

DRAFT ANNUAL BUDGET OF BITOU MUNICIPALITY



2024/25 TO 2026/27 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

1	PART 1 – DRAFT ANNUAL BUDGET	5
1.1	MAYOR'S REPORT	5
1.2	COUNCIL RESOLUTIONS	10
1.3	EXECUTIVE SUMMARY	12
1.4.1	<i>Property Rates</i>	<i>21</i>
1.4.2	<i>Sale of Water and Impact of Tariff Increases</i>	<i>23</i>
1.4.3	<i>Sale of Electricity and Impact of Tariff Increases.....</i>	<i>25</i>
1.4.4	<i>Sanitation and Impact of Tariff Increases.....</i>	<i>26</i>
1.4.5	<i>Waste Removal and Impact of Tariff Increases</i>	<i>27</i>
1.4.6	<i>Overall impact of tariff increases on households</i>	<i>30</i>
1.5	OPERATING EXPENDITURE FRAMEWORK.....	32
1.6	CAPITAL EXPENDITURE	34
1.7	ANNUAL BUDGET TABLES	36
2	PART 2 – SUPPORTING DOCUMENTATION	46
2.1	OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	46
2.1.1	BUDGET PROCESS OVERVIEW.....	46
2.1.2	IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	49
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	50
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	57
2.4	OVERVIEW OF BUDGET RELATED POLICIES	63
2.5	OVERVIEW OF BUDGET ASSUMPTIONS	70
2.5.1	COLLECTION RATE FOR REVENUE SERVICES	71
2.5.2	SALARY INCREASES	71
2.5.3	ABILITY OF THE MUNICIPALITY TO SPEND AND DELIVER ON THE PROGRAMMES	72
2.5.4	COST CONTAINMENT MEASURES	72
2.6	OVERVIEW OF BUDGET FUNDING	72
2.6.1	MEDIUM-TERM OUTLOOK: OPERATING REVENUE	72
2.6.2	MEDIUM-TERM OUTLOOK: CAPITAL REVENUE	73
2.6.3	CASH FLOW MANAGEMENT	76
2.6.4	CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION.....	77
2.6.5	FUNDING COMPLIANCE MEASUREMENT.....	78
2.7	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	81
2.8	COUNCILLOR AND EMPLOYEE BENEFITS.....	81
2.9	MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	81
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	82
2.11	CAPITAL EXPENDITURE DETAILS	82
2.12	LEGISLATION COMPLIANCE STATUS	87
2.13	OTHER SUPPORTING DOCUMENTS.....	88
2.14	MUNICIPAL MANAGER'S QUALITY CERTIFICATE	89

List of Tables

Table 1	Consolidated Overview of the 2024/25 MTREF	15
Table 2	Consolidated Overview of the 2024/2025 MTREF	19
Table 3	Growth in revenue by main revenue source.....	19
Table 4	Major sources of revenue	20

Table 5 Comparison of Assessment rate tariff	23
Table 6 Comparison of Commercial water tariffs	24
Table 7 Comparison of Residential water tariffs.....	25
Table 8 Comparison of Sanitation tariffs	27
Table 9 Comparison between current waste removal fees and increases	29
Table 10 MBRR SA14 – Household bills	31
Table 11 A4 – Budgeted Financial Performance	32
Table 12 2024/25 Medium-term capital budget per vote	34
Table 13 MBRR A1 - Budget Summary.....	36
Table 14 MBRR A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	37
Table 15 MBRR A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	38
Table 16 MBRR A4 - Budgeted Financial Performance (revenue and expenditure).....	39
Table 17 MBRR A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.	40
Table 18 MBRR A6 - Budgeted Financial Position.....	41
Table 19 MBRR A7 - Budgeted Cash Flow Statement.....	42
Table 20 MBRR A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation.....	43
Table 21 MBRR A9 - Asset Management	44
Table 22 MBRR A10 - Basic Service Delivery Measurement.....	45
Table 23 MBRR SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	55
Table 24 MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating Expenditure.....	56
Table 25 MBRR SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)	56
Table 26 MBRR SA7 - Measurable performance objectives	57
Table 27 MBRR SA8 - Performance indicators and benchmarks	62
Table 28 Breakdown of the operating revenue over the medium-term.	72
Table 29 MBRR SA15 – Detail Investment Information	73
Table 30 MBRR SA16 – Investment particulars by maturity	73
Table 31 Sources of capital revenue over the MTREF	74
Table 32 Detail of borrowings.....	75
Table 33 MBRR SA17 Borrowing	75
Table 34 MBRR A7 Budgeted cash flow statement	77
Table 35 MBRR A8 - Cash backed reserves/accumulated surplus reconciliation	77
Table 36 MBRR SA10 – Funding compliance measurement.....	78
Table 37 MBRR SA36 Detailed capital budget	83
Table 38 MBRR SA37 - Projects delayed from previous financial year	86

List of Figures

Figure 1 Major revenue sources over the MTREF.....	20
Figure 2 Growth in major revenue sources over a 7 year horizon	30
Figure 3 Depreciation compared to repairs and maintenance	33
Figure 4 Major expenditure categories over a 7 year horizon.....	34
Figure 5 Infrastructure Capital spending trend over a 7 year horizon.....	35
Figure 6 Main operational revenue per category	73

Figure 7 Main sources of capital revenue	74
Figure 8 Growth in borrowing 2020/2021 to 2026/2027	75

List of Annexures

Annexure B - Detailed Capital Budget
Annexure C - Main budget schedules and supporting schedules.
Annexure D - Municipal Rates, Tariffs, fees, including cost of supply electricity tariffs.
Annexure E - Budget related policies
Annexure F - Service Delivery Standards
Annexure G - Quality Certificate
Annexure H - Draft Service delivery and budget implementation plan
Annexure I - Long term financial plan
Annexure J - mSCOA implementation roadmap
Annexure K – Draft Demand Management plan

1 Part 1 – Draft 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 draft budget tabled here today was again compiled under challenging circumstances as we are expected to improve the livelihood of our communities against the backdrop of a looming economic crises that was brought about as a result of a combination of the energy crises, the dragged out war in the Ukraine, the conflict in the Middle East and the rising cost of commodities, the cost of living and a continued increase in unemployment and poverty.

We have successfully traversed the challenges laid before us and have had little choice but to endure the prolonged loadshedding that have reached unimaginable levels, the load shedding alone has resulted in a contraction of the economy and has caused the economic growth to slow down to levels never seen before.

We have already made huge strides in the early days of the new governing coalition for Bitou Municipality and our first 100 days program is gaining momentum, I am indeed thankful and privileged as a young leader in our young democracy to be able to stand here before you today and table my first draft budget as the Mayor of Bitou Municipality, being the draft budget for 2024/2025 and the MTREF, for consideration and public participation.

We are gaining momentum as a municipality by managing ourselves out of the past challenges and have made progress on all fronts of service delivery, especially in respect of human settlements programs and have been able to gain financial momentum, and to progress towards financial viability and sustainability.

We are indeed proud of the first clean audit that the municipality has obtained in 8 years, and I have to express my sincere appreciation to all that were involved in this achievement. It is testament to the stive towards sound financial governance and a clean administration. I am confident that we will continue on this trajectory for the foreseeable future.

It is important that we consider the current state of the economy in our budgetary considerations and acknowledge the fact that we still find ourselves in an economy that is struggling to get out of the blocks, with economic growth over a 10 year horizon barely reaching an average of one per cent per annum.

There has been little economic growth post the Covid-19 pandemic and the July 2021 unrest that caused irreparable damage to economic and investment sentiment. We are hardly escaping an economic recession and acknowledge that there is continued pressure to deliver high quality municipal services in an economy that is failing us in respect of growth and job creation.

We have still managed to deliver 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.

We find ourselves at the dawn of the 7th democratic national election and we remain committed 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 2024 remain bleak and the National Treasury has forecasted an average GDP Growth of 1.6% over the next 2 financial years. These targets currently seem unachievable as they are based on a reduction in the frequency of power cuts and lower inflation which appear to be very optimistic.

Inflation continuously exceed the Reserve Bank's target of 6 percent and interest rates remain high, a significant reduction in interest rates in the near future seems to be unlikely. Inflation is forecasted to average between 4.6% and 4.9% over the MTREF and continues to put pressure on input prices of materials, supplies, goods and services necessary in the rendering of municipal services.

The struggling economy and associated economic performance has led to grant funding to municipalities diminishing and is therefore causing the municipality to absorb the cost associated with projects and programs that were supposed to be funded from either National or Provincial allocations, the municipality is therefore put further under pressure to deliver on unfunded and underfunded mandates.

The Municipal Economic Review and Outlook indicates that the Bitou economy had grown by 3.2% in 2022, yet have failed to record any economic growth in 2023, the local GDP is forecasted to grow by only 0.9% in 2024, exacerbating the fact that a huge task rests on the shoulders of Local Government to find innovative ways to navigate around the failures and shortcomings of the national economy to provide growth, economic opportunities and to create jobs and sustainable livelihoods to our communities, indeed a huge task when considering the diminishing Local Government grant framework.

In this budget year the municipality will aim to further improve on its financial performance and position and to be more resilient to tackle the challenges that lie before us as we need to continue to improve service delivery through the focussing financial resources where it is needed most.

Under my leadership, we are focussing the municipal resources to address critical service delivery issues, especially in the poorer communities and to ensure that their dignity is restored through the provision of good quality basic services to everyone.

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 973 446 069 . (Nine Hundred and seventy three million four hundred and forty six thousand and sixty nine Rand) The bulk of the income is derived from assessment rates and user charges. Operational expenditure from own funds amount to R 970 121 916 with the main two categories of operational expenditure being salary related expenditure and bulk purchases. These account for 62.02 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 and the upliftment of the poorest of the poor as our core mandate in the budgetary allocations.

The following has been budgeted for service delivery items:

Electricity services receive R 284 066 037 , water services receive R 65 894 752 , waste water management receive R 55 469 335 , roads and stormwater receive R 34 953 834 and solid waste management receive an allocation of R 64 728 003 for the 2024/2025 financial year, community, general services, social services, sport and recreation, public safety and housing are allocated a combined total of R 186 622 928 for the financial year ahead. **This direct allocation to service delivery departments, account for 71.30 per cent of the total annual budget.**

The capital budget amounts to R **183 159 962**, the capital budget once again focusses on infrastructure development and 95.00 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 and most importantly to provide basic municipal services to those that have been denied these basic rights in the past, we are once again allocating funds to replace the ageing fleet that have caused service delivery disruptions.

Infrastructure spending in the capital budget will be allocated as follows: Water services infrastructure R 45 070 154; Electricity infrastructure R 26 064 523; Sanitation services R 2 300 000 and roads infrastructure R 47 400 823, Vehicle fleet replacement receive R 6 490 000 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 4 401 500.

In accordance with the capital funding mix strategy, loan funding in the amount of R 50 033 373 will be used in the 2024/2025 financial year, further own funding through the Capital Replacement Reserve in the amount of R 25 510 549 will be added to fund the capital budget in addition to the amount of R 107 616 040 in grant receipts for the 2024/2025 financial year.

The operating budget is essential in ensuring day-to-day operations and that high quality basic services are provided to all communities, the main expenditure components necessary to achieve this goal are allocated budget amounts as follows:

Employee related cost absorbs R 369 million or 38.1 percent of the budget, electricity purchases from Eskom amount to R232 million or 23.9 percent of the budget, debt impairment and depreciation charges combined amount to R59 million or 6.1 percent of the budget. Contracted services amount to R104 million or 10.7 percent of the budget and other operational expenditure items amount to R91.7 million or 9.45 percent of the budget. The operational budget increases with 7.17 percent when compared to the 2023/2024 final budget allocation.

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 considering current inflationary trends provision for a 6.2% general salary adjustment is made in the draft budget.

Employee related cost as a percentage of total expenditure, inclusive of a R 12 million allocation to the EPWP program of which R 1.47 million is subsidised, equals 38.11 % and is within the norm for this category of expenditure, if the EPWP portion is excluded the percentage equals 36.9%, 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 it is evident that revenue streams, especially electricity continue to diminish, it furthermore remain difficult to collect as there is a lack of economic opportunity to enable the community to pay for services rendered.

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 operational revenue is budgeted to grow with 7.18 percent and tariff decisions were extremely difficult to make in the current economic environment. To ensure the financial viability of the services rendered, proposed tariff increases vary between 6 percent and 7.5 percent depending on the cost drivers impacting on the cost of rendering the services, the only exception is electricity where tariff increases are largely influenced by the Eskom tariff increase and NERSA tariff guidelines and a provisional 10.92% increase is proposed.

The continued increase in the price of electricity remain a huge concern and NERSA has confirmed that the Eskom increase to municipalities will be 12.72 percent which is resulting in the tariff increase of 10.92 percent to the end user.

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 to 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, not only through the provision of basic services and the restoration of dignity in our communities, but also through the indigent subsidization program.

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 property 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 IDP meetings in preparation of this current budget process and I would like to invite all stakeholders, members of the public and interested parties to further participate in the budget process by attending the meetings, asking questions and providing input in the budget and IDP processes, your input is necessary to ensure accountability and transparency in the budget and IDP processes.

In conclusion, I would like to thank the members of the Budget Steering Committee, the Acting Municipal Manager, the Chief Financial Officer and the staff in the IDP and Budget Offices, Directors and other personnel who have contributed in the preparation of the draft budget.

Speaker, I therefore table the draft budget for the 2024/2025 financial year and MTREF as well as the budget related documents for public participation and deliberation before final approval in May 2024.

I thank you.

COUNCILLOR CLAUDE TERBLANCHE
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 2024/25 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 2024:
 - 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 2024 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 2024/25 financial year limited to an amount of R46,413,000 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 as per Annexure "E":
- 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) Preferential Procurement Policy
 - o) Asset management policy
 - p) Infrastructure procurement and delivery management policy
- 7) That the service level standards attached as Annexure "F" be approved.
- 8) That the revised Long Term Financial Plan attached as Annexure "I" be approved
- 9) That the draft SDBIP as per Annexure "H" be noted and submitted to the mayor for final consideration and approval.
- 10) That the demand management plan attached as per Annexure "K" be approved.
- 11) That the mSCOA roadmap attached as annexure "J" be approved.
- 12) 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 2024/2025 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 struggling economy failing to provide positive direction and economic opportunity to the citizens of the republic and especially the inhabitants of Bitou.

Tourism and construction sector is still struggling to recover to pre-pandemic levels, although an increase in the approval of building plans provides hope for the construction sector. The recovery of tourism remains slow in the wake of the deteriorating national economy that is constraining household spending.

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 are continuing to hamper economic progression of the citizenry, the war in the Ukraine and the crisis in the middle east is causing further volatility in commodity prices and causing economic sentiment to remain bleak.

The national budget remains under strain and the consolidated fiscal deficit is expected to further worsen from a current 4% to 4.9% of GDP for 2024/2025. The budget deficit is expected to reduce to 4.5% by 2025/2026 and will reach 3.3% by 2026/2027. National debt is expected to peak at 75.3% of GDP in 2025/2026, up nearly 2% from the prior year prediction. In general, government debt is very high and at a level never seen before. The gross debt stock is projected to increase to nearly R6 trillion in 2026/27.

National debt-service costs are projected to average R356 billion annually over the medium term, reaching approximately R400 billion in 2026/27. These are resources that could otherwise be used to address pressing social needs or to invest in our future.

The Corona Virus has had a profound impact on the already strained economy and the tourism sector recorded the highest decline of all sectors contributing to the Bitou economy, 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 that has further been exacerbated by the war in Gaza, it is expected that the price of commodities will 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. The tourism sector is struggling to continue as diminishing disposable household income is causing people to delay or reduce vacations.

Economic growth estimates for 2024 have been revised upward to 1.6 per cent over the next two years on the back of possible interest rate cuts, a more stable electricity supply and a decrease in inflation causing disposable household income to rise and investment in the real economy to grow. Economic growth over the MTREF is not sufficient to generate sustained economic growth and ensure job creation and the economic empowerment of the citizenry.

The headline inflation forecast for 2024 is 4.9%, recovering to between 3 and 6 per cent over the MTREF with a prediction of 4.6 per cent for 2025/2026 as well as for 2026/2027. The recovery

of the economy is anticipated to remain slow over the MTREF with the continuing electricity crises playing a pivotal part in growth or a lack thereof.

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. It was decided that basic service delivery to the poorest of the poor be prioritised in the coming budget to ensure equally dignified communities throughout the Bitou are of jurisdiction.

The upliftment of the communities takes preference in this budget cycle and the municipality will therefore focus more resources to water provision and wastewater systems in the 2024/2025 as well as subsequent financial years. A significant portion of the 2024/2025 capital budget is set dedicated to the upliftment of communities with human settlements infrastructure taking the lion's share of the funding allocation.

The revenue enhancement program is gaining momentum and a review of all units of service rendered is underway 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. The revenue enhancement program has already showed positive results and a growth in revenue is already evident as a result thereof.

The municipality is striving to improve on operational efficiencies in the services that are rendered and to continue with the enforcement cost reduction and austerity measures in accordance with the cost containment regulations and operational strategies.

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 lead by the principles of cost recovery and economic viability in determining tariff increases. These principles will ultimately lead to the main services being financially viable and sustainable over the short, medium and long term.

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 execution of the programs identified in the voluntary financial recovery plan are continuing and the municipality has 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. 126 and 128 as well as prior year circulars were used to guide and inform the compilation of the 2024/25 MTREF.

The main challenges experienced during the compilation of the 2024/25 MTREF can be summarised as follows:

- The slow recovery of the National, Provincial and especially the local economy in so far as tourism, hospitality and the construction industry is experiencing.
- The ongoing war in the Ukraine and Gaza 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 electricity crises and continued load shedding that is persistently hampering economic growth and damaging investor sentiment.
- The continued rise in unemployment.
- Interest rates that remain high.
- High 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 2024/2025 MTREF:

- The 2023/24 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 2024/25 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 2024/2025 financial year tariff increases were adjusted to ensure that the cost of the services are 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 2024/2025 MTREF:

Table 1 Consolidated Overview of the 2024/25 MTREF

Description	3rd Adjusted Budget	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Total Revenue	R 967 540 089	R 1 104 352 569	R 1 157 969 822	R 1 217 383 189
Total Operating Expenditure	R 905 713 754	R 970 121 916	R 1 050 820 852	R 1 159 015 077
Total Capital Expenditure	R 128 792 691	R 183 159 962	R 166 054 564	R 100 746 229

Total revenue increases with R 136 812 480 to an amount of R 1 104 352 569 for the 2024/25 financial year when compared to the 2023/2024 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. A further significant contribution is made through the human settlements grant in respect of the provision of housing infrastructure. For the two outer years, operational revenue will increase by 4.86 and 5.13 percent respectively.

Total operating expenditure for the 2024/2025 financial year has been appropriated at R 970 121 916 and translates into a budgeted surplus of R 134 230 653 after capital contributions.

When compared to the 3rd adjustments budget, operational expenditure increases with R 64 408 162 in 2024/25. The expenditure for the two outer years, increases with R 80 698 936 and with R 108 194 225 respectively towards the 3rd year of the MTREF.

The capital budget of R 183 159 962 for 2024/25 increases with 42.21 per cent when compared to the 3rd adjustments budget of 2023/2024. The capital programme decreases to R 166 054 564 in the 2025/26 financial year and then further in 2026/27 to R 100 746 229. Borrowing will contribute 27.32 percent of the capital funding for the 2024/25 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 19% 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.

The debt service cost equals 3.3% which is further indicative of the sound financial principles supporting the funding mix strategy and the municipal lending program.

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, increasing unemployment and a dire need to make a difference in the lives of the poorest of the poor in the communities.

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 for certain services.

Excessive increases are 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 is underway and gaining momentum. 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 2024/2025 financial year are in some instances slightly 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 10.92% is proposed on the back of a 12.72% 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 2024/2025 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 even 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.

The implementation of the human settlements program is providing dignity to persons unable to provide housing opportunities for themselves in the past, it provides a sense of dignity to the recipients of these opportunities yet the financial burden on the municipality to continue to provide services to the beneficiaries cannot be ignored. The municipality must therefore ensure that provision for the operational and maintenance related activities associated with these opportunities are appropriately funded in future financial years. It is common cause that the equitable share allocation is insufficient to cover the cost of free services and therefore economic development will play a key role in ensuring the financial viability and sustainability of the municipality.

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 revenue budget over the MTREF (classified by main revenue source):

Table 2 Consolidated Overview of the 2024/2025 MTREF

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue		0	0		0	0	0	0	0	0	0
Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Service charges - Electricity	2	168 628	200 313	210 201	241 830	232 677	232 677	169 661	262 129	295 636	325 983
Service charges - Water	2	80 711	85 578	86 449	86 725	82 972	82 972	63 749	90 492	97 203	103 418
Service charges - Waste Water Management	2	78 675	82 693	78 406	77 663	66 874	66 874	53 533	80 372	85 998	92 017
Service charges - Waste Management	2	46 413	33 409	45 502	58 016	46 784	46 784	34 905	53 852	56 863	60 039
Sale of Goods and Rendering of Services		4 930	7 259	6 867	11 571	11 559	11 559	5 947	9 687	8 209	8 644
Agency services		2 345	2 423	2 501	3 014	2 803	2 803	1 823	2 840	2 971	3 104
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		12 721	12 131	17 120	13 282	15 483	15 483	10 698	13 870	12 493	11 179
Interest earned from Current and Non Current Assets		6 601	3 747	8 035	4 950	12 325	12 325	7 594	12 448	12 573	12 698
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 045	1 255	1 124	1 030	1 117	1 117	951	2 210	2 338	2 218
Licence and permits		308	1 091	1 196	589	1 269	1 269	1 141	565	597	630
Operational Revenue		2 234	2 082	3 683	2 207	11 226	11 226	6 270	2 800	2 980	2 963
Non-Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Property rates	2	149 321	157 194	151 445	179 779	179 802	179 802	133 904	191 257	206 558	218 984
Surcharges and Taxes		-	-	-	1 500	1 500	1 500	1 181	1 589	1 724	1 870
Fines, penalties and forfeits	-	30 462	54 430	46 722	31 699	45 096	45 096	27 644	50 836	52 038	53 743
Licences or permits		411	-	-	696	696	696	-	796	840	886
Transfer and subsidies - Operational		149 909	141 588	155 970	163 277	175 264	175 264	150 732	177 073	208 662	260 111
Interest		1 858	2 647	4 242	3 759	2 130	2 130	1 782	1 844	1 660	1 328
Operational Revenue		-	11 486	2 064	15 518	14 735	14 735	4 400	14 835	15 860	10 019
Gains on disposal of Assets		232	-	441	3 950	3 950	3 950	-	3 950	-	-
Total Revenue (excluding capital transfers and contributions)		736 803	799 325	839 979	901 055	908 263	908 263	675 916	973 446	1 065 201	1 169 834

Table 3 Growth in revenue by main revenue source

Description	2024/25 Medium Term Revenue & Expenditure Framework				
R thousand	Budget Year 2024/25	Growth %	Budget Year +1 2025/26	Growth %	Budget Year +2 2026/27
Revenue By Source					
Property rates	192 846 548	8.00	208 281 739	6.04	220 854 339
Service charges - electricity revenue	262 129 414	12.78	295 636 430	10.26	325 983 020
Service charges - water revenue	90 492 314	7.42	97 203 310	6.39	103 417 570
Service charges - sanitation revenue	80 371 584	7.00	85 997 594	7.00	92 017 426
Service charges - refuse revenue	53 852 434	5.59	56 862 986	5.58	60 038 729
Service charges - other	9 686 678	(15.26)	8 208 796	5.30	8 644 210
Rental of facilities and equipment	2 209 898	5.78	2 337 711	(5.12)	2 218 055
Interest earned - external investments	12 448 250	1.00	12 572 733	1.00	12 698 460
Interest earned - outstanding debtors	15 714 297	(9.94)	14 152 932	(11.63)	12 506 764
Fines, penalties and forfeits	50 835 775	2.36	52 037 618	3.28	53 742 597
Licences and permits	1 360 933	5.60	1 437 145	5.50	1 516 188
Agency services	2 840 105	4.60	2 970 750	4.50	3 104 434
Transfers and subsidies	177 073 000	17.84	208 662 000	24.66	260 111 000
Other revenue	21 584 839	(12.72)	18 839 078	(31.09)	12 981 397
Total Revenue (excluding capital transfers and contributions)	973 446 069	9.43	1 065 200 822	9.823	1 169 834 189

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.

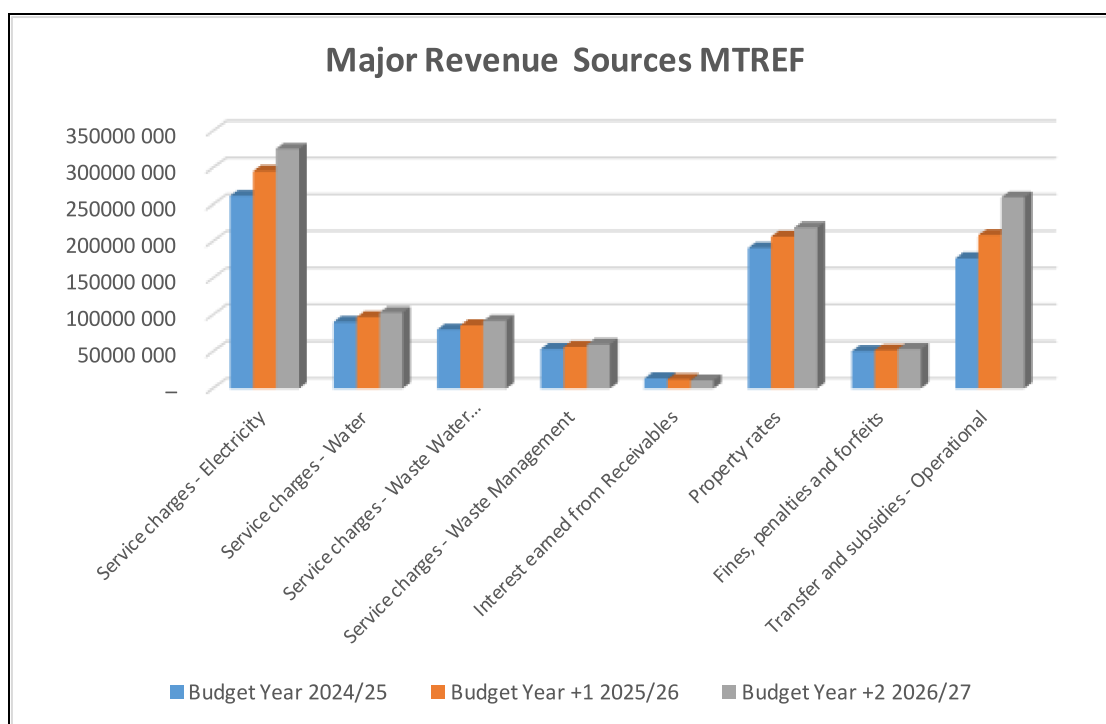
Table 4 Major sources of revenue

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

Source	Amount	%
Property rates	192 846 548	19.81
Electricity revenue	262 129 414	26.93
Water revenue	90 492 314	9.30
Sanitation revenue	80 371 584	8.26
Refuse revenue	53 852 434	5.53
Transfers and subsidies	177 073 000	18.19
Other revenue	116 680 775	11.99
Total	973 446 069	100.00

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 50.01 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 considered to ensure the financial sustainability of the Municipality. The setting of tariffs in this budget was extremely difficult, especially considering 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 and under-recovery of the cost associated with the rendering of services.

The municipality is continuing in its endeavour to ensure that all tariffs become and remain cost reflective thus consideration for this year's tariff setting was once more the principle of 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 rates 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 R175,000 rebate that was previously received will finally be phased out and the rebate on assessment rates will be limited to properties with a municipal valuation below R350 000.
- To qualify for the rebates and exemptions a 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.
 - Further ratios, rebates and tariffs are contained in the annual tariff schedule accompanying the main budget document.

The first special rating area in the history of Bitou Municipality was introduced in the 2023/2024 financial year for the area of Natures Valley, the surcharge on the current assessment rate charge will again be applied to 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 in accordance with the budget that was submitted to the municipality as required by the Special Rating area By-law.

The fees collected are 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 remain unchanged for the 2024/2025 financial year and be applied on the valuation of all properties in the Natures Valley area.

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 1.5% is anticipated in the 2024/2025 financial year, this can be ascribed to the increase in development, completion of building works as well as the efforts of the revenue enhancement program that is gaining momentum. The revenue associated with the expansion of the rates base have been factored into the revenue estimates for 2024/2025 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 has already shown positive results. 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 2023)	Proposed tariff (From 1 July 2024)
	C	C
Residential properties	.00602	.00638
Vacant residential properties	.00782	.00829
Institutional Public Benefit Org	.00151	.00160
Agricultural	.00151	.00160
Commercial Properties	.01004	.01064
Industrial Properties	.01004	.01064

The assessment rates tariff is proposed to increase with 6.% which is in line with the upper limit of inflation targets for 2024/2025 is necessary 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. An additional 1% growth in assessment rates revenue is anticipated as a result of the supplementary valuation roll process coupled with the revenue enhancement efforts that is starting to pay dividends.

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 and the movement to cost reflective tariff setting coupled with a proper costing system will address this anomaly in future budgets.

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 water resource management plan is in development and aim to secure sufficient water resources for Bitou communities for the foreseeable future.

An initial assessment to determine whether the current water tariffs are cost reflective, indicate that they are, consideration should however still be made for the allocation of interdepartmental charges in accordance with an acceptable costing model once this is done a tariff strategy for the MTREF will further be developed.

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 forms part of the draft budget tariff schedule.

A tariff increase of 7.5 per cent from 1 July 2024 for water is proposed, the reason for the higher than inflation increase is the cost elements that contribute to the purification, maintenance and operational cost associated with the service that are increasing above CPIX such as fuel to keep the plant operational during loadshedding, chemicals as well as spares and material needed for the maintenance of the ageing infrastructure. The free allocation of 6 kℓ of water per month will **still only** be granted to registered indigent consumers in accordance with the National Treasury guideline.

Table 6 Comparison of Commercial water tariffs

CATEGORY	CURRENT TARIFFS 2023/24 15% VAT Excl.	PROPOSED TARIFFS 2024/2025 15% VAT Excl.
	Rand per kℓ	Rand per kℓ
BUSINESS/COMMERCIAL/OTHER		
0 - 60 kilolitres	R 13.97	R 15.02
61 - 100 kilolitres	R 31.60	R 33.97
101 - 200 kilolitres	R 36.13	R 38.84
Above 200 kilolitres - Excluding Laundromats	R 40.61	R 43.66
Above 200 kilolitres - Laundromats	R 36.13	R 38.84

The Residential Tariff structure is as follows:

Table 7 Comparison of Residential water tariffs

CATEGORY – RESIDENTIAL AND CHURCHES	CURRENT TARIFFS 2023/24 15% VAT Excl.	PROPOSED TARIFFS 2024/2025 15% VAT Excl.
	Rand per kℓ	Rand per kℓ
0 - 25 kilolitres (included in minimum charge)	R -	R -
26 - 30 kilolitres	R 10.13	R 10.89
31 - 40 kilolitres	R 14.18	R 15.24
41 - 50 kilolitres	R 17.19	R 18.48
51 - 60 kilolitres	R 22.23	R 23.90
61 - 70 kilolitres	R 28.31	R 30.43
Above 70 kilolitres	R 55.62	R 59.79

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 12.72%, this will translate into an approximate increase of 10.92 % to municipal customers. The proposed tariff increase is subject to final approval from NERSA and will be implemented with effect from 1 July 2024 upon receipt of final approval from the National Energy Regulator.

The municipality has done a cost of supply (CoS) 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 2024/25 financial year.

The result of the CoS study is once again 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 2024.

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 calculated in accordance with the principles prescribed by NERSA. It must be emphasised that the cost of supply study was already presented to NERSA during the 2023/2024 budget process, but an outcome has not been forthcoming since.

Consideration must be given to the fact that the continuing above normal electricity tariff increases, coupled with the prolonged loadshedding, is causing the growth in electricity consumption to diminish as municipal customers are becoming more energy wise and small scale embedded generation becomes more of 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. The municipality has however, as a past practice continued to provide customers residing in defined sub-economic areas with 50 units of free electricity per month, this is done in contradiction of the National Treasury guide on the subsidization of indigent households through the equitable share and is costing the municipality an amount of R 1,824,578 per annum from own resources. This amount is not covered by the equitable share allocation and is thus recovered from other paying non-indigent customers.

A serious reconsideration of this subsidy must be done, and it is proposed that it be phased out over the next two years, whereafter no free units will be allowed for non-indigent customers.

Only indigent households will also be exempted from the payment of basic charges with the provision that the connection be downgraded to a 20 Ampere lifeline connection in accordance with the National Treasury prescription, 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.

An extract from the division of revenue bill is included hereunder, clearly indicating the intent of the equitable share to subsidise only indigent households.

"The equitable share provides funding for municipalities to deliver free basic services to poor households and subsidises the cost of administration and other core services for those municipalities with the least potential to cover these costs from their own revenues.

The basic services component This component helps municipalities provide free basic water, sanitation, electricity and refuse removal services to households that fall below an affordability threshold, in 2024 terms, this monthly income is equivalent to about R4 418 per month."

1.4.4 Sanitation and Impact of Tariff Increases

A general tariff increase of 7 per cent for sanitation is proposed from 1 July 2024. 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 increase in 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 wastewater 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 7% 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 31.9 million per annum.
- The total revenue that is expected to be generated from rendering this service amounts to R80,38 million for the 2024/25 financial year.

Table 8 Comparison of Sanitation tariffs

Category – Single residential	CURRENT TARIFFS 2023/24 15%VAT Excl.	PROPOSED TARIFFS 2024/25 15%VAT Excl.
Sanitation	R6382 per annum	R6829.00 per annum

The tariffs for all categories of customers will be increased with 7% 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 investment in the vehicle fleet of the solid waste removal service in the current year has paid dividends and the refuse service is starting to run smoothly, further investment in the vehicle fleet will be done over the MTREF to ensure that the fleet remain in a functional condition.

Further investment in assets to continue rendering a top-class service continues, this include the provision of wheelie bins to all customers that will ensure appropriate measurement of waste volumes collected from customers.

The revenue enhancement program has shown that various anomalies are evident in the application of solid waste removal charges and many customers were not charged correctly for the volume of refuse generated and removed by the municipality for a number of years. The corrections to accounts are underway which will add to the revenue base of the service. It is anticipated that corrections will only be fully completed by the end of the 2024/2025 financial year.

The municipal landfill 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 revenue raised in the 2023/2024 financial year in respect of the contribution to the GRDM will be used to soften the tariff increases in respect of the refuse service for the 2024/2025 financial year, the rising costs of construction of the regional landfill is unavoidable and the amount already charged will therefore serve to mitigate the tariff increase required. The actual cost associated with the regional landfill can only be determined once it is operational, provision will therefore be made in the outer years of the MTREF if there is a material variance from the original predictions.

A general tariff increase for residential and business customers of 6% for the 2024/2025 financial year is proposed, it must be emphasised that the current tariffs applied to the service are still not cost reflective, but considering the anomalies found in the revenue enhancement program, further tariff increases are held in abeyance.

The continued rising in fuel prices as a result of the Ukrainian war, the war in Gaza, 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.

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 were necessary and is included in the annual tariff schedule accompanying the draft budget document. A cost analysis has shown that the municipality were under charging by up to 80% for certain sundry removals and bulk waste disposals, significant adjustments to these tariffs are proposed.

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.

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 acting 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 2024:

Table 9 Comparison between current waste removal fees and increases

Category – Domestic/Churches and crèches	CURRENT TARIFFS 2023/24 15%VAT Excl.	PROPOSED TARIFFS 2024/25 15%VAT Excl.
Solid Waste removal	R 4 063 per annum	R 4 307.00 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%

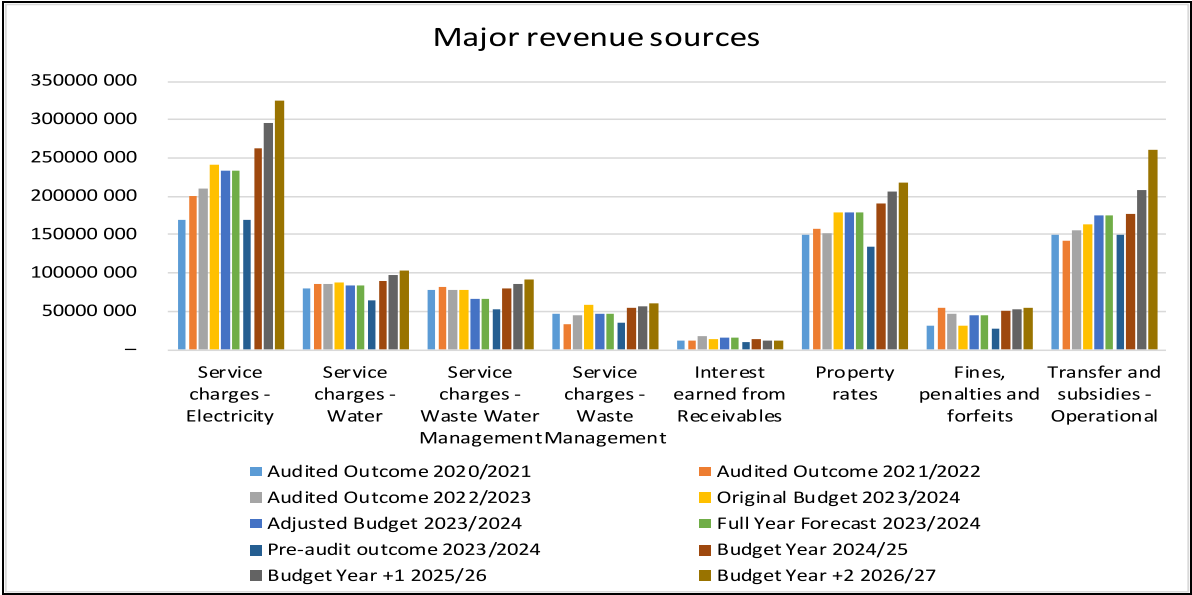
The tariff increases in respect of refuse removal are essential to ensure the recovery of all costs associated with the service over the MTREF and to ensure that the service becomes financially viable and remains financially sustainable in the long term. The reasons for the tariff increase are detailed 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 loan service cost to 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 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 still not financially viable as the actual cost of service rendering have not been recovered by the tariffs charged for several years. The Municipality has no option but to gradually increase tariffs to correlate with the specific service rendered, especially in respect of sundry and bulk waste removals.

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 table following on the next page 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	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25 % incr.	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		957.25	305.97	1 966.06	2 107.00	–	2 107.00	5.6%	2 226.00	2 352.00	2 485.00
Electricity: Basic levy		511.98	342.39	379.35	436.60	–	436.60	10.9%	484.20	537.00	595.50
Electricity: Consumption		2 301.32	2 176.63	2 268.54	1 299.02	–	1 299.02	10.9%	1 440.61	1 597.64	1 771.78
Water: Basic levy		369.20	384.73	403.20	430.62	–	430.62	7.6%	463.50	498.15	535.45
Water: Consumption		1 223.87	45.23	47.40	50.65	–	50.65	7.5%	54.45	58.55	62.95
Sanitation		456.39	475.13	497.94	531.80	–	531.80	7.0%	569.08	608.92	651.50
Refuse removal		264.86	275.69	288.92	338.58	–	338.58	7.0%	362.25	387.58	414.75
sub-total		6 084.88	4 005.77	5 851.40	5 194.27	–	5 194.27	7.8%	5 600.10	6 039.84	6 516.93
Total large household bill:		6 084.88	4 005.77	5 851.40	5 194.27	–	5 194.27	7.8%	5 600.10	6 039.84	6 516.93
% increase/-decrease			(34.2%)	46.1%	(11.2%)	(100.0%)	–		7.8%	7.9%	7.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		215.38	216.63	842.60	903.00	–	903.00	5.6%	954.00	1 008.00	1 065.00
Electricity: Basic levy		384.52	452.96	379.35	436.60	–	436.60	10.9%	484.20	537.00	595.50
Electricity: Consumption		1 155.22	866.04	904.58	1 041.15	–	1 041.15	10.9%	1 154.63	1 280.49	1 420.06
Water: Basic levy		369.58	384.73	403.20	430.62	–	430.62	7.6%	463.50	498.15	535.45
Water: Consumption		503.46	–	–	–	–	–	–	–	–	–
Sanitation		456.39	475.13	497.94	531.80	–	531.80	7.0%	569.08	608.92	651.50
Refuse removal		264.86	275.69	288.92	338.58	–	338.58	7.0%	362.25	387.58	414.75
sub-total		3 349.40	2 671.18	3 316.58	3 681.75	–	3 681.75	8.3%	3 987.67	4 320.14	4 682.26
Total small household bill:		3 349.40	2 671.18	3 316.58	3 681.75	–	3 681.75	8.3%	3 987.67	4 320.14	4 682.26
% increase/-decrease			(20.2%)	24.2%	11.0%	(100.0%)	–		8.3%	8.3%	8.4%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		447.86	467.58	–	–	–	–	–	–	–	–
Electricity: Basic levy		369.20	–	–	–	–	–	–	–	–	–
Electricity: Consumption		43.47	116.59	488.82	562.62	–	562.62	10.9%	623.94	691.95	767.37
Water: Basic levy		456.39	–	–	–	–	–	–	–	–	–
Water: Consumption		264.86	–	122.19	181.50	–	181.50	7.5%	195.18	209.76	225.42
Sanitation		–	–	–	–	–	–	–	–	–	–
Refuse removal		–	–	–	–	–	–	–	–	–	–
sub-total		1 581.78	584.17	611.01	744.12	–	744.12	10.1%	819.12	901.71	992.79
Total small household bill:		1 581.78	584.17	611.01	744.12	–	744.12	10.1%	819.12	901.71	992.79
% increase/-decrease			(63.1%)	4.6%	21.8%	(100.0%)	–		10.1%	10.1%	10.1%

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 2024/25 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 2024/2025 budget and MTREF (classified per main type of operating expenditure)

Table 11 A4 – Budgeted Financial Performance

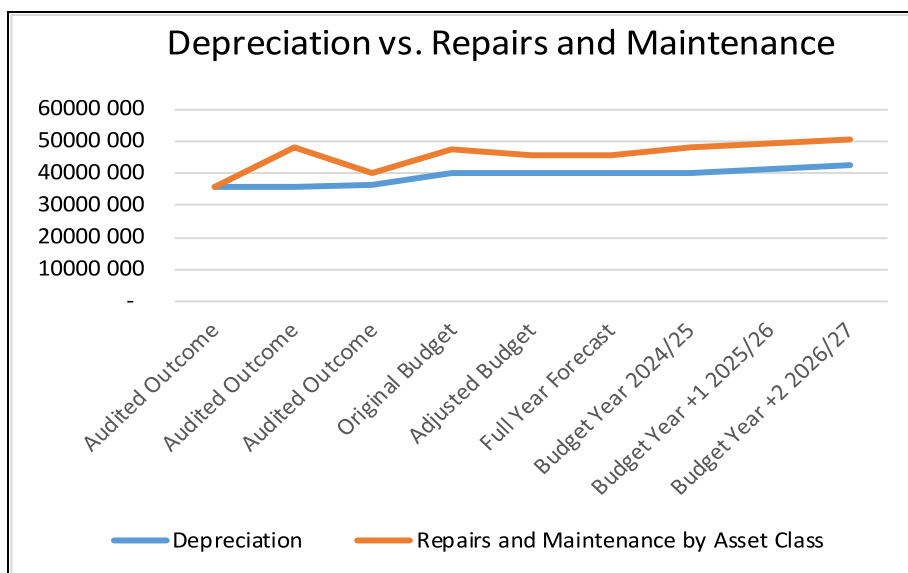
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Expenditure By Type										
Employee related costs	266 759	278 100	286 329	333 063	335 084	335 084	234 709	369 735	382 173	398 460
Remuneration of councillors	6 250	6 198	6 721	7 674	7 675	7 675	5 553	7 879	8 249	8 636
Bulk purchases - electricity	134 674	159 802	162 599	206 241	201 241	201 241	121 221	231 959	266 753	306 766
Inventory consumed	25 917	14 864	15 349	19 543	20 500	20 500	10 543	18 769	19 587	20 750
Debt impairment	8 391	33 141	28 623	18 270	18 270	18 270	-	19 001	19 894	21 008
Depreciation and amortisation	35 685	36 135	36 393	40 059	40 059	40 059	30 043	40 002	41 403	42 852
Interest	13 399	11 102	19 740	13 428	13 428	13 428	5 704	14 063	17 723	22 984
Contracted services	98 624	102 726	72 886	95 793	102 355	102 355	31 861	103 582	125 905	168 657
Transfers and subsidies	5 571	4 527	5 626	12 230	12 635	12 635	5 649	12 283	13 148	14 124
Irrecoverable debts written off	108 578	93 735	88 945	64 900	64 900	64 900	38 029	61 150	59 590	60 510
Operational costs	57 987	57 505	72 058	89 075	89 567	89 567	45 153	91 699	96 396	94 268
Losses on disposal of Assets	4 411	1 720	1 515	-	-	-	-	-	-	-
Other Losses	(15)	125	9	-	-	-	-	-	-	-
Total Expenditure	766 232	799 680	796 794	900 274	905 714	905 714	528 466	970 122	1 050 821	1 159 015

The budgeted allocation for employee related costs excluding public office bearer's remuneration for the 2024/2025 financial year totals R 369 735 495 million which equals 38.11 per cent of the total operating expenditure. A provision for a 6.2% general salary increase is made for the 2024/2025 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 no proclamation for the future increase, yet provision is made for a 4.2% increase in the 2024/2025 financial year in accordance with prudent financial management principles and prior year trends.

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 40 002 471 for the 2024/25 financial year and equates to 4.12 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.

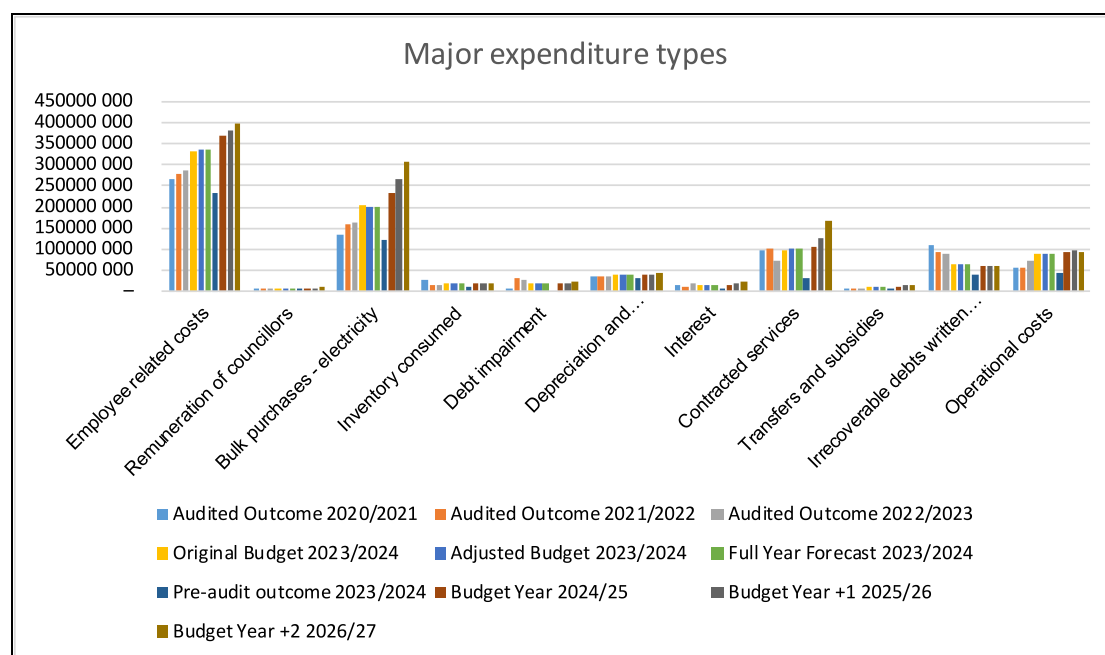
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.45 per cent or R 14 062 543 of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increase 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 R 2.0 million for either the replacement or installation of new and enhanced metering equipment for the 2024/2025 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The graph below illustrates the major expenditure types over a 7 year horizon.

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:

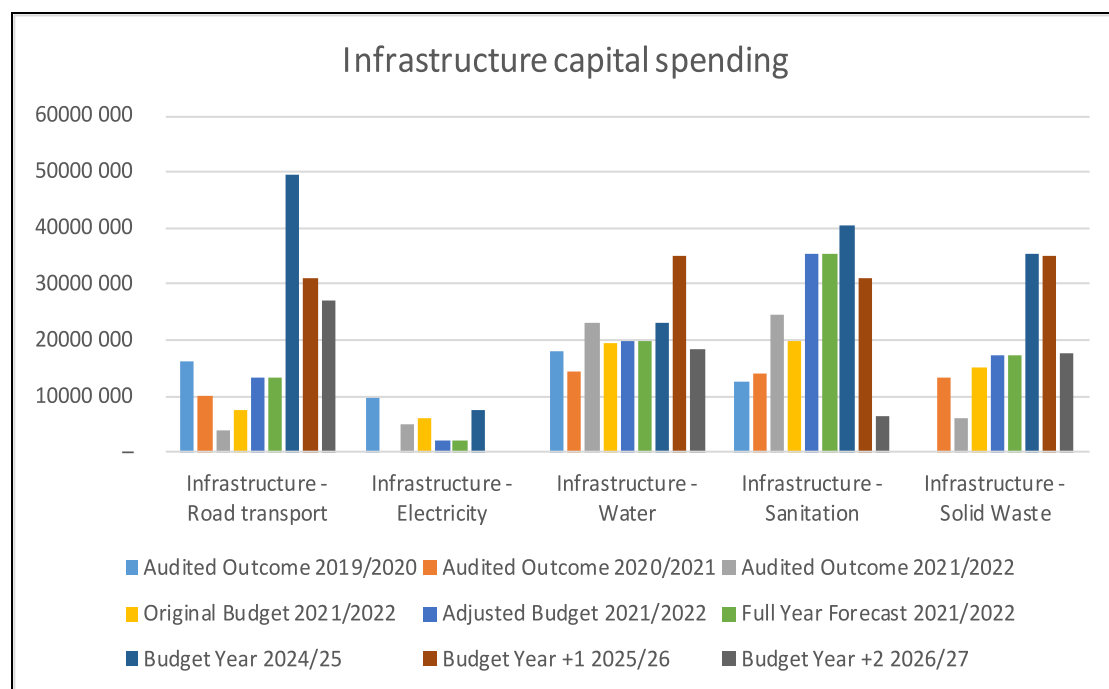
Table 12 2024/25 Medium-term capital budget per vote

WC047 Bitou - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								2024/25 Medium Term Revenue & Expenditure Framework		
Vote Description	2020/21	2021/22	2022/23	Current Year 2023/24						
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 3 - Community Services	5 068	2 428	1 685	3 430	3 836	3 836	-	5 705	2 150	6 933
Vote 4 - Corporate Services	224	520	2 086	1 016	1 138	1 138	251	1 518	800	1 000
Vote 5 - Financial Services	-	-	-	-	-	-	-	-	-	-
Vote 7 - Engineering Services	19 062	18 371	40 411	46 159	49 384	49 384	11 822	141 206	139 919	60 249
Capital multi-year expenditure sub-total	24 353	21 318	44 182	50 605	54 358	54 358	12 073	148 429	142 869	68 181
Single-year expenditure to be appropriated										
Vote 1 - Council	115	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	1 000	880	880	4	-	-	-
Vote 3 - Community Services	10 266	6 900	5 563	2 185	1 486	1 486	657	3 496	4 595	4 000
Vote 4 - Corporate Services	2 074	2 592	59	561	785	785	19	642	200	-
Vote 5 - Financial Services	45	2 713	1	-	-	-	-	-	-	-
Vote 6 - Economic Development & Planning	75	-	435	304	304	304	50	-	-	-
Vote 7 - Engineering Services	42 275	46 052	34 567	54 777	70 979	70 979	27 628	30 593	18 390	28 565
Capital single-year expenditure sub-total	54 849	58 256	40 625	58 827	74 434	74 434	28 359	34 731	23 185	32 565
Total Capital Expenditure - Vote	79 203	79 574	84 807	109 432	128 793	128 793	40 431	183 160	166 055	100 746

The Capital Budget increases from R128,79 million in 2023/24 to R183,160 million in 2024/25, thereafter it reduces to R 166,055 million for 2025/2026 and reduces to R100,746 million in the 2026/2027 financial year, and the total amount of capital investment over the MTREF amounts to R 449.9 million.

Total new assets represent 63.9 percent of the total capital budget, upgrading and renewal of existing assets represent 36.1 percent or R 60.2 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 over a 7 year horizon



1.7 Annual Budget Tables

Table 13 MBRR A1 - Budget Summary

WC047 Bitou - Table A1 Budget Summary										
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	149 321	157 194	151 445	179 779	179 802	179 802	133 904	191 257	206 558	218 984
Service charges	374 427	401 993	420 558	464 234	429 307	429 307	321 849	486 846	535 700	581 457
Investment revenue	6 601	3 747	8 035	4 950	12 325	12 325	7 594	12 448	12 573	12 698
Transfer and subsidies - Operational	149 909	141 588	155 970	163 277	175 264	175 264	150 732	177 073	208 662	260 111
Other own revenue	56 545	94 804	103 971	88 815	111 563	111 563	61 837	105 822	101 708	96 583
Total Revenue (excluding capital transfers and contributions)	736 803	799 325	839 979	901 055	908 263	908 263	675 916	973 446	1 065 201	1 169 834
Employee costs	266 759	278 100	286 329	333 063	335 084	335 084	234 709	369 735	382 173	398 460
Remuneration of councillors	6 250	6 198	6 721	7 674	7 675	7 675	5 553	7 879	8 249	8 636
Depreciation and amortisation	35 685	36 135	36 393	40 059	40 059	40 059	30 043	40 002	41 403	42 852
Interest	13 399	11 102	19 740	13 428	13 428	13 428	5 704	14 063	17 723	22 984
Inventory consumed and bulk purchases	160 591	174 666	177 949	225 784	221 741	221 741	131 764	250 728	286 340	327 516
Transfers and subsidies	5 571	4 527	5 626	12 230	12 635	12 635	5 649	12 283	13 148	14 124
Other expenditure	277 976	288 952	264 036	268 038	275 092	275 092	115 044	275 431	301 785	344 443
Total Expenditure	766 232	799 680	796 794	900 274	905 714	905 714	528 466	970 122	1 050 821	1 159 015
Surplus/(Deficit)	(29 428)	(355)	43 185	780	2 549	2 549	147 450	3 324	14 380	10 819
Transfers and subsidies - capital (monetary allocations)	33 032	48 270	36 567	37 468	59 278	59 278	10 169	130 907	92 769	47 549
Transfers and subsidies - capital (in-kind)	-	325	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	3 604	48 240	79 752	38 248	61 826	61 826	157 619	134 231	107 149	58 368
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	3 604	48 240	79 752	38 248	61 826	61 826	157 619	134 231	107 149	58 368
Capital expenditure & funds sources										
Capital expenditure	79 203	79 574	84 807	109 432	128 793	128 793	40 431	183 160	166 055	100 746
Transfers recognised - capital	28 991	60 631	33 505	34 335	57 821	57 821	16 485	107 616	74 842	29 106
Borrowing	11 805	-	32 098	45 150	38 998	38 998	17 663	50 033	50 022	36 500
Internally generated funds	38 406	18 943	19 203	29 947	31 974	31 974	6 284	25 511	41 190	35 141
Total sources of capital funds	79 203	79 574	84 806	109 432	128 793	128 793	40 431	183 160	166 055	100 746
Financial position										
Total current assets	309 745	341 997	428 647	429 672	473 422	473 422	835 351	510 749	506 057	562 232
Total non current assets	1 170 975	1 219 004	1 255 346	1 335 112	1 331 844	1 331 844	1 265 734	1 415 977	1 397 474	1 314 185
Total current liabilities	255 308	359 377	391 275	426 612	409 817	409 817	634 370	406 122	409 602	427 503
Total non current liabilities	213 554	134 689	162 293	190 333	181 699	181 699	158 441	179 138	179 145	175 644
Community wealth/Equity	1 007 987	1 066 943	1 151 923	1 147 839	1 213 749	1 213 749	1 219 527	1 192 951	1 150 171	1 207 407
Cash flows										
Net cash from (used) operating	47 680	152 566	102 148	76 938	101 658	101 658	101 658	150 109	136 730	108 685
Net cash from (used) investing	(19 714)	(47 309)	17 007	(98 470)	(112 430)	(123 392)	(123 392)	(179 210)	(166 055)	(100 746)
Net cash from (used) financing	(26 601)	(22 439)	13 451	20 633	20 633	20 633	30 903	29 662	29 408	13 351
Cash/cash equivalents at the year end	127 082	156 283	181 233	58 842	104 939	93 978	104 247	104 807	104 890	126 180
Cash backing/surplus reconciliation										
Cash and investments available	82 572	58 480	95 078	55 750	101 768	101 768	421 220	104 807	104 890	126 180
Application of cash and investments	14 100	(6 399)	36 422	(139 895)	(34 596)	(34 596)	139 459	(80 930)	(80 189)	(39 334)
Balance - surplus (shortfall)	68 472	64 880	58 656	195 644	136 364	136 364	281 761	185 737	185 079	165 514
Asset management										
Asset register summary (WDV)	1 161 924	1 209 147	1 255 346	1 335 112	1 331 844	1 331 844		1 415 977	1 397 474	1 314 185
Depreciation	35 685	36 135	36 393	40 059	40 059	40 059		40 002	41 403	42 852
Renewal and Upgrading of Existing Assets	29 768	5 513	31 636	39 934	41 492	41 492		66 117	71 016	66 479
Repairs and Maintenance	36 138	47 976	40 393	47 306	45 493	45 493		48 429	49 555	50 684
Free services										
Cost of Free Basic Services provided	21 312	31 370	34 247	53 992	78 180	78 180		74 160	79 673	85 604
Revenue cost of free services provided	3 848	5 860	5 189	3 295	7 357	7 357		6 133	6 623	6 987

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	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		240 053	229 606	307 218	277 194	284 737	284 737	299 323	314 856	330 706
Executive and council		47 898	51 060	131 274	64 999	65 067	65 067	69 660	72 876	75 687
Finance and administration		192 155	178 547	175 601	212 195	219 671	219 671	229 663	241 980	255 019
Internal audit		-	-	343	-	-	-	-	-	-
<i>Community and public safety</i>		53 404	77 217	75 841	60 847	98 385	98 385	170 526	152 756	165 820
Community and social services		11 094	11 957	13 318	12 472	12 609	12 609	13 256	12 849	13 240
Sport and recreation		81	546	1 079	252	407	407	301	318	336
Public safety		29 525	56 550	49 994	36 230	49 548	49 548	55 590	55 999	57 995
Housing		12 703	8 163	11 450	11 893	35 821	35 821	101 379	83 589	94 250
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11 173	25 536	12 772	13 216	21 713	21 713	34 896	32 973	35 339
Planning and development		10 341	23 756	12 249	13 076	21 573	21 573	34 716	32 753	35 109
Road transport		832	1 780	523	140	140	140	180	220	230
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		464 520	515 098	479 221	586 738	561 515	561 515	598 522	656 249	684 862
Energy sources		191 581	231 502	224 391	269 936	263 584	263 584	290 482	329 342	361 983
Water management		120 160	129 227	113 300	133 489	134 908	134 908	124 685	133 937	126 669
Waste water management		91 548	101 399	91 365	100 071	92 360	92 360	104 393	110 303	109 713
Waste management		61 231	52 971	50 164	83 242	70 662	70 662	78 961	82 667	86 497
<i>Other</i>	4	686	463	1 494	527	1 190	1 190	1 086	1 136	656
Total Revenue - Functional	2	769 836	847 920	876 546	938 523	967 540	967 540	1 104 353	1 157 970	1 217 383
Expenditure - Functional										
<i>Governance and administration</i>		158 502	80 283	149 707	199 449	200 236	200 236	219 306	226 502	231 974
Executive and council		37 873	25 710	28 646	34 057	35 539	35 539	39 329	41 250	39 884
Finance and administration		116 964	50 164	116 539	159 415	159 043	159 043	171 959	177 613	184 346
Internal audit		3 665	4 409	4 522	5 976	5 655	5 655	8 018	7 638	7 745
<i>Community and public safety</i>		140 317	147 073	166 709	144 367	153 871	153 871	186 623	216 122	265 285
Community and social services		26 502	29 606	28 544	33 679	34 301	34 301	33 859	33 076	34 763
Sport and recreation		23 246	22 703	23 191	23 168	23 737	23 737	34 036	35 510	36 980
Public safety		55 786	74 595	95 163	77 981	76 829	76 829	105 143	108 012	108 944
Housing		34 783	20 168	19 811	9 539	19 004	19 004	13 584	39 523	84 598
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		73 004	77 632	80 919	84 577	80 665	80 665	87 811	89 389	94 753
Planning and development		37 334	41 841	48 114	47 333	45 171	45 171	52 857	52 330	55 467
Road transport		35 669	35 791	32 805	37 244	35 494	35 494	34 954	37 060	39 286
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		368 438	462 095	385 235	467 106	466 277	466 277	470 158	512 293	560 967
Energy sources		173 857	205 344	203 257	258 402	256 325	256 325	284 066	322 854	371 147
Water management		119 563	79 087	(6 666)	74 487	74 956	74 956	65 895	67 100	66 496
Waste water management		12 955	123 115	132 989	62 252	62 485	62 485	55 469	57 505	59 618
Waste management		62 062	54 548	55 655	71 965	72 511	72 511	64 728	64 834	63 706
<i>Other</i>	4	25 971	32 597	14 224	4 776	4 665	4 665	6 225	6 516	6 036
Total Expenditure - Functional	3	766 232	799 680	796 794	900 274	905 714	905 714	970 122	1 050 821	1 159 015
Surplus/(Deficit) for the year		3 604	48 240	79 752	38 248	61 826	61 826	134 231	107 149	58 368

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	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
	R thousand									
Revenue by Vote	1									
Vote 1 - Council		2 812	2 918	18	2 918	2 918	2 918	3 004	3 126	3 250
Vote 2 - Office of the Municipal Manager		45 086	48 142	131 670	62 081	62 149	62 149	66 656	69 750	72 437
Vote 3 - Community Services		103 459	123 883	116 919	137 471	139 665	139 665	153 928	153 804	159 613
Vote 4 - Corporate Services		780	526	3 910	19	541	541	19	19	19
Vote 5 - Financial Services		190 538	177 153	170 985	207 447	213 905	213 905	224 929	241 145	254 130
Vote 6 - Economic Development & Planning		21 996	27 581	20 989	21 821	46 889	46 889	111 335	90 519	101 658
Vote 7 - Engineering Services		405 163	467 719	432 053	506 765	501 474	501 474	544 481	599 607	626 277
Total Revenue by Vote	2	769 836	847 920	876 546	938 523	967 540	967 540	1 104 353	1 157 970	1 217 383
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		11 340	7 836	8 072	13 229	13 174	13 174	12 906	13 668	13 764
Vote 2 - Office of the Municipal Manager		27 553	23 301	28 233	24 180	25 172	25 172	30 903	31 283	29 535
Vote 3 - Community Services		200 841	223 133	224 314	220 646	220 973	220 973	251 964	255 698	257 513
Vote 4 - Corporate Services		71 306	69 357	61 082	81 193	81 421	81 421	89 647	95 195	99 908
Vote 5 - Financial Services		40 666	31 971	47 102	67 121	67 202	67 202	70 683	71 106	73 758
Vote 6 - Economic Development & Planning		59 021	44 364	45 203	43 237	50 648	50 648	52 023	77 168	124 558
Vote 7 - Engineering Services		355 505	399 719	382 787	450 669	447 124	447 124	461 996	506 703	559 979
Total Expenditure by Vote	2	766 232	799 680	796 794	900 274	905 714	905 714	970 122	1 050 821	1 159 015
Surplus/(Deficit) for the year	2	3 604	48 240	79 752	38 248	61 826	61 826	134 231	107 149	58 368

It is evident from the table herein above that the bulk of municipal spending is aimed at basic service delivery as the Engineering Services and Community Services combined represent 73.61% 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	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	168 628	200 313	210 201	241 830	232 677	232 677	169 661	262 129	295 636	325 983
Service charges - Water	2	80 711	85 578	86 449	86 725	82 972	82 972	63 749	90 492	97 203	103 418
Service charges - Waste Water Management	2	78 675	82 693	78 406	77 663	66 874	66 874	53 533	80 372	85 998	92 017
Service charges - Waste Management	2	46 413	33 409	45 502	58 016	46 784	46 784	34 905	53 852	56 863	60 039
Sale of Goods and Rendering of Services		4 930	7 259	6 867	11 571	11 559	11 559	5 947	9 687	8 209	8 644
Agency services		2 345	2 423	2 501	3 014	2 803	2 803	1 823	2 840	2 971	3 104
Interest earned from Receivables		12 721	12 131	17 120	13 282	15 483	15 483	10 698	13 870	12 493	11 179
Interest earned from Current and Non Current Assets		6 601	3 747	8 035	4 950	12 325	12 325	7 594	12 448	12 573	12 698
Rental from Fixed Assets		1 045	1 255	1 124	1 030	1 117	1 117	951	2 210	2 338	2 218
Licence and permits		308	1 091	1 196	589	1 269	1 269	1 141	565	597	630
Operational Revenue		2 234	2 082	3 683	2 207	11 226	11 226	6 270	2 800	2 980	2 963
Non-Exchange Revenue											
Property rates	2	149 321	157 194	151 445	179 779	179 802	179 802	133 904	191 257	206 558	218 984
Surcharges and Taxes		–	–	–	1 500	1 500	1 500	1 181	1 589	1 724	1 870
Fines, penalties and forfeits		30 462	54 430	46 722	31 699	45 096	45 096	27 644	50 836	52 038	53 743
Licences or permits		411	–	–	696	696	696	–	796	840	886
Transfer and subsidies - Operational		149 909	141 588	155 970	163 277	175 264	175 264	150 732	177 073	208 662	260 111
Interest		1 858	2 647	4 242	3 759	2 130	2 130	1 782	1 844	1 660	1 328
Operational Revenue		–	11 486	2 064	15 518	14 735	14 735	4 400	14 835	15 860	10 019
Gains on disposal of Assets		232	–	441	3 950	3 950	3 950	–	3 950	–	–
Other Gains		–	–	18 011	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		736 803	799 325	839 979	901 055	908 263	908 263	675 916	973 446	1 065 201	1 169 834
Expenditure											
Employee related costs	2	266 759	278 100	286 329	333 063	335 084	335 084	234 709	369 735	382 173	398 460
Remuneration of councillors		6 250	6 198	6 721	7 674	7 675	7 675	5 553	7 879	8 249	8 636
Bulk purchases - electricity	2	134 674	159 802	162 599	206 241	201 241	201 241	121 221	231 959	266 753	306 766
Inventory consumed	8	25 917	14 864	15 349	19 543	20 500	20 500	10 543	18 769	19 587	20 750
Debt impairment	3	8 391	33 141	28 623	18 270	18 270	18 270	–	19 001	19 894	21 008
Depreciation and amortisation		35 685	36 135	36 393	40 059	40 059	40 059	30 043	40 002	41 403	42 852
Interest		13 399	11 102	19 740	13 428	13 428	13 428	5 704	14 063	17 723	22 984
Contracted services		98 624	102 726	72 886	95 793	102 355	102 355	31 861	103 582	125 905	168 657
Transfers and subsidies		5 571	4 527	5 626	12 230	12 635	12 635	5 649	12 283	13 148	14 124
Irrecoverable debts written off		108 578	93 735	88 945	64 900	64 900	64 900	38 029	61 150	59 590	60 510
Operational costs		57 987	57 505	72 058	89 075	89 567	89 567	45 153	91 699	96 396	94 268
Losses on disposal of Assets		4 411	1 720	1 515	–	–	–	–	–	–	–
Other Losses		(15)	125	9	–	–	–	–	–	–	–
Total Expenditure		766 232	799 680	796 794	900 274	905 714	905 714	528 466	970 122	1 050 821	1 159 015
Surplus/(Deficit)		(29 428)	(355)	43 185	780	2 549	2 549	147 450	3 324	14 380	10 819
Transfers and subsidies - capital (monetary allocations)	6	33 032	48 270	36 567	37 468	59 278	59 278	10 169	130 907	92 769	47 549
Transfers and subsidies - capital (in-kind)	6	–	325	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		3 604	48 240	79 752	38 248	61 826	61 826	157 619	134 231	107 149	58 368
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		3 604	48 240	79 752	38 248	61 826	61 826	157 619	134 231	107 149	58 368
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		3 604	48 240	79 752	38 248	61 826	61 826	157 619	134 231	107 149	58 368
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	3 604	48 240	79 752	38 248	61 826	61 826	157 619	134 231	107 149	58 368

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	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 3 - Community Services		5 068	2 428	1 685	3 430	3 836	3 836	-	5 705	2 150	6 933
Vote 4 - Corporate Services		224	520	2 086	1 016	1 138	1 138	251	1 518	800	1 000
Vote 7 - Engineering Services		19 062	18 371	40 411	46 159	49 384	49 384	11 822	141 206	139 919	60 249
Capital multi-year expenditure sub-total		24 353	21 318	44 182	50 605	54 358	54 358	12 073	148 429	142 869	68 181
Single-year expenditure to be appropriated	2										
Vote 1 - Council		115	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	1 000	880	880	4	-	-	-
Vote 3 - Community Services		10 266	6 900	5 563	2 185	1 486	1 486	657	3 496	4 595	4 000
Vote 4 - Corporate Services		2 074	2 592	59	561	785	785	19	642	200	-
Vote 5 - Financial Services		45	2 713	1	-	-	-	-	-	-	-
Vote 6 - Economic Development & Planning		75	-	435	304	304	304	50	-	-	-
Vote 7 - Engineering Services		42 275	46 052	34 567	54 777	70 979	70 979	27 628	30 593	18 390	28 565
Capital single-year expenditure sub-total		54 849	58 256	40 625	58 827	74 434	74 434	28 359	34 731	23 185	32 565
Total Capital Expenditure - Vote	3,7	79 203	79 574	84 807	109 432	128 793	128 793	40 431	183 160	166 055	100 746
Capital Expenditure - Functional											
Governance and administration		2 481	19 190	2 549	20 857	19 767	19 767	13 793	9 350	16 500	13 700
Executive and council		115	-	-	1 000	880	880	4	-	-	-
Finance and administration		2 367	19 190	2 549	19 857	18 887	18 887	13 789	9 350	16 500	13 700
Community and public safety		6 548	5 665	5 607	4 265	4 471	4 471	208	6 302	5 645	7 933
Community and social services		143	605	2 352	2 880	4 086	4 086	-	304	-	5 683
Sport and recreation		5 077	2 774	921	1 000	-	-	-	4 455	3 500	2 000
Public safety		1 329	2 286	2 334	385	385	385	208	1 542	2 145	250
Economic and environmental services		17 184	9 984	9 570	13 973	18 258	18 258	4 002	47 401	25 965	27 245
Planning and development		75	-	435	304	304	304	50	-	-	-
Road transport		17 109	9 984	9 135	13 669	17 954	17 954	3 952	47 401	25 965	27 245
Trading services		52 971	44 734	67 081	70 337	86 296	86 296	22 428	120 108	117 945	51 869
Energy sources		9 665	19 459	25 395	23 741	23 321	23 321	2 565	26 065	38 836	24 488
Water management		17 275	17 352	25 002	27 350	39 711	39 711	15 556	45 070	36 133	8 600
Waste water management		17 307	4 273	15 302	17 896	23 214	23 214	4 308	46 673	41 976	17 781
Waste management		8 724	3 650	1 382	1 350	50	50	-	2 300	1 000	1 000
Other		18	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3,7	79 203	79 574	84 807	109 432	128 793	128 793	40 431	183 160	166 055	100 746
Funded by:											
National Government		25 142	42 019	26 721	23 581	29 407	29 407	13 940	29 331	31 842	21 106
Provincial Government		3 849	18 287	6 741	10 754	28 414	28 414	2 544	78 285	43 000	8 000
District Municipality		-	-	43	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm		-	-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	325	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	28 991	60 631	33 505	34 335	57 821	57 821	16 485	107 616	74 842	29 106
Borrowing	6	11 805	-	32 098	45 150	38 998	38 998	17 663	50 033	50 022	36 500
Internally generated funds		38 406	18 943	19 203	29 947	31 974	31 974	6 284	25 511	41 190	35 141
Total Capital Funding	7	79 203	79 574	84 806	109 432	128 793	128 793	40 431	183 160	166 055	100 746

Table 18 MBRR A6 - Budgeted Financial Position

WC047 Bitou - Table A6 Budgeted Financial Position											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		73 465	48 623	95 078	55 750	101 768	101 768	421 220	104 807	104 890	126 180
Trade and other receivables from exchange transaction	1	31 425	33 291	50 064	43 839	12 534	12 534	62 661	75 841	71 599	59 706
Receivables from non-exchange transactions	1	22 462	30 951	11 450	100 771	87 987	87 987	55 719	97 230	98 041	99 022
Current portion of non-current receivables		1	11	9	11	9	9	9	11	11	9
Inventory	2	16 467	16 358	15 357	16 538	14 435	14 435	14 082	20 097	18 751	20 627
VAT		165 551	212 584	256 271	212 584	256 271	256 271	281 465	212 584	212 584	256 271
Other current assets		374	180	418	180	418	418	196	180	180	418
Total current assets		309 745	341 997	428 647	429 672	473 422	473 422	835 351	510 749	506 057	562 232
Non current assets											
Investments		9 107	9 857	–	–	–	–	–	–	–	–
Investment property		22 229	12 692	12 692	12 692	12 692	12 692	12 692	12 692	12 692	12 692
Property, plant and equipment	3	1 139 661	1 196 419	1 242 619	1 322 385	1 319 117	1 319 117	1 253 007	1 403 250	1 384 746	1 301 458
Heritage assets		35	35	35	35	35	35	35	35	35	35
Intangible assets		(0)	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transaction		(67)	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transaction		11	–	–	–	–	–	–	–	–	–
Total non current assets		1 170 975	1 219 004	1 255 346	1 335 112	1 331 844	1 331 844	1 265 734	1 415 977	1 397 474	1 314 185
TOTAL ASSETS		1 480 720	1 561 001	1 683 993	1 764 784	1 805 266	1 805 266	2 101 085	1 926 726	1 903 530	1 876 417
LIABILITIES											
Current liabilities											
Financial liabilities		–	21 828	19 531	0	19 507	19 507	10 284	20 372	20 615	23 149
Consumer deposits		9 013	9 848	10 793	9 848	10 793	10 793	11 271	9 848	9 848	10 793
Trade and other payables from exchange transactions	4	68 606	75 213	92 089	79 612	115 082	115 082	266 752	80 522	83 640	93 252
Trade and other payables from non-exchange transaction	5	(12 234)	(9 496)	(17 007)	(15 640)	(43 857)	(43 857)	2 421	(11 456)	(11 337)	(13 655)
Provision		32 276	53 985	39 585	113 636	62 008	62 008	49 276	67 679	67 679	67 679
VAT		157 647	207 999	246 284	239 157	246 284	246 284	294 367	239 157	239 157	246 284
Total current liabilities		255 308	359 377	391 275	426 612	409 817	409 817	634 370	406 122	409 602	427 503
Non current liabilities											
Financial liabilities	6	100 544	66 876	82 764	121 558	102 170	102 170	81 513	110 362	110 369	96 115
Provision	7	33 512	9 358	13 052	10 320	13 052	13 052	11 203	10 320	10 320	13 052
Other non-current liabilities		79 497	58 456	66 477	58 456	66 477	66 477	65 724	58 456	58 456	66 477
Total non current liabilities		213 554	134 689	162 293	190 333	181 699	181 699	158 441	179 138	179 145	175 644
TOTAL LIABILITIES		468 861	494 067	553 568	616 946	591 517	591 517	792 811	585 260	588 746	603 146
NET ASSETS		1 011 859	1 066 934	1 130 425	1 147 839	1 213 749	1 213 749	1 308 274	1 341 466	1 314 784	1 273 271
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	905 987	1 048 393	1 121 973	1 099 339	1 183 799	1 183 799	1 189 577	1 167 451	1 109 171	1 172 307
Reserves and funds	9	102 000	18 550	29 950	48 500	29 950	29 950	29 950	25 500	41 000	35 100
TOTAL COMMUNITY WEALTH/EQUITY	10	1 007 987	1 066 943	1 151 923	1 147 839	1 213 749	1 213 749	1 219 527	1 192 951	1 150 171	1 207 407

Table 19 MBRR A7 - Budgeted Cash Flow Statement

WC047 Bitou - Table A7 Budgeted Cash Flows											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		119 180	136 106	130 542	163 156	163 105	163 105	163 105	172 123	186 525	199 917
Service charges		347 120	355 074	359 234	422 573	418 554	418 554	418 554	434 972	489 420	539 229
Other revenue		16 892	18 506	12 787	22 595	23 655	23 655	23 655	26 596	26 033	26 857
Transfers and Subsidies - Operational	1	152 967	163 232	164 646	163 277	167 251	167 251	167 251	177 073	208 662	260 111
Transfers and Subsidies - Capital	1	42 487	50 205	47 011	37 468	48 907	48 907	48 907	130 907	92 769	47 549
Interest		8 167	20 228	5 700	8 221	15 596	15 596	15 596	15 392	15 189	12 698
Payments											
Suppliers and employees		(619 079)	(575 232)	(602 011)	(714 694)	(709 752)	(709 752)	(709 752)	(778 720)	(852 022)	(945 895)
Interest		(13 344)	(11 090)	(8 776)	(13 428)	(13 428)	(13 428)	(13 428)	(19 001)	(19 894)	(21 008)
Transfers and Subsidies	1	(6 710)	(4 462)	(6 985)	(12 230)	(12 230)	(12 230)	(12 230)	(9 233)	(9 953)	(10 774)
NET CASH FROM/(USED) OPERATING ACTIVITIES		47 680	152 566	102 148	76 938	101 658	101 658	101 658	150 109	136 730	108 685
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	448	-	10 962	10 962	-	-	3 950	-	-
Decrease (increase) in non-current receivables		-	1	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(9 107)	-	-	-	-	-	-	-	-
Payments											
Capital assets		(19 714)	(38 651)	17 007	(109 432)	(123 392)	(123 392)	(123 392)	(183 160)	(166 055)	(100 746)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19 714)	(47 309)	17 007	(98 470)	(112 430)	(123 392)	(123 392)	(179 210)	(166 055)	(100 746)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		-	-	35 255	40 150	40 150	40 150	40 150	50 033	50 022	36 500
Payments											
Repayment of borrowing		(26 601)	(22 439)	(21 804)	(19 517)	(19 517)	(19 517)	(9 247)	(20 372)	(20 615)	(23 149)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(26 601)	(22 439)	13 451	20 633	20 633	20 633	30 903	29 662	29 408	13 351
NET INCREASE/ (DECREASE) IN CASH HELD											
		1 365	82 818	132 606	(898)	9 861	(1 101)	9 169	560	83	21 289
Cash/cash equivalents at the year begin:	2	125 717	73 465	48 627	59 740	95 078	95 078	95 078	104 247	104 807	104 890
Cash/cash equivalents at the year end:	2	127 082	156 283	181 233	58 842	104 939	93 978	104 247	104 807	104 890	126 180

The cash flow budget shows that an increase in cash held is anticipated for the 2024/2025 financial year where-after the liquidity position continues to improve over the MTREF up to the 2026/2027 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.

A conservative budgeting approach is used, where revenue is slightly underestimated, and expenditure is slightly over estimated resulting prudent cash flow predictions.

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

WC047 Bitou - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	127 082	156 283	181 233	58 842	104 939	93 978	104 247	104 807	104 890	126 180
Other current investments > 90 days		(53 617)	(107 660)	(86 155)	(3 092)	(3 171)	7 791	316 973	-	-	-
Non current Investments	1	9 107	9 857	-	-	-	-	-	-	-	-
Cash and investments available:		82 572	58 480	95 078	55 750	101 768	101 768	421 220	104 807	104 890	126 180
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent cond		(12 234)	(9 496)	(17 007)	(15 820)	(42 743)	(42 743)	2 421	(14 506)	(14 532)	(17 005)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	7 904	4 585	9 986	(26 573)	9 986	9 986	(12 902)	(26 573)	(26 573)	9 986
Other working capital requirements	3	41 598	42 639	83 027	(6 398)	37 745	37 745	199 216	(267)	501	7 270
Other provisions		(32 276)	(53 985)	(39 585)	(91 103)	(39 585)	(39 585)	(49 276)	(39 585)	(39 585)	(39 585)
Long term investments committed	4	9 107	9 857	-	-	-	-	-	-	-	-
Total Application of cash and investments:		14 100	(6 399)	36 422	(139 895)	(34 596)	(34 596)	139 459	(80 930)	(80 189)	(39 334)
Surplus(shortfall)		68 472	64 880	58 656	195 644	136 364	136 364	281 761	185 737	185 079	165 514

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	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	49 435	74 061	53 171	69 498	87 301	87 301	117 043	95 038	34 268
Roads Infrastructure		3 750	23 865	2 780	4 400	9 740	9 740	44 573	24 600	3 600
Electrical Infrastructure		8 522	14 211	15 975	8 003	4 502	4 502	15 241	26 678	14 520
Water Supply Infrastructure		12 706	10 972	14 445	14 831	28 051	28 051	18 043	7 250	-
Sanitation Infrastructure		5 450	2 733	-	6 912	11 477	11 477	21 028	16 000	2 800
Solid Waste Infrastructure		-	3 056	-	-	-	-	500	1 000	1 000
Information and Communication Infrastructure		-	-	43	-	-	-	-	-	-
Infrastructure		30 428	54 837	33 243	34 145	53 770	53 770	99 385	75 528	21 920
Community Facilities		33	325	435	2 654	304	304	3 300	300	-
Sport and Recreation Facilities		1 666	1 050	-	-	-	-	-	-	-
Community Assets		1 699	1 375	435	2 654	304	304	3 300	300	-
Operational Buildings		37	-	1 906	7 985	10 167	10 167	2 995	2 999	4 103
Other Assets		37	-	1 906	7 985	10 167	10 167	2 995	2 999	4 103
Computer Equipment		2 511	5 139	3 233	1 881	1 823	1 823	3 040	1 435	1 450
Furniture and Office Equipment		199	72	81	1 064	1 070	1 070	320	-	-
Machinery and Equipment		1 082	8 902	11 296	5 368	6 231	6 231	3 174	4 676	595
Transport Assets		13 479	3 736	2 978	16 400	13 934	13 934	4 830	10 100	6 200
<u>Total Renewal of Existing Assets</u>	2	1 080	5 050	6 567	3 861	4 440	4 440	5 900	9 772	10 915
Electrical Infrastructure		1 080	374	1 910	890	1 626	1 626	1 040	772	965
Water Supply Infrastructure		-	-	2 724	-	-	-	-	-	-
Sanitation Infrastructure		-	2 517	1 753	-	-	-	-	-	-
Infrastructure		1 080	2 891	6 387	890	1 626	1 626	1 040	772	965
Community Facilities		-	-	-	-	200	200	-	100	2 000
Community Assets		-	-	-	-	200	200	-	100	2 000
Operational Buildings		-	-	-	2 795	2 438	2 438	2 850	2 900	2 950
Other Assets		-	-	-	2 795	2 438	2 438	2 850	2 900	2 950
Computer Equipment		-	2 159	180	176	176	176	250	700	500
Transport Assets		-	-	-	-	-	-	1 760	5 300	4 500
<u>Total Upgrading of Existing Assets</u>	6	28 688	463	25 069	36 073	37 052	37 052	60 217	61 244	55 564
Roads Infrastructure		12 428	(13 906)	1 001	3 269	3 636	3 636	5 000	6 500	23 500
Storm water Infrastructure		-	-	4 875	6 000	2 151	2 151	7 620	-	-
Electrical Infrastructure		-	0	5 185	10 789	13 711	13 711	6 682	7 594	2 800
Water Supply Infrastructure		5 530	3 000	7 284	5 200	7 367	7 367	22 485	23 724	6 600
Sanitation Infrastructure		7 345	7 983	4 201	8 135	5 700	5 700	14 223	19 226	14 981
Infrastructure		25 303	(2 922)	22 545	33 393	32 565	32 565	56 010	57 044	47 881
Community Facilities		2 894	1 814	1 599	250	851	851	504	400	-
Sport and Recreation Facilities		471	1 276	666	2 430	3 636	3 636	2 955	3 500	7 683
Community Assets		3 365	3 090	2 265	2 680	4 487	4 487	3 460	3 900	7 683
Revenue Generating		-	-	-	-	-	-	435	-	-
Investment properties		-	-	-	-	-	-	435	-	-
Operational Buildings		-	113	259	-	-	-	-	-	-
Other Assets		-	113	259	-	-	-	-	-	-
Computer Equipment		20	183	-	-	-	-	62	-	-
Machinery and Equipment		-	-	-	-	-	-	250	300	-
<u>Total Capital Expenditure</u>	4	79 203	79 574	84 807	109 432	128 793	128 793	183 160	166 055	100 746
Roads Infrastructure		16 178	9 960	3 781	7 669	13 376	13 376	49 573	31 100	27 100
Storm water Infrastructure		-	-	4 875	6 000	2 151	2 151	7 620	-	-
Electrical Infrastructure		9 602	14 585	23 070	19 682	19 838	19 838	22 963	35 044	18 285
Water Supply Infrastructure		18 236	13 972	24 453	20 031	35 419	35 419	40 528	30 974	6 600
Sanitation Infrastructure		12 795	13 233	5 954	15 046	17 177	17 177	35 251	35 226	17 781
Solid Waste Infrastructure		-	3 056	-	-	-	-	500	1 000	1 000
Information and Communication Infrastructure		-	-	43	-	-	-	-	-	-
Infrastructure		56 811	54 806	62 176	68 428	87 961	87 961	156 435	133 345	70 766
Community Facilities		2 926	2 139	2 034	2 904	1 355	1 355	3 804	800	2 000
Sport and Recreation Facilities		2 137	2 326	666	2 430	3 636	3 636	2 955	3 500	7 683
Community Assets		5 063	4 465	2 700	5 334	4 991	4 991	6 760	4 300	9 683
Revenue Generating		-	-	-	-	-	-	435	-	-
Investment properties		-	-	-	-	-	-	435	-	-
Operational Buildings		37	113	2 165	10 780	12 605	12 605	5 845	5 899	7 053
Other Assets		37	113	2 165	10 780	12 605	12 605	5 845	5 899	7 053
Computer Equipment		2 531	7 481	3 413	2 058	2 000	2 000	3 352	2 135	1 950
Furniture and Office Equipment		199	72	81	1 064	1 070	1 070	320	-	-
Machinery and Equipment		1 082	8 902	11 296	5 368	6 231	6 231	3 424	4 976	595
Transport Assets		13 479	3 736	2 978	16 400	13 934	13 934	6 590	15 400	10 700
TOTAL CAPITAL EXPENDITURE - Asset class		79 203	79 574	84 807	109 432	128 793	128 793	183 160	166 055	100 746

Table 22 MBRR A10 - Basic Service Delivery Measurement

WC047 Bitou - Table A10 Basic service delivery measurement										
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<u>Household service targets</u>	1									
<u>Water:</u>										
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Sanitation/sewerage:</u>										
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Energy:</u>										
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		-	-	-	10 572 618	14 252 504	14 252 504	14 717 160	15 820 947	17 007 518
Sanitation (free minimum level service)		9 923 985	6 423 181	17 151 054	22 377 782	33 928 203	33 928 203	30 726 000	32 876 820	35 178 197
Electricity/other energy (50kwh per household per month)		3 818 662	4 590 146	5 025 461	5 734 034	5 734 034	5 734 034	6 360 191	7 053 451	7 822 277
Refuse (removed at least once a week)		7 569 357	20 357 134	12 070 840	15 307 314	24 265 402	24 265 402	22 356 495	23 921 450	25 595 951
Informal Settlements		-	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	10 573	14 253	14 253	14 717	15 821	17 008
Sanitation (free sanitation service to indigent households)		9 924	6 423	17 151	22 378	33 928	33 928	30 726	32 877	35 178
Electricity/other energy (50kwh per indigent household per month)		3 819	4 590	5 025	5 734	5 734	5 734	6 360	7 053	7 822
Refuse (removed once a week for indigent households)		7 569	20 357	12 071	15 307	24 265	24 265	22 356	23 921	25 596
Total cost of FBS provided		21 312	31 370	34 247	53 992	78 180	78 180	74 160	79 673	85 604
<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	5 189	3 295	7 357	7 357	6 133	6 623	6 987
Total revenue cost of subsidised services provided		3 848	5 860	5 189	3 295	7 357	7 357	6 133	6 623	6 987
<u>References</u>										
1. Include services provided by another entity; e.g. Eskom										
2. Stand distance <= 200m from dwelling										
3. Stand distance > 200m from dwelling										
4. Borehole, spring, rain-water tank etc.										
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)										
6. Include value of subsidy provided by municipality above provincial subsidy level										
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)										
8. Must reflect the cost to the municipality of providing the Free Basic Service										
9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)										

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 direction and 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 2023) 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 in August 2023 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		LEGISLATIVE FRAMEWORK	POE NOTES
		START	FINISH		
PREPARATION	Preparation of the IDP, Budget Time Schedule			Sections 21, 53, MFMA	Draft time schedule
	District Framework Alignment Meeting	July 23	Aug 23	Section 27, MSA	District Framework
	Steering Committee Meeting to Review the previous year IDP process.	July 23	Aug 23	Best Practice	Minutes and attendance registers
	Review participation mechanisms and processes	July 23	Aug 23		Process report presented to the steering committee
	Receive comments from the MEC	July 23	Aug 23	Section 32 MFMA	MEC report presented to the Steering committee
	Review past performance	Aug 23	Sep 23	Section 34, 46 MSA	PMS presentation and discussion by steering committee
	Set-up budget committees	Sep 23	Sep 23		Resolution and acceptance letters
	Submission of annual report	Aug 23	Aug 23		Confirmation of receipt by the AG's office
	MMF and DCF Meeting	Aug 2023	Aug 2023		
					GRDM programme
SITUATION ANALYSIS	Extended steering committee meeting	Sep 23	Sep 23		
	IDP Indaba 1	Sep 23	Oct 23		JPI Requirement
	Public Participation (Ward Committee Meetings)	Sep 23	Oct 23		
	Analysis of socio-economic data	Sep 23	Oct 23		Analysis Report
	JDMA Cluster Steering Committee Meetings	18 Aug 23	07 Dec 2023	District Management Model	Best Practice
	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 23	Oct 23		Departments to submit analysis reports to the IDP office for consolidation.
	Comparison study of existing Data Sets	Sep 23	Sep 23		
	Review of Municipal sector plans	Sep 23	Oct 23		Report on Status of Sector Plans
STRATEGY	Procure strategic session facilitation services	Sep 23	Nov 23		Appointment certificate
	Strategic planning workshop	Nov 23	Dec 23		Revised strategic objectives, indicators and targets

PHASE	ACTIVITIES	DURATION		LEGISLATIVE FRAMEWORK	POE NOTES
		START	FINISH		
	Strategic priorities and budget recommendations	Nov 23	Dec 23		Strategic outcomes and reports
	MMF and DCF Meeting	Nov 23	Nov 23		GRDM Programme
	Get feedback on progress on current priority catalytic projects	Nov 23	Dec 23		
PROJECTS	Design project template	Oct 23	Oct 23		
	Distribute community priorities to departments	Nov 23	Nov 23		
	Appointment of departmental mSCOA champions	Nov 23	Dec 23		
	Identification of Priority Projects	Jan 23	Feb 24	Section 127 MFMA	Draft capex and opex budgets
	MMF and DCF Meeting	Feb 23	Feb 23		GRDM Programme
	Loading of projects to mSCOA portal	Jan 23	Feb 24		mSCOA report
INTEGRATION	TIME Engagement	Feb 24	Feb 24		JPI Report and Attendance Register
	IDP Indaba 2	Mar 24	Mar 23		JPI Report and Attendance Register
	Receive summaries of Sector Plans from departments	Jan 24	April 23	Best Practice	Sector Plans Section in the IDP
	Integrate the District JPI , PGDP, and NDP	Jan 24	Feb 23		
	Add capex and OPEX MTREF budgets to the IDP	Jan 24	March 23	Best Practice	Budget Section in the IDP
	GRDM IDP Forum Meeting	2 Nov 23	2 Dec 23		
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	July 23	Aug 23		
	Portfolio Committee to discuss IDP/Budget Time Schedule	Aug 23	Aug 23		
	MAYCO to recommends IDP/Budget time schedule to Council	Aug 23	Aug 23		
	Council Approves the IDP/ Budget Time Schedule	Aug 23	Aug 23	Section 34 MSA, Section 21, 23 & 24 MFMA	Council Resolution and Minutes
	IDP Process Plan Time and Schedule is advertised	Sep 23	Sep 23	MFMA Guidance	
	Approval of the Adjustment Budget	Feb 24	Feb 24		
	Council Approves Annual Report	Jan 24	Jan 24	Section 121 MFMA	Council Resolution
	Council adopts amendments to the revised IDP and Draft Budget	Mar 24	Mar 24	Section 34	Council Resolution
	SIME Engagements	May 24	May 24	Section 23 MFMA	IDP and Budget assessment report

PHASE	ACTIVITIES	DURATION		LEGISLATIVE FRAMEWORK	POE NOTES
		START	FINISH		
	Notice is placed in the local newspaper for 21 days	April 24	April 24	Municipal Performance Regulations, Section 4 (ii) performance regulations.	Newspaper Advert
	IDP and Budget Road Shows	April 24	April 24	Chapter 4 MSA	Minutes and attendance Registers
	Extended IDP Steering Committee Meeting	April 24	May 24	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 24	May 24	Section 23 MFMA	
	Amending IDP and Budget to incorporate provincial assessments	May 24	May 24	Section 23 MFMA	Revised Documents
	Council Approves IDP and Budget	May 24	May 24		
	Send copies of IDP and Budget to the MEC for Local Government	June 24	June 24	Section 32, MSA, Section 24 MFMA	Confirmation of receipt
	Publish annual budget and IDP	June 24	June 24	Section 23, MFMA	Advert and web key
	Approval of SDBIP	June 24	June 24		
	MMF and DCF Meeting	June 24	June 24		GRDM programme
IMPLEMENTATION	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	Section 69, MFMA	Signed Performance Contracts
	Tabling of MID Term Report	Jan 23	Jan 23	Sections 36, 72 MFMA	Mid –year report, council resolution and council minutes
	Submission of annual report to AG	Jan 23	Jan 23	Section 72 MFMA	Confirmation Receipt
	Preparation of Oversight Report	Jan 23	Jan 23		Council Resolution
	Council adopts oversight report	Feb 23	Feb 23		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 2nd review of the 5th Generation IDP is herewith submitted and will be concluded with the 2024/2025 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 2024/25 MTREF, based on the approved 2023/24 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 2024/2025 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 2023/24 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 2024/25 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Goals and Strategic Objectives

The following 5 strategic objectives have been determined

STRATEGIC OBJECTIVE	
SO1	Provide excellent and sustainable services to all residents.
SO2	Facilitate growth and expand economic opportunities to empower communities.
SO3	Achieve long term financial sustainability.
SO4	Build a capable, developmental, transformed and productive workforce.
SO5	Adhere to and implement effective and efficient governance processes.

Further information in respect of the strategic objectives 1 to 3 are further elaborated hereunder, full information can be found in the revised IDP document.

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
SO1: Provide excellent and sustainable	Fleet and Plant	Upgrade municipal workshop to include an accredited service section
		Upgrade municipal fleet
		Replace old and redundant plant

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
services to all residents		Combination Truck for sewer reticulation and pump station
	Upgrade and Maintenance Sewer Network	Sewer treatment Ebenezer Bulk Sewer,
		Wittedrift (sewer outfall with pumpstation)
		Kwa-Nokuthula Sewer outfall
		Upgrade of network
		Purification and management
	Water and wastewater Services	Raw Water Harvesting
		Storage
		Purification,
		distribution
		Wittedrift (Green Valley) Bulk Supply line
		Upgrading of Gansevallei Waste Treatment Works
		Upgrading of Bulk 355mm waterline Plettenberg Bay waste treatment works to Keurbooms
		Wittedrift (Green Valley New 1.5ML water reservoir)
	Electrical Services	Bulk Purchase
		Renewable energy
		Transmit and distribute
		Maintenance and upgrade
		Ebenezer high mast and streetlights
	Roads and Stormwater	Maintenance of roads and stormwater
		Upgrade and extension of road network
		Upgrade stormwater
		Traffic calming
	Upgrade and Maintenance of	Parks, Cemeteries, Sports fields and Horticulture Maintenance Services

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
	Parks and recreation facilities	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
		Kwa-Nokuthula sport field floodlights
		Wittedrift (Green Valley sport field floodlights
	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	Tourism Development	Capacitate the tourism VA
		Create Tourism Routes
		Invest in township tourism
		Arts and culture
		Sport and water sport tourism

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
the residents of Bitou.		Safaris
		Call Centres
		Airport precinct development
		Investment conference
		Oprah school for girls
		Conferencing
		Skills Development
		Culinary School
	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 convincing SAND to use the air strip and Bitou coastline for specialised training
		Opening of more services like SARS, SEDA, Rural Development etc.

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
SO3: Achieve Long term financial sustainability	Revenue enhancement	Implement revenue enhancement strategy to ensure accuracy of billing and completeness of revenue
	Loss control	Reduce unaccounted losses for water and electricity

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
	Supply chain Management	Ensure value for money in procurement and prevent irregular expenditure

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 2024/2025 financial year and beyond to ensure the execution of strategic objectives.

The 2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
Provide excellent and sustainable services to all residents			508 623	591 601	548 973	644 236	641 138	641 138	698 409	753 411	785 890	
Facilitate growth and expand economic opportunities to empower communities			21 996	27 581	20 989	21 821	46 889	46 889	111 335	90 519	101 658	
Achieve long term financial sustainability			190 538	177 153	170 985	207 447	213 905	213 905	224 929	241 145	254 130	
Build a capable, developmental, transformed and productive workforce			780	526	3 910	19	541	541	19	19	19	
Adhere to and implement effective and efficient governance processes			47 898	51 060	131 689	64 999	65 067	65 067	69 660	72 876	75 687	
Allocations to other priorities		2										
Total Revenue (excluding capital transfers and contributions)		1	769 836	847 920	876 546	938 523	967 540	967 540	1 104 353	1 157 970	1 217 383	

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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
Provide excellent and sustainable services to all residents				556 345	622 852	607 101	671 315	668 097	668 097	713 960	762 401	817 493	
Facilitate growth and expend economic opportunities to empower communities				59 021	44 364	45 203	43 237	50 648	50 648	52 023	77 168	124 558	
Achieve long term financial sustainability				40 666	31 971	47 102	67 121	67 202	67 202	70 683	71 106	73 758	
Build a capable, developmental, transformed and productive workforce				71 306	69 357	61 082	81 193	81 421	81 421	89 647	95 195	99 908	
Adhere to and implement effective and efficient governance processes				38 893	31 136	36 305	37 408	38 346	38 346	43 809	44 951	43 299	
Allocations to other priorities													
Total Expenditure				1	766 232	799 680	796 794	900 274	905 714	905 714	970 122	1 050 821	1 159 015

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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
Provide excellent and sustainable services to all residents		A	76 671	73 750	82 226	106 551	125 686	125 686	181 000	165 055	99 746	
Facilitate growth and expand economic opportunities to empower communities		B	75	-	435	304	304	304	-	-	-	
Achieve long term financial sustainability		C	45	2 713	1	-	-	-	-	-	-	
Build a capable, developmental, transformed and productive workforce		D	2 288	3 111	2 145	1 577	1 923	1 923	2 160	1 000	1 000	
Adhere to and implement effective and efficient governance processes		E	115	-	-	1 000	880	880	-	-	-	
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	79 203	79 574	84 807	108 432	128 793	128 793	183 160	166 055	100 746

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 2024/25 MTREF.

Table 26 MBRR SA7 - Measurable performance objectives

Description	Unit of measurement	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Vote 1 - vote name										
Office of the Municipal Manager		2020/2021	2021/2022	2022/2023						
Function 1										
Risk Management - RBAP										
Submit the Risk Based Audit Plan (RBAP) for the 2025/26 financial year to the Audit Committee by 30 June 2025	Risk Based Audit Plan compiled and submitted to the Audit Committee	1	1	1	1	1	1	1	1	1
Intern Audit - RBAP										
Complete 90% of audits scheduled in the plan applicable for 2024/25 by 30 June 2025 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	80.0%	80.0%	99.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Risk Management - ARA										
Complete the annual risk assessment for 2025/26 and submit to the CAE by 31 March 2025	Risk assessment completed and submitted to the CAE	1	1	1	1	1	1	1	1	1
Integrated Development Plan - IDP										
Review and submit the 5th generation IDP for the 2025/26 financial year to Council by 31 May 2025	Draft IDP compiled and submitted to Council	1	1	1	1	1	1	1	1	1
Governance and Compliance - Mid-year										
Conduct the Mid-year Performance Evaluations of the section 57's employees by 28 February 2025	Number of evaluations completed	1	1	1	1	1	1	1	1	1
Governance and Compliance - Final										
Conduct the Final Performance Evaluation of the section 57's employees for the 2023/24 by 30	Number of evaluations completed	1	1	1	1	1	1	1	1	1
Municipal Manager - Budget Spend										
Spend 95% of the municipal capital budget on capital projects by 30 June 2025 ((Actual amount spent on projects / Total amount budgeted for capital	% budget spent	New KPI	New KPI	83.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Sub-function 1 - (name)										
Review the Organisational Structure by 30 May 2025	Organisational Structure reviewed by 30 May 2025	New KPI	New KPI	1	1	1	1	1	1	1
Financial Services										
Function 2										
Revenue - Free basic services										
Provide subsidies for free basic services to indigent households as at 30 June 2025	Number of indigent households receiving subsidies for free basic services as per Financial System	3 930	4 303	4 132	4 200	4 200	4 200	4 200	4 200	4 200
Revenue - Water										
Number of residential properties with piped water which can be/or are connected to the municipal water infrastructure network and billed for the service as at 30 June 2025	Number of residential properties billed for piped water	12 291	11 893	16 615	16 615	16 615	16 615	16 615	16 615	16 615
Revenue - Electricity										
Number of residential properties with electricity which can be/or 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 2025	Number of residential properties billed credit meter and prepaid meters connected to the network	12 672	12 474	14 750	14750	14750	14750	14750	14750	14750
Revenue - Sanitation										
Number of residential properties with sanitation services to which can be/or 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 2025	Number of residential properties which are billed for sewerage	12 369	11 857	14 872	14872	14872	14872	14872	14872	14872
Revenue - Refuse										
Number of residential properties for which refuse can be removed/ or is removed from, once per week and billed for the service as at 30 June 2025	Number of residential properties which are billed for refuse removal	13 385	11 798	14 841	14841	14841	14841	14841	14841	14841
Debt to Revenue										
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2025 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operation Conditional Grant) x 100	% of debt to revenue	18.91%	13.0%	14.92%	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 2025 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	9.97%	7.72%	9.37%	11.80%	11.80%	11.80%	11.80%	11.80%	11.80%

Cover fix operating expenditure <i>Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2025 ((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</i>	Number of months it takes to cover fix operating expenditure with available cash	1.25	0.75	1.57	1.2	1.2	1.2	1.2	1.2	1.2
Debtor payment achieved <i>Achieve a debtor payment percentage of 90% by 30 June 2025 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100</i>	% debtor payment achieved	92.00%	84.0%	84.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Corporate Services										
Function 3										
Employment Equity Target <i>Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2025 ((Number of people from employment equity target</i>	% of people employed	75.47%	84.0%	90.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Training operational budget <i>Spend 0.20% of operational budget on training by 30 June 2025 ((Actual total training expenditure divided by total operational budget)x100)</i>	% budget spent	0.17%	0.2%	0.19%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
System of Operational Delegations <i>Review the "System of Operational Delegations" and submit to Council by 30 June 2025</i>	System of operational delegations submitted to Council	0	0	0	0	0	0	0	0	0
ICT Capital Budget Spend <i>Spend 95% of the allocated capital budget for ICT by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)</i>	% of budget spent	New KPI	New KPI	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
HR Strategy and Plan <i>Review the HR Strategy and Plan and submit to Council by 30 May 2025</i>	HR Strategy and Plan reviewed and submitted to Council by 30 May 2024	0	0	0	1	1	1	1	1	1
Talent Management Framework <i>Develop and submit a Talent Management Framework to Council by 31 March 2025</i>	Talent Management Framework developed submitted to Council by 31 March 2024	New KPI	New KPI	New KPI	1	1	1	1	1	1
Engineering Services										
Function 4										
Unaccounted Water losses <i>Limit unaccounted for water to less than 30% by 30 June 2025 ((Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100)</i>	% water losses	4.79%	37.71%	35.85%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Unaccounted Electricity <i>Limit unaccounted for electricity to less than 12% as at 30 June 2025 ((Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100)</i>	% unaccounted electricity	11.58%	18.88%	9.29%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Capital Budget Spend - Waste Water <i>Spend 95% of the approved capital budget for Waste Water services by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)(excluding Fleet)</i>	% budget spent	93.0%	89.0%	90.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Electrical & Mechanical <i>Spend 95% of the approved capital budget for Electrical & Mechanical services by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)(excluding Fleet)</i>	% budget spent	85.0%	96.0%	99.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Water Services <i>Spend 95% of the approved capital budget for Water services by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100) (excluding Fleet)</i>	% budget spent	96.0%	86.0%	68.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Roads & Storm <i>Spend 95% of the approved capital budget for Roads & Storm Water services by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)(excluding Fleet)</i>	% budget spent	113.0%	94.0%	90.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
MIG Funding Spend <i>Spend 100% of MIG Funding allocation by 30 June 2025 ((Total actual MIG expenditure /Total MIG amount budgeted)x100)</i>	% budget spent	99.0%	88.0%	60.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Capital Budget Spend - Fleet Management Spend 95% of the allocated capital budget for Fleet Management by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	0.0%	0.0%	0.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Theft Investigations Conduct 700 potential electricity theft investigations annually by 30 June 2024	Number of inspections conducted	742	984	839	550	550	550	550	550	550
Capital Budget Spend - Kurland WWTW Spend 95% of the budget allocated for the Kurland Waste Water Treatment Works (WWTW) by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend- Kwano/Kranshoek Sewer infrastructure Spend 95% of the budget allocated for the Kwano / Kranshoek upgrade of sewer infrastructure by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Upgrade Kurland Spend 95% of the allocated capital budget for the upgrade of Kurland WTW from 0.6 to 1.2 Mi by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Upgrade of Spend 95% of the allocated capital budget for the upgrade of Kurland WTW from 0.6 to 1.2 Mi by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Upgrade of Spend 95% of the allocated capital budget for the upgrade of Brakkehoof 66kV new to 20MVA transformer from firm capacity and allow for maintenance on existing by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Community Services Function 5										
Capital Budget Spend - Construction of road network Phase 4 Spend 95% of the budget allocated for the construction of road network for 100 erven with related stormwater (Qolweni/ Bossiesgiff Phase 4) by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Road network Ebenezer (portion 3) Spend 95% of the budget allocated for the road network for 255 erven with related stormwater (Ebenezer (portion 3) 725) by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Ebenezer (Portion 4) Spend 95% of the budget allocated for the construction of road network for 134 erven with related stormwater (Ebenezer (Portion 4) 708) by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Upgrade of sewer Spend 95% of the budget allocated for the upgrade of sewer reticulation for 134 Ebenezer (Portion 4) 708 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Upgrade of sewer Spend 95% of the budget allocated for the upgrade of sewer reticulation 255 erven Ebenezer (Portion 3) 725 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Construction of sewer reticulation Spend 95% of the budget allocated for the construction of sewer reticulation for 100 erven Qolweni/ Bossiesgiff Phase 4B5 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Construction of Water Reticulation Spend 95% of the budget allocated for the construction of water reticulation for 134 erven Ebenezer (Portion 4) 708 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%

Capital Budget Spend - Construction of Water Reticulation Spend 95% of the budget allocated for the construction of water reticulation for 255 erven Ebenezer (Portion 3) 725 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Construction of Sewer Reticulation Spend 95% of the budget allocated for the construction of sewer reticulation for 100 erven Qolweni/ Bossiesgiff Phase 4B5 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Construction of Water Reticulation Spend 95% of the budget allocated for the construction of water reticulation for 134 erven Ebenezer (Portion 4) 708 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KP	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Construction of Water Reticulation Spend 95% of the budget allocated for the construction of water reticulation for 255 erven Ebenezer (Portion 3) 725 by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Qolweni/Bossiesgiff Phase 4B Upgrade of Water Spend 95% of the budget allocated for the Qolweni/Bossiesgiff Phase 4B upgrade of water by 30 June 2025((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Electrification of Ebenezer Spend 95% of the allocated capital budget for the electrification of Ebenezer by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Review Disaster Management Plan Review and submit the Disaster Management Plan to Council by 31 May 2025	Disaster Management Plan reviewed and submitted to Council	New KPI	New KPI	1	1	1	1	1	1	1
Capital Budget Spend - Construction of a Regional Cemetery Spend 95% of the allocated budget for the construction of a regional cemetery at Ebenezer Sanral Road (multi-year project) by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Capital Budget Spend - Upgrade of Kranshoek Sports Field Floodlights Spend 95% of the allocated budget for upgrade of Kranshoek Sports field floodlights by 30 June 2025 ((Total actual capital expenditure /Total capital amount budgeted)x100)	% budget spent	New KPI	New KPI	New KPI	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Create Job Opportunities - EPWP Create 225 job opportunities in terms of the EPWP by 30 September 2025	Number of job opportunities created	342	440	492	225	225	225	225	225	225
Review Housing Pipeline Review and submit the Housing pipeline to Council by 31 May 2025	Housing pipeline reviewed and submitted to Council	0	0	1	1	1	1	1	1	1
Development and Planning										
Function 6										
Review Spatial Development Framework Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2025	Spatial Development Framework (SDF) submitted to Council	1	1	1	1	1	1	1	1	1
Review the LED Chapter Review the LED Chapter (2025/26) and submit to Council for consideration by 31 May 2025	Reviewed LED Chapter submitted to Council	0	1	1	1	1	1	1	1	1
Review the LED Chapter Implementation Review the LED Chapter Implementation Plan (2025/26) and submit to Council for consideration by 30 June 2025	Reviewed LED Chapter Implementation Plan submitted to Council	0	0	1	1	1	1	1	1	1
And so on for the rest of the Votes										
1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b)) 2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities 3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s										

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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	8.1%	7.3%	7.3%	6.6%	6.6%	6.6%	7.4%	6.2%	5.9%	5.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.6%	9.1%	8.5%	8.3%	8.2%	8.2%	7.2%	7.7%	7.2%	6.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	68.7%	53.5%	56.6%	56.6%	167.7%	66.2%	54.8%	50.9%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	98.6%	360.5%	276.3%	250.6%	341.1%	341.1%	272.2%	432.8%	269.2%	273.8%
Liquidity											
Current Ratio	Current assets/current liabilities	1.2	1.0	1.1	1.0	1.2	1.2	1.3	1.3	1.2	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.0	1.1	1.0	1.2	1.2	1.3	1.3	1.2	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.2	0.4	0.2	0.3	0.3	0.8	0.4	0.4	0.4
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)		122.9%	120.0%	114.6%	123.1%	131.9%	131.9%	177.4%	122.3%	124.3%	125.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.5%	7.2%	3.2%	13.0%	11.3%	11.3%	10.3%	12.1%	11.0%	10.2%
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		54.0%	48.1%	50.8%	135.3%	109.7%	122.5%	255.9%	76.8%	79.7%	73.9%
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.2%	34.8%	34.1%	37.0%	36.9%	36.9%	34.7%	38.0%	35.9%	34.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.1%	35.6%	34.9%	37.8%	37.7%	37.7%		38.8%	36.7%	34.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.9%	6.0%	4.8%	5.3%	5.0%	5.0%		5.0%	4.7%	4.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.0%	8.7%	7.7%	6.5%	6.4%	6.4%	4.4%	6.1%	5.8%	5.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	13.8	23.3	24.8	20.5	20.5	20.5	15.2	21.8	24.0	26.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	10.2%	11.5%	6.2%	24.5%	23.1%	23.1%	21.2%	23.5%	21.4%	20.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.7	3.1	3.6	1.0	1.7	1.5	2.8	1.6	1.4	1.5

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 5000 households will receive indigent subsidy in the 2024/2025 financial year, nearly 40% more than the number budgeted in the 2023/2024 financial year, the cost of providing free basic services to indigent households **exceed R100 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:

PROPOSED CHANGES TO BUDGET RELATED POLICIES 2024/2025

ACCOUNTS PAYABLE POLICY

The accounts payable policy is amended to update paragraph 10.1 to correlate with supply chain management delegations insofar as it relates to the authority to sign off on goods and services rendered to the municipality.

SUBSISTENCE AND TRAVEL POLICY

There following amendments are proposed to the subsistence and travel policy for 2024/2025

Hotel Accommodation – Councillors and Staff

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 (R548.00 for 2025).

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 (R169.00 for 2025) 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 (R400.00 for 2025) 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 (R169.00 for 2025) 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 R4.84 per kilometer, regardless of the value and engine capacity of the vehicle as per SARS schedules for 2025.

11.2 in respect of the municipality paying for the entertainment of guests are amended by removing the amount of R300 per meal and replacing it by "reasonable costs for meals and non-alcoholic beverages only will be paid by the municipality"

Section 19 of the policy is amended as follows:

19.2 This Paragraph is added to provide for incidental expenditure where overseas accommodation is paid by a sponsoring institution/body/organisation as follows " Where accommodation is paid by the municipality or any sponsoring institution/body/organisation, the daily allowance will be reduced to 50% of the allowance in 19.1 and be applicable for every night a councillor or official spends outside the borders of the republic of South-Africa

SUPPLY CHAIN MANAGEMENT POLICY

The supply chain management policies, including the preferential procurement policy and the infrastructure procurement and delivery management policy were amended in January 2024 after the change in the Municipal Supply Chain Management Regulations on 14 December 2023, wherein the thresholds for procurement was amended and changes to the application of Preferential Procurements points were made. The amendment to this policy is limited to the updating of levels of authorisation for the signing off on the receipt of goods and services to correlate with the accounts payable policy and to take into account the Municipal SCM Regulation amendments of 14 December 2023.

Section 12 (4) of the policy is amended as follows:

For the procurement of goods and services, the municipality will follow the below delegations for the approval of Petty Cash, SCM related Requisitions, Invoices for payments, memorandums of motivation, requests and approvals, Deviations and Contract related matters, including payments, service agreements, etc. The following delegations will be part of the officials' Delegations of Authority on procurement matters.

Task Grade	Procurements/Payments Range (R)	Types of payments (The below relates to individual transactions)
T13 and above	Up to 5 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices up to the value of R5 000.
T14 and above	Up to 30 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices up to the value of R30 000.
T15 and above	Up to 50 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices up to the value of R50 000.
T16 and above	Up to 100 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices, and Payment related Memorandums up to the value of R100 000.
T17 and above	Up to 200 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices, and Payment related Memorandums up to the value of R200 000.
T18 and above	Up to 300 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices, and Payment related Memorandums up to the value of R300 000.
Directors	Up to 10 000 000	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices, and Payment related Memorandums, and recommend to the Municipal Manager the SCM Deviations up to the value of R10 000 000.
MM	Up to the value of the contract	Petty Cash, i.e., 0 – R2 000 (with pre-consultation with Manager: Expenditure), as well as SCM Requisitions, and Invoices, and Payment related Memorandums and approve the SCM Deviations.

BORROWING POLICY

There are no amendments proposed to the borrowing policy for 2024/2025

BUDGET IMPLEMENTATION AND MONITORING POLICY

The following amendments are proposed:

Paragraph 8.2(g) is amended by deleting the words “Facilitating fiscal dumping” and inserting the following:

Insert – unless an absolute emergency that could reasonably not have been foreseen.

Paragraph 8.3 is amended by adding (n) “Virements shall not be permitted for items where the funding sources do not align i.e. Shifting funding from borrowings to own funding.

PROPERTY RATES POLICY

The property rates policy is amended as follows:

Point 3.1.3 is amended by changing the definition of accommodation establishments to no longer differentiate between establishment with less or more than 8 bedrooms.

In clause 2.1.21 the definition of Public Benefit Organisations as changed to correlate with the description in the Property Rates Act.

Clause 3.1.27 is added wherein sport and recreational facilities are defined.

Clause 7.3.3 and 7.3.4 is amended in accordance with the definition of accommodation establishments.

Clause 9.1.2 is amended to refer to the rebate as per the annual tariff approval instead of referring to it in the policy itself.

Clause 9.1.3 is amended to allow PBO's more time to apply for rebates that are available

Clause 13.7.2 is amended to state that indigent customers will only be charged outstanding consumption amounts upon the application for rates clearances.

Clause 19.1 is amended by reducing the requirement for a general valuation from 5 to 4 years.

Clause 19.4 and 19.5 is amended to determine the effective date of supplementary valuation rates charges and to prescribe the process of information dissemination.

WRITING-OFF OF IRRECOVERABLE DEBT POLICY

There are no proposed amendments to this policy for 2024/2025

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

Clause 8.9.2 is added to determine the responsible institution for the payment of basic, consumption and availability charges as follows:

“8.9.2 The municipality will charge all service charges and basic charges in respect of a sectional title development, other development, private town or complex on the body corporate account for the number of units and only property rates will be billed against owners accounts”

Paragraph 9.5.3. is inserted to assist indigent customers in terms of arrangements to settle debt as follows:

“9.5.3 Arrangement Criteria for Indigent Debtors

- a) Indigent debtors who are in arrears of R500 and above may enter into an arrangement for a maximum period of 6 months.
- b) Debt less than R 500.00 will be loaded on Auxiliaries on electricity prepayment system on a 50:50 arrears collection ratio.”

Paragraph 10.3.1 (a)(i) is amended to determine the qualifying threshold for indigent registrations.

Clause 10.6.8 is added to stipulate that no indigent subsidy will be payable if a property is registered in the name of a government employee.

Clause 10.7.3 is added to regulate indigent customers in group housing or retirement centres as follows:

“10.7.3 Indigent household in Body Corporate and Retirement Centres

- (a) Indigent consumers living in Body Corporate or retirement centres shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:
 - (i) The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect of indigent related charges.
 - (ii) The onus will be on the unit owner to inform the Representative of the Body Corporate or Retirement Centre in respect which monthly indigent credits are allowed under Indigent support, must ensure that such credits are off set against the monthly levies of the relevant individuals' unit.

TARIFF POLICY

Clause 2.1 (b) and (c) is amended to adjust the definition of accommodation establishments.

Clause 9.2 is amended by referring to the block tariffs in the tariff annexure approved with the budget instead of listing it in the policy.

Clause 9.4 (b)(vi) is amended to determine the basis of measurement for incidental refuse removals by adding a charge per kilogram as basis of calculation.

Clause 9.4 (b)(viii) is added to determine the liability for the payment of availability charges by all properties on refuse removal routes.

Clause 9.5(b)(1) is amended to add additional categories of consumers

INVESTMENT AND CASH MANAGEMENT POLICY REVIEW

There are no amendments proposed for 2024/2025

LIQUIDITY, FUNDING AND RESERVES POLICY REVIEW

Paragraph 2.4.3.2.1.3 on page 5 of 22 was removed due it not being applicable to Bitou Municipality as it relate to the investment in bonds.

Paragraph 3.6.2.1.20.5.1 on page 10 of 22 was changed to the following with insertions underlined.

Municipal employees are awarded leave days according to years in service at year-end. Because not all long service leave balances are redeemed for cash at once, only 75% of the non-current portion of long service leave provision, but 100% of the current portion of long service leave provision must be cash backed.

Paragraph 3.6.2.1.20.6.1 on page 10 of 22 was changed to the following with insertions underlined.

The Municipality provides post-retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be 80% cash backed for the non-current portion of the provision, but 100% of the current portion of the provision to ensure the availability of cash for the payment of medical aid payments.

Paragraph 3.7.2.2.1 on page 11 of 22 was changed to the following with insertions underlined.

The capital budget financed from own contributions must primarily be funded from the capital replacement reserve, development reserve and applicable augmentation reserves.

Paragraph 4.2.2 on page 17 of 22 was changed to the following with insertions underlined and deletions in Bold, Italic and ~~striketrough~~.

However, the GRAP “Framework for the Preparation and Presentation of Financial Statements” states in paragraph 91 that such reserves may be created, but “Fund Accounting” is not allowed, and any such reserves must be a “legal” reserve, i.e. created by law or Council Resolution allowed in accordance with the prevailing legislative framework and approved by the Accounting Officer upon recommendation by the Chief Financial Officer.

Paragraph 4.3.1.1.2 on page 17 of 22 was added underlined.

Upon completion of the annual financial statements the balance of all cash funded reserves must be retained in a fixed investment for a 12-month period.

Paragraph 4.3.1.1.2.1.1 on page 17 of 22 was added as underlined hereunder.

The CRR is to be utilised for future capital expenditure, excluding capital expenditure related to development charges or augmentation fees received, from own funds and may not be used for maintenance– or other operating expenditure.

Paragraph 4.3.1.1.3 on page 18 of 22 was added as underlined.

Development Reserve:

4.3.1.1.3.1. The purpose of the development reserve as set out below is to ringfence all funds received from development charges to the specific contributing property.

4.3.1.1.3.2. The development reserve may only be utilized for capital expenditure that will create the required infrastructure for the contributing development.

4.3.1.1.3.3. Development charges received during the financial period must be contributed to the development reserve.

4.3.1.1.3.4. All interest received on ringfenced funds invested must be returned to the reserve.

4.3.1.1.3.5. Funds withdrawn from the reserve will be limited to amounts contributed for the specific development.

Paragraph 4.3.1.1.4 on page 18 of 22 was added as underlined.

Augmentation Reserves:

4.3.1.1.4.1. The purpose of the augmentation reserves as set out below is to ringfence all funds received from augmentation fees received, to the applicable service. The following reserves must be created:

4.3.1.1.4.1.1. Electricity

4.3.1.1.4.1.2. Water

4.3.1.1.4.1.3. Waste water

4.3.1.1.4.1.4. Solid waste management

4.3.1.1.4.1.5. Roads and stormwater

4.3.1.1.4.1.6. Other

4.3.1.1.4.2. The augmentation reserves may only be utilized for capital expenditure that will increase the capacity of the service associated with the contributions.

4.3.1.1.4.3. Augmentation fees received during the financial period must be contributed to the respective augmentation reserves.

4.3.1.1.4.4. All interest received on ringfenced funds invested must be returned to the reserve.

4.3.1.1.4.5. Funds withdrawn from each reserve will be limited to amounts contributed.

Paragraph 4.3.1.1.8.1 on page 19 of 22 was added as underlined and deletions in Bold, Italic and ~~strikethrough~~.

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant ~~laws~~ legislative framework.

Paragraph 4.3.1.1.9 on page 19 and 20 of 22 was added as underlined.

4.3.1.1.9. Other cash-backed reserves

4.3.1.1.9.1. It may be necessary to create reserves to fund or reduce the financial impact of future operational expenditure requirements.

4.3.1.1.9.2. the Accounting Officer is hereby delegated to create such reserve as may deemed necessary.

The following on page 20 of 22 was deemed not applicable to Bitou municipality and was changed to the following with deletions in Bold, Italic and ~~strikethrough~~.

4.4.1. REVALUATION RESERVE

4.4.1.1. ~~The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.~~

4.4.2. OTHER RESERVES

4.4.2.1. 4.4.1. The accounting for ~~all other~~ reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

4.4.2.2. 4.4.2. It is a condition of GRAP and this policy that no transactions may be directly appropriated against ~~these~~ reserves.

ASSET MANAGEMENT POLICY

There are no amendments proposed to the asset management policy

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 2024/25 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 2024/2025.

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 evident 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 that are above the current inflationary trends and exceed the National Treasury guideline are supported by a full motivation 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, electricity price increases, the persistent loadshedding, increasing interest rates, increase in the

cost of commodities, scarcity of certain products due to the war in the Ukraine, the war in Gaza and the subsequent volatility in the markets, commodity prices, 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	2024/25
	%
Inflation rates - CPI	5 to 6%
Growth	0 – 1.6%(NT prediction)
Provision for Doubtful Debt	10%
Remuneration increase	6.2% + 2.3% (Notch)
Electricity distribution loss	12%
Electricity price increase	12.72%
Water distribution loss	25%

2.5.1 Collection rate for revenue services

The base assumption is that some 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 the stagnant National economy fails to provide additional economic opportunity to the citizens and unemployment remain high, the subsidy basket becomes bigger year-on-year, and more people are reliant on government subsidies to provide in their basic needs and indigent numbers continue to increase.

Little 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 between 1% and 2% in revenue for the most consumer services as well as assessment rates.

2.5.2 Salary increases

A collective agreement in respect of salaries and wages have not been concluded and we are entering a new 3-year collective wage agreement. The general salary increase for the 2024/2025 financial year is budgeted as 6.2% in accordance prior year assumptions and current inflationary trends.

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 2024/2025 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 95 percent is achieved on operating expenditure and 100 percent on the capital programme for the 2024/25 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

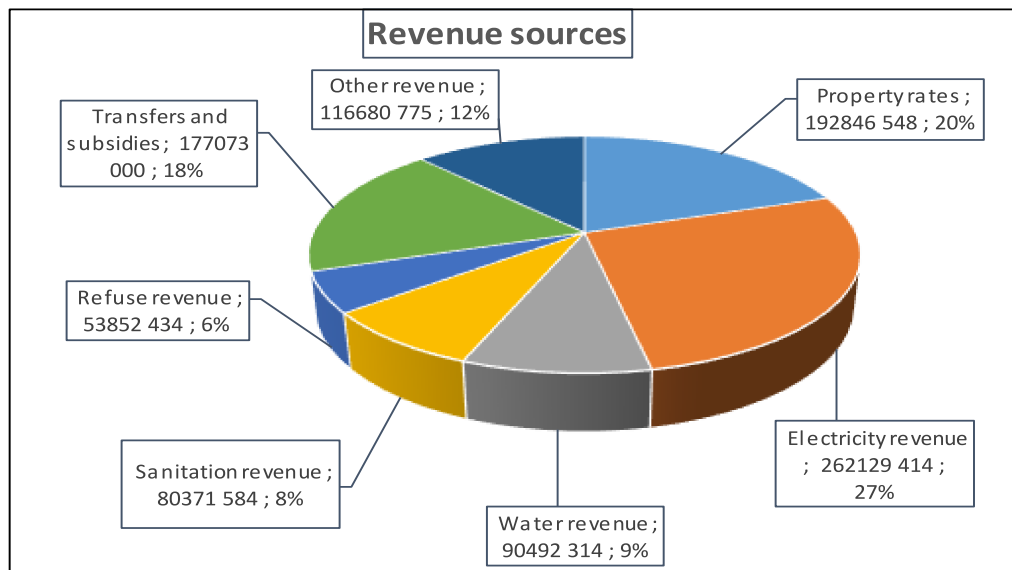
2.6.1 Medium-term outlook: operating revenue

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	2024/25 Medium Term Revenue & Expenditure Framework				
R thousand	Budget Year 2024/25	Growth %	Budget Year +1 2025/26	Growth %	Budget Year +2 2026/27
Revenue By Source					
Property rates	192 846 548	8.00	208 281 739	6.04	220 854 339
Service charges - electricity revenue	262 129 414	12.78	295 636 430	10.26	325 983 020
Service charges - water revenue	90 492 314	7.42	97 203 310	6.39	103 417 570
Service charges - sanitation revenue	80 371 584	7.00	85 997 594	7.00	92 017 426
Service charges - refuse revenue	53 852 434	5.59	56 862 986	5.58	60 038 729
Service charges - other	9 686 678	(15.26)	8 208 796	5.30	8 644 210
Rental of facilities and equipment	2 209 898	5.78	2 337 711	(5.12)	2 218 055
Interest earned - external investments	12 448 250	1.00	12 572 733	1.00	12 698 460
Interest earned - outstanding debtors	15 714 297	(9.94)	14 152 932	(11.63)	12 506 764
Fines, penalties and forfeits	50 835 775	2.36	52 037 618	3.28	53 742 597
Licences and permits	1 360 933	5.60	1 437 145	5.50	1 516 188
Agency services	2 840 105	4.60	2 970 750	4.50	3 104 434
Transfers and subsidies	177 073 000	17.84	208 662 000	24.66	260 111 000
Other revenue	21 584 839	(12.72)	18 839 078	(31.09)	12 981 397
Total Revenue (excluding capital transfers and contributions)	973 446 069	9.43	1 065 200 822	9.823	1 169 834 189

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	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		60 661	9 857	45 172	1 550	45 172	45 172	37 500	-	-
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	60 661	9 857	45 172	1 550	45 172	45 172	37 500	-	-
Consolidated total:		60 661	9 857	45 172	1 550	45 172	45 172	37 500	-	-

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 schedule SA16.

2.6.2 Medium-term outlook: capital revenue

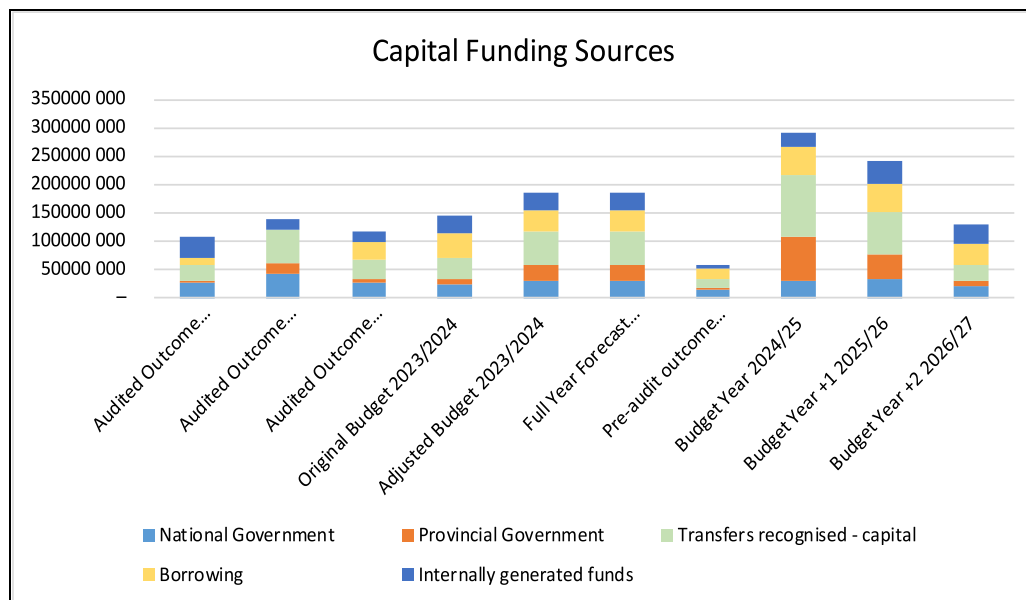
The following table is a breakdown of the funding composition of the 2024/25 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

FUNDING SOURCE	Audited Outcome 2020/2021	Audited Outcome 2021/2022	Audited Outcome 2022/2023	Original Budget 2023/2024	Adjusted Budget 2023/2024	Full Year Forecast 2023/2024	Pre-audit outcome 2023/2024	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
National Government	25 142	42 019	26 721	23 581	29 407	29 407	13 940	29 331	31 842	21 106
Provincial Government	3 849	18 287	6 741	10 754	28 414	28 414	2 544	78 285	43 000	8 000
Transfers recognised - capital	28 991	60 306	33 462	34 335	57 821	57 821	16 485	107 616	74 842	29 106
Borrowing	11 805	–	32 098	45 150	38 998	38 998	17 663	50 033	50 022	36 500
Internally generated funds	38 406	18 943	19 203	29 947	31 974	31 974	6 284	25 511	41 190	35 141
Total Capital Funding	79 203	79 574	84 806	109 432	128 793	128 793	40 431	183 160	166 055	100 746

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 2024/25 financial year.

Figure 7 Main sources of capital revenue

Sources of capital revenue for the 2024/25 financial year

National and Provincial capital grant receipts equates to 58.76 percent of the total funding source which represents an amount of R 107 616 040 for the 2024/25 financial year.

Borrowing becomes a significant funding source for the capital programme over the medium-term with an estimated R 50.03 million to be used for the 2024/2025 financial year totalling 27.32 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

	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
Borrowing - Categorised by type	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Annuity and Bullet Loans	100 544	65 625	82 764	100 880	102 170	102 170	156 484	199 392	218 143

Growth in outstanding borrowing (long-term liabilities)

The following graph illustrates the growth in outstanding borrowing for the period 2020/21 to 2026/27. The gearing ratio remains in a narrow band with gearing remaining below 19 % over the MTREF

Figure 8 Growth in borrowing 2020/2021 to 2026/2027

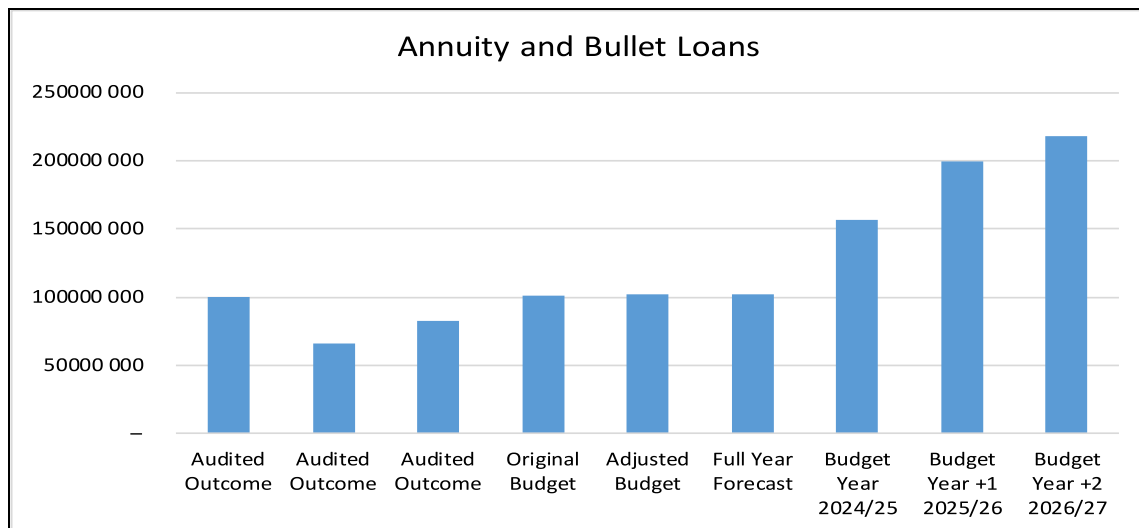


Table 33 MBRR SA17 Borrowing

WC047 Bitou - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Parent municipality										
Annuity and Bullet Loans		100 544	65 625	82 764	120 307	102 170	102 170	156 484	199 392	218 143
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	-
Municipality sub-total	1	111 052	66 876	82 764	121 558	102 170	102 170	157 735	200 643	218 143
Total Borrowing	1	111 052	66 876	82 764	121 558	102 170	102 170	157 735	200 643	218 143

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 funding mix proposal is supported by the recommendations in the LTFP (Long Term Financial Plan) yet the actual exposure to gearing/borrowing as proposed in the budget is much more conservative.

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 as well as moving to a position where all reserves and short term provisions are cash backed.

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 5 financial years, leading up to the 2022/2023 budget, 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 revised long-term financial plan as well as a sound funding mix strategy indicate that borrowing as a funding source should be used as main funding source over the remainder of the MTREF, not only to ascribe to the user-pays principle in service rendering, but also to ensure the adequate recovery of the liquidity position of the municipality to be within best practice norms.

The implementation of the funding mix strategy in the 2023/2024 financial year has already shown improvement in the current and liquidity ratios thereby moving towards restoring trust from stakeholders in the financial management of the municipality.

Other liquidity requirements such as a sound operating reserve and the cash backing of the CRR is not only seen as prudent financial management principles, but also required in terms of financial best practices, regulations as well as municipal policy. The methodology was first implemented in the 2014/2015 financial year, yet the long-term financial plan was discarded from 2017 to 2021 causing the financial decline as inappropriate financial decisions were taken.

The municipality intends to take up borrowing in the amount of approximately R 133 million over the MTREF, however gearing will remain in a narrow band and will not exceed 19% in the medium term. The gearing ratio maintained is well within the maximum prescribed ratio of 40% and will reduce towards the outer years and beyond the MTREF as additional own liquidity is predicted to be available.

Table 34 MBRR A7 Budgeted cash flow statement

WC047 Bitou - Table A7 Budgeted Cash Flows												
Description		Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			119 180	136 106	130 542	163 156	163 105	163 105	163 105	172 123	186 525	199 917
Service charges			347 120	355 074	359 234	422 573	418 554	418 554	418 554	434 972	489 420	539 229
Other revenue			16 892	18 506	12 787	22 595	23 655	23 655	23 655	26 596	26 033	26 857
Transfers and Subsidies - Operational		1	152 967	163 232	164 646	163 277	167 251	167 251	167 251	177 073	208 662	260 111
Transfers and Subsidies - Capital		1	42 487	50 205	47 011	37 468	48 907	48 907	48 907	130 907	92 769	47 549
Interest			8 167	20 228	5 700	8 221	15 596	15 596	15 596	15 392	15 189	12 698
Payments												
Suppliers and employees			(619 079)	(575 232)	(602 011)	(714 694)	(709 752)	(709 752)	(709 752)	(778 720)	(852 022)	(945 895)
Interest			(13 344)	(11 090)	(8 776)	(13 428)	(13 428)	(13 428)	(13 428)	(19 001)	(19 894)	(21 008)
Transfers and Subsidies		1	(6 710)	(4 462)	(6 985)	(12 230)	(12 230)	(12 230)	(12 230)	(9 233)	(9 953)	(10 774)
NET CASH FROM/(USED) OPERATING ACTIVITIES			47 680	152 566	102 148	76 938	101 658	101 658	101 658	150 109	136 730	108 685
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	448	–	10 962	10 962	–	–	3 950	–	–
Decrease (increase) in non-current receivables			–	1	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments			–	(9 107)	–	–	–	–	–	–	–	–
Payments												
Capital assets			(19 714)	(38 651)	17 007	(109 432)	(123 392)	(123 392)	(123 392)	(183 160)	(166 055)	(100 746)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(19 714)	(47 309)	17 007	(98 470)	(112 430)	(123 392)	(123 392)	(179 210)	(166 055)	(100 746)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Borrowing long term/refinancing			–	–	35 255	40 150	40 150	40 150	40 150	50 033	50 022	36 500
Payments												
Repayment of borrowing			(26 601)	(22 439)	(21 804)	(19 517)	(19 517)	(19 517)	(9 247)	(20 372)	(20 615)	(23 149)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(26 601)	(22 439)	13 451	20 633	20 633	20 633	30 903	29 662	29 408	13 351
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:		2	125 717	73 465	48 627	59 740	95 078	95 078	95 078	104 247	104 807	104 890
Cash/cash equivalents at the year end:		2	127 082	156 283	181 233	58 842	104 939	93 978	104 247	104 807	104 890	126 180

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	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	127 082	156 283	181 233	58 842	104 939	93 978	104 247	104 807	104 890	126 180
Other current investments > 90 days		(53 617)	(107 660)	(86 155)	(3 092)	(3 171)	7 791	316 973	-	-	-
Non current Investments	1	9 107	9 857	-	-	-	-	-	-	-	-
Cash and investments available:		82 572	58 480	95 078	55 750	101 768	101 768	421 220	104 807	104 890	126 180
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent commodity		(12 234)	(9 496)	(17 007)	(15 820)	(42 743)	(42 743)	2 421	(14 506)	(14 532)	(17 005)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	7 904	4 585	9 986	(26 573)	9 986	9 986	(12 902)	(26 573)	(26 573)	9 986
Other working capital requirements	3	41 598	42 639	83 027	(6 398)	37 745	37 745	199 216	(267)	501	7 270
Other provisions		(32 276)	(53 985)	(39 585)	(91 103)	(39 585)	(39 585)	(49 276)	(39 585)	(39 585)	(39 585)
Long term investments committed	4	9 107	9 857	-	-	-	-	-	-	-	-
Total Application of cash and investments:		14 100	(6 399)	36 422	(139 895)	(34 596)	(34 596)	139 459	(80 930)	(80 189)	(39 334)
Surplus(shortfall)		68 472	64 880	58 656	195 644	136 364	136 364	281 761	185 737	185 079	165 514

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			736 803	799 325	839 979	901 055	908 263	908 263	675 916	973 446	1 065 201	1 169 834
Total Operating Expenditure			766 232	799 680	796 794	900 274	905 714	905 714	528 466	970 122	1 050 821	1 159 015
Operating Performance Surplus/(Deficit)			(29 428)	(355)	43 185	780	2 549	2 549	147 450	3 324	14 380	10 819
Cash and Cash Equivalents (30 June 2012)												
Revenue												
% Increase in Total Operating Revenue				8.5%	5.1%	7.3%	0.8%	0.0%	(25.6%)	7.2%	9.4%	9.8%
% Increase in Property Rates Revenue				5.3%	(3.7%)	18.7%	0.0%	0.0%	(25.5%)	42.8%	8.0%	6.0%
% Increase in Electricity Revenue				18.8%	4.9%	15.0%	(3.8%)	0.0%	(27.1%)	12.7%	12.8%	10.3%
% Increase in Property Rates & Services Charges				6.8%	2.3%	12.6%	(5.4%)	0.0%	(25.2%)	11.3%	9.5%	7.8%
Expenditure												
% Increase in Total Operating Expenditure				4.4%	(0.4%)	13.0%	0.6%	0.0%	(41.7%)	7.1%	8.3%	10.3%
% Increase in Employee Costs				4.3%	3.0%	16.3%	0.6%	0.0%	(30.0%)	10.3%	3.4%	4.3%
% Increase in Electricity Bulk Purchases				18.7%	1.8%	26.8%	(2.4%)	0.0%	(39.8%)	15.3%	15.0%	15.0%
Average Cost Per Budgeted Employee Position (Remuneration)					668993.1052	1892400.784				2100769.858		
Average Cost Per Councilor (Remuneration)					0	0				0		
R&M % of PPE			2.8%	3.6%	2.7%	3.0%	2.8%	2.8%		2.8%	2.9%	3.1%
Asset Renewal and R&M as a % of PPE			5.3%	4.0%	5.3%	6.0%	5.9%	5.9%		7.5%	8.0%	8.2%
Debt Impairment % of Total Billable Revenue			4.9%	2.7%	2.7%	3.0%	3.4%	3.4%	2.3%	2.8%	2.6%	2.6%
Capital Revenue												
Internally Funded & Other (R'000)			11 805	–	32 098	45 150	38 998	38 998	17 663	50 033	50 022	36 500
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			79 203	79 574	84 807	109 432	128 793	128 793	40 431	183 160	166 055	100 746
Internally Generated funds % of Non Grant Funding			(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(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			206.2%	420.1%	441.8%	365.4%	402.8%	402.8%	643.4%	718.0%	403.1%	286.7%
Capital Expenditure												
Total Capital Programme (R'000)			79 203	79 574	84 806	109 432	128 793	128 793	40 431	183 160	166 055	100 746
Asset Renewal			29 768	5 513	31 636	39 934	41 492	41 492	–	66 117	71 016	66 479
Asset Renewal % of Total Capital Expenditure			37.6%	6.9%	37.3%	36.5%	32.2%	32.2%	0.0%	36.1%	42.8%	66.0%
Cash												
Cash Receipts % of Rate Payer & Other			85.6%	79.8%	79.1%	85.3%	87.9%	87.9%	121.2%	83.1%	84.8%	86.8%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			8.1%	7.3%	7.3%	6.6%	6.6%	6.6%	7.4%	6.2%	5.9%	5.7%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	68.7%	53.5%	56.6%	56.6%	167.7%	66.2%	54.8%	50.9%
Reserves												
Surplus/(Deficit)			68 472	64 880	58 656	195 644	136 364	136 364	281 761	185 737	185 079	165 514
Free Services												
Free Basic Services as a % of Equitable Share			17.5%	28.0%	26.5%	37.3%	54.0%	54.0%		48.1%	49.4%	51.1%
Free Services as a % of Operating Revenue (excl operational transfers)			0.7%	0.9%	0.8%	0.4%	1.0%	1.0%		0.8%	0.8%	0.8%
Total Operating Revenue			736 803	799 325	839 979	901 055	908 263	908 263	675 916	973 446	1 065 201	1 169 834
Total Operating Expenditure			766 232	799 680	796 794	900 274	905 714	905 714	528 466	970 122	1 050 821	1 159 015
Surplus/(Deficit) Budgeted Operating Statement			(29 428)	(355)	43 185	780	2 549	2 549	147 450	3 324	14 380	10 819
Surplus/(Deficit) Considering Reserves and Cash Backing			68 472	64 880	58 656	195 644	136 364	136 364	281 761	185 737	185 079	165 514
MTREF Funded (1)/Unfunded (0)	15		1	1	1	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						
Function	Project Description	Project Number	Ward Location	2024/25 Medium Term Revenue & Expenditure Framework		
				Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
				R'000	R'000	R'000
ROADS, STORMWATER AND BUILDINGS MAINTENANCE						
TOOLS AND EQUIPMENT	SUPPLY AND DELIVER, COMPACTOR, GENERATOR, SAW-CUTTER	RDS2200	ALL WARDS	30	15	45
NEW HORIZONS-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - NEW HORIZON	RDS2201	4	4 000	–	–
WITTEDRIFT-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - WITTEDRIFT	RDS2221	7	3 620	–	–
KRANSHOEK-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - KRANSHOEK	RDS2222	7	–	5 000	2 500
KWANOKUTHULA-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - KWANOKUTHULA	RDS2223	5 & 6	4 000	–	–
SPEEDHUMPS	CONSTRUCTION OF SPEEDHUMPS	RDS2205	ALL WARDS	100	100	100
UPGRADING OF HIGH STREET	UPGRADING OF HIGH STREET	RDS2230	2	–	–	4 900
UPGRADING OF SEWELL STREET	UPGRADING OF SEWELL STREET AND ANCHOR CRESCENT	RDS2231	2	–	–	4 300
UPGRADING OF LONGSHIPS DRIVE	UPGRADING OF LONGSHIPS DRIVE	RDS2232	2	–	–	9 300
BOSSIESGIF AND NEW HORIZONS CULDESACS	UPGRADING OF BOSSIESGIF AND NEW HORIZON CULDESACS	RDS2234	3 & 4	1 000	1 500	2 500
QOLWENI/BOSSIESGIF PHASE 4B: UPGRADING OF SEWER	CONSTRUCTION OF NEW ROADS AND RELATED STORMWATER FOR 100 ERVEN	RDS2303	3	4 500	3 600	3 600
EBENEZER (PORTION 3) 725	CONSTRUCTION OF NEW ROADS AND RELATED STORMWATER FOR 255 ERVEN	RDS 2304	4	14 400	9 000	–
EBENEZER (PORTION 4) 708	CONSTRUCTION OF NEW ROADS AND RELATED STORMWATER FOR 134 ERVEN	RDS2304	4	12 758	6 750	–
KURLAND (1500)	CONSTRUCTION OF NEW ROADS AND RELATED STORMWATER FOR 250 ERVEN	RDS2304	1	2 993	–	–
WATER SERVICES: WASTE WATER PURIFICATION						
SLUDGE HANDLING GANSEVALLEI WWTW	SLUDGE HANDLING - MULTI DISK SCREW PRESS		ALL WARDS	1 500	3 700	–
PUMP STATION EQUIPMENT	CAPITAL SPARES: NEW PUMPS, MOTORS AND FITTINGS	WMP2301	ALL WARDS	2 500	2 500	–
UPGRADE SEWER RETIC	UPGRADE INTERNAL SEWER RETICULATION BASED ON THE MASTER PLAN AND OPERATIONAL REQUIREMENTS	WMP2302	ALL WARDS	2 000	2 000	–
SECURITY FENCING - WASTE WATER PLANTS	SECURITY MEASURES TO MEET LEGISLATIVE COMPLIANCE BY DWS - GREENDROP PROGRAMME	WMP2304	ALL WARDS	1 500	1 500	–
KURLAND WASTE WATER TREATMENT WORKS	KURLAND WASTE WATER TREATMENT WORKS	WMP2305	1	12 223	16 168	13 923
KURLAND WASTE WATER TREATMENT WORKS	KURLAND WASTE WATER TREATMENT WORKS	WMP2305	1	–	1 058	1 058
QOLWENI/BOSSIESGIF PHASE 4B: UPGRADING OF SEWER	CONSTRUCTION OF SEWER RETICULATION FOR 100 ERVEN	WMP2310	3	3 500	2 800	2 800
EBENEZER (PORTION 3) 725	CONSTRUCTION OF SEWER RETICULATION FOR 255 ERVEN	WMP2312	4	11 200	7 000	–
EBENEZER (PORTION 4) 708	CONSTRUCTION OF SEWER RETICULATION FOR 134 ERVEN	WMP2312	4	9 923	5 250	–
KURLAND (1500)	CONSTRUCTION OF SEWER RETICULATION FOR 250 ERVEN	WMP2312	1	2 328	–	–
WATER SERVICES: WATER DISTRIBUTION						
UPGRADE SAND FILTER PLETT WTW	REFURBISH AND REPAIR SAND FILTERS PLETT WTW		ALL WARDS	1 500	4 000	1 000
LABORATORY EQUIPMENT	REPLACE AND UPGRADE AGING LABORATORY EQUIPMENT PLETT WTW		ALL WARDS	250	300	–
TOOLS AND EQUIPMENT	GENERAL TOOLS & EQUIPMENT	WTR2301	ADMINISTRATIVE	200	250	–
PUMP STATION EQUIPMENT	CAPITAL SPARES: NEW PUMPS, MOTORS AND FITTINGS	WTR2302	ALL WARDS	2 093	2 609	–
KURLAND: UPGRADE WTW	UPGRADE WORKS FROM 0.6 TO 1.2ML	WTR2303	1	3 800	950	–
KURLAND: UPGRADE WTW	UPGRADE WORKS FROM 0.6 TO 1.2ML	WTR2303	1	10 435	12 174	–
REPLACEMENT OF AC PIPES	REPLACEMENT OF AC PIPES	WTR2304	ALL WARDS	2 000	2 000	2 000
WATER DEMAND MANAGEMENT	DOMESTIC METERS AND WATER SAVING DEVICES	WTR2205	ALL WARDS	200	250	–
NATURES VALLEY RESERVOIR	NATURES VALLEY RESERVOIR UPGRADE	WAT2211	1	4 250	–	–
NATURES VALLEY WTW	NATURES VALLEY WTW UPGRADE - CAPITAL REPLACEMENTS	WAT2212	1	500	5 000	4 000
PLETT CLEARWATER PS	PLETT CLEARWATER PS	WATR230	ALL WARDS	4 443	–	–
QOLWENI/BOSSIESGIF PHASE 4B: UPGRADING OF WATER	CONSTRUCTION OF WATER RETICULATION FOR 100 ERVEN	WTR2311	3	2 000	1 600	1 600
EBENEZER (PORTION 3) 725	CONSTRUCTION OF WATER RETICULATION FOR 255 ERVEN	WTR2312	4	6 400	4 000	–
EBENEZER (PORTION 4) 708	CONSTRUCTION OF WATER RETICULATION FOR 134 ERVEN	WTR2312	4	5 670	3 000	–
KURLAND (1500)	CONSTRUCTION OF WATER RETICULATION FOR 250 ERVEN	WTR2311	3	1 330	–	–

ELECTRICAL AND MECHANICAL ENGINEERING SERVICES						
MACHINERY AND EQUIPMENT	SUPPLY AND DELIVERY OF EXTENSION LADDERS, PROXIMITY TESTERS, BAG SWITCHES, EARTHING KITS, MEGGER, CABLE LOCATOR, DIGITAL FLUKES, CUTTING TORCH, HYDRAULIC CRIMPERS, CORDLESS GRINDERS, ROTARY DRILL, CHAIN SAWS, POLE PRUNERS	ELE2220	ADMINISTRATIVE	202	492	200
PLETT: ASSET REPLACEMENT	CAPITAL SPARES: REPLACE DEFECTIVE MINI-SUBS AND TRANSFORMER AND RMUS IN ALL AREAS	ELE2301	ADMINISTRATIVE	1 200	1 499	4 103
SCADA SYSTEMS	MASTER PLAN PROJECT: SUPPLY AND INSTALL SCADA SYSTEMS AT VARIOUS SUBSTATIONS TO FACILITATE EFFECTIVE OUTAGE MANAGEMENT THE FUTURE SMART GRID AUTOMATION FOR RENEWABLE ENERGY PROJECTS	ELE2303	ALL WARDS	850	900	950
REPLACE FAULTY MV METER UNIT	MAINTENANCE RELATED: REPLACING FAULTY METERING UNITS - TO ENHANCE REVENUE COLLECTION	ELE2304	ALL WARDS	850	900	950
BRAKKLOOF NEW 20MVA 66/11KV TRF	MASTERPLAN PROJECT: BRAKKLOOF 66KV NEW 20MVA TRANSFORMER FOR FIRM CAPACITY AND ALLOW FOR MAINTENANCE ON EXISTING TRANSFORMERS	ELE2206	MULTIPLE WARDS(2,3 & 4)	7 661	8 165	–
PLETT: UPGRADE O/H TO U/G NETWORK (LV)	AGEING LOW VOLTAGE NETWORKS TO BE UPGRADED WITH UNDERGROUND	ELE2307	MULTIPLE WARDS(1,2 & 4)	2 000	2 000	2 000
ELECTRIFICATION OF INFORMAL SETTLEMENT	NEW UPGRADE OF ELECTRICAL NETWORKS IN INFORMAL SETTLEMENTS IN THE GREATER BITOU AREA	ELE2204	MULTIPLE WARDS (1,3,5 &6)	3 582	2 500	800
NEW HIGH MAST LIGHTS	HIGH MAST LIGHTS WITH BACKUP SUPPLY IN GREATER BITOU AREA	ELE2309	MULTIPLE WARDS (1,4,5&6)	680	700	720
SECURITY KEY SITES	PROVISION OF SECURITY AT VARIOUS KEY SITES TO PREVENT THEFT AND VANDALISM	ELE2208	MULTIPLE WARDS (2,4,5&6)	200	200	200
NEW STREETLIGHTS	NEW STREETLIGHTS	ELE2210	ALL WARDS	2 200	3 000	500
REPLACEMENT OF THE FAULTY CABLE WITTEDRIFT	MASTERPLAN PROJECT: REPLACE FAULTY UNDERGROUND CABLE TO COMPLETE RING FEED	ELE2213	1	1 040	–	–
11KV LINKS KWANO AND SS1 SUB STATIONS	MASTERPLAN PROJECT: NEW MV FEEDERS BETWEEN SS NEW HORIZONS AND ERF 34/438.	ELE2214	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 BREAKER	ELE2315	MULTIPLE WARDS (4,5&6)	–	1 194	–
KEURBOOMS: UPGRADE NETWORK	CREATE ADDITIONAL FEED SUPPLY FOR KEURBOOMS TO ALLOW CONTINGENCY AND CONTINUITY OF SUPPLY	ELE2218	1	1 100	1 900	–
ELECTRIFICATION OF EBENEZER	ELECTRIFICATION OF EBENEZER	ELE2317	4	4 500	5 217	–
KWANO ADDITIONAL 20MVA TRANSFORMER FOR FIRM CAPACITY	MASTERPLAN: REPLACE PMT CHRISTIE WITH 315 MINISUB TO CATER FOR ADDITIONAL HOUSING UNITS		5,6&7	–	5 600	5 000
REPLACE PMT CHRISTIE WITH 315 MINISUB TO CATER FOR ADDITIONAL HOUSING UNITS			4	–	772	–
REPLACE PMT STEYN WITH 500KVA MINISUB FOR ADDITIONAL RESIDENTIAL LOAD	REPLACE PMT STEYN WITH 500KVA MINISUB FOR ADDITIONAL RESIDENTIAL LOAD		4	–	–	965
INSTALL NEW 1 MVA 22/11 TRANSFORMER AT NATURES VALLEY	INSTALL NEW 1 MVA 22/11 TRANSFORMER AT NATURES VALLEY		1	–	–	8 100
FLEET MANAGEMENT						
TOOLS AND EQUIPMENT	2 POST LIFT , VEHICLE DIAGNOSTIC KIT ,TOOLS-MECHANICAL WORKSHOP		ADMINISTRATIVE	100	100	100
2X NEW LDV WITH POLICE CANOPIES -LAW ENFORCEMENT	2X NEW LDV WITH POLICE CANOPIES -LAW ENFORCEMENT		ADMINISTRATIVE	–	600	600
1x NEW SKIP TRUCK	1 X NEW SKIP TRUCK WASTE MANAGEMENT		ADMINISTRATIVE	–	1 500	–
1X NEW HOOKLIFT TRUCK-WASTE MANAGEMENT	1 X NEW HOOKLIFT TRUCK & TRAILER		ADMINISTRATIVE	–	3 000	–
1 X NEW TLB	1 X NEW TLB WATERSERVICES		ADMINISTRATIVE	–	1 500	–
2X LDV WITH CANOPY- WATER SERVICES	2X LDV WITH CANOPY- WATER SERVICES-REPLACEMENTS		ADMINISTRATIVE	950	–	1 200
1 X NEW ROLL BACK TOW TRUCK	1 X NEW ROLL BACK TOW TRUCK		ADMINISTRATIVE	–	1 500	–
1 X NEW LDV WITH SERVICE CANOPY	1 X NEW LDV SERVICE CANOPY -FLEET MANAGEMENT		ADMINISTRATIVE	550	–	–
2 x NEW LDV BAKKIES WITH CANOPIES	2 X NEW LDV BAKKIES WITH CANOPIES - ROADS & sTORMWATER		ADMINISTRATIVE	550	550	–
2 X NEW 3 TONNER TIPPER TRUCK	2X NEW 3 TONNER TIPPER TRUCK		ADMINISTRATIVE	–	850	–
1 X HATCHBACK FOR TRANSPORTATION	1 X HATCHBACK FOR TRANSPORTATION AT CORPORATE SERVICES		ADMINISTRATIVE	330		
1 X NEW DBL CAB LDV WITH CANOPY	1 X NEW LDV SERVICE CANOPY -REVENUE MANAGEMENT		ADMINISTRATIVE	550		
1 X TWIN DRUM WALK BEHIND ROLLER OR SIT ON WITH TRAILER FOR TRANSPORTATION	1 X TWIN DRUM ROLLER OR TWIN DRUM SIT ON ROLLER WITH TRAILER FOR TRANSPORTATION		ADMINISTRATIVE	300	–	–
1 X NEW TLB - STORMWATER	1 X NEW TLB - STORMWATER		ADMINISTRATIVE	1 500	–	–
1 X NEW JETMACHINE -STORMWATER	1 X NEW JETMACHINE - STORMWATER		ADMINISTRATIVE		–	2 000

1X NEW RESCUE PUMPER	REPLACE RESCUE PUMPER CX 3857		ADMINISTRATIVE	–	4 500	–
1 X NEW 4X4 SKID UBITS	REPLACE CX 48251 AND CX 36097		ADMINISTRATIVE	–	800	–
1 X NEW TRANSPORTER 7-10 SEATER	REPLACE CX 41602 (18 YRS OLD)		ADMINISTRATIVE	–	–	800
1 NEW 4X4 TANKER	REPLACE SAMIL (30 YRS OLD)		ADMINISTRATIVE	–	–	4 500
1 NEW 4X4 TANKER	REPLACE RURAL PUMPER CX 41935 (31 YRS OLD)		ADMINISTRATIVE	780	–	–
1 NEW 4X4 TANKER	REPLACE RURAL PUMPER CX 41935 (31 YRS OLD)		ADMINISTRATIVE	980	–	–
2x NEW SEDANS FOR TRAFFIC	CURRENT 4 OFFICERS SHARE 1 VEHICLE		ADMINISTRATIVE	–	500	500
1 X LDV E/CAB WITH ROADBLOCK TRAILER	NEW REVENUE ENHANCMENT		ADMINISTRATIVE	–	–	1 000
FIRE DEPARTMENT						
UPGRADE OF MAIN STATION	FIRE STATION MARINE WAY : UPGRADE ENGINE BAY DOORS, YARD AND COVER VEHICLE PARKING AREA PROTECTING FIRE VEHICLES FROM ELEMENTS		ADMINISTRATIVE	200	400	–
UPGRADE OF KURLAND STATION (EAST)	KURLAND FIRE SERVICE SUBSTATION UPGRADES SECURITY FENCING, GATE MOTORS, PAVING AND ENGINE BAY DOORS		ADMINISTRATIVE	–	300	–
ESSENTIAL TOOLS, LOOSE GEAR AND EQUIPMENT FOR FIRE SERVICE AND RESCUE OPERATIONS	SCBA'S, COMPRESSOR, PTO PUMPS, WATER PUMPS, TOOLS AND LOOSE GEAR		ADMINISTRATIVE	250	250	250
HAZMAT PPE AND DETECTION	EQUIPMENT ESSENTIAL IN HAZMAT RESPONSE FOR SPILLS, LEAKS AND RELEASES		ADMINISTRATIVE	300	500	–
PUBLIC SAFETY: LAW ENFORCEMENT						
37 X BULLET PROOF VESTS	THIS IS PROTECTIVE EQUIPMENT FOR LAW ENFORCEMENT OFFICERS, CLOSE PROTECTION AND TRAFFIC OFFICERS WHEN OPERATIONAL, THIS IS REQUIRED AS TOOLS OF TRADE AND OHS REQUIREMENT.	LAW2301	ADMINISTRATIVE	–	260	–
20x PORTABLE TWO WAY RADIOS	PORTABLE RADIOS ARE USED AS COMMUNICATION DEVICES WHEN OFFICERS ARE OUTSIDE VEHICLE OR OFFICE	LAW2302	ADMINISTRATIVE	–	120	–
30X 9MM HANDGUNS (FIRE ARMS)	FIRE ARMS ARE TOOLS OF TRADE FOR PERSONNEL PROTECTION AND ARE FOR LAW ENFORCEMENT, CLOSE PROTECTION AND TRAFFIC OFFICERS, THE CURRENT FIREARMS ARE NOT ENOUGH FOR ALL THE OFFICERS.	LAW2304	ADMINISTRATIVE	–	200	–
PUBLIC SAFETY: DISASTER MANAGEMENT						
DRONE			ADMINISTRATIVE	250	–	–
1X PORTABLE RADIO			ADMINISTRATIVE	12	–	–
PTZ CAMERA X4			ADMINISTRATIVE	280	–	–
PUBLIC SAFETY: TRAFFIC SERVICES						
BODY CAMS X15	CAMERAS WORN BY TRAFFIC OFFICERS FOR PROTECTION AND SAFETY ON THE ROAD WHEN DEALING WITH PUBLIC	TRF2401	ADMINISTRATIVE	115	115	–
DLTC SHELTER	SHELTER AND WAITING AREA FOR MEMBERS OF THE PUBLIC WAITING OUTSIDE THE DLTC IN A LINE TO BE HELPED, PROTECTING THEM FROM INCLEMENT WEATHER.	TRF2402	ADMINISTRATIVE	135		
PARKS AND RECREATION: PARKS MAINTENANCE AND HORTICULTURE						
CONSTRUCTION OF REGIONAL CEMETRY	CONSTRUCTION OF REGIONAL CEMETRY AT EBENEZER SANRAL ROAD	HOR2207	4	1 500	–	–
UPGRADING OF KRANSHOEK SPORTFIELD FLOODLIGHTING	UPGRADING OF KRANSHOEK SPORTFIELD FLOODLIGHTING	HOR2301	7	725	–	–
UPGRADING OF KRANSHOEK SPORTFIELD FLOODLIGHTING	UPGRADING OF KRANSHOEK SPORTFIELD FLOODLIGHTING	HOR2301	7	2 230	–	–
UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	HOR2209	7	–	3 500	1 500
UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	HOR2209	7	–	–	500
UPGRADING OF KWANO SPORTFIELD FLOODLIGHTING	UPGRADING OF KWANO SPORTFIELD FLOODLIGHTING	HOR2302	5&7	–	–	5 683
FACILITIES & SERVICE CENTRES						
HALL FURNITURE	TABLES AND CHAIRS FOR ALL HALLS	FAC2221	ALL WARDS	300	–	–
CONSTRUCTION OF QOLWENI HALL	REPLACEMENT OF ALUMINIUM DOORS AND WINDOWS AT QOLWENI	FAC2223	3	–	100	2 000
UPGRADING OF MUNICIPAL RENTAL BUILDINGS	UPGRADING AND REPAIRS TO MUNICIPAL RENTAL HOUSES		ADMINISTRATIVE	300	–	–

INTEGRATED WASTE MANAGEMENT						
KURLAND VILLAGE-WASTE DROP- OFF FACILITY	NEW DROP-OFF FACILITIES AT KURLAND	WAS202	1	1 800	–	–
WASTE TRANSFER STATION-CONSTRUCTION OF A NEW BULKY WASTE FACILITY	CONSTRUCTION OF NEW BULKY WASTE FACILITY AT WASTE TRANSFER STATION	WAS2206	MULTIPLE WARDS	500	1 000	1 000
LIBRARY SERVICES						
MAINTENANCE:GREENVALLEY LIBRARY	MAINTENANCE:GREENVALLEY LIBRARY	LIB2401	7	304		
INFORMATION COMMUNICATION TECHNOLOGY (ICT)						
BITOU LAPTOP REPLACEMENT	REPLACEMENT OF EQUIPMENT OLDER THAN 5 YEARS AND NOT FIT FOR PURPOSE	IT01	ADMINISTRATIVE	100	300	300
BITOU COMPUTER OPERATIONAL SPARES & LOANS	OPERATIONAL IN NATURE / LOANS WHILE SERVICING OR REPAIRING	IT03	ADMINISTRATIVE	200	200	200
BITOU MOBILE DEVICES	FOR PAPER LESS AGENDA, WORKFORCE AND METER READING READERS	ICT13	ADMINISTRATIVE	250	100	100
BITOU REPAIRS MAINTENANCE & EQUIPMENT	OPERATIONAL IN NATURE / REPLACEMENT OF FAILED CAPITAL ITEM IN THE FIELD	ICT101	ADMINISTRATIVE	150	200	200
BITOU NEW USERS		ICT102	ADMINISTRATIVE	200	–	200
MAIN BUILDING PRIMARY / DR STORAGE	REPLACEMENT OF OUT OF MAINTENANCE STORAGE IN DR VNX5300	ICT107	ADMINISTRATIVE	–	200	–
DEPARTMENTAL REQUESTS HUMAN RESOURCE MANAGEMENT		ICT116	ADMINISTRATIVE	100	–	–
WATERWORKS 2-WAY RADIOS		ICT129	ADMINISTRATIVE	48	–	–
FIRE DEPARTMENT 2-WAY RADIOS		ICT131	ADMINISTRATIVE	19	–	–
LAW ENFORCEMENT 2 WAY RADIOS		ICT132	ADMINISTRATIVE	120	–	–
CORPORATE SERVICES BOARDROOM EQUIPMENT UPGRADE		ICT133	ADMINISTRATIVE	300	–	–
SPEAKERS' OFFICE TABLE EQUIPMENT UPGRADE		ICT134	ADMINISTRATIVE	12	–	–
ENGINEERING SERVICES BOARDROOM EQUIPMENT UPGRADE		ICT135	ADMINISTRATIVE	50	–	–
DEVELOPMENT & PLANNING BOARDROOM EQUIPMENT UPGRADE		ICT136	ADMINISTRATIVE	12	–	–
FINANCIAL SERVICES BOARDROOM (CFO OFFICE) EQUIPMENT UPGRADE		ICT137	ADMINISTRATIVE	14	–	–
ICT OFFICE FURNITURE & EQUIPMENT		ICT138	ADMINISTRATIVE	20	–	–
SCADA CONNECTIVITY			ADMINISTRATIVE	75	–	
SIMUNYE CENTRE POWER AND SOLAR		ICT162	ADMINISTRATIVE	75	–	
KRANSHOEK POWER AND SOLAR		ICT165	ADMINISTRATIVE	125	–	–
CUTTY SARK HIGHT SITE BACKUP POWER AND SOLAR		ICT171	ADMINISTRATIVE	120	–	–
PIESANGVALLEY HALL BACKUP POWER AND SOLAR		ICT185	ADMINISTRATIVE	50	–	–
PORTABLE TWO WAY RADIOS X10			ADMINISTRATIVE	120	–	–
Municipality Capital expenditure				183 160	166 055	100 746
Total Capital expenditure				183 160	166 055	100 746

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 2024/25 MTREF in May 2024 and is directly aligned and informed by the 2024/2025 MTREF.

6. Annual Report

The Annual report is compiled in terms of the requirements of Section 127 of the MFMA and National Treasury requirements. The oversight report in respect of the 2022/2023 financial year is scheduled to be considered by the municipal council on 28 March 2024.

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 solicited

Public input is solicited as part of the 2024/2025 budget process and additional input over and above that already received through the IDP processes that were undertaken, will be considered prior to the final budget approval.

The previous public participation process was hampered by loadshedding and due to rainy weather it was poorly attended in certain wards, the municipality will increase its media exposure and communication on all platforms to ensure that the message gets across to all communities and that participation in the budget process is adequate.

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 2023/2024 financial year after being dormant for a number of years.

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.

The mSCOA roadmap is included as part of the budget related annexures.

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"

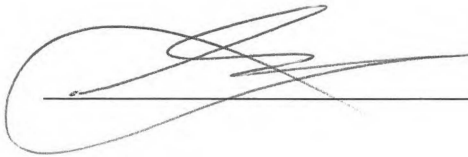
2.14 Municipal manager's quality certificate

I, Ralph Links, Acting 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 Dr. R Links

Acting Municipal Manager of Bitou Municipality (WC047)

Signature

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by several loops and a horizontal line extending to the right, positioned above a solid horizontal line.

Date 28 March 2024