

ANNUAL BUDGET OF BITOU MUNICIPALITY



2025/26 TO 2027/28

**DRAFT MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

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1 Part 1 – Annual Budget

1.1 Mayor's Report

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

It is my honour to table the 2025/2026 draft budget in Council today, the budget that I am tabling has gone through a rigorous process of deliberation, negotiation, prioritisation and careful consideration of the needs of the community and especially the impact that the financial decisions will have on the livelihood of our communities.

The budget that I am tabling was drafted as an instrument of hope through which we aim to ensure that we address the basic service delivery needs of the communities that we serve and whereby we strive to enhance our service delivery offering to include all communities, and especially those that have been marginalised and neglected over a number of years in respect of access to basic services and dignity as enshrined in the constitution of the Republic of South Africa.

The tabled budget has a primary focus towards enhanced service delivery through addressing infrastructure backlogs and creating an environment for investment, that would ultimately lead to economic progression of the citizenry, something that the state has unfortunately dismally failed with over the last three decades.

We have been fortunate in having experienced a period of just more than 300 days without loadshedding, yet we remain concerned as the electricity grid continues to be under pressure and the likelihood of load shedding continue to haunt us.

We have managed to regain momentum after the political instability and the current coalition remains steadfast and resolute to maximise the opportunity granted to us to make a positive impact on the livelihood of our communities.

The budget tabled here today is my first budget as the Mayor of Bitou Municipality, but also a first for the all-female executive and indeed a historic event.

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 remain suppressed through political decisions that have caused immense harm to economic growth, and which continues to cause fiscal constraints.

There has been very little economic growth post the Covid-19 pandemic and the national budget decisions are not aiding in growing the economy. We are still at risk of an economic recession as national economic growth forecasts are barely reaching one percent. The unemployment rate remains at an all-time high and it seems that we continue taking one step forward and two steps back.

We have, despite all the challenges, still managed to deliver on our commitment to provide our communities with top class and reliable services whilst striving to create an environment suitable for investment and economic progression of our residents and visitors alike.

The 7th democratic national election has brought us the government of national unity which is indicative of the fact that we need to rethink and reset our way of doing business, it is out with the old and in with the new towards a better future for all.

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 custodians 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 optimistic average GDP Growth of 1.8% over the next 3 years. A significant reduction in interest rates in the near future seems to be unlikely and only moderate reduction in the repo rate for the next 12 months is expected, this was confirmed in the last meeting of the monetary policy committee as an interest rate reduction was pushed out for future consideration. The impact of the decisions by the United States in respect of South-Africa is not to be brushed aside as various financial holes now needs to be plugged through own resources.

Inflation has eased to its lowest rate in 3 years and is expected to stabilise between 3 and 6 percent. It is forecasted to average between 4.4% and 4.5% 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 have 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, this is evident in the loss of R14 Million in the WSIG grant where contractual obligations that exist now needs to be fulfilled from municipal funds. In spite of the fiscal constraints, the municipality continues to deliver on unfunded and underfunded mandates in the interest of its communities.

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.

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 1 067 974 106 . (One billion, sixty-seven million, nine hundred and seventy four thousand, one hundred and six rand) The bulk of the income is derived from assessment rates and user charges. Operational expenditure from own funds amount to R 1 062 192 472 (One billion, sixty two million one hundred and ninety two thousand four hundred and seventy two

rand) with the main two categories of operational expenditure being salary related expenditure and bulk purchases. These account for 61.58 percent of 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 is budgeted for service delivery:

Electricity service receive R 305 746 134 , water services receive R 68 109 598 , waste water management receive R 60 928 862 , roads and stormwater receive R 33 616 721 and solid waste management receive an allocation of R 64 975 634 for the 2025/2026 financial year, community, general services, social services, sport and recreation, public safety and housing are allocated a combined total of R 216 854 089 for the financial year ahead. **This direct allocation to service delivery departments, account for 73.80 per cent of the total annual budget.**

The capital budget amounts to **R 178 440 822**, (one hundred and seventy eight million four hundred and forty thousand eight hundred and twenty two rand) the capital budget once again focusses on infrastructure development and 93.99 percent of the capital budget is therefore allocated to community and engineering services infrastructure and related projects which include the municipal vehicle fleet. We are continuing to direct the capital investment towards the creation of 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, this is evident in the human settlements spending of R 40 735 000 included in the capital budget. We are also again investing in the vehicle fleet to ensure that service delivery disruptions are minimised.

Infrastructure spending in the capital budget will be allocated as follows: Water services infrastructure R 50 663 753; Electricity infrastructure R 32 186 949; Sanitation services R 7 100 000 and roads infrastructure R 37 469 000.

Sport, recreation, community and social projects are allocated R 5 900 000 and the remainder of the capital budget consists of machinery, computers, backup power systems, furniture and equipment which is needed in the delivering of services to our communities amounting to R 2 834 000.

In accordance with the capital funding mix strategy, loan funding in the amount of R 87 120 920 will be used in the 2025/2026 financial year, of which R 64.4 million is new borrowing raised and R 22.72 million relate to rollover projects from the previous loans raised. Further own funding through the Capital Replacement Reserve in the amount of R 28 129 707 will be added to fund the capital budget in addition to the amount of R 63 190 195 in grant receipts for the 2025/2026 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 395 995 115 or 37.28 percent of the budget, electricity purchases from Eskom amount to R250.4 million or 23.58 percent of the budget, debt impairment and depreciation charges combined amount to R66.7 million or 6.28 percent of the budget. Contracted services amount to R139.1 million or 13.1 percent of the budget and other operational expenditure items amount to R89.3 million or 8.4 percent of the budget. The operational budget increases with 7.99 percent when compared to the 2024/2025 final budget.

Employee related cost remains a major component of the municipal budget, the municipality has taken note of the current economic environment as well as the affordability threshold with which consumers and ratepayers are confronted and will do its utmost to curb this expenditure category from escalating further. The municipality is bound by the collective bargaining process and considering current inflationary trends, provision for a 5.15% general salary adjustment is made in the draft budget.

Employee related cost as a percentage of total expenditure, inclusive of a R 7.5 million allocation to the EPWP program of which R 1.59 million is subsidised, equals 37.28 % and is within the norm for this category of expenditure, if the EPWP portion is excluded the percentage equals 36.57 %, 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 remains 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 7.99 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 for service charges increase on average by 5.4% as a result of 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 9.9% 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 11.32 percent which is resulting in the tariff increase of 9.9 percent to the end user.

The municipal cost of supply study is in a revision process and a provisional tariff structure is included in the tariff annexure for public scrutiny as part of the budgeting process, we

would like to encourage all customers to make an effort to study the proposed tariffs before budget finalisation and final submission to the energy regulator.

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. The municipality has made great strides in improving the financial position over the last 3 years and we will continue to apply financial best practices as custodians of the public funds.

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 through IDP process to determine the community needs and I would like to thank all stakeholders, members of the public, organisations and interested parties that have participated so far with input in the budget process. We will henceforth be taking the budget and IDP revision to communities for further input before the final budget is presented to the municipal council for approval and I would like to urge and invite everyone to please participate in this very important process.

In conclusion, I would like to thank the members of the budget steering committee, the municipal manager, the acting chief financial officer, and the staff in the IDP and budget offices, directors and other personnel who have contributed to the preparation and finalisation of the budget submitted here today.

Speaker, I therefore table the draft budget for the 2025/2026 financial year and MTREF as well as the budget related documents for consideration and public participation.

I thank you.

COUNCILLOR JESSICA KAMKAM: EXECUTIVE MAYOR

1.2 Draft 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 2025/26 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 2025:
 - 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 2025 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 new long-term loans for the funding of the capital programmes in respect of the 2025/26 financial year limited to an amount of R 64 400 000 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) Infrastructure procurement and delivery management policy
 - p) Asset management policy
- 7) That the service level standards attached as Annexure “F” be approved.
- 8) That the draft SDBIP as per Annexure “H” be noted and submitted to the mayor for final consideration and approval.
- 9) That the revised Long Term Financial Plan attached as Annexure “I” be approved
- 10) That the mSCOA roadmap attached as annexure “J” be approved.
- 11) That the demand management plan attached as per Annexure “K” be approved.
- 12) That the Natures Valley Special Rating Area budget 2025/2026 as per Annexure “L” be approved.

- 13) That where the tariff and other policy revisions necessitate amendments to relevant By-laws, the amendments be made 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 2025/2026 financial year and Medium-Term Revenue and Expenditure Framework (MTREF) was again challenging as the economy remain subdued by various factors, the latest being the impact of decisions from the USA under the Trump administration highlighting the fact that the South Africa and the South African economy is an integral part of the global economy and that that local and international political decisions have economic impact on local communities.

The tourism and construction sector are still recovering post Covid, and the recent festive period has been the best since the pandemic. The increase in the approval of building plans remains a positive indicator of the recovery of the sector and various new developments in the Bitou area provides hope for the construction sector. The tourism sector has been resilient and a recovery to pre-pandemic levels will hopefully be reached soon. The monetary policy decisions of the reserve bank are however still strangling households in respect of freeing up disposable household income.

We have been spared from more than 330 days of loadshedding, yet as soon as we get comfortable, loadshedding seems to rear its head again. The failure of the state and all associated state-owned entities and the high commodity prices are still hampering the economic progression.

The basket of real economic achievements and growth seems to remain empty, confirming the inability of the state to create real economic growth and opportunity for its citizens, especially those that need it the most. Economic sentiment remains negative and the “new dawn” that the President promised in the beginning of his first term of office seems to have vanished into thin air.

The national budget remains under strain and the consolidated fiscal deficit is expected to improve slightly from 5% in 2024/2025 to 4.6% of revenue for 2025/2026. The budget deficit is expected to reduce to 3.8% by 2026/2027 and is predicted to reach 3.5% by 2027/2028.

Consolidated government expenditure is budgeted at R2.59 trillion with R1.52 trillion allocated to social services. The total municipal equitable share allocation amounts to R106.1 billion representing only 4% of government expenditure, which is not enough to subsidise free basic services to the most vulnerable.

National debt is expected to peak at 76.2% of GDP in 2025/2026, up 1% from the prior year prediction. In general, government debt is very high and again at a new record level, the effect thereof is that 22% of government revenue is used to service debt cost. The gross debt stock is projected to increase to nearly R6.3 trillion in 2026/27.

National debt-service costs are projected to average R356 billion annually over the medium term, reaching approximately R478.6 billion in 2027/28. These are resources that could otherwise have been used to address pressing social needs or to invest in our future.

The effect of the Corona Virus remains relevant, the war in the Ukraine as well as the middle east crises continue to impact on the global as well as South African economy. 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.

Economic growth estimates for have been revised upward to 1.9 per cent for the 2025/2026, 1.7% for 2026/2027 and 1.9% for 2027/2028 on the back of possible interest rate cuts, a more stable electricity supply and inflation remaining in a narrow band over the MTREF. Economic growth over the MTREF is not sufficient to ensure economic sustainability and create much needed employment opportunities, economic empowerment of the citizenry seems to remain far on the horizon.

The headline inflation forecast for 2025 is 4.3%, remaining between 4.3 and 4.6 per cent over the MTREF. The recovery of the economy is anticipated to remain slow over the MTREF. The South African economy is not performing well when compared to its peers being other developing countries.

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 2025/2026 as well as subsequent financial years, 50.97 percent of the capital budget is allocated for these services. A significant portion of the 2025/2026 capital budget is dedicated to the upliftment of communities, with human settlements infrastructure taking the lion's share of the funding allocation from Provincial Government.

The revenue enhancement program is starting to gain momentum, and a review of all service points is completed, the results are now processed, and it is anticipated that additional revenue streams will impact positively on future income without adding additional burden to consumers.

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 therefore continue to be led 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. 129 and 130 as well as prior year circulars were used to guide and inform the compilation of the 2025/26 MTREF.

The main challenges experienced during the compilation of the 2025/26 MTREF can be summarised as follows:

- The slow recovery of the National, Provincial and especially the local economy in spite of the fact that loadshedding has diminished significantly.
- 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 low economic growth.
- The electricity crises that have not been permanently resolved and the lingering negative effect that it has caused to investor sentiment.
- The continued rise in unemployment.
- Interest rates that have not reduced as anticipated over the last year.
- Inflation risk that remains relevant in the current political and global economic climate.
- Ageing water, roads, stormwater, sewer 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 again 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 2025/2026 MTREF:

- The 2024/25 Adjustments Budgets 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 2025/26 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. The new general valuation role and the impact it may have on the incidence of rating.
- For the 2025/2026 financial year tariff increases were adjusted to ensure that the cost of the services is adequately recovered in the tariff setting.
- Operational efficiencies are implemented, and processes designed, not only to save cost but to enhance service delivery mechanisms.
- The recovery of the financial position of the municipality and ensuring optimum levels of operating reserves as well as cash backed reserves and current provisions.
- Cost reflective tariff setting and multi-year tariff strategies where tariffs are found not to cover the total cost of service rendering. (This remain a medium-term objective, and a phased approach is adopted where tariffs are found to be cost reflective)
- 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 2025/2026 MTREF:

Table 1 Consolidated Overview of the 2025/26 MTREF

Description	2nd Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Total Revenue	R 1 078 435 752	R 1 134 644 856	R 1 158 094 317	R 1 222 238 912
Total Operating Expenditure	R 983 608 219	R 1 062 192 472	R 1 090 028 431	R 1 125 734 035
Total Capital Expenditure	R 151 080 216	R 178 440 822	R 174 943 696	R 154 971 076

Total revenue increases with R 56 209 104 to an amount of R 1 134 644 856 for the 2025/26 financial year when compared to the 2024/2025, 2nd 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 2.07 and increase with 5.54 percent respectively.

Total operating expenditure for the 2025/2026 financial year has been appropriated at R 1 062 192 472 and translates into a budgeted surplus of R 5 781 634 before capital contributions.

When compared to the 2nd adjustments budget, operational expenditure increases with R 78 584 253 in 2025/26. The expenditure for the two outer years, increases with R 27 835 959 and with R 35 705 604 respectively towards the 3rd year of the MTREF.

The capital budget of R 178 440 822 for 2025/26 increases with 18.11 per cent when compared to the 2nd adjustments budget of 2024/2025. The capital programme decreases to R 174 943 696 in the 2026/27 financial year and then further decreases in 2027/28 to R 154 971 076. Borrowing will contribute 48.82 percent of the capital funding for the 2025/26 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. It is envisaged that the capital funding mix will remain the same for the 1st outer year of the MTREF whereafter borrowing will decrease towards the 2nd outer year of the MTREF. 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 just over 18.8% and will remain in a narrow band over the MTREF. The gearing ratio remains 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 3.5% 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 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 most services.
- 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.
- Tariff increases for the 2025/2026 financial year are within the National Treasury prescriptions, yet tariff increases over the last 11 years have on average been less than 6% with the cost of service delivery increased on average by more than 9% annually.
- Electricity guideline increases have been determined by NERSA and a tariff increase to end users of 9.9% is proposed on the back of a 11.32% Eskom tariff increase. Appropriate tariff increases are of essence to sustain and improve 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 is 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 considered 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 debtor's collection rate to 90% for 2025/2026 and further increase the collection rate over the MTREF. A huge concern remains the Eskom distribution areas where a general unwillingness to pay for municipal services is evident.
- 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 refurbishing service delivery infrastructure vehicles and equipment. It is of utmost importance to factor these cost elements into the true cost of services to continue delivering high quality services to all communities.

The continued implementation of the human settlements program is providing dignity to people 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 is 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 2025/2026 MTREF

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue		0	0		0	0	0	0	0	0	0
Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Service charges - Electricity	2	200 313	210 201	230 904	262 129	259 136	259 136	259 136	289 114	299 926	313 715
Service charges - Water	2	85 578	86 449	87 795	90 492	92 029	92 029	92 029	101 466	106 931	112 674
Service charges - Waste Water Management	2	82 693	78 406	67 358	80 372	79 624	79 624	79 624	80 729	85 108	89 651
Service charges - Waste Management	2	33 409	45 502	44 964	53 852	50 983	50 983	50 983	52 852	55 710	58 717
Sale of Goods and Rendering of Services		7 259	6 867	7 520	9 687	10 072	10 072	10 072	8 000	8 255	8 673
Agency services		2 423	2 501	2 498	2 840	2 840	2 840	2 840	2 663	2 726	2 786
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		12 131	17 120	13 243	13 870	12 458	12 458	12 458	13 965	13 205	12 490
Interest earned from Current and Non Current Assets		3 747	8 035	13 203	12 448	12 448	12 448	12 448	12 573	12 698	13 333
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 255	1 124	1 354	2 210	1 610	1 610	1 610	1 569	1 663	1 760
Licence and permits		1 091	1 196	1 427	565	661	661	661	665	704	736
Special rating levies	0	-	-	-	-	-	-	-	-	-	-
Operational Revenue		2 082	3 683	7 415	2 800	9 667	9 667	9 667	6 728	5 572	6 378
Non-Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Property rates	2	157 194	151 413	178 261	191 257	193 250	193 250	193 250	212 575	223 838	235 478
Surcharges and Taxes	-	-	-	1 420	1 589	1 441	1 441	1 441	1 547	1 861	2 213
Fines, penalties and forfeits		54 430	46 722	60 451	50 836	52 397	52 397	52 397	55 024	57 971	61 116
Licences or permits		-	-	-	796	796	796	796	819	846	854
Transfer and subsidies - Operational		141 588	155 970	166 503	176 893	187 363	187 363	187 363	210 464	204 454	207 672
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		11 486	2 064	14 750	14 835	13 953	13 953	13 953	14 788	15 555	16 381
Gains on disposal of Assets		-	441	-	3 950	3 950	3 950	3 950	-	-	-
Other Gains		-	18 011	8 370	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributi		799 325	839 947	909 728	973 266	986 878	986 878	986 878	1 067 974	1 099 214	1 146 596

Table 3 Growth in revenue by main revenue source

Description	2024/25 Medium Term Revenue & Expenditure Framework				
	Budget Year 2025/26	Growth %	Budget Year +1 2026/27	Growth %	Budget Year +2 2027/28
R thousand					
Revenue By Source					
Property rates	214 122 481	5.41	225 699 173	5.31	237 690 627
Service charges - electricity revenue	289 114 181	3.74	299 926 117	4.60	313 714 674
Service charges - water revenue	101 466 087	5.39	106 931 349	5.37	112 673 689
Service charges - sanitation revenue	80 728 986	5.42	85 107 884	5.34	89 651 170
Service charges - refuse revenue	52 852 109	5.41	55 709 671	5.40	58 716 845
Service charges - other	8 000 044	3.18	8 254 709	5.06	8 672 757
Rental of facilities and equipment	1 569 156	5.96	1 662 749	5.82	1 759 501
Interest earned - external investments	12 572 733	1.00	12 698 460	5.00	13 333 383
Interest earned - outstanding debtors	16 397 104	(6.11)	15 394 424	(6.07)	14 460 161
Surcharges and Taxes	55 023 901	5.36	57 971 042	5.42	61 115 805
Licences and permits	1 483 969	4.48	1 550 421	2.54	1 589 816
Agency services	2 662 968	2.38	2 726 229	2.18	2 785 616
Transfers and subsidies	210 464 250	(2.86)	204 454 250	1.57	207 672 300
Other revenue	21 516 137	(1.81)	21 127 089	7.73	22 759 268
Total Revenue (excluding capital transfers and contributions)	1 067 974 106	2.93	1 099 213 567	4.31	1 146 595 612

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.

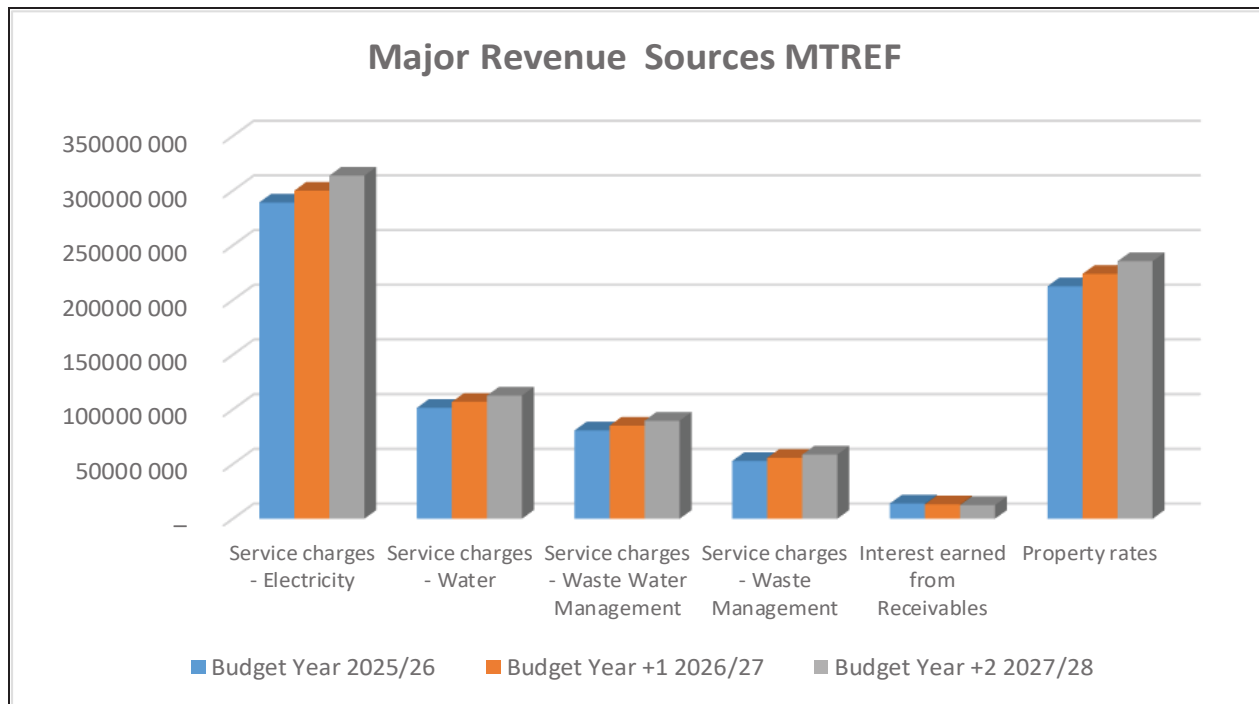
Table 4 Major sources of revenue

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

Source	Amount	%
Property rates	214 122 481	20.05
Electricity revenue	289 114 181	27.07
Water revenue	101 466 087	9.50
Sanitation revenue	80 728 986	7.56
Refuse revenue	52 852 109	4.95
Transfers and subsidies	210 464 250	19.71
Other revenue	119 226 012	11.16
Total	1 067 974 106	100.00

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 49.08 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.

The municipality is implementing a new general valuation roll with effect from 1 July 2025, the valuation date determined in accordance with the prescripts of the Municipal Property Rates Act (MPRA) is 1 July 2024. Owners have been notified of the new valuations and the objection period is currently open to all ratepayers.

The municipality will, in accordance with the MPRA perform a revenue neutrality action to mitigate the effect of the increased valuations on the amount of rates payable by customers. This principle will ensure that ratepayers are not overburdened by the tariff applied to the new valuations and will ensure only a moderate increase in the assessment rates revenue basket for the 2025/2026 financial year and beyond.

The municipality needs to make provision for objections and appeals to the valuations and will therefore have no alternative but to build in a safeguard/buffer in the tariff to ensure that revenue growth is secured, and the financial viability and sustainability of the municipality is not compromised through the implementation of the valuation roll.

A reduction in the assessment rate tariff (c/R) to be applied on the valuations is recommended for the 2025/2026 financial year, the reduction amounts to between 16.25% and 16.41% depending on the category of property and will bring the cent in the Rand rate in respect of residential properties down from 0.00638 to 0.00534.

It must be emphasized that the municipality cannot guarantee nor mitigate the effect that the increase in valuation has on each property owner individually, the rates revenue is determined as a total amount on the combined value of each category of property which could have a significantly different effect from one household to another.

Ratepayers are invited to study the newly determined valuations and if dissatisfied, lodge an objection to the valuation roll entry on the prescribed form readily available from all municipal offices and on the municipal website.

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.
- 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 Natures Valley SRA budget is included in the draft budget documents for public scrutiny.

The additional rates 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 and a non-payment percentage combined, estimated to be approximately 5% in total. It is proposed therefore that a surcharge of R 0.00092 in the Rand remain unchanged for the 2025/2026 financial year and be applied on the valuation of all properties in the Natures Valley area.

The Natures Valley SRA budget is attached to the budget as Annexure “L” and sets out the programs and planning in respect of the additional revenue raised through the implementation of the special rate. The budget submitted is in accordance with the Special Rating Area By-law presented for approval by council as part of the annual budget process.

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 2024)	Tariff (From 1 July 2025)
	C	C
Residential properties	.00638	.00534
Vacant residential properties	.00829	.00693
Institutional Public Benefit Org	.00160	.00134
Agricultural	.00160	.00134
Commercial Properties	.01064	.00890
Industrial Properties	.01064	.00890

The assessment rates tariff is decreased with between 16.25% and 16.41% depending on the category of property and the rand value of additional total rates revenue is anticipated to increase just above the upper limit of inflation targets for 2025/2026 save for the allowance for objections and appeals against the valuation roll values. An increase in the amount of revenue generated from assessment rates is necessary to cover the ever increasing cost to render services, such cost include 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 in maintenance and operational cost of municipal facilities, equipment and infrastructure.

From an analysis of the cost factors that necessary to provide an array of general and institutional as well as community related services, it is evident that community and general services are still cross subsidized from service charges and the move towards 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 remains 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.

The municipality is setting aside a budget to assist the indigent customers with small repairs and leaks that will ensure the curbing of water losses and limit consumption to within the subsidized quantities.

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.

The municipality continues 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 5.4 per cent from 1 July 2025 for water is determined, this proposed increase is in line with the upper limit of the inflation target of the reserve bank and needs to cover the cost of increase in commodity prices which in turn influences the price of materials, chemicals, components, spares, plant and equipment used in operational and maintenance activities associated with the service, these elements continue to increase above CPI and the municipality has little alternative to increase the price of water to ensure protect the financial viability and ensure the sustainability of the service.

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 2024/25 15% VAT Excl.	TARIFFS 2025/2025 15.5% VAT Excl.
	Rand per kℓ	Rand per kℓ
BUSINESS/COMMERCIAL/OTHER		
0 - 60 kilolitres	R 15.02	R 15.83
61 - 100 kilolitres	R 33.97	R 35.80
101 - 200 kilolitres	R 38.84	R 40.94
Above 200 kilolitres - Excluding Laundromats	R 43.66	R 46.02

CATEGORY	CURRENT TARIFFS 2024/25 15% VAT Excl.	TARIFFS 2025/2025 15.5% VAT Excl.
	Rand per kℓ	Rand per kℓ
Above 200 kilolitres – Laundromats	R 38.84	R 40.94

The Residential Tariff structure is as follows:

Table 7 Comparison of Residential water tariffs

CATEGORY – RESIDENTIAL AND CHURCHES	CURRENT TARIFFS 2024/25 15% VAT Excl.	TARIFFS 2025/2026 15.5% VAT Excl.
	Rand per kℓ	Rand per kℓ
0 - 25 kilolitres (included in minimum charge)	R -	R -
26 - 30 kilolitres	R 10.89	R 11.48
31 - 40 kilolitres	R 15.24	R 16.06
41 - 50 kilolitres	R 18.48	R 19.48
51 - 60 kilolitres	R 23.90	R 25.19
61 - 70 kilolitres	R 30.43	R 32.07
Above 70 kilolitres	R 59.79	R 63.02

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 11.32%, this will translate into an approximate increase of 9.9 % to municipal customers. The proposed tariff increase is subject to final approval from NERSA and will be implemented with effect from 1 July 2025 upon receipt of final approval from the National Energy Regulator.

The municipality is busy updating its cost of supply study that was initially submitted to NERSA in 2023 for approval, NERSA never considered the application, and it had to be updated again for the second time. A cost of supply (CoS) study is essential to ensure compliance with the requirements for electricity tariff setting as determined by law. The study provides an assessment of the expenditure and forecasted revenue generated by 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 2025/26 financial year.

As the updating of the Cost of Supply study as well as associated final proposed tariffs is still underway, the final proposed tariffs after restructuring will be distributed as part of the budget documents for public input whereafter it will accompany the tariff application to NERSA for final consideration.

In anticipation thereof, the proposed Cost of Supply tariff structure is included in the tariff listing, these restructured tariffs were made public with the 2023/2024 financial year budget and have been escalated with the average municipal electricity price increase over the last 2 years to illustrate the impact that the restructured tariffs may have on household.

It must be emphasized that the tariffs contained in the COS tariff listing are not yet final but serves indicative based on the basis year of the CoS study being 2023/2024 and have been escalated with the annual average electricity price increase. This serves to familiarise the consumers with the restructured tariffs, the tariff methodology and the possible impact that it may have on the monthly electricity bill.

NERSA has indicated that they will not consider tariff applications that are not supported by a Cost of Supply study, and it is therefore of essence that it once again be submitted to NERSA for consideration. Upon approval from NERSA the new tariff structure will be implemented.

The effect that the proposed restructuring of the electricity tariffs will have on consumers will be made public as soon as the update is finalised, and municipal consumers will be allowed sufficient time to provide input on the tariffs before it is finally submitted to council for approval.

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 2,005,211 per annum from own resources.

There was no appetite to deviate from this policy determination in the past, yet a serious consideration needs to be done in future budget cycles in the interest of the financial sustainability of the municipality.

Only indigent households will be exempted from the payment of basic charges with the requirement 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 2025 terms, this monthly income is equivalent to about R4 619 per month.”

1.4.4 Sanitation and Impact of Tariff Increases

A general tariff increase of 5.4 per cent for sanitation is recommended from 1 July 2025. 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 still has and the associated cost of alternative energy sources to mitigate the risk that sporadic loadshedding has on the functioning of municipal infrastructure such as 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 periods of power outages, the increase in the cost of protecting the assets, the cost of monitoring the pump stations and associated purification infrastructure as well as the continued rising in the cost of labour, chemicals and especially the rising cost of 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 necessary to increase the sewer tariffs in line with the inflationary predictions. A general tariff increase of 5.4% is therefore necessary for sustainable high-quality services.

The following factors also contribute to the tariff increase:

- Free sanitation will be applicable to registered indigents costing the municipality approximately R 33.6 million per annum.
- The total revenue that is expected to be generated from rendering this service amounts to R80,72 million for the 2025/26 financial year.

Table 8 Comparison of Sanitation tariffs

Category – Single residential	CURRENT TARIFFS 2023/24 15%VAT Excl.	TARIFFS 2024/25 15.5%VAT Excl.
Sanitation	R6829 per annum	R7198.00 per annum

The tariffs for all categories of customers will be increased with 5.4% 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, a testament to this is the fact that the municipality, for the first time in many years, experienced no backlog in refuse removals over the 2024 festive period. A 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 includes the provision of wheelie bins to all customers that will ensure appropriate measurement of waste volumes collected from customers. Further development at the waste transfer station is underway and special attention is paid to the reduction of bulky as well as green waste.

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 2025/2026 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 contract with Petro SA comes to an end in June 2025 and the waste will therefore be disposed at the Garden Route District Municipality regional landfill.

The new regional landfill site is in completion stage and Bitou Municipality will take up approximately 11% of the capacity of the landfill site. The municipality will start disposing of its refuse at the new regional landfill during the latter part of 2024/2025 financial year upon which payment shall be made to GRDM for the provision of the service.

The actual cost associated with the regional landfill will be determined once it is operational and the exact volumes of disposal are known, it needs to be emphasized that the cost associated with the use of the regional landfill has significantly increased from earlier predictions and estimations, yet the tariff for the ensuing financial year is only increased with 5.4%.

In spite of the previous increase in the tariff to cater for the disposal cost at the regional landfill, the service is still running at a deficit as a result of the under recovery of operational cost in respect of business waste, bulky waste and green waste disposal. It is common cause that these services are in addition to the household or business removal and is unavoidably subsidised through the application of the standard waste removal fees.

General tariff increases for residential and business customers of 5.4% for the 2025/2026 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 through the revenue enhancement program, further tariff increases are held in abeyance.

The fees for disposing of refuse at drop-off sites, especially bulky waste as well as green waste (garden waste) are still not appropriate to cover the cost of rendering the service and a revision of the tariffs are currently underway. It is proposed that the cost reflective tariffs for refuse removal be phased in from the 2026/2027 financial year after the thorough investigation into these tariffs is completed.

The municipality is aiming to implement a tariff methodology based on the input cost data relating to the service and the extent to which customers make use of the service which would be confirmed by 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 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 occurs. 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 2025:

Table 9 Comparison between current waste removal fees and increases

Category – Domestic/Churches and crèches	CURRENT TARIFFS 2024/25 15%VAT Excl.	TARIFFS 2025/26 15.5%VAT Excl.
Solid Waste removal	R 4 306.78 per annum	R 4 539.35 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%

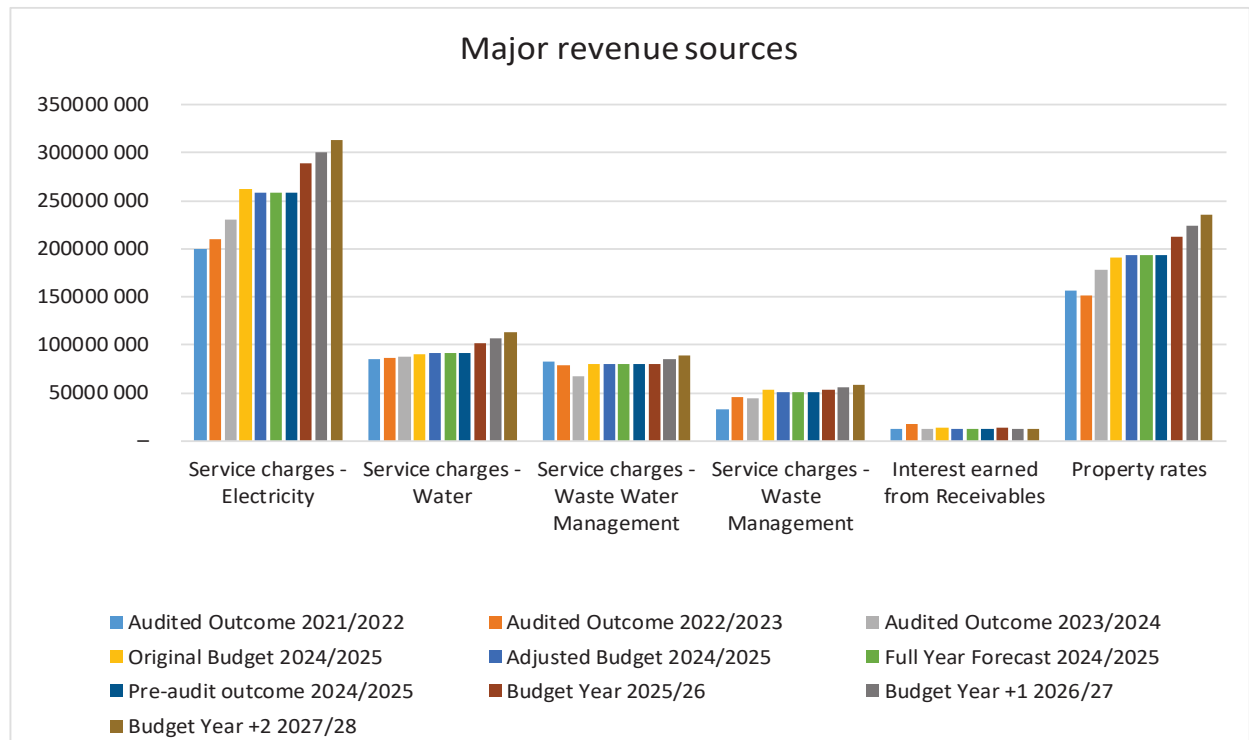
The tariff increases in respect of refuse removal are essential to ensure the recovery of all costs associated with the service over the MTREF and to ensure that the service becomes financially viable and remains financially sustainable in the long term. The reasons for the tariff increase are detailed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

- The increase in the cost of fuel and transport of refuse to landfill sites.
- Participation in the regional landfill
- 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 waste 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 transportation and processing garden refuse.
- 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 cost associated with the provision of skip bins in communities and the removal and disposal of waste collected in the skip bins

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 completion of the comprehensive cost reflective tariff study will guide the municipality in future refuse tariff setting, 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 own 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 comparison 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.

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	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26 % incr.	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		305.97	163.84	494.14	364.19	364.19	364.19	(16.3%)	304.65	321.10	338.44
Electricity: Basic levy		352.98	379.35	436.60	436.60	436.60	436.60	9.9%	479.80	527.30	579.50
Electricity: Consumption		2 176.63	2 268.54	2 611.07	2 896.21	2 896.21	2 896.21	9.9%	3 182.93	3 498.03	3 844.32
Water: Basic levy		384.73	403.20	222.30	239.00	239.00	239.00	5.4%	251.90	265.50	279.80
Water: Consumption		45.23	47.40	50.65	278.95	278.95	278.95	5.4%	293.90	309.75	326.50
Sanitation		475.13	497.94	531.80	569.08	569.08	569.08	5.4%	599.83	632.25	666.42
Refuse removal		275.69	288.92	308.57	358.90	358.90	358.90	5.4%	378.30	398.73	420.26
sub-total		4 016.36	4 049.19	4 655.13	5 142.93	5 142.93	5 142.93	6.8%	5 491.31	5 952.66	6 455.24
VAT on Services		556.56	582.80	624.15	716.81	716.81	716.81	8.5%	778.00	844.73	917.52
Total large household bill:		4 572.92	4 631.99	5 279.28	5 859.74	5 859.74	5 859.74	7.0%	6 269.31	6 797.39	7 372.76
% increase/-decrease			1.3%	14.0%	11.0%	-	-		7.0%	8.4%	8.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		215.38	216.63	842.60	3 094.30	-	257.86	(16.3%)	215.70	227.35	239.63
Electricity: Basic levy		352.98	379.35	436.60	436.60	-	436.60	9.9%	479.80	527.30	579.50
Electricity: Consumption		1 155.22	866.04	904.58	1 154.85	-	1 154.85	9.9%	1 269.17	1 394.81	1 532.89
Water: Basic levy		384.73	403.20	222.30	239.00	-	239.00	5.4%	251.90	265.50	279.80
Water: Consumption		-	-	-	224.50	-	224.50	5.3%	236.50	249.25	262.75
Sanitation		475.13	497.94	531.80	569.08	-	569.08	5.4%	599.83	632.25	666.42
Refuse removal		275.69	288.92	308.57	358.90	-	358.90	5.4%	378.30	398.73	420.26
sub-total		2 859.13	2 652.08	3 246.44	6 077.23	-	3 240.79	(43.5%)	3 431.20	3 695.19	3 981.24
VAT on Services		396.56	365.32	360.58	447.44	-	447.44	7.8%	482.33	520.18	561.24
Total small household bill:		3 255.69	3 017.40	3 607.01	6 524.67	-	3 688.23	(40.0%)	3 913.53	4 215.36	4 542.48
% increase/-decrease			(7.3%)	19.5%	80.9%	(100.0%)	-		6.1%	7.7%	7.8%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		116.59	488.82	562.62	623.94	-	623.94	9.9%	685.83	753.72	828.33
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		264.86	-	122.19	125.72	-	125.72	5.3%	132.44	139.58	147.14
Sanitation		-	-	-	-	-	-	-	-	-	-
sub-total		381.45	488.82	684.81	749.66	-	749.66	9.2%	818.27	893.30	975.47
Total small household bill:		381.45	488.82	684.81	749.66	-	749.66	9.2%	818.27	893.30	975.47
% increase/-decrease			28.1%	40.1%	9.5%	(100.0%)	-		9.2%	9.2%	9.2%

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 2025/26 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 2025/2026 budget and MTREF (classified per main type of operating expenditure)

Table 11 A4 – Budgeted Financial Performance

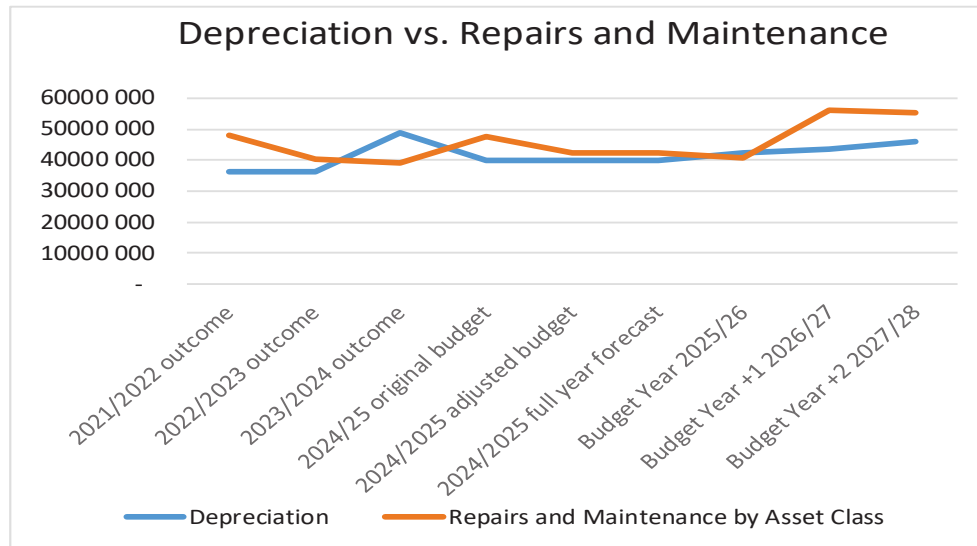
Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Expenditure By Type										
Employee related costs	278 100	286 329	312 820	370 938	378 617	378 617	378 617	395 995	407 402	427 252
Remuneration of councillors	6 198	6 721	7 376	7 879	7 879	7 879	7 879	7 685	8 047	8 425
Bulk purchases - electricity	159 802	162 599	197 628	231 959	224 959	224 959	224 959	250 425	263 847	280 180
Inventory consumed	14 864	15 349	16 652	18 699	20 641	20 641	20 641	22 814	24 238	19 924
Debt impairment	33 141	28 623	28 480	19 001	19 001	19 001	19 001	24 450	24 319	32 166
Depreciation and amortisation	36 135	36 393	48 851	40 002	40 002	40 002	40 002	42 228	43 706	45 932
Interest	11 102	19 740	20 922	14 063	13 917	13 917	13 917	16 046	21 171	27 178
Contracted services	102 726	72 886	77 655	103 758	115 272	115 272	115 272	139 171	121 579	113 822
Transfers and subsidies	4 527	5 626	9 208	12 283	10 871	10 871	10 871	12 383	12 498	9 292
Irrecoverable debts written off	93 735	88 945	74 426	61 150	61 150	61 150	61 150	61 650	61 550	59 880
Operational costs	57 505	72 059	76 823	91 144	91 300	91 300	91 300	89 346	101 670	101 683
Losses on disposal of Assets	1 720	1 515	3 217	-	-	-	-	-	-	-
Total Expenditure	799 555	796 787	874 059	970 877	983 608	983 608	983 608	1 062 192	1 090 028	1 125 734

The budgeted allocation for employee related costs excluding public office bearer's remuneration for the 2025/2026 financial year totals R 395 995 115 million which equals 37.28 per cent of the total operating expenditure. A provision for a 5.15 % general salary increase is made for the 2025/2026 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 2025/2026 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 42 227 797 for the 2025/26 financial year and equates to 3.98 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.

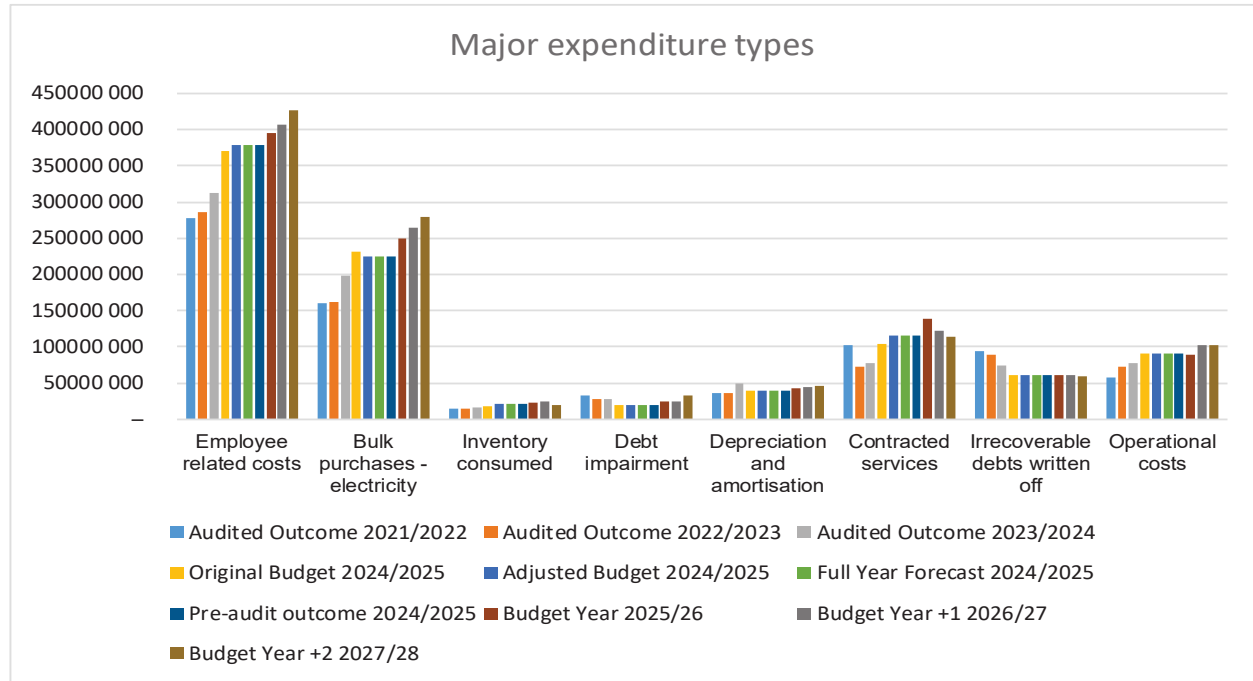
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.51 per cent or R 16 046 284 of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increase has 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 250,000 for either the replacement or installation of new and enhanced metering equipment for the 2025/2026 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:

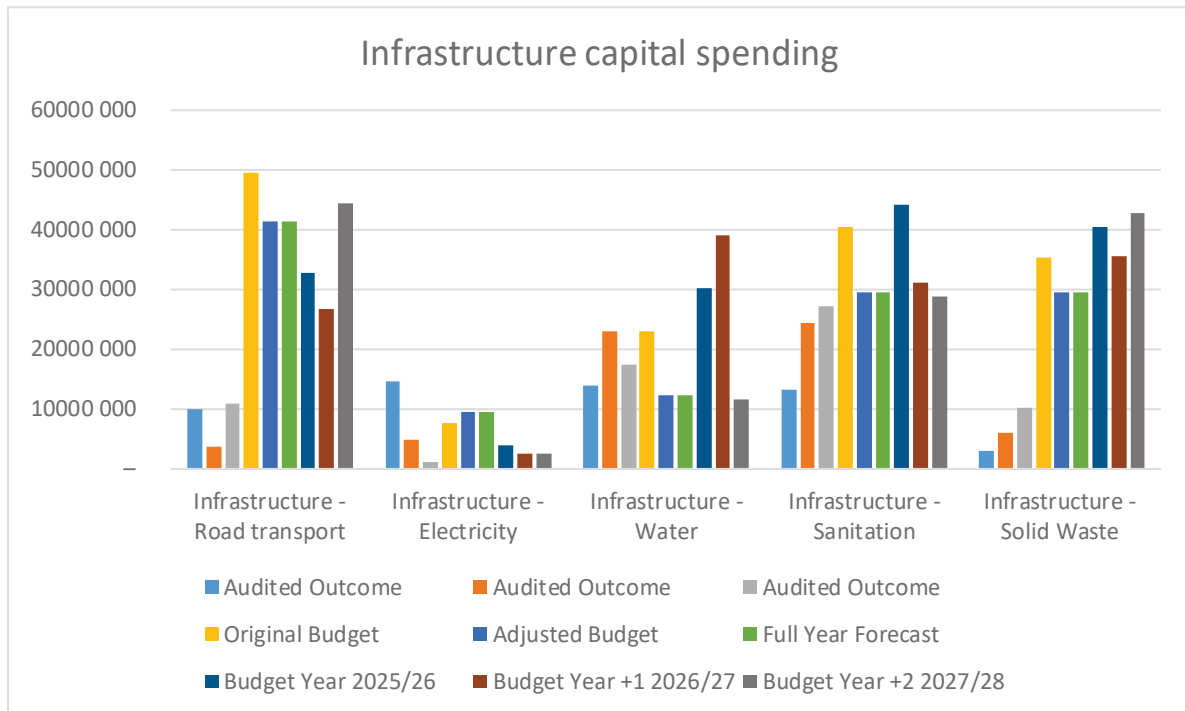
Table 12 2025/26 Medium-term capital budget per vote

WC047 Bitou - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<u>Capital expenditure - Vote</u>										
<u>Multi-year expenditure to be appropriated</u>										
Vote 3 - Community Services	2 428	1 685	3 636	5 405	5 461	5 461	5 461	2 900	9 550	7 600
Vote 4 - Corporate Services	520	2 086	256	868	828	828	828	349	–	–
Vote 5 - Financial Services	–	–	–	–	–	–	–	–	–	–
Vote 7 - Engineering Services	18 371	40 411	41 212	143 726	118 509	118 509	118 509	131 624	131 267	136 975
Capital multi-year expenditure sub-total	21 318	44 182	45 103	149 999	124 797	124 797	124 797	134 873	140 817	144 575
<u>Single-year expenditure to be appropriated</u>										
Vote 1 - Council	–	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	–	–	149	–	731	731	731	–	–	–
Vote 3 - Community Services	6 900	5 563	1 021	3 796	2 543	2 543	2 543	12 195	13 071	6 600
Vote 4 - Corporate Services	2 592	59	1 513	1 292	1 214	1 214	1 214	2 235	1 106	746
Vote 5 - Financial Services	2 713	1	33	–	–	–	–	–	–	–
Vote 6 - Economic Development & Planning	–	435	301	–	–	–	–	–	–	–
Vote 7 - Engineering Services	46 052	34 567	56 191	28 073	21 796	21 796	21 796	29 138	19 950	3 050
Capital single-year expenditure sub-total	58 256	40 625	59 208	33 161	26 283	26 283	26 283	43 568	34 127	10 396
Total Capital Expenditure - Vote	79 574	84 807	104 311	183 160	151 080	151 080	151 080	178 441	174 944	154 971

The Capital Budget increases from R151,08 million in 2024/25 to R178,441 million in 2025/26, thereafter it decreases to R 174,944 million for 2026/2027 and reduces to R154,971 million in the 2027/2028 financial year, and the total amount of capital investment over the MTREF amounts to R 508.3 million.

Total new assets represent 63.4 percent of the total capital budget, upgrading and renewal of existing assets represent 36.6 percent or R 61.99 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	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Financial Performance										
Property rates	157 194	151 413	178 261	191 257	193 250	193 250	193 250	212 575	223 838	235 478
Service charges	401 993	420 558	431 020	486 846	481 772	481 772	481 772	524 161	547 675	574 756
Investment revenue	3 747	8 035	13 203	12 448	12 448	12 448	12 448	12 573	12 698	13 333
Transfer and subsidies - Operational	141 588	155 970	166 503	176 893	187 363	187 363	187 363	210 464	204 454	207 672
Other own revenue	94 804	103 971	120 740	105 822	112 045	112 045	112 045	108 201	110 548	115 356
Total Revenue (excluding capital transfers and	799 325	839 947	909 728	973 266	986 878	986 878	986 878	1 067 974	1 099 214	1 146 596
Employee costs	278 100	286 329	312 820	370 938	378 617	378 617	378 617	395 995	407 402	427 252
Remuneration of councillors	6 198	6 721	7 376	7 879	7 879	7 879	7 879	7 685	8 047	8 425
Depreciation and amortisation	36 135	36 393	48 851	40 002	40 002	40 002	40 002	42 228	43 706	45 932
Interest	11 102	19 740	20 922	14 063	13 917	13 917	13 917	16 046	21 171	27 178
Inventory consumed and bulk purchases	174 666	177 949	214 280	250 658	245 600	245 600	245 600	273 238	288 085	300 104
Transfers and subsidies	4 527	5 626	9 208	12 283	10 871	10 871	10 871	12 383	12 498	9 292
Other expenditure	288 952	264 037	260 712	275 053	286 722	286 722	286 722	314 616	309 118	307 550
Total Expenditure	799 680	796 795	874 170	970 877	983 608	983 608	983 608	1 062 192	1 090 028	1 125 734
Surplus/(Deficit)	(355)	43 151	35 558	2 389	3 270	3 270	3 270	5 782	9 185	20 862
Transfers and subsidies - capital (monetary allocations)	48 270	36 567	50 307	130 854	91 558	91 558	91 558	66 671	58 881	75 643
Transfers and subsidies - capital (in-kind)	325	-	33	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	48 240	79 718	85 897	133 243	94 828	94 828	94 828	72 452	68 066	96 505
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	48 240	79 718	85 897	133 243	94 828	94 828	94 828	72 452	68 066	96 505
Capital expenditure & funds sources										
Capital expenditure	79 574	84 807	104 311	183 160	151 080	151 080	151 080	178 441	174 944	154 971
Transfers recognised - capital	60 631	33 505	44 924	107 616	87 112	87 112	87 112	63 190	54 844	71 443
Borrowing	-	32 098	35 920	50 033	35 125	35 125	35 125	87 121	74 808	43 400
Internally generated funds	18 943	19 203	23 434	25 511	28 843	28 843	28 843	28 130	45 292	40 128
Total sources of capital funds	79 574	84 806	104 279	183 160	151 080	151 080	151 080	178 441	174 944	154 971
Financial position										
Total current assets	341 997	428 615	560 528	466 245	606 454	606 454	355 457	553 503	507 787	535 464
Total non current assets	1 218 969	1 220 342	1 298 587	1 415 909	1 445 004	1 445 004	1 445 004	1 470 139	1 465 164	1 442 966
Total current liabilities	359 377	391 277	442 316	439 810	479 641	479 641	479 641	448 164	372 417	355 680
Total non current liabilities	134 689	162 293	192 078	199 510	216 846	216 846	216 846	242 883	272 325	266 102
Community wealth/Equity	1 066 943	1 151 922	1 260 061	1 242 834	1 393 387	1 393 387	1 394 314	1 332 596	1 328 209	1 356 648
Cash flows										
Net cash from (used) operating	152 566	102 148	99 858	151 894	120 483	120 483	120 483	74 207	68 798	95 694
Net cash from (used) investing	(8 658)	17 007	28 971	(179 210)	(150 733)	(150 733)	(150 733)	(178 731)	(174 500)	(154 971)
Net cash from (used) financing	(21 604)	13 110	21 202	29 662	20 141	20 141	20 141	44 060	51 881	17 728
Cash/cash equivalents at the year end	195 769	180 892	245 109	62 086	155 323	155 323	155 323	104 968	51 147	9 599
Cash backing/surplus reconciliation										
Cash and investments available	58 480	95 078	165 432	60 220	149 119	149 119	59 740	106 418	87 885	112 538
Application of cash and investments	(149 229)	36 441	26 871	(127 311)	11 412	11 412	11 412	(22 438)	(79 621)	(73 681)
Balance - surplus (shortfall)	207 709	58 637	138 561	187 530	137 708	137 708	48 329	128 856	167 506	186 219
Asset management										
Asset register summary (WDV)	1 209 147	1 220 342	1 298 587	1 415 909	1 445 004	1 445 004		1 470 139	1 465 164	1 442 966
Depreciation	36 135	36 393	48 851	40 002	40 002	40 002		42 228	43 706	45 932
Renewal and Upgrading of Existing Assets	5 513	31 636	34 540	66 117	61 274	61 274		65 310	73 020	65 855
Repairs and Maintenance	47 976	40 393	39 137	47 749	42 231	42 231		40 784	56 091	55 402
Free services										
Cost of Free Basic Services provided	-	34 247	(7 289)	74 160	73 859	73 859		85 067	90 003	95 239
Revenue cost of free services provided	5 860	5 189	(1 628)	6 133	6 719	6 719		7 391	7 768	8 172

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	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue - Functional										
<i>Governance and administration</i>		229 606	307 186	314 966	299 323	301 853	301 853	320 813	336 032	351 726
Executive and council		51 060	131 274	101 411	69 660	69 567	69 567	72 422	75 409	77 807
Finance and administration		178 547	175 569	213 407	229 663	232 286	232 286	248 391	260 623	273 919
Internal audit		-	343	148	-	-	-	-	-	-
<i>Community and public safety</i>		77 217	75 841	92 447	170 294	142 712	142 712	144 187	121 444	140 245
Community and social services		11 957	13 318	9 717	12 854	12 862	12 862	12 958	12 959	12 963
Sport and recreation		546	1 079	657	301	647	647	318	335	353
Public safety		56 550	49 994	62 927	55 760	57 063	57 063	58 663	61 736	64 938
Housing		8 163	11 450	19 147	101 379	72 140	72 140	72 249	46 413	61 991
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		25 536	12 772	18 246	34 896	40 604	40 604	38 363	41 320	40 016
Planning and development		23 756	12 249	17 798	34 716	40 464	40 464	38 233	37 690	39 870
Road transport		1 780	523	447	180	140	140	130	3 630	146
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		515 098	479 221	533 037	598 522	592 987	592 987	630 540	658 793	689 717
Energy sources		231 502	224 391	250 377	290 482	289 787	289 787	322 704	336 262	351 540
Water management		129 227	113 300	136 621	124 685	126 636	126 636	125 579	131 588	137 991
Waste water management		101 399	91 365	87 815	104 393	101 766	101 766	104 327	109 332	114 610
Waste management		52 971	50 164	58 224	78 961	74 797	74 797	77 929	81 611	85 575
<i>Other</i>	4	463	1 494	1 371	1 086	280	280	741	506	536
Total Revenue - Functional	2	847 920	876 513	960 067	1 104 120	1 078 436	1 078 436	1 134 645	1 158 094	1 222 239
Expenditure - Functional										
<i>Governance and administration</i>		80 276	151 674	192 671	219 347	232 086	232 086	233 504	240 503	247 052
Executive and council		25 703	28 646	40 184	39 356	41 984	41 984	43 726	40 872	41 863
Finance and administration		50 164	118 506	147 604	171 974	183 692	183 692	182 750	192 715	198 035
Internal audit		4 409	4 522	4 882	8 018	6 409	6 409	7 027	6 916	7 155
<i>Community and public safety</i>		147 073	162 056	139 463	186 787	197 983	197 983	216 854	203 737	203 089
Community and social services		29 606	29 060	29 709	33 853	35 312	35 312	36 788	36 600	35 682
Sport and recreation		22 703	17 681	17 584	34 036	35 018	35 018	31 672	32 340	33 345
Public safety		74 595	95 327	77 118	105 313	104 717	104 717	108 302	107 147	107 782
Housing		20 168	19 988	15 052	13 584	22 938	22 938	40 091	27 650	26 280
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		77 632	78 660	76 781	88 465	90 812	90 812	98 808	107 305	109 381
Planning and development		41 841	48 114	45 089	54 048	56 744	56 744	65 191	67 378	64 398
Road transport		35 790	30 546	31 692	34 417	34 069	34 069	33 617	39 926	44 983
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		462 095	390 156	424 937	470 053	454 326	454 326	499 760	525 738	553 321
Energy sources		205 344	198 308	241 995	283 961	272 714	272 714	305 746	322 206	351 535
Water management		79 087	383	75 937	65 895	65 334	65 334	68 110	73 531	76 838
Waste water management		123 115	135 572	44 009	55 469	54 222	54 222	60 929	63 774	56 684
Waste management		54 548	55 893	62 996	64 728	62 056	62 056	64 976	66 227	68 264
<i>Other</i>	4	32 597	14 249	40 319	6 225	8 401	8 401	13 267	12 746	12 891
Total Expenditure - Functional	3	799 673	796 795	874 170	970 877	983 608	983 608	1 062 192	1 090 028	1 125 734
Surplus/(Deficit) for the year		48 248	79 718	85 897	133 243	94 828	94 828	72 452	68 066	96 505

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	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
Revenue by Vote	1									
Vote 1 - Council		2 918	18	–	3 004	3 004	3 004	3 126	3 250	2 365
Vote 2 - Office of the Municipal Manager		48 142	131 670	101 437	66 656	66 563	66 563	69 296	72 159	75 442
Vote 3 - Community Services		130 285	116 919	134 314	153 695	150 153	150 153	151 284	157 864	165 124
Vote 4 - Corporate Services		526	3 910	2 368	19	539	539	19	19	–
Vote 5 - Financial Services		177 153	170 953	209 749	224 929	227 275	227 275	247 715	259 907	273 160
Vote 6 - Economic Development & Planning		27 581	20 989	29 638	111 335	82 115	82 115	80 767	53 599	69 581
Vote 7 - Engineering Services		479 121	432 053	482 562	544 481	548 786	548 786	582 437	611 297	636 567
Total Revenue by Vote	2	865 725	876 513	960 067	1 104 120	1 078 436	1 078 436	1 134 645	1 158 094	1 222 239
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		7 836	8 072	11 819	12 945	12 841	12 841	12 480	12 950	13 545
Vote 2 - Office of the Municipal Manager		23 301	28 233	31 787	32 114	33 921	33 921	41 465	39 831	40 945
Vote 3 - Community Services		227 404	221 713	247 579	252 128	253 735	253 735	261 468	262 496	267 619
Vote 4 - Corporate Services		69 357	61 082	66 195	89 641	101 812	101 812	108 895	119 484	124 325
Vote 5 - Financial Services		31 971	47 102	59 749	70 683	71 444	71 444	70 594	67 658	68 026
Vote 6 - Economic Development & Planning		44 518	45 380	43 236	52 018	61 180	61 180	80 135	68 466	63 173
Vote 7 - Engineering Services		413 099	385 212	413 805	461 348	448 674	448 674	487 155	519 144	548 101
Total Expenditure by Vote	2	817 485	796 795	874 170	970 877	983 608	983 608	1 062 192	1 090 028	1 125 734
Surplus/(Deficit) for the year	2	48 240	79 718	85 897	133 243	94 828	94 828	72 452	68 066	96 505

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 74.50% 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	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	200 313	210 201	230 904	262 129	259 136	259 136	259 136	289 114	299 926	313 715
Service charges - Water	2	85 578	86 449	87 795	90 492	92 029	92 029	92 029	101 466	106 931	112 674
Service charges - Waste Water Management	2	82 693	78 406	67 358	80 372	79 624	79 624	79 624	80 729	85 108	89 651
Service charges - Waste Management	2	33 409	45 502	44 964	53 852	50 983	50 983	50 983	52 852	55 710	58 717
Sale of Goods and Rendering of Services		7 259	6 867	7 520	9 687	10 072	10 072	10 072	8 000	8 255	8 673
Agency services		2 423	2 501	2 498	2 840	2 840	2 840	2 840	2 663	2 726	2 786
Interest earned from Receivables		12 131	17 120	13 243	13 870	12 458	12 458	12 458	13 965	13 205	12 490
Interest earned from Current and Non Current Assets		3 747	8 035	13 203	12 448	12 448	12 448	12 448	12 573	12 698	13 333
Rental from Fixed Assets		1 255	1 124	1 354	2 210	1 610	1 610	1 610	1 569	1 663	1 760
Licence and permits		1 091	1 196	1 427	565	661	661	661	665	704	736
Operational Revenue		2 082	3 683	7 415	2 800	9 667	9 667	9 667	6 728	5 572	6 378
Non-Exchange Revenue											
Property rates	2	157 194	151 413	178 261	191 257	193 250	193 250	193 250	212 575	223 838	235 478
Surcharges and Taxes		–	–	1 420	1 589	1 441	1 441	1 441	1 547	1 861	2 213
Fines, penalties and forfeits		54 430	46 722	60 451	50 836	52 397	52 397	52 397	55 024	57 971	61 116
Licences or permits		–	–	–	796	796	796	796	819	846	854
Transfer and subsidies - Operational		141 588	155 970	166 503	176 893	187 363	187 363	187 363	210 464	204 454	207 672
Interest		2 647	4 242	2 292	1 844	2 202	2 202	2 202	2 433	2 189	1 970
Operational Revenue		11 486	2 064	14 750	14 835	13 953	13 953	13 953	14 788	15 555	16 381
Gains on disposal of Assets		–	441	–	3 950	3 950	3 950	3 950	–	–	–
Other Gains		–	18 011	8 370	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	Ref	799 325	839 947	909 728	973 266	986 878	986 878	986 878	1 067 974	1 099 214	1 146 596
Expenditure											
Employee related costs	2	278 100	286 329	312 820	370 938	378 617	378 617	378 617	395 995	407 402	427 252
Remuneration of councillors		6 198	6 721	7 376	7 879	7 879	7 879	7 879	7 685	8 047	8 425
Bulk purchases - electricity	2	159 802	162 599	197 628	231 959	224 959	224 959	224 959	250 425	263 847	280 180
Inventory consumed	8	14 864	15 349	16 652	18 699	20 641	20 641	20 641	22 814	24 238	19 924
Debt impairment	3	33 141	28 623	28 480	19 001	19 001	19 001	19 001	24 450	24 319	32 166
Depreciation and amortisation		36 135	36 393	48 851	40 002	40 002	40 002	40 002	42 228	43 706	45 932
Interest		11 102	19 740	20 922	14 063	13 917	13 917	13 917	16 046	21 171	27 178
Contracted services		102 726	72 886	77 655	103 758	115 272	115 272	115 272	139 171	121 579	113 822
Transfers and subsidies		4 527	5 626	9 208	12 283	10 871	10 871	10 871	12 383	12 498	9 292
Irrecoverable debts written off		93 735	88 945	74 426	61 150	61 150	61 150	61 150	61 650	61 550	59 880
Operational costs		57 505	72 059	76 823	91 144	91 300	91 300	91 300	89 346	101 670	101 683
Losses on disposal of Assets		1 720	1 515	3 217	–	–	–	–	–	–	–
Other Losses		125	9	111	–	–	–	–	–	–	–
Total Expenditure		799 680	796 795	874 170	970 877	983 608	983 608	983 608	1 062 192	1 090 028	1 125 734
Surplus/(Deficit)		(355)	43 151	35 558	2 389	3 270	3 270	3 270	5 782	9 185	20 862
Transfers and subsidies - capital (monetary allocations)	6	48 270	36 567	50 307	130 854	91 558	91 558	91 558	66 671	58 881	75 643
Transfers and subsidies - capital (in-kind)	6	325	–	33	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		48 240	79 718	85 897	133 243	94 828	94 828	94 828	72 452	68 066	96 505
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		48 240	79 718	85 897	133 243	94 828	94 828	94 828	72 452	68 066	96 505
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		48 240	79 718	85 897	133 243	94 828	94 828	94 828	72 452	68 066	96 505
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–

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	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 3 - Community Services		2 428	1 685	3 636	5 405	5 461	5 461	5 461	2 900	9 550	7 600
Vote 4 - Corporate Services		520	2 086	256	868	828	828	828	349	-	-
Vote 7 - Engineering Services		18 371	40 411	41 212	143 726	118 509	118 509	118 509	131 624	131 267	136 975
Capital multi-year expenditure sub-total		21 318	44 182	45 103	149 999	124 797	124 797	124 797	134 873	140 817	144 575
Single-year expenditure to be appropriated	2										
Vote 2 - Office of the Municipal Manager		-	-	149	-	731	731	731	-	-	-
Vote 3 - Community Services		6 900	5 563	1 021	3 796	2 543	2 543	2 543	12 195	13 071	6 600
Vote 4 - Corporate Services		2 592	59	1 513	1 292	1 214	1 214	1 214	2 235	1 106	746
Vote 5 - Financial Services		2 713	1	33	-	-	-	-	-	-	-
Vote 6 - Economic Development & Planning		-	435	301	-	-	-	-	-	-	-
Vote 7 - Engineering Services		46 052	34 567	56 191	28 073	21 796	21 796	21 796	29 138	19 950	3 050
Capital single-year expenditure sub-total		58 256	40 625	59 208	33 161	26 283	26 283	26 283	43 568	34 127	10 396
Total Capital Expenditure - Vote	3,7	79 574	84 807	104 311	183 160	151 080	151 080	151 080	178 441	174 944	154 971
Capital Expenditure - Functional											
Governance and administration		19 190	2 549	17 223	9 350	10 550	10 550	10 550	2 784	3 806	846
Executive and council		-	-	149	-	731	731	731	-	-	-
Finance and administration		19 190	2 549	17 073	9 350	9 819	9 819	9 819	2 784	3 806	846
Community and public safety		5 665	5 607	4 207	6 302	7 253	7 253	7 253	7 895	17 621	11 200
Community and social services		605	2 352	3 909	304	1 798	1 798	1 798	-	-	-
Sport and recreation		2 774	921	-	4 455	4 455	4 455	4 455	5 900	11 571	3 500
Public safety		2 286	2 334	298	1 542	1 000	1 000	1 000	1 995	6 050	7 700
Economic and environmental services		9 984	9 570	12 288	47 401	43 527	43 527	43 527	37 519	32 490	47 496
Planning and development		-	435	301	-	-	-	-	50	50	50
Road transport		9 984	9 135	11 987	47 401	43 527	43 527	43 527	37 469	32 440	47 446
Trading services		44 734	67 081	70 593	120 108	89 750	89 750	89 750	130 243	121 027	95 430
Energy sources		19 459	25 395	19 492	26 065	15 658	15 658	15 658	32 187	41 725	13 505
Water management		17 352	25 002	33 290	45 070	33 855	33 855	33 855	50 664	37 667	35 574
Waste water management		4 273	15 302	17 811	46 673	39 488	39 488	39 488	40 292	38 635	43 350
Waste management		3 650	1 382	-	2 300	750	750	750	7 100	3 000	3 000
Total Capital Expenditure - Functional	3,7	79 574	84 807	104 311	183 160	151 080	151 080	151 080	178 441	174 944	154 971
Funded by:											
National Government		42 019	26 721	29 398	29 331	29 331	29 331	29 331	22 455	25 231	26 252
Provincial Government		18 287	6 741	15 527	78 285	57 782	57 782	57 782	40 735	29 613	45 191
District Municipality		-	43	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		325	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	60 631	33 505	44 924	107 616	87 112	87 112	87 112	63 190	54 844	71 443
Borrowing	6	-	32 098	35 920	50 033	35 125	35 125	35 125	87 121	74 808	43 400
Internally generated funds		18 943	19 203	23 434	25 511	28 843	28 843	28 843	28 130	45 292	40 128
Total Capital Funding	7	79 574	84 806	104 279	183 160	151 080	151 080	151 080	178 441	174 944	154 971

Table 18 MBRR A6 - Budgeted Financial Position

WC047 Bitou - Table A6 Budgeted Financial Position											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		48 623	95 078	165 432	60 220	149 119	149 119	59 740	106 418	87 885	112 538
Trade and other receivables from exchange transactions	1	–	50 064	54 528	75 841	73 047	73 047	17 890	70 190	60 014	54 896
Receivables from non-exchange transactions	1	53 619	11 418	40 213	97 230	81 355	81 355	46 706	77 001	82 539	86 297
Current portion of non-current receivables		223 387	9	9	11	9	9	11	9	9	9
Inventory	2	11	15 357	15 845	20 180	18 268	18 268	18 346	15 221	(7 333)	(2 958)
VAT		16 358	256 271	283 602	212 584	283 602	283 602	212 584	283 602	283 602	283 602
Other current assets		–	418	898	180	1 052	1 052	180	1 061	1 070	1 079
Total current assets		341 997	428 615	560 528	466 245	606 454	606 454	355 457	553 503	507 787	535 464
Non current assets											
Investments		9 857	–	–	–	–	–	–	–	–	–
Investment property		12 692	12 692	14 050	12 692	14 050	14 050	14 050	14 050	14 050	14 050
Property, plant and equipment	3	1 196 419	1 207 615	1 284 499	1 403 181	1 430 917	1 430 917	1 430 917	1 456 052	1 451 077	1 428 879
Biological assets		–	–	–	–	–	–	–	–	–	–
Heritage assets		–	35	38	35	38	38	38	38	38	38
Total non current assets		1 218 969	1 220 342	1 298 587	1 415 909	1 445 004	1 445 004	1 445 004	1 470 139	1 465 164	1 442 966
TOTAL ASSETS		1 560 966	1 648 957	1 859 115	1 882 153	2 051 458	2 051 458	1 800 461	2 023 643	1 972 951	1 978 430
LIABILITIES											
Current liabilities											
Financial liabilities		21 828	19 531	20 425	1 103	41 876	41 876	41 876	41 890	20 648	(5 247)
Consumer deposits		9 848	10 793	11 362	9 848	11 362	11 362	11 362	11 362	11 362	11 362
Trade and other payables from exchange transactions	4	75 213	92 091	125 575	86 278	152 925	152 925	152 925	112 588	60 156	70 088
Trade and other payables from non-exchange transactions	5	(9 496)	(17 007)	(31 403)	(13 526)	(43 017)	(43 017)	(43 017)	(34 294)	(36 343)	(37 129)
Provision		53 985	39 585	47 936	116 950	48 075	48 075	48 075	48 198	48 174	48 185
VAT		207 999	246 284	268 421	239 157	268 421	268 421	268 421	268 421	268 421	268 421
Total current liabilities		359 377	391 277	442 316	439 810	479 641	479 641	479 641	448 164	372 417	355 680
Non current liabilities											
Financial liabilities	6	66 876	82 764	107 718	130 734	106 408	106 408	106 408	130 313	159 376	151 118
Provision	7	13 052	13 052	13 801	10 320	13 801	13 801	13 801	13 801	13 801	13 801
Other non-current liabilities		54 761	66 477	70 559	58 456	96 636	96 636	96 636	98 769	99 148	101 183
Total non current liabilities		134 689	162 293	192 078	199 510	216 846	216 846	216 846	242 883	272 325	266 102
TOTAL LIABILITIES		494 067	553 570	634 394	639 320	696 487	696 487	696 487	691 047	644 742	621 781
NET ASSETS		1 066 899	1 095 387	1 224 721	1 242 834	1 354 971	1 354 971	1 103 974	1 332 596	1 328 209	1 356 648
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	1 048 393	1 121 972	1 183 380	1 167 034	1 316 706	1 316 706	1 317 633	1 255 915	1 251 528	1 279 967
Reserves and funds	9	18 550	29 950	76 681	75 800	76 681	76 681	76 681	76 681	76 681	76 681
TOTAL COMMUNITY WEALTH/EQUITY	10	1 066 943	1 151 922	1 260 061	1 242 834	1 393 387	1 393 387	1 394 314	1 332 596	1 328 209	1 356 648

Table 19 MBRR A7 - Budgeted Cash Flow Statement

WC047 Bitou - Table A7 Budgeted Cash Flows											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		136 106	130 542	163 105	175 067	174 808	174 808	174 808	193 054	203 509	214 306
Service charges		355 074	359 234	418 554	434 972	435 238	435 238	435 238	484 812	516 605	542 582
Other revenue		18 506	12 787	23 655	26 596	26 669	26 669	26 669	19 889	20 511	21 596
Transfers and Subsidies - Operational	1	163 232	164 646	167 745	176 723	184 382	184 382	184 382	210 464	204 454	207 672
Transfers and Subsidies - Capital	1	50 205	47 011	48 907	130 854	91 558	91 558	91 558	66 671	58 881	75 643
Interest		20 228	5 700	15 596	12 448	12 448	12 448	12 448	12 573	12 698	13 333
Payments											
Suppliers and employees		(575 232)	(602 011)	(712 046)	(778 720)	(778 720)	(778 720)	(778 720)	(887 825)	(914 192)	(942 968)
Interest		(11 090)	(8 776)	(13 428)	(14 063)	(13 917)	(13 917)	(13 917)	(16 046)	(21 171)	(27 178)
Transfers and Subsidies	1	(4 462)	(6 985)	(12 230)	(11 983)	(11 983)	(11 983)	(11 983)	(9 383)	(12 498)	(9 292)
NET CASH FROM/(USED) OPERATING ACTIVITIES		152 566	102 148	99 858	151 894	120 483	120 483	120 483	74 207	68 798	95 694
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		448	-	10 962	3 950	3 950	3 950	3 950	-	-	-
Decrease (increase) in non-current receivables		1	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(9 107)	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	17 007	18 009	(183 160)	(154 683)	(154 683)	(154 683)	(178 731)	(174 500)	(154 971)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(8 658)	17 007	28 971	(179 210)	(150 733)	(150 733)	(150 733)	(178 731)	(174 500)	(154 971)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		-	35 255	40 150	50 033	40 545	40 545	40 545	64 400	74 808	43 400
Increase (decrease) in consumer deposits		835	(341)	568	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(22 439)	(21 804)	(19 517)	(20 372)	(20 404)	(20 404)	(20 404)	(20 340)	(22 927)	(25 672)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(21 604)	13 110	21 202	29 662	20 141	20 141	20 141	44 060	51 881	17 728
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	73 465	48 627	95 078	59 740	165 432	165 432	165 432	165 432	104 968	51 147
Cash/cash equivalents at the year end:	2	195 769	180 892	245 109	62 086	155 323	155 323	155 323	104 968	51 147	9 599
References											

The cash flow budget shows that a decrease in cash held is anticipated for the 2025/2026 financial year where-after the liquidity position continues to decline over the MTREF up to the 2027/2028 financial year, a reduction in the liquidity position is anticipated over the MTREF at the current rate of expenditure and the debtor's collection rate failing to rise above 90%. The municipality will need to put in a concerted effort to collect all debt due, especially in the Eskom distribution areas. Concerted efforts are also necessary to ensure value for money spending and reducing of cost in all areas of work.

A conservative budgeting approach is used, where revenue is slightly underestimated, and expenditure is slightly over estimated resulting prudent cash flow predictions, considering the previous years results, and if measures are implemented successfully, a cashflow surplus may be possible over the MTREF although the draft budget suggests otherwise.

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

WC047 Bitou - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	195 769	180 892	245 109	62 086	155 323	155 323	155 323	104 968	51 147	9 599
Other current investments > 90 days		(147 146)	(85 814)	(79 676)	(1 867)	(6 204)	(6 204)	(95 583)	1 450	36 737	102 940
Non current Investments	1	9 857	-	-	-	-	-	-	-	-	-
Cash and investments available:		58 480	95 078	165 432	60 220	149 119	149 119	59 740	106 418	87 885	112 538
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent capital		(9 496)	(17 007)	(31 403)	(14 676)	(41 202)	(41 202)	(41 202)	(37 294)	(36 343)	(37 129)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	4 585	9 986	15 182	(26 573)	15 182	15 182	15 182	15 182	15 182	15 182
Other working capital requirements	3	(153 971)	83 047	91 028	5 041	85 368	85 368	85 368	47 611	(10 523)	(3 797)
Other provisions		(204)	(39 585)	(47 936)	(91 103)	(47 936)	(47 936)	(47 936)	(47 936)	(47 936)	(47 936)
Long term investments committed	4	9 857	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(149 229)	36 441	26 871	(127 311)	11 412	11 412	11 412	(22 438)	(79 621)	(73 681)
Surplus(shortfall)		207 709	58 637	138 561	187 530	137 708	137 708	48 329	128 856	167 506	186 219

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	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	73 011	53 171	69 771	117 043	89 807	89 807	113 131	101 923	89 116
Roads Infrastructure		23 865	2 780	7 138	44 573	33 079	33 079	17 269	12 245	25 596
Electrical Infrastructure		14 211	15 975	4 169	15 241	7 165	7 165	24 756	33 344	9 505
Water Supply Infrastructure		10 972	14 445	23 214	18 043	14 127	14 127	29 146	16 768	18 873
Sanitation Infrastructure		2 733	-	4 500	21 028	16 124	16 124	21 962	16 870	18 953
Solid Waste Infrastructure		3 056	-	-	500	500	500	-	-	-
Information and Communication Infrastructure		-	43	-	-	-	-	-	-	-
Infrastructure		54 837	33 243	39 021	99 385	70 995	70 995	93 133	79 227	72 927
Community Facilities		325	435	301	3 300	1 700	1 700	7 400	3 500	3 500
Community Assets		325	435	301	3 300	1 700	1 700	7 400	3 500	3 500
Operational Buildings		-	1 906	7 986	2 995	5 640	5 640	2 000	1 500	1 500
Other Assets		-	1 906	7 986	2 995	5 640	5 640	2 000	1 500	1 500
Computer Equipment		5 139	3 233	1 286	3 040	2 283	2 283	1 334	621	1 078
Furniture and Office Equipment		72	81	302	320	1 031	1 031	392	100	100
Machinery and Equipment		8 902	11 296	7 345	3 174	3 140	3 140	4 572	3 625	3 511
Transport Assets		3 736	2 978	13 530	4 830	5 017	5 017	4 300	13 350	6 500
<u>Total Renewal of Existing Assets</u>	2	5 050	6 567	4 142	5 900	6 190	6 190	3 321	12 722	9 518
Roads Infrastructure		-	-	-	-	-	-	200	1 250	1 250
Electrical Infrastructure		374	1 910	1 602	1 040	1 040	1 040	-	1 737	-
Water Supply Infrastructure		-	2 724	-	-	-	-	-	-	-
Sanitation Infrastructure		2 517	1 753	-	-	-	-	-	-	-
Infrastructure		2 891	6 387	1 602	1 040	1 040	1 040	200	2 987	1 250
Community Facilities		-	-	-	-	200	200	100	2 000	-
Community Assets		-	-	-	-	200	200	100	2 000	-
Operational Buildings		-	-	2 425	2 850	2 644	2 644	2 000	2 950	2 100
Other Assets		-	-	2 425	2 850	2 644	2 644	2 000	2 950	2 100
Computer Equipment		2 159	180	114	250	246	246	1 021	485	168
Transport Assets		-	-	-	1 760	2 060	2 060	-	4 300	6 000
<u>Total Upgrading of Existing Assets</u>	6	463	25 069	30 398	60 217	55 084	55 084	61 989	60 298	56 337
Roads Infrastructure		(13 906)	1 001	3 636	5 000	8 300	8 300	15 200	13 300	17 600
Storm water Infrastructure		-	4 875	1 213	7 620	9 558	9 558	4 000	2 500	2 500
Electrical Infrastructure		-	5 185	11 703	6 682	4 067	4 067	5 441	3 994	2 000
Water Supply Infrastructure		3 000	7 284	3 900	22 485	15 462	15 462	15 067	14 350	10 000
Sanitation Infrastructure		7 983	4 201	5 649	14 223	13 392	13 392	18 480	18 715	23 897
Infrastructure		(2 922)	22 545	26 101	56 010	50 779	50 779	58 189	52 860	55 997
Community Facilities		1 814	1 599	662	504	656	656	-	-	-
Sport and Recreation Facilities		1 276	666	3 636	2 955	2 955	2 955	3 500	7 121	-
Community Assets		3 090	2 265	4 298	3 460	3 611	3 611	3 500	7 121	-
Revenue Generating		-	-	-	435	435	435	-	-	-
Investment properties		-	-	-	435	435	435	-	-	-
Operational Buildings		113	259	-	-	-	-	-	-	-
Other Assets		113	259	-	-	-	-	-	-	-
Computer Equipment		183	-	-	62	44	44	-	-	-
Machinery and Equipment		-	-	-	250	214	214	300	318	340
<u>Total Capital Expenditure</u>	4	78 524	84 807	104 311	183 160	151 080	151 080	178 441	174 944	154 971
Roads Infrastructure		9 960	3 781	10 774	49 573	41 379	41 379	32 669	26 795	44 446
Storm water Infrastructure		-	4 875	1 213	7 620	9 558	9 558	4 000	2 500	2 500
Electrical Infrastructure		14 585	23 070	17 475	22 963	12 272	12 272	30 197	39 075	11 505
Water Supply Infrastructure		13 972	24 453	27 114	40 528	29 589	29 589	44 214	31 118	28 873
Sanitation Infrastructure		13 233	5 954	10 149	35 251	29 516	29 516	40 442	35 585	42 850
Solid Waste Infrastructure		3 056	-	-	500	500	500	-	-	-
Information and Communication Infrastructure		-	43	-	-	-	-	-	-	-
Infrastructure		54 806	62 176	66 725	156 435	122 814	122 814	151 522	135 074	130 174
Community Facilities		2 139	2 034	963	3 804	2 556	2 556	7 500	5 500	3 500
Sport and Recreation Facilities		1 276	666	3 636	2 955	2 955	2 955	3 500	7 121	-
Community Assets		3 415	2 700	4 599	6 760	5 511	5 511	11 000	12 621	3 500
Revenue Generating		-	-	-	435	435	435	-	-	-
Investment properties		-	-	-	435	435	435	-	-	-
Operational Buildings		113	2 165	10 411	5 845	8 284	8 284	4 000	4 450	3 600
Other Assets		113	2 165	10 411	5 845	8 284	8 284	4 000	4 450	3 600
Computer Equipment		7 481	3 413	1 400	3 352	2 574	2 574	2 355	1 106	1 246
Furniture and Office Equipment		72	81	302	320	1 031	1 031	392	100	100
Machinery and Equipment		8 902	11 296	7 345	3 424	3 354	3 354	4 872	3 943	3 851
Transport Assets		3 736	2 978	13 530	6 590	7 077	7 077	4 300	17 650	12 500
TOTAL CAPITAL EXPENDITURE - Asset class		78 524	84 807	104 311	183 160	151 080	151 080	178 441	174 944	154 971

Table 22 MBRR A10 - Basic Service Delivery Measurement

WC047 Bitou - Table A10 Basic service delivery measurement

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	12 047	12 288	12 534	12 784	12 534	12 784	13 040
Piped water inside yard (but not in dwelling)		-	-	3 609	3 645	3 682	3 718	3 682	3 718	13 040
Using public tap (at least min.service level)	2	-	-	1 407	1 421	1 435	1 450	1 435	1 450	13 040
Other water supply (at least min.service level)	4	-	-	1 345	1 345	1 345	1 345	1 345	1 345	13 040
<i>Minimum Service Level and Above sub-total</i>		-	-	18 408	18 699	18 996	19 297	18 996	19 297	52 160
Other water supply (< min.service level)	4	-	-	160	171	171	171	180	185	190
<i>Below Minimum Service Level sub-total</i>		-	-	160	171	171	171	180	185	190
Total number of households	5	-	-	18 568	18 870	19 167	19 468	19 176	19 482	52 350
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	15 192	15 344	15 344	15 344	15 497	15 652	15 809
Flush toilet (with septic tank)		-	-	396	396	396	396	396	396	15 809
Chemical toilet		-	-	49	49	49	49	50	50	15 809
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	15 809
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	15 809
<i>Minimum Service Level and Above sub-total</i>		-	-	15 637	15 789	15 789	15 789	15 943	16 099	79 044
Other toilet provisions (< min.service level)		-	-	29	29	29	29	29	29	29
No toilet provisions		-	-	52	52	52	52	52	52	52
<i>Below Minimum Service Level sub-total</i>		-	-	81	81	81	81	81	81	81
Total number of households	5	-	-	15 718	15 870	15 870	15 870	16 024	16 180	79 125
Energy:										
Electricity - prepaid (min.service level)		-	-	22 811	24 001	24 001	24 001	24 481	24 971	25 221
<i>Minimum Service Level and Above sub-total</i>		-	-	22 811	24 001	24 001	24 001	24 481	24 971	25 221
Total number of households	5	-	-	22 811	24 001	24 001	24 001	24 481	24 971	25 221
Refuse:										
Removed at least once a week		-	-	16 645	16 862	16 862	16 862	17 020	17 200	17 372
<i>Minimum Service Level and Above sub-total</i>		-	-	16 645	16 862	16 862	16 862	17 020	17 200	17 372
Total number of households	5	-	-	16 645	16 862	16 862	16 862	17 020	17 200	17 372
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	14 717 160	15 550 674	15 550 674	17 605 940	18 556 661	19 558 721
Sanitation (free minimum level service)		-	17 151 054	(7 809 964)	30 726 000	30 807 737	30 807 737	36 708 279	38 690 526	40 779 815
Electricity/other energy (50kwh per household per month)		-	5 025 461	5 890 368	6 360 191	6 360 191	6 360 191	7 602 940	8 355 614	9 182 808
Refuse (removed at least once a week)		-	12 070 840	(5 369 802)	22 356 495	21 140 697	21 140 697	23 150 128	24 400 235	25 717 847
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	14 717	15 551	15 551	17 606	18 557	19 559
Sanitation (free sanitation service to indigent households)		-	17 151	(7 810)	30 726	30 808	30 808	36 708	38 691	40 780
Electricity/other energy (50kwh per indigent household per month)		-	5 025	5 890	6 360	6 360	6 360	7 603	8 356	9 183
Refuse (removed once a week for indigent households)		-	12 071	(5 370)	22 356	21 141	21 141	23 150	24 400	25 718
Total cost of FBS provided		-	34 247	(7 289)	74 160	73 859	73 859	85 067	90 003	95 239
Highest level of free service provided per household	9									
Revenue cost of subsidised services provided (R'000)										
Property rates exemptions, reductions and rebates and impermissible values in excess of		5 860	5 189	(1 628)	6 133	6 719	6 719	7 391	7 768	8 172
Total revenue cost of subsidised services provided		5 860	5 189	(1 628)	6 133	6 719	6 719	7 391	7 768	8 172

References

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 2024) 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 2024 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 2025/26 BUDGET AND IDP REVIEW

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK
		START	FINISH	ID1 P	BUDGET 2	PMS 3	MM 4	EM 5	
PREPARATION	Preparation of the IDP, Budget Time Schedule							x	Sections 21, 53, MFMA
	District Framework Alignment Meeting	July 24	Aug 24	x	x	x			Section 27, MSA
	Steering Committee Meeting to Review the previous year IDP process.	July 24	Aug 24						Best Practice
	Extended Steering Committee Meeting to track IDP progress engage with external stakeholders quarterly	Aug 24	Aug 24						Best Practice
	Review participation mechanisms and processes	July 24	Aug 24						
	Receive comments from the MEC	July 23	Aug 24					x	Section 32 MFMA
	Review past performance	Aug 24	Sep 24	x		x			Section 34, 46 MSA
	Set-up budget committees	Oct 24	Oct 24						
	Submission of annual report	Aug 24	Aug 24			x			
	Rollover of unspent funds	25 Aug 24	25 Aug 24						MFMA Section 28 (2) (e)
	MMF and DCF Meeting	Aug 2024	Aug 2024						
SITUATION ANALYSIS	Extended steering committee meeting	Sep 24	Sep 24						
	IDP Indaba 1	Sep 24	Oct 24	x	x				

¹ IDP Unit

² Budget Section

³ Performance Management Section

⁴ Municipal Manager

⁵ Executive Mayor

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK
		STAR T	FINIS H	ID1 P	BUD GET 2	PMS 3	MM 4	EM 5	
	Public Participation (Ward Committee Meetings)	Sep 23	Oct 24						
	Analysis of socio-economic data	Sep 24	Oct 24						
	JDMA Cluster Steering Committee Meetings	Oct 24	Oct 24	x			x		District Management Model
	Analysis of service provision								
	Analysis of municipal infrastructure services {Water, Roads, Electricity, Sewer, Waste Water treatment, Housing Demand, financial Services (revenue and expenditure), and Institutional Capacity etc.}	Sep 24	Oct 24						
	Comparison study of existing Data Sets	Sep 24	Sep 24						
	Review of Municipal sector plans	Sep 24	Oct 24						
STRATEGY	Procure strategic session facilitation services	Sep 24	Nov 24						
	Strategic planning workshop	Nov 24	Nov 24						
	Strategic priorities and budget recommendations	Dec 24	Dec 24						
	MMF and DCF Meeting	Nov 24	Nov 24				x		
	Get feedback on progress on current priority catalytic projects	Nov 24	Dec 24						
	District IDP Managers Forum	Oct 24	Oct 24						
	IDP Budget & PMS Representative Forum	Nov 24	Nov 24	x					Municipal Performance Regulations, Section 15
	Provincial IDP Managers Forum	Nov 24	Nov 24	x					
PROJECTS	Design project template	Oct 24	Oct 24						

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK
		STAR T	FINIS H	ID1 P	BUD GET 2	PMS 3	MM 4	EM 5	
	Distribute community priorities to departments	Nov 24	Nov 24						
	Appointment of departmental mSCOA champions	Nov 24	Dec 24	x	x				
	Identification of Priority Projects	Jan 25	Feb 25	x	x				Section 127 MFMA
	MMF and DCF Meeting	Feb 25	Feb 25				x		
	Loading of projects to mSCOA portal	Jan 25	Jan 25	x	x				
INTEGRATIO	TIME Engagement	Feb 25	Feb 25						
	IDP Indaba 2	Mar 24	Mar 23						
	Receive summaries of Sector Plans from departments	Jan 25	April 25	x					Best Practice
	Integrate the District JPI , PGDP, and NDP	Jan 25	Feb 25						
	Add capex and OPEX MTREF budgets to the IDP	Dec 24	Dec 24	x	x				Best Practice
	District IDP Managers Forum	Feb 25	Feb 25						
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	July 24	Aug 24	x	x		x		
	Portfolio Committee to discuss IDP/Budget Time Schedule	Aug 24	Aug 24	x	x				
	MAYCO to recommends IDP/Budget time schedule to Council	Aug 24	Aug 24	x	x			x	
	Council Approves the IDP/ Budget Time Schedule	Aug 24	Aug 24	x	x			x	Section 34 MSA, Section 21, 23 & 24 MFMA
	IDP Process Plan Time and Schedule is advertised	Sep 24	Sep 24	x	x				MFMA Guidance
	Approval of the Adjustment Budget	Feb 25	Feb 25		x				

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK
		STAR T	FINIS H	ID1 P	BUD GET 2	PMS 3	MM 4	EM 5	
	Council Approves Annual Report	Jan 25	Jan 25			x			Section 121 MFMA
	Council adopts amendments to the revised IDP and Draft Budget	Mar 25	Mar 25	x	x				Section 34
	SIME Engagements	May 25	May 25	x	x		x		Section 23 MFMA
	Notice is placed in the local newspaper for 21 days	April 25	April 25	x	x				Municipal Performance Regulations, Section 4 (ii) performance regulations.
	IDP and Budget Road Shows	April 25	April 25	x	x				Chapter 4 MSA
	Extended IDP Steering Committee Meeting	April 25	May 25	x					Section 23 MFMA, chapter 4, MSA
	Preparing responses to respond to written submissions	April 25	May 25	x	x				Section 23 MFMA
	IDP Budget & PMS Representative Forum	April 25	May 25						Municipal Performance Regulations, Section 15
	Amending IDP and Budget to incorporate provincial assessments	May 25	May 25	x	x				Section 23 MFMA
	Council Approves IDP and Budget	31 May 25	31 May 25						
	Send copies of IDP and Budget to the MEC for Local Government	June 25	June 25	x	x		x	x	Section 32, MSA, Section 24 MFMA
	Publish annual budget and IDP	June 25	June 25	x	x				Section 23, MFMA
	Approval of SDBIP	June 25	June 25						
	MMF and DCF Meeting	June 25	June 25				x		
	District IDP Managers Forum	June 25	June 25						
	Provincial IDP Managers Forum	June 25	June 25	x					
IMPLEMENTATION	Rollout of SDBIP (2025/26)	July 24	July 24						Section 69

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATIVE FRAMEWORK
		START	FINISH	ID1 P	BUDGET 2	PMS 3	MM 4	EM 5	
	Submission of SDBIP to the MEC for Local Government	July 24	July 24						Section 69 MFMA
	Submit annual Performance Agreements to Mayor	June 24	July 24				x		Section 69, MFMA
	Tabling of MID Term Report	Jan 24	Jan 24			x	x	x	Sections 36, 72 MFMA
	Submission of annual report to AG	Jan 24	Jan 24			x	x		Section 72 MFMA
	Preparation of Oversight Report	Jan 24	Jan 24			x			
	Council adopts oversight report	Feb 24	Feb 24			x	x	x	

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 3rd review of the 5th Generation IDP is herewith submitted and will be concluded with the 2025/2026 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 2025/26 MTREF, based on the approved 2024/25 MTREF, mid-year review and adjustments budgets. 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 2025/2026 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 2024/25 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 2025/26 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.

The outcomes linked to the strategic objectives are listed in the table below.

	STRATEGIC OBJECTIVE	OUTCOME
SO1	Provide excellent and sustainable services to all residents.	Healthy community (improved quality of life)
		Waste minimisation
		Safety and security
SO2	Facilitate growth and expand economic opportunities to empower communities.	Growth and Development
SO3	Achieve long-term financial sustainability.	Growth and Development
SO4	Build a capable, developmental, transformed, and productive workforce.	Institutional transformation and development
SO5	Adhere to and implement effective and efficient governance processes.	Good Governance

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 services to all residents	Fleet and Plant	Upgrade municipal workshop to include an accredited service section
		Upgrade municipal fleet
		Replace old and redundant plant
		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

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
		Upgrade stormwater
		Traffic calming
	Upgrade and Maintenance of Parks and recreation facilities	Parks, Cemeteries, Sports fields and Horticulture Maintenance Services
		Beach Control and Beachfront Maintenance and lifeguard training and facilities
		Facilities and Service Centres (Community Halls and Service Centres)
		Aerodrome-Possible move to Strategic Services
		Municipal Buildings and Maintenance
		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:	Tourism Development	Capacitate the tourism VA
		Create Tourism Routes

STRATEGIC OBJECTIVE	STRATEGIC FOCUS AREAS	STRATEGIC INTERVENTIONS
Facilitate growth, jobs, and expand tourism to empower the residents of Bitou.		Invest in township tourism
		Arts and culture
		Sport and water sport tourism
		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
	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 2025/2026 financial year and beyond to ensure the execution of strategic objectives.

The 2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Provide excellent and sustainable services to all residents				591 601 361	548 972 565	641 138 492	698 176 652	698 939 486	698 939 486	733 720 871	769 160 503	801 691 592
Facilitate growth and expand economic opportunities to empower communities				27 580 767	20 989 085	46 889 017	111 335 315	82 115 308	82 115 308	80 767 287	53 598 853	69 580 640
Achieve long term financial sustainability				177 152 580	170 984 776	213 904 838	224 929 263	227 274 853	227 274 853	247 715 228	259 906 570	273 160 171
Build a capable, developmental, transformed and productive workforce				526 058	3 910 304	541 024	19 000	539 180	539 180	19 000	19 000	-
Adhere to and implement effective and efficient governance processes				51 059 585	131 688 873	65 066 718	69 659 839	69 566 925	69 566 925	72 422 470	75 409 391	77 806 509
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)				847 920	876 546	967 540	1 104 120	1 078 436	1 078 436	1 134 645	1 158 094	1 222 239

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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Provide excellent and sustainable services to all residents			622 852	607 101	668 097	713 476	702 410	702 410	748 622	781 640	815 719
Facilitate growth and expand economic opportunities to empower communities			44 364	45 203	50 648	52 018	61 180	61 180	80 135	68 466	63 173
Achieve long term financial sustainability			31 971	47 102	67 202	70 683	71 444	71 444	70 594	67 658	68 026
Build a capable, developmental, transformed and productive workforce			69 357	61 082	81 421	89 641	101 812	101 812	108 895	119 484	124 325
Adhere to and implement effective and efficient governance processes			31 136	36 305	38 346	45 059	46 761	46 761	53 946	52 781	54 490
Allocations to other priorities											
Total Expenditure		1	799 680	796 794	905 714	970 877	983 608	983 608	1 062 192	1 090 028	1 125 734

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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Provide excellent and sustainable services to all residents	A		73 750	82 226	125 686	181 000	181 000	181 000	175 857	173 838	154 225
Facilitate growth and expend economic opportunities to empower communities	B		-	435	304	-	-	-	-	-	-
Achieve long term financial sustainability	C		2 713	1	-	-	-	-	-	-	-
Build a capable, developmental, transformed and productive workforce	D		3 111	2 145	1 923	2 160	2 160	2 160	2 584	1 106	746
Adhere to and implement effective and efficient governance processes	E		-	-	880	-	-	-	-	0	0
Allocations to other priorities	3										
Total Capital Expenditure	1		79 574	84 807	128 793	183 160	183 160	183 160	178 441	174 944	154 971

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 municipality's main performance objectives and benchmarks for the 2025/26 MTREF.

Table 26 MBRR SA7 - Measurable performance objectives

The measurable performance objectives are included in the budget supporting tables under table SA7 it also serves as the draft SDBIP and will be finalised after the final budget approval

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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.2%	5.2%	4.6%	3.5%	3.5%	3.5%	3.5%	3.4%	4.0%	4.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.2%	4.9%	4.4%	3.6%	3.5%	3.5%	3.5%	3.4%	4.0%	4.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	183.6%	171.1%	196.1%	140.6%	140.6%	140.6%	228.9%	165.2%	108.2%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.0	1.1	1.3	1.1	1.3	1.3	0.7	1.2	1.4	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	1.1	1.3	1.1	1.3	1.3	0.7	1.2	1.4	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.4	0.5	0.3	0.5	0.5	0.2	0.4	0.4	0.5
<u>Revenue Management</u>											
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%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		120.0%	114.6%	132.6%	122.9%	124.0%	124.0%	124.0%	127.4%	129.5%	129.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.3%	35.2%	38.9%	35.2%	40.3%	40.3%	29.6%	36.5%	33.9%	33.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		38.4%	50.9%	51.2%	139.0%	98.5%	98.5%	39.9%	107.3%	117.6%	730.2%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical Total Volume Losses (kW) non technical Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes :System input	Bulk Purchase Water treatment works Natural sources										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.8%	34.1%	34.4%	38.1%	38.4%	38.4%	38.4%	37.1%	37.1%	37.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.6%	34.9%	35.2%	38.9%	39.2%	39.2%		37.8%	37.8%	38.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.0%	4.8%	4.3%	4.9%	4.3%	4.3%		3.8%	5.1%	4.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.9%	6.7%	7.7%	5.6%	5.5%	5.5%	5.5%	5.5%	5.9%	6.4%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	-	-	-	-
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.0%	65.8%	77.0%	66.1%	77.5%	77.5%	56.1%	70.3%	64.2%	62.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.9	3.6	4.4	1.0	2.3	2.3	2.4	1.4	0.7	0.1

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Council. The National Treasury determined the poverty threshold as two times the government old age pension and the indigent subsidy received through the equitable share is intended to subsidise the households that meet the qualification criteria. In the case of Bitou municipality, the council has adopted a policy whereby the qualifying threshold was increased to provide subsidies to households earning less than R5000 per month which is 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 2025/2026 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 2025/2026

ACCOUNTS PAYABLE POLICY

There are no amendments proposed

SUBSISTENCE AND TRAVEL POLICY

There following amendments are proposed to the subsistence and travel policy for 2025/2026

5 GUIDELINES FOR APPROVAL OF OVERNIGHT ALLOWANCE

Section 5
new

Table 1

Travel Distance	Timeframes of Event	Comments
Destination to Bitou >500km	Ending time: 14h00	Overnight allowance approved after the event.

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 (R570.00 for 2026).

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 (R176.00 for 2026) 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 2026) 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 (R176.00 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 R4.76 per kilometer, regardless of the value and engine capacity of the vehicle as per SARS schedules for 2026.

SUPPLY CHAIN MANAGEMENT POLICY

No amendments are proposed for 2025/2026

BORROWING POLICY

There are no amendments proposed to the borrowing policy for 2025/2026

BUDGET IMPLEMENTATION AND MONITORING POLICY

No amendments are proposed for 2025/2026

PROPERTY RATES POLICY

Paragraph 1.1 is amended to include the date as well as the period of the new general valuation roll.”

Paragraph 6.1 is amended to appropriately refer to the legal framework guiding exemptions in respect of public service infrastructure.

Paragraph 3.1.29 is amended to include definitions for vacant land for PSI, private open spaces and vacant agricultural property

Paragraph 5 is amended to include the categories for private open space and PSI

WRITING-OFF OF IRRECOVERABLE DEBT POLICY

There are no proposed amendments to this policy for 2025/2026

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

5.1.1 is amended to elaborate on the items included in the monthly account that is rendered.

Paragraph 7.15.2 is amended to concur with the MPRA description

Paragraph 7.15.2 (f) is amended by removing a rebate of 10% on accommodation establishments business tariff.

TARIFF POLICY

The definition of Basic charge is amended to be more descriptive and comprehensive

The definition of a restaurant is added in paragraph 2.1 (jj)

The definition of a business unit is amended in paragraph 2(1)(e)

Paragraph 9(2)(c)(ii) is amended by better describing the application of fixed costs to customers per unit.

INVESTMENT AND CASH MANAGEMENT POLICY REVIEW

The following amendments are proposed:

Definition Of Key Words on page 2 of 13 was added in red and underlined.

“System is off-line” refers to where the financial system is off and cannot be worked on, or where the users is not allowed to work on the financial system.

Paragraph 4.2.2.1 on page 4 of 13 was changed to the following with insertions in red and underlined and removal in red and strike-through.

The Municipal council must set a target for debt collection based on the ~~performance of the Municipal Manager~~ annual debt collection rate during the last financial year.

Paragraph 4.2.2.4 on page 4 of 13 was changed to the following with additions in red and underlined.

All funds due the Municipality must be collected timeously and banked on a daily basis (except for identified sites where it is not financially feasible to collect daily). In exceptional cases the money must be banked at least once a week. All exceptions must be reported to the Revenue Manager on a daily basis and the Chief Financial Officer on a monthly basis.

Paragraph 4.2.3.1.2 on page 5 of 13 was added in red and underlined.

Hand Written receipts may only be issued in cases where the system is off-line. Immediately after the system is back on-line, those receipts must be captured on the system and the original computer-generated receipt must be attached to the relevant hand-written receipt.

Paragraph 4.2.3.1.3 on page 5 of 13 was added in red and underlined.

Hand written receipt books must be safeguarded by the revenue controller and only issued to cashiers in exceptional circumstances. When the circumstances changes and the receipt book is no longer needed the revenue controller must request those cashiers to return the receipt book within a certain time limit as determined by the revenue controller.

Paragraph 4.2.3.1.4 on page 5 of 13 was added in red and underlined.

Upon return of hand-written receipt books, the revenue controller must ensure that all receipts are accounted for. In the case where it is not, it must be immediately reported to the Relevant Accountant.

Paragraph 4.2.4.2 on page 5 of 13 was changed to the following with additions in red and underlined.

Daily, weekly, monthly, and annual cash flow forecast must be maintained on the financial system in line with the mSCOA regulations by the Revenue Management and Expenditure Services sections respectively.

Paragraph 4.2.4.3 on page 5 of 13 was changed to the following with insertions in red and underlined.

The maximum daily average cash per month, in all current bank accounts combined, must be kept below 5% of the annual Operational and Capital Expenditure budgets as approved by council.

Paragraph 4.4.2 on page 6 of 13 was changed to the following with insertions in red and underlined.

All Executive Directors and Office Managers, shall in this regard, furnish the Chief Financial Officer, at the time of the budget compilation, with their respective cash-flow needs of all payments in excess of R 100 000, clearly indicating possible future dates of payments, as well as any possible inflow of cash from other sources of finance arranged by Directorates themselves.

LIQUIDITY, FUNDING AND RESERVES POLICY REVIEW

The following changes are proposed for 2025/2026

Paragraph 4.3.1.1.4.2 on page 18 of 22 was added in red and underlined.

The Development Reserve must be cash-backed and the Accounting Officer is hereby delegated to determine an additional contribution to be made to the Development Reserve during the compilation of the annual financial statements. In the event of an additional contribution the property(ies) must be specified.

Paragraph 4.3.1.1.4.7 on page 18 of 22 was added in red and underlined.

When council waives the development charges for a property, an equivalent contribution from the accumulated surplus account, must be made for the relevant property. The amount would be equal to the amount that was waived by council. A detailed calculation must be sent to the chief financial officer, in order to ensure the contribution is correctly allocated.

Paragraph 4.3.1.1.5.2 on page 19 of 22 was added in red and underlined.

The Augmentation Reserves must be cash-backed and the Accounting Officer is hereby delegated to determine an additional contribution to be made to the Augmentation Reserves during the compilation of the annual financial statements. In the event of an additional contribution the applicable service(s) must be specified.

Paragraph 4.3.1.1.5.7 on page 19 of 22 was added in red and underlined.

When council waives the development charges for a property, an equivalent contribution from the accumulated surplus account, must be made for the relevant property. The amount would be equal to the amount that was waived by council. A detailed calculation must be sent to the chief financial officer, in order to ensure the contribution is correctly allocated.

Paragraph 4.3.1.1.6.2 on page 19 of 22 was added in red and underlined.

The Employee benefits Reserve must be cash-backed.

Paragraph 4.3.1.1.7.2 on page 19 of 22 was added in red and underlined.

The Non-current Provisions Reserve must be cash-backed.

Paragraph 4.3.1.1.8.2 on page 20 of 22 was added in red and underlined.

The Valuation Reserve must be cash-backed.

Paragraph 4.3.1.1.9.2 on page 20 of 22 was added in red and underlined.

Any Other statutory Reserve(s) must be cash-backed.

Paragraph 4.3.1.1.10.2 on page 20 of 22 was added in red and underlined.

Any Other cash-backed Reserve(s) must be cash-backed.

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 2025/26 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 2025/2026.

Tariff increases are moderate at 5.4% with the exception of electricity where the Eskom increase makes a higher tariff unavoidable. Electricity tariffs are subjected to NERSA approving the Cost of Supply Study concurrent with the tariff application. Furthermore, the cost of supply study will form the basis of future electricity tariff setting, if the study and the associated tariff structures 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, 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	2025/2026
	%
Inflation rates - CPI	4 to 6%
Growth	1.6 – 1.8%(NT prediction)
Provision for Doubtful Debt	10%
Remuneration increase	5.15% + 2.3% (Notch)
Electricity distribution loss	12%
Electricity price increase	8%
Water distribution loss	35%

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 debtor's 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 2025/2026 financial year is based on the average inflation rate (CPI) from February 2024 to January 2025 plus 0.75% thus equalling 5.15% for the year.

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 2025/2026 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 as well as 95% on own funded capital, it is estimated that all borrowing funded projects will be fully spent and spending on capital funded from conditional grants must reach 100 percent to avoid funding from being lost. This 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

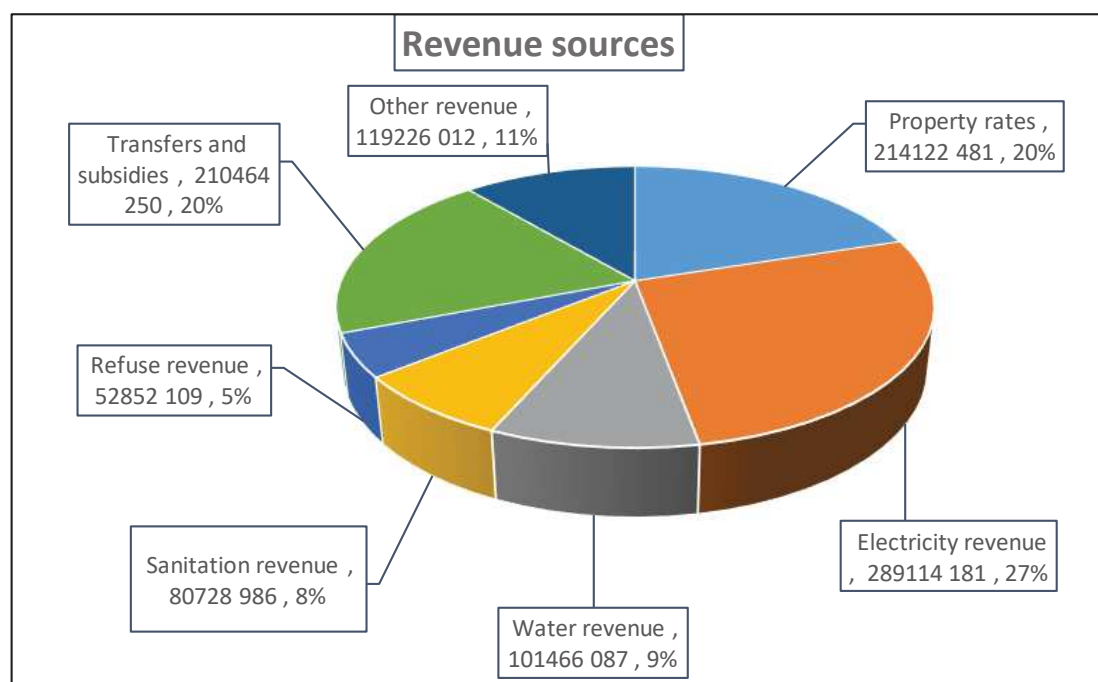
2.6.1 Medium-term outlook: operating revenue

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				
	Budget Year 2025/26	Growth %	Budget Year +1 2026/27	Growth %	Budget Year +2 2027/28
R thousand					
Revenue By Source					
Property rates	214 122 481	5.41	225 699 173	5.31	237 690 627
Service charges - electricity revenue	289 114 181	3.74	299 926 117	4.60	313 714 674
Service charges - water revenue	101 466 087	5.39	106 931 349	5.37	112 673 689
Service charges - sanitation revenue	80 728 986	5.42	85 107 884	5.34	89 651 170
Service charges - refuse revenue	52 852 109	5.41	55 709 671	5.40	58 716 845
Service charges - other	8 000 044	3.18	8 254 709	5.06	8 672 757
Rental of facilities and equipment	1 569 156	5.96	1 662 749	5.82	1 759 501
Interest earned - external investments	12 572 733	1.00	12 698 460	5.00	13 333 383
Interest earned - outstanding debtors	16 397 104	(6.11)	15 394 424	(6.07)	14 460 161
Surcharges and Taxes	55 023 901	5.36	57 971 042	5.42	61 115 805
Licences and permits	1 483 969	4.48	1 550 421	2.54	1 589 816
Agency services	2 662 968	2.38	2 726 229	2.18	2 785 616
Transfers and subsidies	210 464 250	(2.86)	204 454 250	1.57	207 672 300
Other revenue	21 516 137	(1.81)	21 127 089	7.73	22 759 268
Total Revenue (excluding capital transfers and contributions)	1 067 974 106	2.93	1 099 213 567	4.31	1 146 595 612

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	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		9 857	45 172	108 227	1 550	108 227	108 227	-	-	-
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	9 857	45 172	108 227	1 550	108 227	108 227	-	-	-
Consolidated total:		9 857	45 172	108 227	1 550	108 227	108 227	-	-	-

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 2025/26 medium-term capital programme:

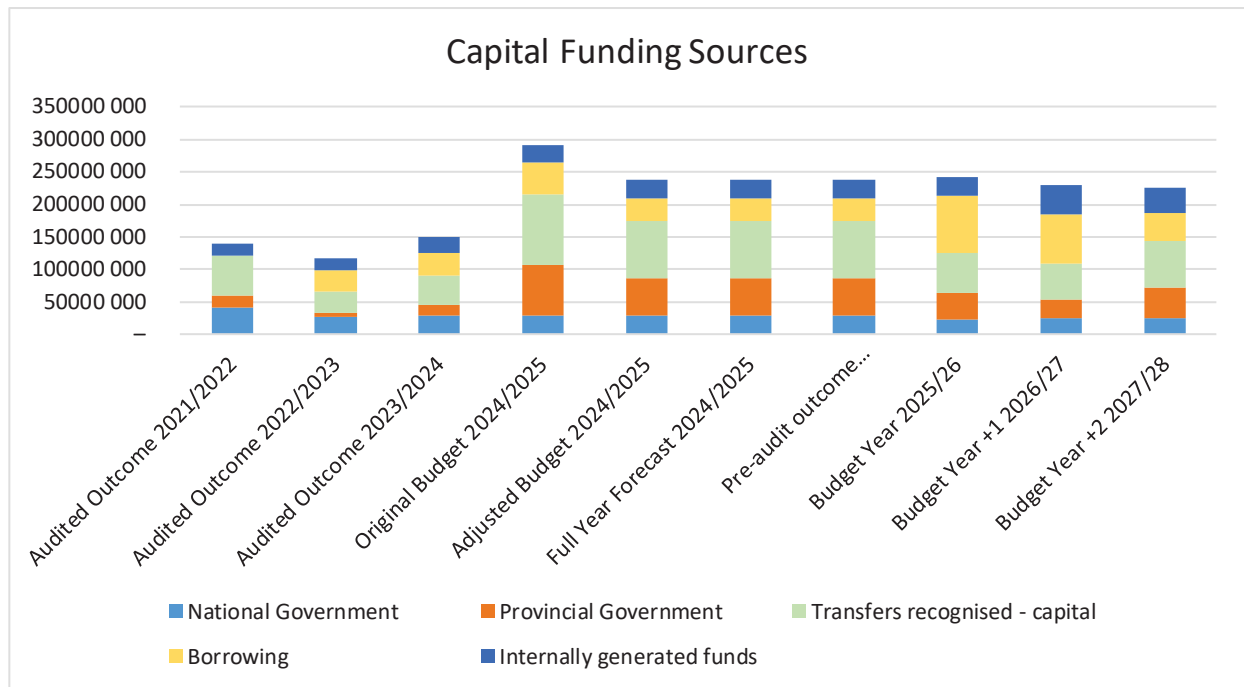
Table 31 Sources of capital revenue over the MTREF

FUNDING SOURCE	Audited Outcome 2021/2022	Audited Outcome 2022/2023	Audited Outcome 2023/2024	Original Budget 2024/2025	Adjusted Budget 2024/2025	Full Year Forecast 2024/2025	Pre-audit outcome 2024/2025	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
National Government	42 019	26 721	29 398	29 331	29 331	29 331	29 331	22 455	25 231	26 252
Provincial Government	18 287	6 741	15 527	78 285	57 782	57 782	57 782	40 735	29 613	45 191
Transfers recognised - capital	60 306	33 462	44 924	107 616	87 112	87 112	87 112	63 190	54 844	71 443
Borrowing	-	32 098	35 920	50 033	35 125	35 125	35 125	87 121	74 808	43 400
Internally generated funds	18 943	19 203	23 434	25 511	28 843	28 843	28 843	28 130	45 292	40 128
Total Capital Funding	79 574	84 806	104 279	183 160	151 080	151 080	151 080	178 441	174 944	154 971

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 2025/26 financial year.

Figure 7 Main sources of capital revenue



Sources of capital revenue for the 2025/26 financial year

National and Provincial capital grant receipts equates to 35.41 percent of the total funding source which represents an amount of R 63 190 195 for the 2025/26 financial year.

Borrowing becomes a significant funding source for the capital programme over the medium-term with an estimated R 87.12 million to be used for the 2025/2026 financial year totalling 48.82 percent of the total funding of the capital budget. It must be pointed out that new borrowing amount to R 64,400,000 for the 2025/2026 financial year and an amount of R 22,721,000 represent unspent borrowing carried over from the 2024/2025 financial year in respect of incomplete projects. A careful consideration is made to ensure that funds are not borrowed in advance and that borrowings do not remain unspent for prolonged periods to save on interest being paid.

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

Table 32 Detail of borrowings

	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
Borrowing - Categorized by type	2021/22 Audited Outcome	2022/23 Audited Outcome	2023/24 Audited Outcome	2024/25 Original Budget	2024/25 Adjusted Budget	2024/25 full year forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Annuity and Bullet Loans	–	82 764	107 718	100 880	126 812	126 812	150 928	182 526	151 118

Growth in outstanding borrowing (long-term liabilities)

The following graph illustrates the growth in outstanding borrowing for the period 2020/21 to 2027/28. The gearing ratio remains in a narrow band with gearing remaining below 19 % over the MTREF

Figure 8 Growth in borrowing 2020/2021 to 2027/2028

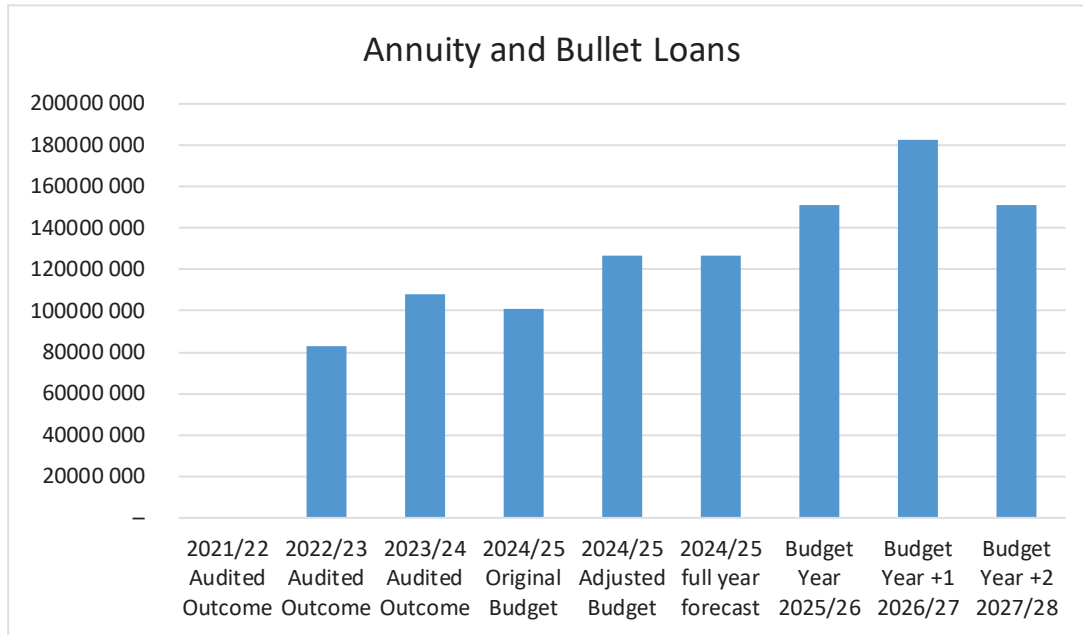


Table 33 MBRR SA17 Borrowing

WC047 Bitou - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<u>Parent municipality</u>										
Annuity and Bullet Loans		-	82 764	107 718	129 483	126 812	126 812	150 928	182 526	151 118
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		-	-	-	1 251	-	-	-	-	-
Municipality sub-total	1	-	82 764	107 718	130 734	126 812	126 812	150 928	182 526	151 118
Total Borrowing	1	-	82 764	107 718	130 734	126 812	126 812	150 928	182 526	151 118

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 182 million in new borrowing over the MTREF, however the gearing ratio will remain in a narrow band and will not exceed 22% 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	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		136 106	130 542	163 105	175 067	174 808	174 808	174 808	193 054	203 509	214 306
Service charges		355 074	359 234	418 554	434 972	435 238	435 238	435 238	484 812	516 605	542 582
Other revenue		18 506	12 787	23 655	26 596	26 669	26 669	26 669	19 889	20 511	21 596
Transfers and Subsidies - Operational	1	163 232	164 646	167 745	176 723	184 382	184 382	184 382	210 464	204 454	207 672
Transfers and Subsidies - Capital	1	50 205	47 011	48 907	130 854	91 558	91 558	91 558	66 671	58 881	75 643
Interest		20 228	5 700	15 596	12 448	12 448	12 448	12 448	12 573	12 698	13 333
Payments											
Suppliers and employees		(575 232)	(602 011)	(712 046)	(778 720)	(778 720)	(778 720)	(778 720)	(887 825)	(914 192)	(942 968)
Interest		(11 090)	(8 776)	(13 428)	(14 063)	(13 917)	(13 917)	(13 917)	(16 046)	(21 171)	(27 178)
Transfers and Subsidies	1	(4 462)	(6 985)	(12 230)	(11 983)	(11 983)	(11 983)	(11 983)	(9 383)	(12 498)	(9 292)
NET CASH FROM/(USED) OPERATING ACTIVITIES		152 566	102 148	99 858	151 894	120 483	120 483	120 483	74 207	68 798	95 694
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		448	-	10 962	3 950	3 950	3 950	3 950	-	-	-
Decrease (increase) in non-current receivables	1	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(9 107)	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	17 007	18 009	(183 160)	(154 683)	(154 683)	(154 683)	(178 731)	(174 500)	(154 971)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(8 658)	17 007	28 971	(179 210)	(150 733)	(150 733)	(150 733)	(178 731)	(174 500)	(154 971)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		-	35 255	40 150	50 033	40 545	40 545	40 545	64 400	74 808	43 400
Increase (decrease) in consumer deposits		835	(341)	568	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(22 439)	(21 804)	(19 517)	(20 372)	(20 404)	(20 404)	(20 404)	(20 340)	(22 927)	(25 672)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(21 604)	13 110	21 202	29 662	20 141	20 141	20 141	44 060	51 881	17 728
NET INCREASE/ (DECREASE) IN CASH HELD											
		122 304	132 264	150 030	2 346	(10 109)	(10 109)	(10 109)	(60 464)	(53 821)	(41 549)
Cash/cash equivalents at the year begin:	2	73 465	48 627	95 078	59 740	165 432	165 432	165 432	165 432	104 968	51 147
Cash/cash equivalents at the year end:	2	195 769	180 892	245 109	62 086	155 323	155 323	155 323	104 968	51 147	9 599
References											

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	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	195 769	180 892	245 109	62 086	155 323	155 323	155 323	104 968	51 147	9 599
Other current investments > 90 days		(147 146)	(85 814)	(79 676)	(1 867)	(6 204)	(6 204)	(95 583)	1 450	36 737	102 940
Non current Investments	1	9 857	–	–	–	–	–	–	–	–	–
Cash and investments available:		58 480	95 078	165 432	60 220	149 119	149 119	59 740	106 418	87 885	112 538
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent con		(9 496)	(17 007)	(31 403)	(14 676)	(41 202)	(41 202)	(41 202)	(37 294)	(36 343)	(37 129)
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	4 585	9 986	15 182	(26 573)	15 182	15 182	15 182	15 182	15 182	15 182
Other working capital requirements	3	(153 971)	83 047	91 028	5 041	85 368	85 368	85 368	47 611	(10 523)	(3 797)
Other provisions		(204)	(39 585)	(47 936)	(91 103)	(47 936)	(47 936)	(47 936)	(47 936)	(47 936)	(47 936)
Long term investments committed	4	9 857	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(149 229)	36 441	26 871	(127 311)	11 412	11 412	11 412	(22 438)	(79 621)	(73 681)
Surplus(shortfall)		207 709	58 637	138 561	187 530	137 708	137 708	48 329	128 856	167 506	186 219

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			799 325	839 947	909 728	973 266	986 878	986 878	986 878	1 067 974	1 099 214	1 146 596
Total Operating Expenditure			799 680	796 795	874 170	970 877	983 608	983 608	983 608	1 062 192	1 090 028	1 125 734
Operating Performance Surplus/(Deficit)			(355)	43 151	35 558	2 389	3 270	3 270	3 270	5 782	9 185	20 862
Cash and Cash Equivalents (30 June 2012)										-		
Revenue												
% Increase in Total Operating Revenue				5.1%	8.3%	7.0%	1.4%	0.0%	0.0%	8.2%	2.9%	4.3%
% Increase in Property Rates Revenue				(3.7%)	17.7%	7.3%	1.0%	0.0%	0.0%	10.0%	5.3%	5.2%
% Increase in Electricity Revenue				4.9%	9.8%	13.5%	(1.1%)	0.0%	0.0%	11.6%	3.7%	4.6%
% Increase in Property Rates & Services Charges				2.3%	6.5%	11.3%	(0.5%)	0.0%	0.0%	9.1%	4.7%	5.0%
Expenditure												
% Increase in Total Operating Expenditure				(0.4%)	9.7%	11.1%	1.3%	0.0%	0.0%	8.0%	2.6%	3.3%
% Increase in Employee Costs				3.0%	9.3%	18.6%	2.1%	0.0%	0.0%	4.6%	2.9%	4.9%
% Increase in Electricity Bulk Purchases				1.8%	21.5%	17.4%	(3.0%)	0.0%	(30.4%)	11.3%	5.4%	6.2%
Average Cost Per Budgeted Employee Position (Remuneration)					730887.4027	2107605.085				2249972.244		
Average Cost Per Councillor (Remuneration)					0	0				0		
R&M % of PPE			3.6%	2.8%	2.5%	2.8%	2.3%	2.3%		2.7%	3.1%	3.0%
Asset Renewal and R&M as a % of PPE			4.0%	5.4%	5.1%	7.5%	6.5%	6.5%		7.1%	8.1%	7.6%
Debt Impairment % of Total Billable Revenue			5.9%	5.0%	4.7%	2.8%	2.8%	2.8%	2.8%	3.3%	3.2%	4.0%
Capital Revenue												
Internally Funded & Other (R'000)			-	32 098	35 920	50 033	35 125	35 125	35 125	87 121	74 808	43 400
Borrowing (R'000)			60 631	33 505	44 924	107 616	87 112	87 112	87 112	63 190	54 844	71 443
Grant Funding and Other (R'000)			-	-	-	-	-	-	-	-	-	-
Internally Generated funds % of Non Grant Funding			420.1%	608.8%	598.4%	914.1%	645.6%	645.6%	645.6%	944.1%	551.4%	494.3%
Borrowing % of Non Grant Funding			320.1%	174.5%	191.7%	421.8%	302.0%	302.0%	302.0%	224.6%	121.1%	178.0%
Grant Funding % of Total Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Expenditure												
Total Capital Programme (R'000)			-	-	-	-	-	-	-	-	-	-
Asset Renewal			-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			79.9%	79.1%	85.9%	83.5%	83.0%	83.0%	83.0%	84.4%	85.6%	85.6%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			4.2%	5.2%	4.6%	3.5%	3.5%	3.5%	3.5%	3.4%	4.0%	4.7%
Borrowing Receipts % of Capital Expenditure			0.0%	68.7%	67.6%	66.2%	63.4%	63.4%	63.4%	55.9%	62.3%	52.0%
Reserves												
Surplus/(Deficit)			207 709	58 637	138 561	187 530	137 708	137 708	48 329	128 856	167 506	186 219
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Operating Revenue			799 325	839 947	909 728	973 266	986 878	986 878	986 878	1 067 974	1 099 214	1 146 596
Total Operating Expenditure			799 680	796 795	874 170	970 877	983 608	983 608	983 608	1 062 192	1 090 028	1 125 734
Surplus/(Deficit) Budgeted Operating Statement			(355)	43 151	35 558	2 389	3 270	3 270	3 270	5 782	9 185	20 862
Surplus/(Deficit) Considering Reserves and Cash Backing			207 709	58 637	138 561	187 530	137 708	137 708	48 329	128 856	167 506	186 219
MTREF Funded (1) / Unfunded (0)	15	1	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 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						
R thousand				2025/26 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Ward Location	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Parent municipality:						
<i>List all capital projects grouped by Function</i>						
ROADS, TRANSPORT & STORM WATER						
TOOLS & EQUIPMENT	Supply and deliver of tools and equipment	RDS2200	ALL WARDS	–	45	–
WITTEDRIFT-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - Wittedrift	RDS2221	1	4 000	–	–
KRANSHOEK-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - Kranshoek	RDS2222	7	2 000	2 600	2 600
Bus shelters	Bus shelters	RDS2223	5 & 6	500	–	–
KURLAND-STORMWATER UPGRADES	UPGRADING OF STORMWATER (MASTERPLAN ITEM) - Kurland	RDS2220	1	2 000	2 500	2 500
KWANOKUTHULA-STORMWATER UPGRADES	UPGRADING OF STORMWATER(MASTERPLAN ITEM) - KwaNokuthula	RDS2223	5 & 6	–	2 500	2 500
SPEEDHUMPS	CONSTRUCTION OF SPEEDHUMPS	RDS2205	ALL WARDS	200	500	500
UPGRADING OF HIGH STREET	UPGRADING OF HIGH STREET	RDS2230	2	9 900	–	–
UPGRADING OF SEWELL STREET AND ANCHOR CRESCENT	UPGRADING OF SEWELL STREET AND ANCHOR CRESCENT	RDS2231	2	–	7 200	–
UPGRADING OF LONGSHIPS DRIVE	UPGRADING OF LONGSHIPS DRIVE	RDS2232	2	300	–	10 000
MAIN STREET WALKWAYS	Refurbishment of Main St walkways	RDS 2401	2	200	1 250	1 250
BOSSIESGIF & NEW HORIZONS CULDESACS	Upgrading of New Horizon culdesacs	RDS 2402	4	1 000	–	–
KWANOKUTHULA CULDESACS	Upgrading of KwaNokuthula culdesacs	RDS 2403	5	–	1 000	–
EXTENSION OF MVIMBI STREET	Upgrading of Mvimbi St	RDS2236	6	–	–	2 500
SISHUBA STREET SIDE WALKS	Construction of side walks along Sishuba St and nearby streets	RDS2235	5 & 6	–	–	1 500
MARINE WAY SIDE WALKS	Construction of side walks along Sishuba St and nearby streets	RDS2236	2	–	–	1 500
1 x NEW LDV BAKKIES WITH CANOPIES	1 X NEW LDV BAKKIES WITH CANOPIES - ROADS & STORMWATER	FLT2408	ADMINISTRATIVE	600	600	–
1 X NEW JETMACHINE -STORMWATER	1 X NEW JETMACHINE - STORMWATER	FLT2414	ADMINISTRATIVE	–	2 000	–
QOLWEN/BOSSIESGIF PHASE 4B: UPGRADING OF SEWER	CONSTRUCTION OF NEW ROADS AND RELATED STORMWATER FOR 100 ERVEN	RDS2303	3	3 475	3 600	–
EBENEZER (PORTION 3) 725	CONSTRUCTION OF NEW ROADS AND RELATED STORMWATER FOR 255 ERVEN	RDS 2304	4	13 294	8 468	22 596
WATER SERVICES: WASTE WATER PURIFICATION						
SLUDGE HANDLING GANSEVALLEI WWTW	SLUDGE HANDLING - MULTI DISK SCREW PRESS	WWP2301	ALL WARDS	3 700	1 500	–
PUMP STATION EQUIPMENT	Capital Spares: new pumps, motors and fittings	WWP2302	ALL WARDS	2 000	2 000	2 000
UPGRADE SEWER RETIC	Upgrade internal sewer reticulation based on the master plan and Operational requirements	WWP2304	ALL WARDS	1 500	1 500	1 500
SECURITY FENCING - WASTE WATER PLANTS	Security Measures to meet legislative compliance by DWS - Greendrop programme	WWP2305	2 & 7	500	–	–
KURLAND WASTE WATER TREATMENT WORKS	KURLAND Waste Water Treatment Works	WWP2305	1	16 080	13 800	21 747
KURLAND WASTE WATER TREATMENT WORKS	KURLAND Waste Water Treatment Works	TO BE CREATED	1	–	2 116	–
GREEN VALLEY BULK OUTFALL SEWER RISING MAINS & PUMPSTATION	Construction of sewerage pipeline, pumpstation, raising main and associated infrastructure	TO BE CREATED	1	655	655	–
KWANOKUTHULA BULK OUTFALL SEWER RISING MAINS & PUMPSTATION	Construction of sewerage pipeline, pumpstation, raising main and associated infrastructure	TO BE CREATED	5 & 6	750	–	–
KURLAND SEWER PS, RISING MAINS & OUTFALL SEWER (HOUSING)	Construction of sewerage pipeline, pumpstation, raising main and associated infrastructure	TO BE CREATED	1	–	700	500
EBENEZER OUTFALL SEWER (HOUSING)	Construction of sewer pipeline and associated infrastructure	TO BE CREATED	4	200	2 000	4 300
UPGRADING OF THE BULK WATER & SEWERAGE INFRASTRUCTURE IN THE GREATER KERBOOMS AREA 9SEWERAGE)	Construction of sewerage pipeline, pumpstation, raising main and associated infrastructure	TO BE CREATED	1	–	400	650
1 x SUPER SUCKER TRUCK -	1 X SUPER SUCKER TRUCK -WASTE WATER SERVICES	FLT2308	ADMINISTRATIVE	–	3 000	–
2X LDV WITH CANOPY- WASTE WATER SERVICES	2X LDV WITH CANOPY- WASTE WATER -REPLACMNTS	WWP2310	ADMINISTRATIVE	600	600	–
QOLWEN/BOSSIESGIF PHASE 4B: UPGRADING OF SEWER	Construction of sewer reticulation for 100 erven	WWP2312	3	2 675	2 800	–
EBENEZER (PORTION 3) 725	Construction of sewer reticulation for 255 erven		4	11 632	7 409	12 653

WATER SERVICES: WATER DISTRIBUTION						
UPGRADE SAND FILTER PLETT WTW	REFURBISH AND REPAIR SAND FILTERS PLETT WTW	WTR2041	ALL WARDS	250	4 750	–
LABORATORY EQUIPMENT	Replace and upgrade aging laboratory equipment Plett WTW	WTR2042	ALL WARDS	300	318	340
TOOLS AND EQUIPMENT	GENERAL TOOLS & EQUIPMENT	WTR2301	ADMINISTRATIVE	250	265	280
PUMP STATION EQUIPMENT	Capital Spares: new pumps, motors and fittings	WTR2302	ALL WARDS	2 600	2 765	2 931
KURLAND: UPGRADE WTW	UPGRADE WORKS FROM 0.6 TO 1.2MI	WTR2303	1	17 588	–	–
KURLAND: UPGRADE WTW	UPGRADE WORKS FROM 0.6 TO 1.2MI	WTR2303	1	2 167	–	–
REPLACEMENT OF AC PIPES	REPLACEMENT OF AC PIPES	WTR2304	ALL WARDS	2 000	2 000	2 100
WATER DEMAND MANAGEMENT	Domestic meters and water saving devices	WTR2205	ALL WARDS	250	265	281
NATURES VALLEY RESERVOIR	NATURES VALLEY RESERVOIR UPGRADE	WAT2211	1	10 000	–	–
NATURES VALLEY WTW	NATURES VALLEY WTW UPGRADE - CAPITAL REPLACEMENTS	WAT2212	1	1 300	8 000	10 000
Upgrading of the bulk water supply pipeline from Plett WTP to Matjiesfontein reservoir	Construction of water pipeline and associated infrastructure.	TO BE CREATED	1 & 2	550	550	–
Upgrading of the bulk water supply pipeline from N2 to Green Valley	Construction of water pipeline and associated infrastructure.	TO BE CREATED	1	350	350	–
Green Valley pump station and reservoir	Construction of water pumpstation, rising main, reservoir and associated infrastructure	TO BE CREATED	1	350	350	–
WC/WDM Projects – Bulk meters, meter replacement, network analysis, air valves and prv's	Installation of bulk meters, meter replacement, network analysis, installation of air valves and pressure reducing valves	TO BE CREATED	ALL WARDS	500	1 500	1 500
Upgrading of the Bulk Water and Sewerage Infrastructure in the Greater Keurbooms Area (Water)	Construction of sewerage pipeline, pumpstation, raising main and associated infrastructure	TO BE CREATED	1	–	400	650
Upgrading of the Kurland Bulk Water Sources, Treatment Works, Reservoir and Bulk Supply Pipelines	Construction of reservoirs, pipelines, pumpstations and associated works	TO BE CREATED	1	–	1 000	1 000
Groundwater exploration Kurland Groundwater Refurbishment and Augmentation	Drilling and equipping of new boreholes including delivery pipelines and associated infrastructure	TO BE CREATED	1	2 500	7 500	5 000
1 X NEW TLB	1 X NEW TLB WATERSERVICES	FLT2402	ADMINISTRATIVE	–	–	1 500
1 X NEW LDV WITH SERVICE CANOPY	1 X NEW LDV SERVICE CANOPY -FLEET MANAGEMENT	FLT2308	ADMINISTRATIVE	–	600	–
WATER SERVICES FURNITURE & EQUIPMENT	Chairs, desk, book racks, white boards, etc	TO BE CREATED	ADMINISTRATIVE	50	50	50
QOLWENI/BOSSIESGIF PHASE 4B: UPGRADING OF WATER	Construction of water reticulation for 100 erven	WTR2311	3	1 350	1 600	–
EBENEZER (PORTION 3) 725	Construction of water reticulation for 255 erven	WTR2312	4	8 309	5 292	9 942
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	490	200	–
PLETT: ASSET REPLACEMENT	Capital spares: replace defective mini-subs and transformer and RMUs in all areas	ELE2301	ADMINISTRATIVE	1 500	1 500	1 500
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	–	–	500
REPLACE FAULTY MV METER UNIT	Maintenance Related: Replacing faulty metering units - to enhance revenue collection	ELE2304	ALL WARDS	–	950	–
BRACKKLOOF 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)	12 272	15 118	–
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
ELECTRIFICATION OF INFORMAL SETTLEMENT	New/Upgrade of Electrical Networks in Informal Settlements in the greater Bitou Area	ELE2204	MULTIPLE WARDS (1,3,5 &6)	3 541	800	–
ELECTRIFICATION OF 204 HOUSEHOLD FOR EBENEZER PHASE A	ELECTRIFICATION OF 204 HOUSEHOLD FOR EBENEZER PHASE A	EBER2024	4	1 188	–	–
NEW HIGH MAST LIGHTS	High Mast Lights with Backup Supply In greater Bitou Area	ELE2309	MULTIPLE WARDS (1,4,5&6)	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	–
NEW STREETLIGHTS	New Streetlights	ELE2210	ALL WARDS	3 000	500	–
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	1 900	–	–
ELECTRIFICATION OF EBENEZER	ELECTRIFICATION OF EBENEZER	ELE2317	4	2 875	4 310	4 505
ELECTRIFICATION OF EBENEZER	ELECTRIFICATION OF EBENEZER	ELE2317	4	4 720	–	–
KWANO ADDITIONAL 20 MVA TRANSFORMER FOR FIRM CAPACITY	MasterPlan:	ELE2320	5.6 &7	–	600	5 000
REPLACE PMT CHRISTIE WITH 315 MINISUB TO CATER FOR ADDITIONAL HOUSING UNITS	Replace PMT Christie with 315 minisub to cater for additional housing units	ELE2321	ALL WARDS	–	772	–
REPLACE PMT STEYN WITH 500 KVA MINISUB FOR ADDITIONAL RESIDENTIAL LOAD	Replace PMT Steyn with 500kva minisub for additional residential load	ELE2322	2	–	965	–
INSTALL NEW 1 MVA 22/11 TRANSFORMER AT NATURES VALLEY	INSTALL NEW 1 MVA 22/11 transformer at Natures Valley	ELE2323	ALL WARDS	–	8 100	–
TOOLS AND EQUIPMENT	2 POST LIFT , VEHICLE DIAGNOSTIC KIT ,TOOLS-MECHANICAL WORKSHOP	FLT2301	ADMINISTRATIVE	100	100	100
1 X NEW LDV WITH SERVICE CANOPY	1 X NEW LDV SERVICE CANOPY -FLEET MANAGEMENT	FLT2405	ADMINISTRATIVE	–	600	–

PROJECT MANAGEMENT UNIT (PMU)	Chairs, desk, book racks, white boards, etc	TO BE CREATED	ADMINISTRATIVE	50	50	50
PMU FURNITURE & EQUIPMENT						
PUBLIC SAFETY: FIRE & DISASTER MANAGEMENT						
ESSENTIAL TOOLS, LOOSE GEAR & EQUIPMENT FOR FIRE SERVICE & RESCUE OPERATIONS	SCBA's, Compressor, Generators, PTO pumps, Water Pumps, Tools and Loose Gear	FIR2406	ADMINISTRATIVE	200	250	200
HAZMAT PPE & DETECTION	Equipment essential in hazmat response for spills, leaks and releases	FIR2407	ADMINISTRATIVE	200	—	—
OFFICE FURNITURE & APPLIANCES	12 Mattresses, 20 stacker chairs, industrial washing machine and tumblers dryer	FIR5501	ADMINISTRATIVE	100	—	—
1X NEW RESCUE PUMPER	REPLACE RESCUE PUMPER CX 3857(14yrs old)FIRE	FLT2415	ADMINISTRATIVE	—	1 500	1 500
1 X NEW 4X4 SKID UBITS	REPLACE CX 48251(10yrs) AND CX 36097(14yrs) FIRE	FLT2416	ADMINISTRATIVE	—	800	—
1 NEW 4X4 TANKER	REPLACE SAMIL CX12077(30 YRS OLD)FIRE	FLT2418	ADMINISTRATIVE	—	2 000	2 500
1 NEW 4X4 TANKER PUMPER	REPLACE TANKER PUMPER CX 10568 (scrapped 2017/18)FIRE	FLT2419	ADMINISTRATIVE	—	—	2 000
PUBLIC SAFETY: LAW ENFORCEMENT SERVICES						
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	—	—
PORTABLE TWO WAY RADIOS	portable radios are used as communication devices when officers are outside vehicle or office	LAW2302	ADMINISTRATIVE	120	—	—
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	—	—
2X NEW LDV WITH POLICE CANOPIES -LAW ENFORCEMENT	2X NEW LDV WITH POLICE CANOPIES -LAW ENFORCEMENT	FLT2302	ADMINISTRATIVE	—	600	600
PUBLIC SAFETY: TRAFFIC MANAGEMENT SERVICES						
15X BODY CAMS	Cameras worn by Traffic Officers for protection and safety on the road when dealing with public	TRF2401	ADMINISTRATIVE	115	—	—
2x NEW SEDANS FOR TRAFFIC	2 X NEW TRAFFIC SEDANS	FLT2421	ADMINISTRATIVE	800	800	900
1 X LDV E/CAB WITH ROADBLOCK TRAILER	1 XNEW LDV & TRAILER -TRAFFIC DEPT	FLT2422	ADMINISTRATIVE	—	100	—
PUBLIC SAFETY: COMMUNICATIONS & CUSTOMER RELATIONS MANAGEMENT						
1 CAMERA	1 CAMERA	CUS550	ADMINISTRATIVE	30	—	—
2 x PORTABLE LOUDHAILERS	2 x PORTABLE LOUDHAILERS	CUS5502	ADMINISTRATIVE	12	—	—
INDOOR AND OUTDOOR COMPATIBLE SOUND SYSTEM	INDOOR AND OUTDOOR COMPATIBLE SOUND SYSTEM	CUS5503	ADMINISTRATIVE	120	—	—
FURNITURE FOR COMMUNICATIONS & CUSTOMER CARE	FURNITURE FOR COMMUNICATIONS & CUSTOMER CARE	CUS5504	ADMINISTRATIVE	60	—	—
3 x GAZEEBOS	3 x GAZEEBOS	CUS5505	ADMINISTRATIVE	30	—	—
1 X NEW LOUD HAILING SYSTEM	BUILD IN SOUND AND LOUDHAILING SYSTEM FOR PUBLIC MEETINGS AND MUNICIPAL EVENTS	CUS5506	ADMINISTRATIVE	200	—	—
HORTICULTURE & RECREATIONAL SERVICES						
CONSTRUCTION OF REGIONAL CEMETRY	CONSTRUCTION OF REGIONAL CEMETRY AT EBENEZER SANRAL ROAD	HOR2207	4	1 800	3 500	3 500
CONSTRUCTION OF REGIONAL CEMETRY	UPGRADING OF GREENVALLEY SPORTFIELD FLOODLIGHTING	HOR2209	7	3 500	2 467	—
UPGRADING OF KWANO SPORTFIELD FLOODLIGHTING	UPGRADING OF KWANO SPORTFIELD FLOODLIGHTING	HOR2230	5&7	—	4 654	—
RIDE ON LAWNMOWER	3 X NEW LAWNMOWERS -PARKS	HOR5501	ADMINISTRATIVE	300	—	—
1 X NEW TRACTOR	1 X NEW TRACTOR -PARKS	HOR5502	ADMINISTRATIVE	300	—	—
1 X NEW 3TON TIPPER TRUCK	1 X NEW 3 TON TIPPER TRUCK -PARKS	HOR5503	ADMINISTRATIVE	—	950	—
COMMUNITY HALLS, SPORTFIELDS & SERVICES CENTRES						
CONSTRUCTION OF QOLWENI HALL	Replacement of aluminium doors and windows at Qolweni	FAC2223	3	100	2 000	—
INTERGRATED WASTE MANAGEMENT						
KURLAND VILLAGE-WASTE DROP- OFF FACILITY	New Drop-off facilities at Kurland	WAS202	1	5 600	—	—
1x NEW SKIP TRUCK	1 X NEW SKIP TRUCK WASTE MANAGEMENT	FLT2401	ADMINISTRATIVE	1 500	—	—
1X NEW HOOKLIFT TRUCK-WASTE MANAGEMENT	1 X NEW HOOKLIFT TRUCK & TRAILER	FLT2304	ADMINISTRATIVE	—	3 000	3 000
INFORMATION & COMMUNICATION TECHNOLOGY						
BITOU LAPTOP REPLACEMENT	Replacement of equipment older than 5 Years and not fit for purpose	ICT2301	ADMINISTRATIVE	756	402	85
BITOU COMPUTER OPERATIONAL SPARES & LOANS	Operational in nature / Loans while servicing or repairing	ICT2302	ADMINISTRATIVE	150	300	257
BITOU HANDHELD DEVICES	For paper less agenda, workforce and meter reading readers	ICT501	ADMINISTRATIVE	220	38	38
BITOU REPAIRS MAINTENANCE & EQUIPMENT	Operational in nature / Replacement of failed capital item in the field	ICT2304	ADMINISTRATIVE	265	83	83
BITOU NEW USERS	BITOU NEW USERS	ICT2305	ADMINISTRATIVE	396	232	232
DEPARTMENTAL REQUESTS	DEPARTMENTAL REQUESTS HUMAN RESOURCE MANAGEMENT	ICT116	ADMINISTRATIVE	102	24	24
BITOU MONITORS	DEPARTMENTAL REQUESTS HUMAN RESOURCE MANAGEMENT	ICT117	ADMINISTRATIVE	22	27	27
LAW ENFORCEMENT 2 WAY RADIOS	TRAFFIC 2 WAY RADIOS	ICT2331	ADMINISTRATIVE	56	—	—
BEACH CONTROL ENFORCEMENT 2 WAY RADIOS	BEACHES 2 WAY RADIOS	ICT505	ADMINISTRATIVE	63	—	—
ICT OFFICE FURNITURE & EQUIPMENT	ICT OFFICE FURNITURE & EQUIPMENT	ICT2337	ADMINISTRATIVE	12	—	—
SCADA CONNECTIVITY	SCADA CONNECTIVITY	ICT2406	ADMINISTRATIVE	90	—	—
Parent Capital expenditure				178 441	174 500	154 971
Total Capital expenditure				178 441	174 500	154 971

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 will be submitted to the mayor for final approval within 14 days of the approval of the budget for the 2025/26 MTREF, it is directly aligned and informed by the 2025/2026 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 2023/2024 financial year will be considered by the municipal council on 31 March 2025 and the annual report is recommended to be adopted without reservations by the oversight committee.

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 to be solicited

Public input will be solicited as part of the budget process after the tabling the public and all stakeholders are requested and urged to participate in the budget and IDP revision processes.

It must again be emphasized that special consideration must be given to the Cost of Supply electricity tariff proposals that will be made public after the tabling of the budget as a total restructuring in the tariffs are proposed.

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 National Treasury is currently in a consultative process with municipality that will emanate in the regulation of the mSCOA business processes. Municipalities are required to ensure that the financial systems have the capability to transact against all 7 segments in the classification framework and that the system can support the 14 business processes to be regulated.

Provision is made in the 2025/2026 budget for the cost associated with the upgrade of the core financial system to a full ERP system that will ensure the integration of all business processes across the organisation.

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, Allen Anthony Paulse, Acting Municipal Manager of Bitou Municipality, hereby certify that the annual draft 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 draft budget and supporting documents are consistent with the draft Integrated Development Plan of the municipality.

Print Name Allen Anthony Paulse

Acting Municipal Manager of Bitou Municipality (WC047)

Signature



Date 31 March 2025