIGH COMPACTION CONTAINERS	ADMINISTRATIVE	800	793	–
HEAVY DUTY TRAILER	HEAVY DUTY TRAILER	ADMINISTRATIVE	800	–	–
3 in 1 Compactor Conversion for Skip Loading & Hook-lift Purpose	3 in 1 Compactor Conversion for Skip Loading & Hook-lift Purpose	ADMINISTRATIVE	1 000	–	–
3X OFFICIAL VEHICLES OFFICE BEARERS	3X POLITICAL OFFICIAL VEHICLES	ADMINISTRATIVE	2 000	–	–
WATER SERVICES: WATER DISTRIBUTION					
TOOLS AND EQUIPMENT	GENERAL TOOLS & EQUIPMENT	ADMINISTRATIVE	169	200	250
PUMP STATION EQUIPMENT	Capital Spares: new pumps, motors and fittings	ALL WARDS	2 000	2 093	2 609
KURLAND: UPGRADE WTW	UPGRADE WORKS FROM 0.6 TO 1.2MI	1	5 200	3 800	950
REPLACEMENT OF AC PIPES	REPLACEMENT OF AC PIPES	ALL WARDS	2 000	2 500	3 000
WATER DEMAND MANAGEMENT	Domestic meters and water saving devices	ALL WARDS	200	200	250
GREENVALLEY: NEW UPGRADE BULK WATER	UPGRADE TO WATER PUMP STATION AND PIPELINE	1	1 400	–	–
NATURES VALLEY RESERVOIR	NATURES VALLEY RESERVOIR UPGRADE	1	–	4 250	–
NATURES VALLEY WTW	NATURES VALLEY WTW UPGRADE - CAPITAL REPLACEMENTS	1	–	4 500	–
PLETT WTW: NEW PUMP STATION	PLETT WTW: NEW PUMP STATION	ALL WARDS	13 731	–	–
GREENVALLEY: NEW UPGRADE BULK WATER	GREENVALLEY: NEW UPGRADE BULK WATER	1	–	435	–
Qolweni/Bossiesgif Phase 4B: Upgrading of Water	Construction of water reticulation for 350 erven	3	1 750	–	–
KURLAND: NEW WATER	Construction of water reticulation for 1500 erven	1	900	–	–
LAW ENFORCEMENT					
22 X BULLET PROOF VESTS	This is protective equipment for Law Enforcement Officers	ALL WARDS	265	–	–
INSTALLATION OF SECURITY CAMERAS	Installation of security cameras in Julia Avenue and Ferdinand Street	WARD 2	120	–	–
PARKS AND RECREATION: PARKS MAINTENANCE AND HORTICULTURE					
CONSTRUCTION OF REGIONAL CEMETRY	CONSTRUCTION OF REGIONAL CEMETRY AT EBENEZER SANRAL ROAD	4	1 000	500	–
UPGRADING OF KRANSHOEK SPORTFIELD FLOODLIGHTING	UPGRADING OF KRANSHOEK SPORTFIELD FLOODLIGHTING	7	2 430	2 409	–
UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	7	–	435	2 287
UPGRADING OF KWANO SPORTFIELD FLOODLIGHTING	UPGRADING OF KWANO SPORTFIELD FLOODLIGHTING	5&7	–	–	435
FACILITIES & SERVICE CENTRES					
HALL FURNITURE	TABLES AND CHAIRS FOR ALL HALLS	ALL WARDS	–	300	–
REPLACEMENT OF FLOORING AT PIESANG VALLEY HALL	Replace existing Vinyl floor Covering	2	–	25	–
UPGRADING OF QOLWENI HALL	Replacement of aluminium doors and windows at Qolweni	3		300	
INTERGRATED WASTE MANAGEMENT					
KURLAND VILLAGE-WASTE DROP- OFF FACILITY	New Drop-off facilities at Kurland	1	1 350	1 800	–
WASTE TRANSFER STATION-CONSTRUCTION OF A NEW BULKY WASTE FACILITY	Construction of New Bulky Waste Facility at Waste Transfer Station	MULTIPLE WARDS(SPECIFY)	–	3 200	7 000
LIBRARY SERVICES					
FURNITURE	FURNITURE	ALL WARDS	50	–	–
LIBRARY MAINTENANCE	LIBRARY MAINTENANCE: PAVING,TILING	ALL WARDS	250	–	–

OUTREACH PROGRAMS EQUIPMENT	GARDEN TOOLS	ALL WARDS	50	-	-
COMPUTER EQUIPMENT	COMPUTER EQUIPMENT	ALL WARDS	100	-	-
LOCAL ECONOMIC DEVELOPMENT					
CONSTRUCTION OF QOLWENI CULTURAL VILLAGE	CONSTRUCTION OF QOLWENI CULTURAL VILLAGE	3	304	-	-
OFFICE OF THE MM					
FURNITURE & EQUIPMENT	Furniture & Equipment for all departmental requests	ADMINISTRATIVE	1 000	-	-
Parent Capital expenditure			109 432	89 041	93 397
Total Capital expenditure			-	-	-

Table 38 MBRR SA37 - Projects delayed from previous financial year

There are no projects that have been delayed from previous financial years.

2.12 Legislation compliance status

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

1. 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) is done without exception and has progressively improved in quality as well as narrative explanations, the reporting includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Council's is participating in the Municipal Financial Management Internship programme and is currently in the process of recruiting new interns. Since the introduction of the Internship programme the Council has successfully employed and trained various interns through this programme and the majority of them were appointed either within the municipality or other at Municipalities.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detailed SDBIP document is at a draft stage and submitted with the revision of the IDP it will be finalised after approval of the 2023/24 MTREF in May 2023 and is directly aligned and informed by the 2023/2024 MTREF.

6. Annual Report

The Annual report is compiled in terms of the requirements of Section 127 of the MFMA and National Treasury requirements.

7. Policies

Various policy amendments are proposed as part of the budget process, all policies being revised are to be made available with the budget documentation for public input.

8. Minimum Competency Training

Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Our participation in this program is in line with the assessment of current skills pool and capacity building to ensure less reliance on consulting services. The filling of critical vacancies will also require compliance by candidates to the minimum competency requirements.

9. Public Input received

Public input was solicited as part of the public participation process that followed the tabling of the draft budget in Council by the Mayor. Upon receipt of the input, the budget steering committee under the leadership of the mayor considers all input and respond appropriately thereto. The public input as well as the responses thereon forms part of the final budget submission when the budget is presented for final approval.

As a result of the public input received, the capital budget was adjusted to make provision for much needed stormwater systems in Wittedrift as well as other areas where the need is the greatest. Input was received from Mr Gyngell in respect of the tariff methodology used in the determination of the electricity energy and other charges and a response was prepared and sent by the acting CFO.

The public participation process was hampered by loadshedding and due to rainy weather it was poorly attended in certain wards, many public engagements had to be re-scheduled a number of times as a result of a lack of attendance by the public.

10. mSCOA Compliance

The municipality is currently using the SAMRAS financial management system as its core financial system, the system was acquired prior to the implementation of the Municipal Finance Management Act and has therefore been in use for more than 25 years. The municipal council, upon the implementation of the mSCOA classification framework, resolved to continue with the Samras system as its core financial system, which system is still in use. The mSCOA steering committee was re-established in the 2022/2023 financial year after being dormant for a number of years and a status report as well as a high level roadmap for the full implementation and compliance with this framework is presented in the budget annexures for approval. Considering the current financial position of the municipality it is currently not an option to change the core financial system as it would be too costly and disruptive.

2.13 Other supporting documents


Other supporting schedules to the budget schedules, include SA1 that contain the supporting detail to the budgeted financial performance, SA2 that contain the matrix financial performance budget (revenue source/expenditure type and department), table SA 3 contain the supporting detail to the statement of financial position, table SA9 contains the social, economic and demographic statistics and assumptions, table SA11, SA12a and 12b contain property rates information and table SA13 provide details of service tariffs per category. Table SA 21 contain the detail of transfers made by the municipality and table SA 32 details the external mechanisms used by the municipality for service delivery. Lastly table SA38 contain the details of operational projects. All the aforementioned supplementary tables are annexed to the main budget report as Annexure "C"

2.14 Municipal manager's quality certificate

I, Mbulelo Memani, Municipal Manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr. Mbulelo Memani

Municipal Manager of Bitou Municipality (WC047)

Signature 

Date 29 May 2023