

ORIGINAL BUDGET OF PRINCE ALBERT MUNICIPALITY



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

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GLOSSARY

Original budget – Prescribed in Section 28 of the MFMA. The formal way a municipality can revise its budget during the year.

Budget – The financial plan of the Municipality.

Budget-related Policy – Policy of a municipality affecting the budget or affected by the budget, such as the tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure – Expenditure on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash is to be received and spent by the Municipality. Cash payments do not always correspond with budgeted expenditure frameworks. For example, when an invoice is received by the Municipality, it is regarded as expenditure in the month; even it is not paid within the same period.

DORA – Division of Revenue Act. Annual legislation containing the total allocations by national government to provincial and local governments.

Equitable share – A general allocation paid to municipalities. It is mainly aimed at rendering assistance with free basic services.

Fruitless and wasteful expenditure – Expenditure done in vain and that could have been avoided if reasonable care was exercised.

GFS – Government Finance Statistics. An internationally recognised classification system making a type-by-type comparison between municipalities.

Grants – Money received from Provincial or National Government and other municipalities.

GRAP – Generally Recognised Accounting Practice. Standards set by the Accounting Standards Board for generally recognised accounting practice to be used for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

Irregular Expenditure - in relation to a municipality or municipal entity, means:

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

KPI's – Key Performance Indicators. Measurement of service outputs and/or outputs.

MFMA – The Municipal Financial Management Act – No. 56 of 2003. The main legislation applicable to municipal financial management.

MTREF – Medium term Revenue and Expenditure Framework. A Medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budgetary allocations. Also includes details of the financial position of the preceding and current year.

Nett Assets – Nett assets are the residual interest in the assets of the entity after all its liabilities have been deducted. This means that the net assets of the municipality equal the "net welfare" of the municipality, after all assets had been sold/recovered and all liabilities had been paid. Transactions that do not fall under the description of Revenue or Expenditure, such as increase in the value of Property, Plant and Equipment, where no in- or outflow of resources occurs, are recorded under Nett Assets.

Operational expenditure – Expenditure on the day-to-day expenses of the Municipality, such as salaries and wages.

Property rates – Property rates are levied in terms of the Local Government: Property Rates Act, Act n0 6 of 2004. Local authority rates based on the assessed value of a property. In order to calculate the rates payable, the assessed value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan consisting of quarterly performance targets and monthly budget estimates. The SDBIP is used to measure the implementation of the budget as the guideline for expenditure in terms of the IDP.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted expenditure must contribute to the achievement of the strategic objectives.

Unauthorised expenditure – in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11 (3) of the MFMA, and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b) or (c) of the definition of "allocation" otherwise than in accordance with the conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with this Act;

Virement – A budget transfer.

Vote – One of the main segments of a budget.

PART 1. ANNUAL BUDGET

MAYOR'S REPORT

Mr Speaker
The Deputy Mayor
The Executive Mayoral Committee
Councillors
Municipal Officials
Members of the Public

Dit is vir my vanoggend 'n eer om ons begroting vir die 2023/24 finansiële jaar volgens artikel 23 van die Wet op Munisipale Finansiële Bestuur ter tafel te lê.

Dit is ook 'n hartseer dag. Later vanoggend gaan ons die lewe van ons wyle onderburgemeester, kollega en vriend, Stoffel Botes, herdenk. Hy het ons begrotingsbeplanningsvergaderings met entoesiasme en baie goeie argumente benader. Ek is jammer dat hy nie op hierdie belangrike dag by ons kan wees nie.

Times are hard for all us – residents, businesses and the Municipality alike. The rising cost of living is hurting families in every way. The prospect of rising unemployment and poverty, and the rolling blackouts, which they tell us will be worse this winter, add to anxiety and despair. Loadshedding makes normal work and family life, safety and economic growth impossible.

It is within this context that we have drafted this budget. Our job is to deliver services to the best of our ability and in so doing create the conditions for the economic sustainability of our town.

Our draft budget and tariffs were open until 12 May for public scrutiny and comments. As a caring and responsive government, we listened to and considered all input. As much as we would have liked to, we could not reduce the draft tariffs. I will explain why.

Wetgewing vereis dat munisipaliteite tariewe moet vasstel wat hulle in staat stel om die volle koste van die lewering van dienste te verhaal. Dit vorm die basis van die samestelling van 'n geloofwaardige begroting. 'n Geloofwaardige begroting is een wat die befondsing van alle goedgekeurde items verseker en geanker is in gesonde, tydige en betroubare inligting oor uitgawes en dienslewering.

'n Geloofwaardige uitgawebegroting weerspieël die kostes wat nodig is om 'n diens doeltreffend en effektief te lewer, naamlik:

1. 'n Begroting voldoende om 'n diens van die nodige gehalte op 'n volhoubare basis te lewer; en
2. 'n Begroting wat dienste teen die laagste moontlike koste lewer.

Provinsiale Tesourie het vroeër vanjaar 'n studie befonds om te bepaal of ons munisipaliteit se tariefstruktuur en tariewe voldoende is om die kostes wat aangegaan word te dek om volhoubare dienste aan belastingbetalers en verbruikers te lewer .

Die kort weergawe van die uitkoms van hierdie koste-reflektiewe studie was dat, nee, ons tariewe dek nie die kostes van ons dienste nie. In verskeie gevalle het die studie verhogings in tariewe van agt of nege keer die inflasiekoers aanbeveel om die koste van die verskaffing van 'n diens te dek. Dit

is as gevolg van historiese omstandighede en toon die belangrikheid van behoorlike beplanning, die gebruik van betroubare data en die akkurate berekening van tariewe vir handelsdienste aan.

So, what are trading services. They are electricity; water; sanitation; and refuse removal. Their charges must cover the cost of providing the service and must at least break even. The cost of providing the service includes day-to-day running costs and a share of the overheads required to keep the Municipality as a whole running, and the costs associated with expanding and managing infrastructure.

Electricity

Speaker, councillors, electricity prices are regulated by the National Energy Regulator of South Africa (NERSA.) NERSA determines the increase in pricing that all municipalities must pay for bulk electricity purchases.

Our proposed electricity tariff increase is 15.10% whereas the increase in electricity bulk purchases from ESKOM, as approved by NERSA, for all municipalities is higher. While no municipality can possibly absorb ESKOM's 18.7% tariff hike, we have managed to keep our own increase to 15.10%.

This shows that we are trying our best to protect our residents from ESKOM and NERSA'S tariff hikes.

Water

Die koste-reflektiewe studie het bevind dat ons tariewe wat vir die waterdiens gehef word, onvoldoende is om die koste te dek om hierdie diens te lewer. Die studie het aanbeveel dat die watertariewe met 'n verdere 48% verhoog moet word om die koste van die lewering van hierdie diens te dek.

Ons tariefverhoging vir water in hierdie begroting is 15%. Ons stel die verhoging inkrementeel of stuk-stuk in om ons verbruikers te beskerm.

Refuse Removal

The study found that the refuse removal tariff must increase with a further 39.92% to cover the costs of rendering this service.

This year our tariff increase is only 15%.

Sanitation and sewerage

The study confirmed that our sanitation and sewerage services run at a loss. The tariff increase for sanitation and sewerage services across the board is 15%.

Speaker, fellow councillors, this is the largest budget tabled thus far in Prince Albert's history – a total of R116 million. Our proposed operational budget amounts to R90 661 423 while the capital budget amounting to R27 200 044 is proposed for 2023/24. We have budgeted for a surplus of R409.

The main sources of our operating revenue are:

Service charges and property rates amounting to R34 252 290, and Operational grants from National and Provincial Treasury which total R33 798 000 and represent 35.66% of the operational budget. Our indigent subsidy derived from the equitable share is R7 666 991.

Our major operational expenditure items are:

Employee-related costs of R32 986 328 representing 36% of all expenditure,

Bulk purchases amounting to R18 315 378, and Maintenance costs of R2 120 738 which cover material only.

Our capital budget of R27 200 044 is financed from Government grants amounting to R16 080 957 and own funding from our Capital Replacement Reserve (CRR) funds of R11 119 447.

Our CRR contribution is allocated to improving our road and electricity infrastructure, and our commitment to a solar energy project with the Western Cape Government that will mean the town of Prince Albert, the economic hub of this Municipality, should be free of loadshedding by the end of this year.

Our operational budget too is focused on the excellent delivery of services in all three towns. I appeal to all residents to pay for their services. If you don't pay, we can't fix roads, broken water pipes, pay the overtime of traffic officials, keep the lights on. I do not say this lightly. In the next financial year, we will have to enforce our credit control policy strictly if Prince Albert is to be a going concern. And I appeal to the residents of Leeu-Gamka and Klaarstroom in particular, please pay your Municipal accounts every month. We do not want to be forced to take drastic action against residents.

At the same time, as a caring Municipality we are committed to protecting our most vulnerable residents. This is evident in the rebates we offer our indigent and disabled residents and pensioners. We provide 6kl of free drinking water, 50 free units of electricity and 100% rebates on other service charges to recipients of indigent subsidies.

Prince Albert is municipality that punches above its weight – our goal is to be a small rural town that can be model of hope for South Africans.

To sum up, while ours is a budget that is cut to the bone, it reflects Council's commitment, despite the limited funds available, to:

- Doing the basics better so that every person can live in dignity;
- Upgrading our Municipality's aging infrastructure not only through grant funding but also through the investment of our own capital replacement reserve funds;
- Reducing our dependence on the electricity network. I want to thank Premier Alan Winde and the Western Cape Government for their commitment to help us achieve this goal;
- Ensuring that our own assets are well maintained and upgraded regularly.

Speaker, I want to thank everyone involved in the compiling of our 2023/24 budget – our hard-working officials, councillors and members of the public.

I table this budget in honour of our late colleague, Cllr Stoffel Botes, and ask all parties to support it and show that we all care for our communities.

Thank you, Baie dankie

Headline inflation is expected to remain between 4 to 6 per cent target range over the 2023/24 MTEF. The following macro-economic forecasts must be considered when preparing the 2023/24 MTREF municipal budgets.

Fiscal year	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Forecast		
CPI Inflation	4.9%	6.9%	5.3%	4.9%	4.7%

Over the 2023 MTEF period, local government allocations will increase by a total of R14.3 billion, made up of R8.1 billion in the local government equitable share and R6.2 billion in direct conditional grants. This takes the total direct allocation to R521.7 billion over the same period. These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising.

The local government equitable share and related allocations increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.5 per cent over the 2023 MTEF period.

The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2023 MTEF period. It also includes allocations for the operational and maintenance costs associated with the provision of free basic services.

The 2023 Budget has ensured that sufficient provision has been made to ensure that all municipalities are fully subsidised to support indigent households. Following this, R1.35 billion has been left unallocated in the LGES formula for 2023/24 to serve as a precautionary measure should municipal electricity tariffs exceed the 20.7 per cent provided for in the formula (see section 5.7 on why this is above the 18.7 per cent approved by the Energy Regulator). If the actual increase in municipal bulk tariffs exceeds the provision made in the formula, it will be the first call on those unallocated funds. We will consider funding broader cost relief measures for municipalities if funds remain available after that. (MFMA Circular 123)

Prince Albert Municipality is the fortunate position that we can honour all our commitments and we are not like many other municipalities in the country on the brink of bankruptcy. We will however have to maintain strict financial discipline to ensure that our position does not deteriorate. Many municipalities cannot pay basic commitments like their Eskom accounts.

To be more sustainable, the municipality must increase its revenue base. Expenditure always remains a challenge. It is extremely difficult to address all the needs. Requests for funding always exceeds the availability of funds. Therefore difficult decisions have to be made to arrive at expected and realistic outcomes.

The expenditure budget for the 2023/24 MTREF period can be summarised as follow:

TYPE	BUDGET 2023/24 R'000	BUDGET 2024/25 R'000	BUDGET 2025/26 R'000
Revenue	90,662	98,289	100,659
Expenditure	90,661	97,803	100,272
Capital Transfers	18,182	8,927	9,983
Surplus	18,183	9,413	10,370

The increases in tariffs and service charges, in the main are influenced by the following, but not limited to the items below, over which council has little or no control:

- Increase in employee related costs. Prince Albert Municipality operates on the absolute minimum staff compliment. Unfortunately, the municipality is not in a position to fill all vacant positions on the organogram, but we have to appoint competent staff to ensure that services are rendered properly and in a sustainable way. Increases of 9%, to accommodate normal increases as well as Task evaluations performed in the 2022-2023 financial year end, are budgeted for the three years of the MTREF;
- The proposed increase of more than 18.7% in bulk electricity purchases from Eskom;
- Compulsory statutory provisions for devaluation of assets, bad debt, and sufficient GRAP provision for post-employment medical contributions and long service awards;
- Service delivery challenges.
- Maintenance of the municipality's assets to sustain basic service delivery; and
- The socio-economic conditions and consumer profiles of communities.

Council's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the council to contain service delivery within the affordability levels.

I want to rededicate the combined efforts of the political leadership and management of Prince Albert Municipality to the task of fulfilling the local interests of our people within the national priority of improving the quality of lives of all our people.

COUNCIL RESOLUTIONS

The MFMA stipulates that the Executive Mayor must table the Annual Budget at a Council meeting at least three months before the start of the new financial year.

The following resolutions are presented to Council for the tabling of the Annual Budget:

Resolution:

1. That Council tables the Annual Budget of the Prince Albert Local Municipality for the financial year 2023/24 and indicative for the two projected outer years, 2024/25 and 2025/26, and the multi-year and single year capital appropriations as set out in the following schedules:
 - 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
 - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as reflected in Table A3;
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as reflected in Table A4; and
 - 1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding source as reflected in Table A5.
2. That Council tables the property rates tariffs reflected in the 2023/24 tariff list and any other municipal tax reflected in the 2024/25 tariff list that will be imposed for the budget year 2025/26.

3. That Council tables the tariffs and charges, subsidies and discounts as reflected in the tariff list for the budget year 2023/24.
4. That Council tables the budget related policies reflected in for the budget year 2023/24.
5. That the electricity tariffs be tabled subject to NERSA's approval.
6. That the 2023/24 MTREF capital budget be financed as reflected in table A5.
7. That the MTREF and National Treasury budget schedules attached be tabled.

Executive summary

Prince Albert Municipality experienced a significant drop in collection rates during the previous and current financial years. We will have to make a concerted effort to increase collection rates on all debtors' accounts as discussed in the mayoral speech.

The Municipal Systems Act states that a municipal council must adopt, maintain and implement a credit control and debt collection policy that would be utilised for the collection of money that is due and payable to it. The municipal Councillors therefore are the custodians of the policy and responsible for its implementation. As a result, Councillors are required to encourage consumers in their municipal jurisdiction to pay for municipal services and to ensure that such debt that is due and payable to the municipality is collected. This would ensure compliance with the Act and ensure that a culture of payment is implemented in the municipal area. Council needs to play an active role in implementing their adopted policies to increase collection rates and ensure that funds are received to render services to the people.

Similar to the rest of government, municipalities face a difficult fiscal environment. Even as demand for services rises, weak economic growth has put stress on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. To date Prince Albert Municipality has managed these challenges well, but we will have to maintain a high level of financial discipline to prevent us from falling into financial distress and face liquidity problems. We need to focus on collecting revenues owed to the municipality and eliminate wasteful and non-core spending. The municipality must ensure that expenditure is limited to the maximum revenue collected and not spend on money that it does not have.

The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (FFC, 2011). Credible budgets are critical for local government to fulfil its mandate and to ensure its financial sustainability.

A credible expenditure budget reflects the costs necessary to provide a service efficiently and effectively, namely:

- An effective budget is one that is adequate to deliver a service of the necessary quality on a sustainable basis; and
- An efficient budget is one that delivers services at the lowest possible cost.

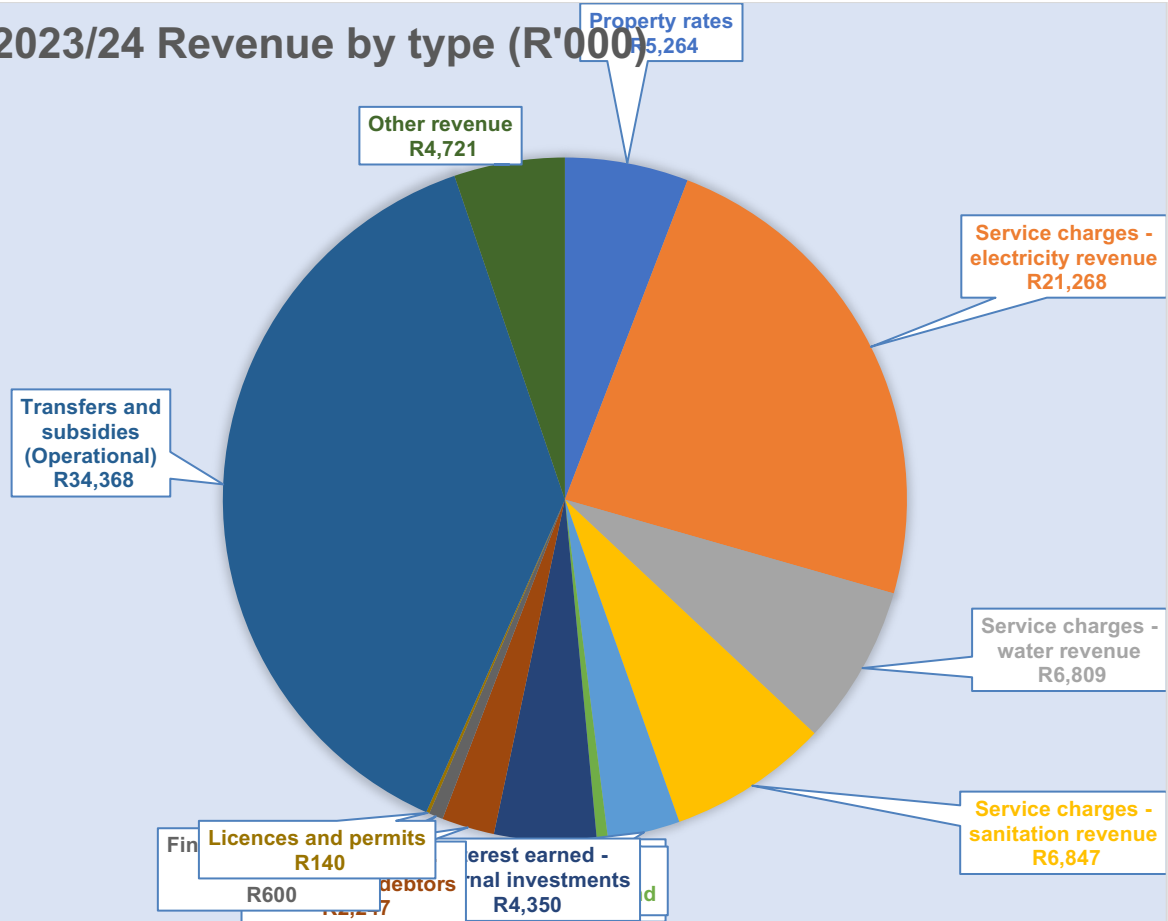
The annual budget and capital budget of Prince Albert Municipality for the financial year 2023/24 and the 2 indicative outer years 2024/25 and 2025/26 are hereby tabled as envisaged by the applicable legislation and regulations:

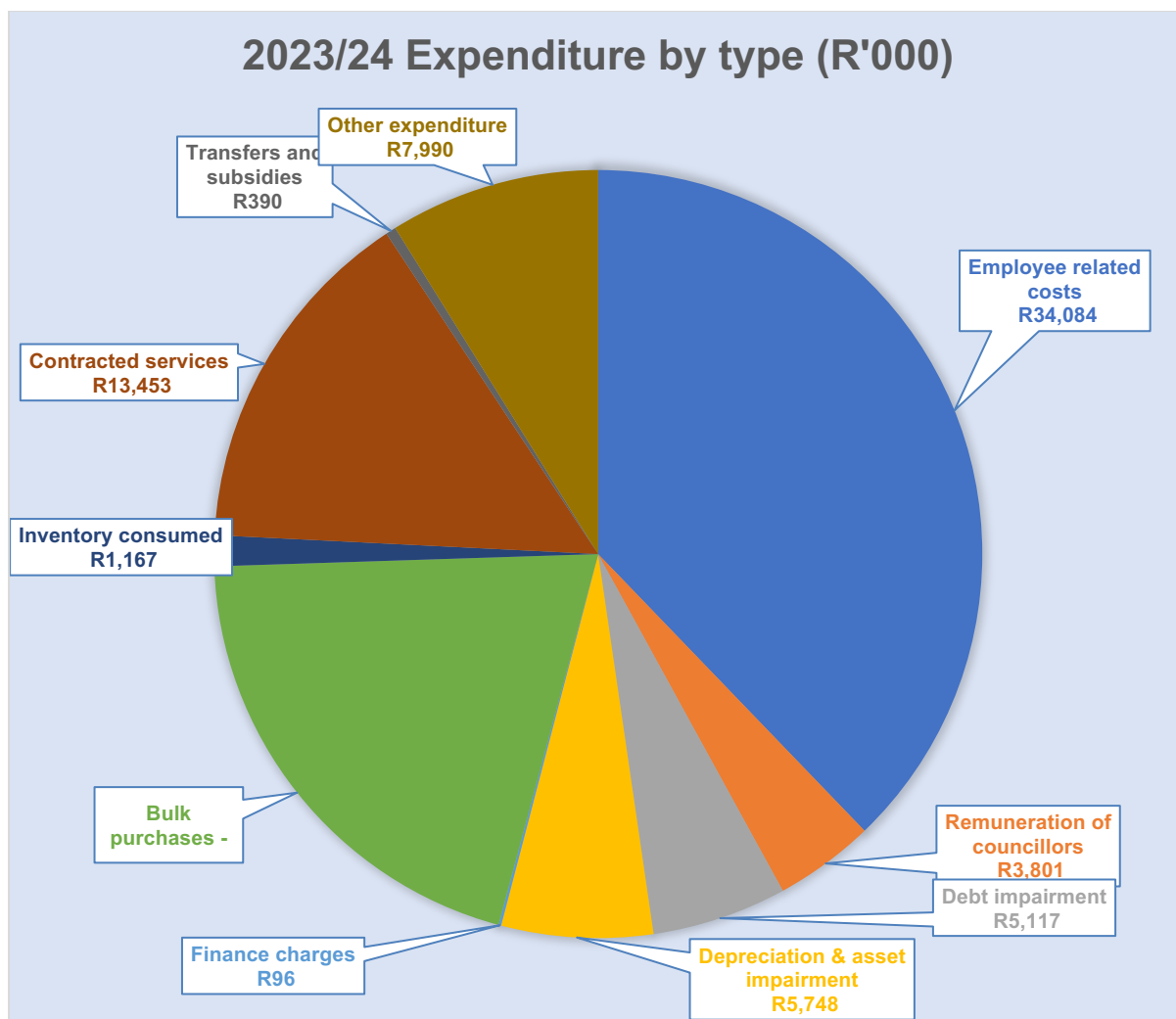
- MFMA (Act 56 of 2003);
- The Division of Revenue Act, and Provincial Budget announcements;
- Budget & Reporting Regulations 393 of 2009;
- Sections 215 & 216 of the Constitution;
- The Municipal Systems Act - No 32 of 2000;
- Municipal Systems Amendment Act no 44 of 2003; and
- Councils' budget related policies.

OPERATING BUDGET

TYPE	BUDGET 2023/24 R'000	BUDGET 2024/25 R'000	BUDGET 2025/26 R'000
Revenue	90,662	98,289	100,659
Expenditure	90,661	97,803	100,272
Capital Transfers	18,182	8,927	9,983
Surplus	18,183	9,413	10,370

2023/24 Revenue by type (R'000)





Tariff increases are inevitable given the cost of services and input costs, but more importantly to ensure that main services are cost reflective and that the main services are delivered on a sustainable basis as envisaged by the Constitution of SA and therefore the proposed main average tariff adjustments were modelled and calculated as follows:

Property Rates	11%
Electricity	15.1%
Water	15%
Sewerage	15%
Refuse	15%
Other sundry tariffs/charges	as per tariff listing

The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (FFC, 2011). Credible budgets are critical for local government to fulfil its mandate and to ensure its financial sustainability. If the guidelines issued by National Treasury are implemented for calculating the tariffs, the increase would be much higher. Taking the current economic situation and the socio-economic profile of the consumers and ratepayers into account the tariff increases were limited to the above levels.

In terms of Section 18 of the MFMA budgets may only be funded from:

- realistically anticipated revenues to be collected;
- cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- borrowed funds, but only for the capital budget referred to in section 17 (2).

The estimated headline inflation rate for the MTREF period is projected as follow:

- 2023/24 5.3%;
- 2024/25 4.9%; and
- 2025/26 4.7%.

This was taken into consideration for calculating operating expenditure for the MTREF period.

A huge constraint on the already tight resources is the ability of all consumers to pay for services rendered as the high unemployment rate and effects of slow economic growth are felt throughout the community of the Greater Prince Albert Area. These effects can clearly be identified in the decrease in collection rates of debtors' accounts. The situation requires extraordinary effort from local government practitioners and politicians in guiding strategic decision-making and managing our limited resources smarter and investigating and expanding on other financial resources. By strict enforcement and execution of the credit control policy, together with an understanding of the prevailing economic climate, Council aims to maintain payment rate of at least 85% to meet Council's financial and constitutional obligations.

The priorities identified during the IDP process can only be funded within the financial resource available and the affordability levels of our community.

The Municipality's budget must be viewed in the context of policy and financial priorities of the National, Provincial and district authorities. Basically, the government spheres are partners in fulfilling the service delivery challenges experienced in the Prince Albert Area. It is therefore critical that the other government spheres support the municipality by direct allocation of resources and subsidies to enable the municipality to maintain and achieve the long-term capital infrastructure needs of the community.

Whilst the MTREF 2023/24 - 2025/26 budget is funded we must bear in mind that for two of the three years of this MTREF period we have to use some of our cash-backed resources to meet the municipality's commitments. A lot of work and challenges remain to maintain financial sustainability. Whilst considerable effort was exercised to limit expenditure to the absolute essentials, it must be noted that further cuts in expenditure will affect the level and quality of basic service delivery.

To succeed as a municipality and to maintain our healthy financial position, it is unavoidable to increase tariffs. The municipality commits itself to sustainable high standards of service delivery. We do, however, need the commitment of consumers and ratepayers to settle their account timeously to ensure the goals of the municipality can be met.

CONCLUSION

The budget is funded and the cash-flow situation improves steadily during the MTREF period, but we have to keep in mind that the transfers and subsidies received from National and Provincial Government represent 35.55% in 2023/24, 35.51% in 2024/25 and 35.88% in 2025/26 of total revenue recognised.

The total contribution of own revenue to capital expenditure represents only 37.86% over the MTREF period. A bigger contribution from own revenue on capital projects will be aimed at improving service delivery and infrastructure assets.

It is essential that the municipality invest in reserves to fund future capital expenditure and commitments. The municipality has a Capital Replacement Reserve of R11.2 million. The carrying value of municipal assets amounts to R213,325 million in 2023/24, R218,805 million in 2024/25 and R218,841 million in 2025/26. The current replacement cost of these assets is enormously higher than the carrying value. Prince Albert Municipality mainly uses government grants to replace and/or maintain municipal assets. Although this is unavoidable at this stage, the increase to the Capital Replacement Reserve should be seriously considered.

In terms of legislation all municipalities are obliged to rehabilitate landfill sites once they have reached the end of their permit conditions. The current rehabilitation cost of the municipality's landfill sites amounts to R21.314million. Although a provision had to be established for the rehabilitation costs, it is not backed by any cash. Some of these landfill sites need to be rehabilitated soon. The municipality should seriously consider establishing a cash backed reserve to provide for future costs.

FINANCIAL RATIOS AND NORMS

Capital Expenditure to Total Expenditure – Norm 10% - 20%

	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000
Capital Expenditure	19,350	16,342	27,200	11,764	6,636
Total Expenditure	99,887	96,499	90,161	97,303	90,161
	19.37%	16.93%	30.17%	12.09%	7.36%

Purpose/Description of the Ratio

This Ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritisation of expenditure towards current operations versus future capacity in terms of Municipal Services.

Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value) – Norm 8%

	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000
Repairs and maintenance	14,770	14,282	13,453	13,049	13,453
Carrying value of assets	198,909	210,263	210,263	219,304	224,457
	7.43%	6.79%	6.40%	5.95%	5.99%

Purpose/ Use of the Ratio

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.

Current Ratio – Norm 1.5 – 2.1

	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000
Current assets	44 739	48 247	45 670	47 357	55 543
Current liabilities	18 139	15 990	35 473	35 473	35 473
	2,47	3,02	1,29	1,34	1,57

Purpose/ Use of the Ratio

The Ratio is used to assess the Municipality's or Municipal Entity's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).

Remuneration as % of Total Operating Expenditure - Norm 25% - 40%

	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000
Remuneration	31,331	32,434	34,084	35,295	34,084
Operating expenditure	80,537	80,158	90,161	97,303	90,161
	38.90%	40.46%	37.80%	36.27%	37.80%

Purpose/ Use of the Ratio

The ratio measures the extent of Remuneration to Total Operating Expenditure.

Government transfers and subsidies as % of total revenue

	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000
Government grants	44,701	48,370	18,182	8,927	9,983
Total revenue	84,055	94,270	90,662	98,289	100,659
	53.18%	51.31%	20.05%	9.08%	9.92%

Purpose/ Use of the Ratio

The ratio measures the dependency of municipal sustainability on government grants and subsidies,

ANNUAL BUDGET TABLES

Table A1: - Budget Summary

WC052 Prince Albert - Table A1 Budget Summary										
Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	5,463	5,580	6,194
Service charges	24,316	27,806	30,552	33,451	46,666	46,666	-	37,632	41,777	45,163
Investment revenue	3,359	2,321	2,347	2,376	3,647	3,647	-	4,350	3,945	3,845
Transfer and subsidies - Operational	30,420	33,478	32,272	34,260	36,492	36,492	-	36,568	40,369	38,585
Other own revenue	6,419	7,972	11,650	4,564	4,838	4,838	-	4,721	4,817	5,072
Total Revenue (excluding capital transfers and contributions)	64,514	71,577	76,821	74,650	91,642	91,642	-	88,734	96,489	98,659
Employee costs	23,114	24,221	23,570	28,538	29,583	29,583	-	32,548	33,174	35,622
Remuneration of councillors	3,127	3,155	3,142	3,456	3,456	3,456	-	3,404	3,581	3,767
Depreciation and amortisation	4,618	5,403	5,363	5,474	5,474	5,474	-	5,748	6,322	6,639
Finance charges	674	722	1,940	449	449	449	-	301	322	345
Inventory consumed and bulk purchases	11,377	12,098	16,200	18,943	17,499	17,499	-	18,943	21,262	22,962
Transfers and subsidies	373	320	390	490	490	490	-	390	390	390
Other expenditure	24,540	25,621	29,611	22,269	40,640	40,640	-	27,400	30,952	28,747
Total Expenditure	67,823	71,540	80,216	79,618	97,590	97,590	-	88,733	96,003	98,472
Surplus/(Deficit)	(3,309)	38	(3,395)	(4,967)	(5,947)	(5,947)	-	0	486	387
Transfers and subsidies - capital (monetary allocations)	12,369	17,834	12,746	14,110	15,609	15,609	-	18,982	8,927	9,983
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9,060	17,872	9,351	9,143	9,661	9,661	-	18,983	9,413	10,370
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9,060	17,872	9,351	9,143	9,661	9,661	-	18,983	9,413	10,370
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital	5,946	(2,766)	13,131	16,342	21,957	21,957	-	27,200	11,764	6,636
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	249	1,433	1,966	4,200	7,178	7,178	-	10,693	7,766	3,940
Total sources of capital funds	5,946	(2,766)	13,131	16,342	21,957	21,957	-	27,200	11,764	6,636
Financial position										
Total current assets	59,079	59,243	52,773	53,883	51,517	51,517	-	49,570	51,741	60,314
Total non current assets	167,103	184,706	191,156	209,081	207,789	207,789	-	229,241	234,683	234,680
Total current liabilities	50,531	45,126	35,473	37,307	35,473	35,473	-	35,473	35,473	35,473
Total non current liabilities	7,083	7,198	5,937	7,290	5,518	5,518	-	3,718	1,918	118
Community wealth/Equity	157,339	191,843	204,842	212,505	220,638	220,638	-	239,620	249,033	259,403
Cash flows										
Net cash from (used) operating	30,731	169,226	171,161	27,585	19,573	19,573	-	18,991	9,916	10,808
Net cash from (used) investing	(10,186)	(17,896)	(12,781)	(16,342)	(22,107)	(22,107)	-	(27,200)	(11,764)	(6,636)
Net cash from (used) financing	-	-	-	-	-	-	-	(51)	(55)	(58)
Cash/cash equivalents at the year end	20,544	151,330	158,380	11,244	(2,535)	(2,535)	-	37,157	35,254	39,369
Cash backing/surplus reconciliation										
Cash and investments available	51,967	51,937	45,861	62,270	45,417	45,417	-	39,939	40,811	47,823
Application of cash and investments	22,647	6,842	(4,417)	25,642	5,877	5,877	-	2,528	1,384	30
Balance - surplus (shortfall)	29,320	45,095	50,278	36,628	39,541	39,541	-	37,411	39,428	47,794
Asset management										
Asset register summary (WDV)	165,729	167,921	174,371	192,296	190,743	190,743	-	211,196	216,637	216,634
Depreciation	4,618	5,403	5,363	5,474	5,474	5,474	-	5,748	6,322	6,639
Renewal and Upgrading of Existing Assets	733	(3,673)	1,051	10,157	13,256	13,256	-	20,347	10,514	4,896
Repairs and Maintenance	12,791	14,690	16,944	15,603	17,200	17,200	-	17,210	18,706	19,820
Free services										
Cost of Free Basic Services provided	4,712	5,042	6,702	5,967	5,409	5,409	-	6,305	6,695	7,250
Revenue cost of free services provided	15	15	15	15	15	15	-	75	78	85

Explanatory notes to Table A1: - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- Capital expenditure is balanced by capital funding sources, of which
 - i. Government and other transfers are reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget. For the current MTREF no capital expenditure will be funded from borrowing; and
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the Cash Flow Budget

Table A2: - Budgeted Financial Performance (revenue and expenditure by functional classification)

WC052 Prince Albert - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional										
<i>Governance and administration</i>		26,207	37,011	35,066	34,287	37,590	37,590	43,507	44,538	46,231
Executive and council		21,828	28,612	2,455	24	27,960	27,960	29,488	30,896	31,923
Finance and administration		4,379	8,399	32,611	34,263	9,630	9,630	14,019	13,642	14,308
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5,301	6,516	10,027	3,770	4,358	4,358	4,115	6,912	3,969
Community and social services		5,288	2,604	2,687	2,383	2,293	2,293	2,417	2,393	2,449
Sport and recreation		13	3	12	12	312	312	18	19	21
Public safety		-	3,910	7,328	1,375	1,553	1,553	1,500	1,500	1,500
Housing		-	-	-	-	200	200	180	3,000	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3,473	1,066	1,865	1,343	2,552	2,552	2,266	1,128	1,154
Planning and development		625	34	50	56	1,042	1,042	764	716	734
Road transport		2,849	1,032	1,815	1,287	1,511	1,511	1,503	412	420
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		41,902	44,818	42,610	49,360	62,750	62,750	57,827	52,838	57,487
Energy sources		16,719	16,683	19,123	20,926	21,101	21,101	21,613	25,372	27,968
Water management		16,520	21,639	16,898	20,790	31,886	31,886	25,369	15,970	17,334
Waste water management		5,187	4,236	4,349	5,096	6,640	6,640	7,339	7,779	8,246
Waste management		3,474	2,260	2,239	2,547	3,123	3,123	3,506	3,716	3,939
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	76,883	89,411	89,587	68,761	107,251	107,251	107,716	105,416	108,842
Expenditure - Functional										
<i>Governance and administration</i>		20,365	24,809	25,845	28,810	23,529	23,529	22,834	23,039	23,912
Executive and council		7,495	6,686	3,984	4,483	7,669	7,669	7,499	7,667	8,064
Finance and administration		12,871	18,122	21,861	24,327	15,861	15,861	15,335	15,372	15,848
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6,909	8,418	12,101	7,369	7,671	7,671	9,228	12,567	10,119
Community and social services		5,853	2,666	2,831	3,212	3,404	3,404	3,929	4,169	4,390
Sport and recreation		1,057	1,118	1,389	1,900	1,859	1,859	2,071	2,165	2,312
Public safety		-	4,634	7,881	2,257	2,208	2,208	3,048	3,233	3,417
Housing		-	-	-	-	200	200	180	3,000	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16,044	9,779	10,539	9,287	19,328	19,328	20,242	20,564	21,671
Planning and development		5,531	572	706	106	8,489	8,489	9,155	9,625	10,210
Road transport		10,513	9,207	9,833	9,181	10,840	10,840	11,087	10,940	11,461
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		25,788	28,978	31,621	33,882	46,791	46,791	36,159	39,563	42,499
Energy sources		13,437	14,248	17,273	20,907	19,433	19,433	21,631	23,706	25,581
Water management		4,593	6,481	5,544	5,519	16,860	16,860	6,324	7,042	7,538
Waste water management		3,718	3,832	4,032	4,359	7,606	7,606	4,964	5,347	5,680
Waste management		4,040	4,418	4,772	3,097	2,892	2,892	3,240	3,468	3,700
<i>Other</i>	4	200	200	270	270	270	270	270	270	270
Total Expenditure - Functional	3	69,307	72,183	80,377	79,618	97,590	97,590	88,733	96,003	98,472
Surplus/(Deficit) for the year		7,576	17,228	9,190	9,143	9,661	9,661	18,983	9,413	10,370

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification
- Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste Water. Waste Management operate at a loss. Consideration should be given to the recalculation of the tariffs for waste management to ensure that it is not operated at a loss.

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

WC052 Prince Albert - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		21,828	29,104	27,382	26,970	27,960	27,960	29,488	30,896	31,923
Vote 2 - Director Finance		4,290	7,301	6,998	6,561	9,630	9,630	14,019	13,642	14,308
Vote 3 - Director Corporate		802	640	736	813	1,042	1,042	764	716	734
Vote 4 - Director Community		8,150	6,516	10,027	3,770	4,358	4,358	4,115	6,912	3,969
Vote 5 - Director Technical Services		41,813	45,850	44,425	50,647	64,261	64,261	59,330	53,250	57,907
Total Revenue by Vote	2	76,883	89,411	89,567	88,761	107,251	107,251	107,716	105,416	108,842
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		7,495	6,686	6,897	7,125	7,669	7,669	7,499	7,667	8,064
Vote 2 - Director Finance		12,841	12,333	12,819	14,339	15,861	15,861	15,335	15,372	15,848
Vote 3 - Director Corporate		6,147	6,361	6,835	7,452	8,489	8,489	9,155	9,625	10,210
Vote 4 - Director Community		9,816	8,618	12,371	7,639	7,941	7,941	9,498	12,837	10,389
Vote 5 - Director Technical Services		32,986	38,185	41,455	43,062	57,631	57,631	47,245	50,502	53,961
Total Expenditure by Vote	2	69,284	72,183	80,377	79,618	97,590	97,590	88,733	96,003	98,472
Surplus/(Deficit) for the year	2	7,599	17,228	9,190	9,143	9,661	9,661	18,983	9,413	10,370

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

WC052 Prince Albert - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	14,851	16,483	18,916	20,687	20,687	20,687	-	20,867	24,008	25,679
Service charges - Water	2	4,354	5,517	5,854	5,951	17,047	17,047	-	6,839	7,247	8,330
Service charges - Waste Water Management	2	5,060	5,552	3,897	4,636	6,179	6,179	-	6,847	7,257	7,693
Service charges - Waste Management	2	51	253	1,885	2,177	2,753	2,753	-	3,080	3,265	3,461
Sale of Goods and Rendering of Services		211	535	436	560	426	426	-	368	371	368
Agency services		218	281	286	120	300	300	-	260	260	260
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		892	1,503	1,731	1,799	1,799	1,799	-	2,013	2,134	2,341
Interest earned from Current and Non Current Assets		3,359	2,321	2,347	2,376	3,647	3,647	-	4,350	3,945	3,845
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		137	112	201	211	211	211	-	252	246	263
Rental from Fixed Assets		353	304	268	340	340	340	-	292	256	274
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		46	42	36	61	290	290	-	58	58	58
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	5,463	5,580	6,194
Fines, penalties and forfeits		3,936	3,509	6,910	1,107	1,105	1,105	-	1,105	1,105	1,105
Licences or permits		73	124	137	153	153	153	-	140	140	140
Transfer and subsidies - Operational		30,420	33,478	32,272	34,260	36,492	36,492	-	36,568	40,369	38,585
Interest		554	1,562	1,644	213	213	213	-	234	248	263
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		64,514	71,577	76,821	74,950	91,642	91,642	-	88,734	96,489	98,859
Expenditure											
Employee related costs	2	23,114	24,221	23,570	28,538	29,583	29,583	-	32,548	33,174	35,622
Remuneration of councillors		3,127	3,155	3,142	3,456	3,456	3,456	-	3,404	3,581	3,767
Bulk purchases - electricity	2	11,377	12,098	15,796	18,404	17,000	17,000	-	18,315	20,641	22,300
Inventory consumed	8	-	-	403	539	499	499	-	628	621	662
Debt impairment	3	-	8,646	-	-	1,985	1,985	-	4,315	4,579	4,845
Depreciation and amortisation		4,618	5,403	5,363	5,474	5,474	5,474	-	5,748	6,322	6,639
Interest		674	722	1,940	449	449	449	-	301	322	345
Contracted services		6,249	6,581	7,837	6,848	7,358	7,358	-	8,734	11,235	7,983
Transfers and subsidies		373	320	390	490	490	490	-	390	390	390
Irrecoverable debts written off		8,664	896	10,972	4,160	18,154	18,154	-	1,302	1,380	1,463
Operational costs		9,572	9,648	10,353	11,261	13,143	13,143	-	13,049	13,758	14,456
Losses on disposal of Assets		55	(151)	449	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		67,823	71,540	80,216	79,618	97,590	97,590	-	88,733	96,003	98,472
Surplus/(Deficit)		(3,309)	38	(3,395)	(4,967)	(5,947)	(5,947)	-	0	486	387
Transfers and subsidies - capital (monetary allocations)	6	12,369	17,834	12,746	14,110	15,609	15,609	-	18,982	8,927	9,983
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
		9,060	17,872	9,351	9,143	9,661	9,661	-	18,983	9,413	10,370
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	-	-	-
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		9,060	17,872	9,351	9,143	9,661	9,661	-	18,983	9,413	10,370
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		9,060	17,872	9,351	9,143	9,661	9,661	-	18,983	9,413	10,370
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	9,060	17,872	9,351	9,143	9,661	9,661	-	18,983	9,413	10,370

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

- Total revenue, excluding capital transfers and contributions, is R88,734 million in 2023/24 and escalates to R96,251 million by 2024/25 which is an increase of 8%.
- Transfers recognized – operating, includes the local government equitable share and other operating grants from national and provincial government.
- Total operating expenditure is R88,711 million in 2023/24 and escalates to R96,249 million in 2023/24 which is an increase of 8%.
- Although the operating revenue for all three years exceeds the operating expenditure for the same period, it is with a very narrow margin. No proper provision is made for the future rehabilitation of the landfill sites and the maintenance and replacement of infrastructure assets. The municipality are currently in the process of doing a cost reflective study on all tariffs to ensure the sustainability of basic municipal services.

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

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Director Finance		-	(526)	3,885	1,200	3,208	3,208	-	1,166	-	-
Vote 3 - Director Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Director Community		904	1,488	1,436	2,382	3,713	3,713	-	2,506	1,980	957
Vote 5 - Director Technical Services		4,436	3,803	15,324	12,759	15,037	15,037	-	19,753	9,784	5,679
Capital multi-year expenditure sub-total	7	5,340	4,765	20,644	16,342	21,957	21,957	-	23,424	11,764	6,636
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Director Finance		81	-	-	-	-	-	-	-	-	-
Vote 3 - Director Corporate		-	61	-	-	-	-	-	-	-	-
Vote 4 - Director Community		249	509	2,875	-	-	-	-	150	-	-
Vote 5 - Director Technical Services		275	3,242	2,287	-	-	-	-	3,626	-	-
Vote 15 -		9,897	-	1,552	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		10,503	3,811	6,714	-	-	-	-	3,776	-	-
Total Capital Expenditure - Vote		15,843	8,576	27,358	16,342	21,957	21,957	-	27,200	11,764	6,636
Capital Expenditure - Functional											
Governance and administration		81	(15,936)	3,574	1,200	3,208	3,208	-	1,166	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		81	(15,936)	3,574	1,200	3,208	3,208	-	1,166	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		1,154	2,153	70	2,382	3,713	3,713	-	2,656	1,980	957
Community and social services		249	666	39	200	809	809	-	150	-	-
Sport and recreation		904	1,488	-	2,182	2,624	2,624	-	2,506	1,980	957
Public safety		-	-	32	-	280	280	-	-	-	-
Economic and environmental services		180	3,995	8,212	3,204	4,204	4,204	-	8,440	3,700	3,500
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		180	3,995	8,212	3,204	4,204	4,204	-	8,440	3,700	3,500
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		4,531	7,022	1,274	9,556	10,833	10,833	-	14,939	6,084	2,179
Energy sources		854	-	-	800	952	952	-	1,726	5,015	2,179
Water management		1,259	3,073	865	6,569	6,569	6,569	-	11,975	1,069	-
Waste water management		2,418	2,563	409	2,087	3,211	3,211	-	1,138	-	-
Waste management		-	1,386	-	100	100	100	-	100	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	5,946	(2,766)	13,131	16,342	21,957	21,957	-	27,200	11,764	6,636
Funded by:											
National Government		4,317	679	8,196	12,142	12,323	12,323	-	15,811	3,998	2,696
Provincial Government		1,379	(2,737)	2,130	-	2,457	2,457	-	696	-	-
District Municipality		-	(2,142)	839	-	-	-	-	-	-	-
Transfers recognised - capital	4	5,697	(4,199)	11,165	12,142	14,779	14,779	-	16,507	3,998	2,696
Borrowing	6										
Internally generated funds		249	1,433	1,966	4,200	7,178	7,178	-	10,693	7,766	3,940
Total Capital Funding	7	5,946	(2,766)	13,131	16,342	21,957	21,957	-	27,200	11,764	6,636

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

- Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multiyear and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The capital program is funded mainly from National- and Provincial grants and transfers. The municipality make a contribution from own funds, while no external liabilities are raised to fund capital expenditure.

Table A6 -Budgeted Financial Position

WC052 Prince Albert - Table A6 Budgeted Financial Position											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		51,967	51,937	45,861	62,270	45,417	45,417	-	39,939	40,811	47,823
Trade and other receivables from exchange transactions	1	3,078	2,473	2,826	(11,962)	2,275	2,275	-	2,182	2,172	2,390
Receivables from non-exchange transactions	1	31	31	90	31	288	288	-	3,912	5,221	6,564
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	1,809	1,742	1,684	483	1,225	1,225	-	1,225	1,225	1,225
VAT		1,128	1,894	1,152	1,894	1,152	1,152	-	1,152	1,152	1,152
Other current assets		1,066	1,167	1,160	1,167	1,160	1,160	-	1,160	1,160	1,160
Total current assets		59,079	59,243	52,773	53,883	51,517	51,517	-	49,570	51,741	60,314
Non current assets											
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		13,619	13,612	13,605	13,599	13,599	13,599	-	13,691	13,684	13,676
Property, plant and equipment	3	152,237	169,706	176,189	194,154	192,855	192,855	-	214,241	219,721	219,757
Heritage assets		1,119	1,245	1,245	1,234	1,245	1,245	-	1,245	1,245	1,245
Intangible assets		128	143	117	94	91	91	-	64	34	2
Total non current assets		167,103	184,706	191,156	209,081	207,789	207,789	-	229,241	234,683	234,680
TOTAL ASSETS		226,182	243,950	243,928	262,964	259,306	259,306	-	278,812	286,425	294,994
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	92	98	92	98	98	-	98	98	98
Consumer deposits		524	589	648	589	648	648	-	648	648	648
Trade and other payables from exchange transactions	4	5,637	10,639	4,345	2,819	4,345	4,345	-	4,345	4,345	4,345
Trade and other payables from non-exchange transactions	5	18,022	6,747	3,472	6,747	3,472	3,472	-	3,472	3,472	3,472
Provision		24,033	24,330	24,094	24,330	24,094	24,094	-	24,094	24,094	24,094
VAT		1,968	2,392	2,525	2,392	2,525	2,525	-	2,525	2,525	2,525
Other current liabilities		348	338	290	338	290	290	-	290	290	290
Total current liabilities		50,531	45,126	35,473	37,307	35,473	35,473	-	35,473	35,473	35,473
Non current liabilities											
Financial liabilities	6	-	-	43	141	43	43	-	43	43	43
Provision	7	1,263	1,346	1,309	1,346	1,309	1,309	-	1,309	1,309	1,309
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		5,820	5,852	4,585	5,802	4,166	4,166	-	2,366	566	(1,234)
Total non current liabilities		7,083	7,198	5,937	7,290	5,518	5,518	-	3,718	1,918	118
TOTAL LIABILITIES		57,614	52,324	41,410	44,597	40,991	40,991	-	39,191	37,391	35,591
NET ASSETS		168,568	191,625	202,518	218,367	218,314	218,314	-	239,620	249,033	259,403
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	146,839	181,343	194,342	202,005	210,138	210,138	-	229,120	238,533	248,903
Reserves and funds	9	10,500	10,500	10,500	10,500	10,500	10,500	-	10,500	10,500	10,500
TOTAL COMMUNITY WEALTH/EQUITY	10	157,339	191,843	204,842	212,505	220,638	220,638	-	239,620	249,033	259,403

Explanatory notes to Table A6: - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves the understanding of councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- From the table above its clear that the financial position of the municipality is sound and consistently improves over the MTREF period. It is, however, concerning that no additional contributions are made to the Capital Replacement Reserve for the provision of the rehabilitation of landfill sites.

Table A7 - Budgeted Cash Flow Statement

WC052 Prince Albert - Table A7 Budgeted Cash Flows											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		9	202	496	5,798	4,996	4,996	-	5,187	5,298	5,880
Service charges		8,872	13,069	29,086	39,417	30,227	30,227	-	32,410	36,149	38,988
Other revenue		483	122,744	131,352	2,552	1,836	1,836	-	1,484	1,446	1,478
Transfers and Subsidies - Operational	1	21,366	7,899	41,292	32,060	34,790	34,790	-	34,366	38,269	36,485
Transfers and Subsidies - Capital	1	-	-	-	14,110	15,110	15,110	-	18,982	8,927	9,983
Interest		-	-	2,347	2,376	3,647	3,647	-	4,350	3,945	3,845
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	25,312	(33,412)	(68,729)	(71,034)	(71,034)	-	(77,790)	(84,118)	(85,851)
Interest		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		30,731	169,226	171,161	27,385	19,573	19,573	-	18,991	9,916	10,808
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(10,186)	(17,896)	(12,781)	(16,342)	(22,107)	(22,107)	-	(27,200)	(11,764)	(6,636)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(10,186)	(17,896)	(12,781)	(16,342)	(22,107)	(22,107)	-	(27,200)	(11,764)	(6,636)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	(51)	(55)	(58)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	(51)	(55)	(58)
NET INCREASE/ (DECREASE) IN CASH HELD		20,544	151,330	158,380	11,244	(2,535)	(2,535)	-	(8,260)	(1,903)	4,115
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	45,417	37,157	35,254
Cash/cash equivalents at the year end:	2	20,544	151,330	158,380	11,244	(2,535)	(2,535)	-	37,157	35,254	39,369

Explanatory notes to Table A7: - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- Cash and cash equivalents total R45,417 million at the end of the 2022/23 financial year, and decrease to R37,157 million by 2024/25.
- Reason for the decrease in Cash and cash equivalents relates to the planned spending of the Capital Reserve fund of R 10,308 million

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

WC052 Prince Albert - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash and investments available											
Cash/cash equivalents at the year end	1	20,544	151,330	158,380	11,244	(2,535)	(2,535)	-	37,157	35,254	39,369
Other current investments > 90 days		31,422	(90,393)	(112,519)	51,026	47,982	47,952	-	2,782	5,557	8,455
Non current investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		51,967	51,937	45,861	62,270	45,447	45,417	-	39,939	40,811	47,823
Application of cash and investments											
Unspent conditional grants		18,022	6,747	3,472	6,747	3,472	3,472	-	3,472	3,472	3,472
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	4,626	95	(7,890)	18,894	2,404	2,404	-	(945)	(2,089)	(3,443)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		22,648	6,842	(4,417)	25,642	5,877	5,877	-	2,528	1,384	30
Surplus (shortfall)		29,320	45,095	50,278	36,628	39,570	39,540	-	37,411	39,427	47,793

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

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end, and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table above the 2023/24 MTREF Budget shows a surplus for each period.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2023/24 MTREF is funded.
- As part of the budgeting and planning guidelines that informed the compilation of the 2023/24 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table A9: - Asset Management

WC052 Prince Albert - Table A9 Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	(733)	3,673	12,080	6,185	8,851	8,851	6,853	1,250	1,739
<i>Roads Infrastructure</i>		(180)	(0)	8,196	3,104	3,104	3,104	-	-	-
<i>Storm water Infrastructure</i>		-	(0)	-	1,281	1,281	1,281	838	-	-
<i>Electrical Infrastructure</i>		-	-	-	500	500	500	726	1,250	1,739
<i>Water Supply Infrastructure</i>		(32)	3,833	198	-	-	-	-	-	-
Infrastructure		(213)	3,833	8,395	4,885	4,885	4,885	1,564	1,250	1,739
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		(365)	(159)	2,204	1,000	2,952	2,952	696	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		(365)	(159)	2,204	1,000	2,952	2,952	696	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		(81)	-	1,353	200	865	865	250	-	-
Furniture and Office Equipment		-	-	112	-	-	-	220	-	-
Machinery and Equipment		(74)	-	16	100	150	150	4,123	-	-
Transport Assets		-	(0)	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	733	(3,673)	1,051	10,157	13,256	13,256	19,068	9,446	4,896
<i>Roads Infrastructure</i>		180	-	-	-	506	506	4,017	3,200	3,000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	300	300	300	1,000	3,766	440
<i>Water Supply Infrastructure</i>		1,259	(1,241)	666	6,569	6,721	6,721	10,696	-	-
<i>Sanitation Infrastructure</i>		(1,310)	(2,592)	409	806	300	300	300	-	-
<i>Solid Waste Infrastructure</i>		-	-	(24)	-	-	-	250	-	-
Infrastructure		129	(3,833)	1,051	7,675	7,827	7,827	16,263	6,966	3,440
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		158	(0)	-	2,482	3,074	3,074	2,606	1,980	957
Community Assets		158	(0)	-	2,482	3,074	3,074	2,606	1,980	957
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		365	159	-	-	-	-	200	500	500
Housing		-	-	-	-	-	-	-	-	-
Other Assets		365	159	-	-	-	-	200	500	500
Transport Assets		-	-	-	-	2,355	2,355	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	1,279	1,069	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	1,279	1,069	-
Infrastructure		-	-	-	-	-	-	1,279	1,069	-
Total Capital Expenditure	4	(0)	(0)	13,131	16,342	22,107	22,107	27,200	11,764	6,636
<i>Roads Infrastructure</i>		(0)	(0)	8,196	3,104	3,609	3,609	4,017	3,200	3,000
<i>Storm water Infrastructure</i>		-	(0)	-	1,281	1,281	1,281	838	-	-
<i>Electrical Infrastructure</i>		-	-	-	800	800	800	1,726	5,015	2,179
<i>Water Supply Infrastructure</i>		1,227	2,592	865	6,569	6,721	6,721	11,975	1,069	-
<i>Sanitation Infrastructure</i>		(1,310)	(2,592)	409	806	300	300	300	-	-
Infrastructure		(84)	(0)	9,446	12,559	12,712	12,712	19,106	9,284	5,179
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		158	(0)	-	2,482	3,074	3,074	2,606	1,980	957
Community Assets		158	(0)	-	2,482	3,074	3,074	2,606	1,980	957
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		(0)	(0)	2,204	1,000	2,952	2,952	896	500	500
Housing		-	-	-	-	-	-	-	-	-
Other Assets		(0)	(0)	2,204	1,000	2,952	2,952	896	500	500
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		(0)	-	1,353	200	865	865	250	-	-
Furniture and Office Equipment		-	-	112	-	-	-	220	-	-
Machinery and Equipment		(74)	-	16	100	150	150	4,123	-	-
Transport Assets		-	(0)	-	-	2,355	2,355	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		(0)	(0)	13,131	16,342	22,107	22,107	27,200	11,764	6,636
ASSET REGISTER SUMMARY - PPE (WDV)										
	5	165,729	167,921	174,371	192,296	190,743	190,743	211,196	216,637	216,634
<i>Roads Infrastructure</i>		14,082	15,585	22,688	24,498	25,444	25,444	31,002	33,216	35,181
<i>Storm water Infrastructure</i>		10,122	10,656	10,253	11,351	11,216	11,216	11,720	11,353	10,967
<i>Electrical Infrastructure</i>		11,204	10,276	8,919	10,166	9,492	9,492	9,821	14,400	16,120
<i>Water Supply Infrastructure</i>		40,309	42,336	40,985	47,572	46,143	46,143	56,635	56,073	54,361
<i>Sanitation Infrastructure</i>		37,371	34,150	34,757	33,241	34,053	34,053	33,299	32,140	30,923
<i>Solid Waste Infrastructure</i>		4,337	2,984	1,741	2,355	1,721	1,721	1,949	1,926	1,901
Infrastructure		117,425	115,986	119,343	129,183	128,069	128,069	144,427	145,108	149,453
Community Assets		24,329	25,335	24,971	27,782	27,591	27,591	29,994	31,751	32,473
Heritage Assets		1,119	1,245	1,245	1,234	1,245	1,245	1,245	1,245	1,245
Investment properties		13,619	13,612	13,605	13,599	13,599	13,599	13,691	13,684	13,676
Other Assets		2,033	2,632	4,734	6,794	6,606	6,606	6,367	5,619	4,809
Intangible Assets		128	143	117	94	91	91	64	34	2
Computer Equipment		580	628	1,895	2,763	2,760	2,760	3,010	3,010	3,010
Furniture and Office Equipment		462	840	777	773	595	595	624	414	193
Machinery and Equipment		846	793	1,338	1,038	1,488	1,488	3,073	3,073	3,073
Transport Assets		4,779	5,764	5,402	8,094	7,757	7,757	7,757	7,757	7,757
Land		410	943	943	943	943	943	943	943	943
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	165,729	167,921	174,371	192,296	190,743	190,743	211,196	216,637	216,634
EXPENDITURE OTHER ITEMS										
Depreciation	7	17,409	20,092	22,307	21,076	22,674	22,674	22,957	25,029	26,458
Repairs and Maintenance by Asset Class	3	4,618	5,403	5,363	5,474	5,474	5,474	5,748	6,322	6,639
<i>Roads Infrastructure</i>		12,791	14,690	16,944	15,603	17,200	17,200	17,210	18,706	19,820
<i>Storm water Infrastructure</i>		6,100	6,607	6,569	6,514	8,126	8,126	6,826	7,484	7,788
<i>Electrical Infrastructure</i>		720	923	863	1,005	900	900	1,091	1,101	1,188
<i>Water Supply Infrastructure</i>		2,292	3,113	3,954	3,514	3,839	3,839	4,037	4,580	4,915
<i>Sanitation Infrastructure</i>		1,144	1,382	1,434	1,718	1,709	1,709	2,402	2,572	2,755
<i>Solid Waste Infrastructure</i>		464	505	480	701	676	676	767	757	809
Infrastructure		10,720	12,530	13,320	13,452	15,250	15,250	15,124	16,493	17,454
Community Facilities		5	-	10	-	-	-	6	-	-
Community Assets		5	-	-	10	-	-	6	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		269	248	281	150	150	150	158	169	181
Housing		-	-	-	-	-	-	-	-	-
Other Assets		269	248	281	150	150	150	158	169	181
Furniture and Office Equipment		29	13	18	20	20	20	35	37	40
Machinery and Equipment		1,755	1,875	3,302	1,931	1,741	1,741	1,833	1,948	2,082
Transport Assets		12	25	23	40	40	40	54	58	62
TOTAL EXPENDITURE OTHER ITEMS		17,409	20,092	22,307	21,076	22,674	22,674	22,957	25,029	26,458
Renewal and upgrading of Existing Assets as % of total capex		-8140755.6%	45915787.5%	8.0%	62.2%	60.0%	60.0%	74.8%	89.4%	73.8%
Renewal and upgrading of Existing Assets as % of deprec		15.9%	-8.0%	19.6%	185.6%	242.2%	242.2%	354.0%	166.3%	73.8%
R&M as a % of PPE		8.4%	8.7%	9.6%	8.0%	8.9%	8.9%	0.0%	8.7%	9.0%
Renewal and upgrading and R&M as a % of PPE		8.0%	7.0%	10.0%	13.0%	16.0%	16.0%	18.0%	13.0%	11.0%

Explanatory notes to Table A9: - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table A10: - Basic service delivery measurement

WC052 Prince Albert - Table A10 Basic service delivery measurement										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		1,192	1,229	1,888	1,322	1,322	1,322	1,472	1,561	1,795
Sanitation (free sanitation service to indigent households)		—	—	1,974	2,258	1,821	1,821	2,180	2,311	2,450
Electricity/other energy (50kwh per indigent household per month)		866	1,035	1,692	1,017	1,017	1,017	1,154	1,234	1,321
Refuse (removed once a week for indigent households)		2,664	2,778	1,198	1,371	1,250	1,250	1,499	1,589	1,684
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	4,712	5,042	6,702	5,967	5,409	5,409	6,305	6,695	7,250
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Total revenue cost of subsidised services provided		15	15	15	15	15	15	75	78	85

Explanatory notes to Table A10: - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2 – OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

Table SA4 – Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
R thousand													
A comprehensive, responsive and sustainable social protection system				(4,712)	(5,042)	(6,702)	(5,967)	(5,409)	(5,409)	(6,365)	(6,759)	(7,320)	
A comprehensive, responsive and sustainable social protection system	Implementing an effective communication strategy	GG5		—	97	69	—	—	—	—	—	—	
An efficient, effective and development-oriented public service	Implementing an effective communication strategy	IT1		1,180	1,032	—	—	—	—	—	—	—	
An efficient, effective and development-oriented public service	Provide and Maintain sport and recreational facilities	CDE2		13	3	—	—	—	—	—	—	—	
Responsive, accountable, effective and efficient local government				67,032	74,550	82,358	80,617	97,051	97,051	95,099	103,248	106,179	
Responsive, accountable, effective and efficient local government	Developing an effective financial reporting system	FS2		891	893	956	—	—	—	—	—	—	
Sustainable human settlements and improved quality of household life				110	45	141	—	—	—	—	—	—	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	64,514	71,577	76,821	74,650	91,642	91,642	88,734	96,489	98,859

Table SA5 – Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand												
	Maintaining the infrastructure network system	BSD2		1,768	1,900	3,324	1,971	1,781	1,781	1,887	2,006	2,144
A comprehensive, responsive and sustainable social protection system	Developing an effective financial reporting system	FS2		599	801	698	898	1,189	1,189	1,608	1,718	1,826
A comprehensive, responsive and sustainable social protection system	Implementing an effective communication strategy	GG5		1,602	1,834	2,070	2,251	2,173	2,173	2,437	5,383	2,493
A comprehensive, responsive and sustainable social protection system	Implementing an effective communication strategy	LED1		101	48	50	56	53	53	68	69	69
A comprehensive, responsive and sustainable social protection system	Provide a safe , secure and stable environment	CDE5		-	17	36	23	8	8	18	19	19
A long and healthy life for all South Africans	Provide a safe , secure and stable environment	CDE5		852	-	-	0	0	0	0	0	0
All people in South Africa are and feel safe	Ensuring compliance with relevant legislation and Treasury guidelines	FS3		-	-	-	-	-	-	27	29	31
All people in South Africa are and feel safe	Implementing an effective communication strategy	GG5		5,138	4,936	8,147	2,537	2,427	2,427	3,197	3,445	3,645
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD1		23	18	29	15	15	15	15	16	17
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD2		815	849	880	1,093	1,127	1,127	1,795	1,485	1,585
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD3		6,811	6,831	6,965	7,550	7,773	7,773	7,919	8,685	9,049
An efficient, competitive and responsive economic infrastructure network	Ensure the effective administration of council committees	GG3		-	-	-	-	5	5	6	6	7
An efficient, competitive and responsive economic infrastructure network	Ensuring compliance with relevant legislation and Treasury guidelines	FS3		671	1,142	350	20	20	20	21	24	25
An efficient, competitive and responsive economic infrastructure network	Maintaining the infrastructure network system	BSD2		4,591	5,948	6,727	6,925	7,149	7,149	8,273	8,984	9,639
An efficient, competitive and responsive economic infrastructure network	Provide sustainable access of basic services to the community	BSD3		-	249	423	746	708	708	797	875	920
An efficient, effective and development-oriented public service	Developing an Infrastructure Network system for effective service delivery	BSD1		269	248	281	150	150	150	158	169	181
An efficient, effective and development-oriented public service	Implementing an effective communication strategy	IT1		1,160	1,032	1,815	1,237	1,237	1,237	1,233	91	97
An efficient, effective and development-oriented public service	Maintaining the infrastructure network system	BSD3		29	13	18	20	20	20	35	37	40
An efficient, effective and development-oriented public service	Maintaining the infrastructure network system	CDE2		-	-	-	-	-	-	6	-	-
An efficient, effective and development-oriented public service	Provide and Maintain sport and recreational facilities	CDE2		912	965	1,150	1,794	1,753	1,753	1,959	2,051	2,191
An efficient, effective and development-oriented public service	Provide sustainable access of basic services to the community	BSD3		7,375	8,006	6,149	5,608	21,587	21,587	7,318	7,775	8,216
Responsive, accountable, effective and efficient local government				55	(151)	449	-	-	-	-	-	-
Responsive, accountable, effective and efficient local government	Aligning the organogram with the functional demand of the IDP	GG1		-	-	-	-	320	320	968	1,139	1,219
Responsive, accountable, effective and efficient local government	Aligning the organogram with the functional demand of the IDP	IT2		(114)	-	-	-	-	-	40	40	40
Responsive, accountable, effective and efficient local government	Developing an effective financial reporting system	FS2		26	60	124	226	241	241	253	278	292
Responsive, accountable, effective and efficient local government	Developing an effective financial reporting system	FS3		11,679	11,449	12,307	14,135	14,020	14,020	15,337	15,247	15,612
Responsive, accountable, effective and efficient local government	Ensure the correct implementation of the Standard Chart of Accounts	GG3		1,063	993	971	1,156	1,156	1,156	1,041	1,088	1,137
Responsive, accountable, effective and efficient local government	Ensure the effective administration of council committees	GG3		5,380	5,409	5,379	5,622	6,144	6,144	6,185	6,280	6,628
Responsive, accountable, effective and efficient local government	Ensuring compliance with relevant legislation and Treasury guidelines	FS3		26	24	20	22	31	31	48	54	56
Responsive, accountable, effective and efficient local government	Ensuring compliance with relevant legislation and Treasury guidelines	LED1		512	538	672	50	193	193	644	646	688
Responsive, accountable, effective and efficient local government	Implementing an effective communication strategy	GG5		5,383	5,670	6,079	7,248	8,136	8,136	8,315	8,868	9,409
Responsive, accountable, effective and efficient local government	Provide sustainable access of basic services to the community	BSD3		369	337	417	383	196	196	610	653	698
Sustainable human settlements and improved quality of household life				10,809	12,098	14,079	17,864	16,381	16,381	16,515	18,841	20,500
Allocations to other priorities												
Total Expenditure			1	67,904	71,261	79,609	79,598	95,992	95,992	88,733	96,003	98,472

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

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand												
	Developing an Infrastructure Network system for effective service delivery	BSD1		-	-	16	100	150	150	4,123	-	-
A long and healthy life for all South Africans	Developing an Infrastructure Network system for effective service delivery	BSD1		-	-	-	200	300	300	100	-	-
A long and healthy life for all South Africans	Provide and Maintain sport and recreational facilities	CDE2		-	-	-	-	2,774	2,774	2,506	1,980	957
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD1		-	-	790	-	8,156	8,156	14,577	4,450	4,739
An efficient, competitive and responsive economic infrastructure network	Maintaining the infrastructure network system	BSD2		-	-	-	300	1,300	1,300	4,529	4,834	440
An efficient, effective and development-oriented public service	Creating a productive and conducive working environment	IT2		-	-	112	-	-	-	220	-	-
An efficient, effective and development-oriented public service	Developing an Infrastructure Network system for effective service delivery	BSD1		-	-	-	-	-	-	200	500	500
An efficient, effective and development-oriented public service	Provide sustainable access of basic services to the community	BSD3		-	-	3,557	1,200	3,816	3,816	946	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	4,475	1,800	16,497	16,497	27,200	11,764	6,636

PART 3 – OVERVIEW OF BUDGET RELATED POLICIES

As per the budgeting and reporting regulations the municipality is required to have the following policies:

- (a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) the rates policy which the municipality must adopt in terms of section 3 of the Municipal Property Rates Act;
- (c) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- (d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;
- (g) a policy related to the long-term financial plan;
- (h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- (i) any policies dealing with the management and disposal of assets;
- (j) any policies dealing with infrastructure investment and capital projects, including
 - (i) the policy governing the planning and approval of capital projects; and (Included in asset management policy)
 - (ii) the policy on developer contributions for property developments;
- (k) the indigents policy of the municipality;
- (l) any policies related to the provision of free basic services;(Included in tariff and indigent polices)
- (m) any policies related to budget implementation and monitoring including:
 - (i) a policy dealing with the shifting of funds within votes;
 - (ii) a policy dealing with the introduction of adjustments budgets;
 - (iii) policies dealing with unforeseen and unavoidable expenditure;
 - (iv) policies dealing with management and oversight; (i to iv included in the budget policy)
- (n) any policies related to managing electricity and water including:
 - (i) a policy related to the management of losses: and
 - (ii) a policy to promote conservation and efficiency; (included in tariff policy)
- (o) any policies relating to personnel including policies on overtime, vacancies and temporary staff; (only recruitment policy overtime etc is governed by law and collective bargaining agreements)
- (p) any policies dealing with municipal entities, including:
(The municipality does not have any entities)

The policies were reviewed and tabled in council with the budget.

PART 4 – OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions

Budgets are drafted in uncertain conditions. In order to develop credible and responsive budgets, assumptions must be made about internal and external factors that may affect the budget. This Section offers a detailed summary of the assumptions used in drafting the budget.

External Factors

There is no real growth in the municipal area, and the only growth in the number of households relate to the building of RDP housing and the servicing of erven for those on the housing backlog waiting list which does not add to the revenue or tax base.

Job opportunities are limited as a result of limited or no growth, and the National budget has identified job creation as a priority and suggested that municipal capital and maintenance projects should assist in this by implementing labour-intensive projects within municipality's financial resource envelope.

The ongoing draughts has led to an increase in unemployment which in turn increased the indigent percentage. The percentage represent the number of households that are dependent on the municipality's waiver of service charges as well as annual tax levies.

The inflationary indexes made available by National Treasury could not be used in all instances as the guiding factor for increases in the tariffs. The impact of increases in petroleum, water costs, personnel costs and electricity costs to the municipality should not be underestimated and cannot necessarily be controlled by the municipality.

The agriculture and forestry sector made the largest contribution to GDP and employment in the municipal area of Prince Albert. It is estimated that the economy of Prince Albert municipal area grew by 0.2 per cent and created 30 extra jobs during the process. During the ten-year period, many of the additional employment opportunities were created in the community, social and personal services sector.

The reliance on the agriculture and forestry sector in the Prince Albert and Laingsburg municipal areas make these economies susceptible to shocks influencing the industry, such as climate change and water scarcity. Economic diversification is therefore required to make these economies more resilient.

Funding compliance

The budget will not be fully cash-backed if the current debtors' collection rate deteriorates and, in this regard, the worst-case scenario was used in the preparation of the budget. The budget is still considered credible as various revenue enhancing strategies are currently being investigated.

PART 5 – OVERVIEW OF BUDGET FUNDING

Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Compliance with this requirement effectively requires that Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

For the 2023/24 to 2025/26 MTREF period Prince Albert Municipality's budget is funded for all three years of the MTREF period.

A Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensures that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous audited performance outcomes and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfil their financial managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently, the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

Taking up Loans

The MFMA stipulates the conditions within which municipalities may incur short- or long-term debt. Prince Albert Municipality is in the fortunate position that it has no external obligations.

PART 6 – SUMMARY OF GOVERNMENTS GRANTS AND RECEIPTS

Government transfers and grants receipts

Table SA18 – Transfers and grants receipts

WC052 Prince Albert - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
RECEIPTS:										
Operating Transfers and Grants										
National Government:		24,613	29,014	27,333	29,833	29,625	29,625	31,856	32,973	34,146
Local Government Equitable Share		21,355	25,925	24,054	26,548	26,548	26,548	28,653	30,861	31,888
Energy Efficiency and Demand Side Management Grant										
Expanded Public Works Programme Integrated Grant		1,180	1,032	1,243	1,237	1,237	1,237	1,098	-	-
Infrastructure Skills Development Grant										
Local Government Financial Management Grant		1,700	1,700	1,650	1,650	1,650	1,650	1,700	1,700	1,838
Municipal Infrastructure Grant		378	357	386	398	190	190	405	412	420
Provincial Government:		3,294	1,921	3,011	2,203	4,318	4,318	2,477	5,261	2,304
Infrastructure		-	-	-	50	225	225	-	-	-
Capacity Building		3,294	1,921	3,011	2,153	4,093	4,093	2,477	5,261	2,304
District Municipality:		-	700	431	-	325	325	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		-	700	431	-	325	325	-	-	-
Other grant providers:		2,512	1,843	1,498	2,224	2,224	2,224	2,235	2,135	2,135
Other Grants Received		2,512	1,843	1,498	2,224	2,224	2,224	2,235	2,135	2,135
Total Operating Transfers and Grants	5	30,420	33,478	32,272	34,260	36,492	36,492	36,568	40,369	38,585
Capital Transfers and Grants										
National Government:		5,015	13,160	9,332	14,110	14,110	14,110	18,182	8,927	9,983
Integrated National Electrification Programme Grant		983	-	-	-	-	-	490	1,092	2,000
Municipal Infrastructure Grant		3,856	13,160	9,332	7,558	7,558	7,558	7,692	7,835	7,983
Water Services Infrastructure Grant		-	-	-	6,552	6,552	6,552	10,000	-	-
Municipal Disaster Relief Grant		176	-	-	-	-	-	-	-	-
Provincial Government:		7,354	4,674	3,414	-	1,499	1,499	800	-	-
Infrastructure		6,878	2,348	994	-	300	300	-	-	-
Capacity Building		476	2,325	2,420	-	1,199	1,199	800	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Other Grants Received		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	12,369	17,834	12,746	14,110	15,609	15,609	18,982	8,927	9,983
TOTAL RECEIPTS OF TRANSFERS & GRANTS		42,788	51,312	45,018	48,370	52,100	52,100	55,550	49,296	48,568

Expenditure on Government transfers and receipts

Table SA19 Expenditure on transfers and grant programme

WC052 Prince Albert - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		28,434	27,307	26,109	36,421	36,733	36,733	31,852	31,390	32,923
Local Government Equitable Share		25,800	24,348	22,989	33,182	33,652	33,652	28,486	29,082	30,435
Energy Efficiency and Demand Side Management Grant		1,160	1,032	1,243	1,237	1,237	1,237	1,098	-	-
Expanded Public Works Programme Integrated Grant		1,104	1,590	1,509	1,650	1,650	1,650	1,700	1,700	1,838
Local Government Financial Management Grant		369	338	367	352	194	194	568	608	650
Municipal Infrastructure Grant										
Provincial Government:		1,744	1,852	2,868	1,976	2,889	2,889	2,464	5,408	2,515
Infrastructure										
Capacity Building		1,744	1,852	2,868	1,976	2,889	2,889	2,464	5,408	2,515
Other grant providers:		-	17	2,748	2,215	2,200	2,200	2,200	2,200	2,200
Expenditure on Other Grants		-	17	2,748	2,215	2,200	2,200	2,200	2,200	2,200
Total operating expenditure of Transfers and Grants:		30,178	29,176	31,725	40,612	41,822	41,822	36,516	38,998	37,638
Capital expenditure of Transfers and Grants										
National Government:		4,317	679	8,196	12,142	12,323	12,323	15,811	3,998	2,696
Integrated National Electrification Programme Grant		854	-	-	-	-	-	426	950	1,739
Municipal Infrastructure Grant		3,463	679	8,196	6,572	6,753	6,753	6,690	3,049	957
Water Services Infrastructure Grant		-	-	-	5,569	5,569	5,569	8,696	-	-
Provincial Government:		1,379	(2,737)	2,130	-	2,457	2,457	696	-	-
Infrastructure										
Capacity Building		1,379	(2,737)	2,130	-	2,457	2,457	696	-	-
Other grant providers:		-	(2,142)	839	-	-	-	-	-	-
Expenditure on Other Grants		-	(2,142)	839	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		5,697	(4,199)	11,165	12,142	14,779	14,779	16,507	3,998	2,696
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		35,875	24,977	42,890	52,754	56,602	56,602	53,023	42,996	40,334

All transfers and grants receipts are disclosed in the National and Provincial DORA's. It is important to bear in mind that revenue on government transfers and grants is only recognised once the conditions of an applicable grant is met. That is why the expenditure on government transfers and grants for the current year is higher than the receipts for these grants. That is due to unspent grants from the previous financial year has been approved as roll-overs for the current financial year.

PART 7 – COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Table SA22 – Summary councillor and staff benefits

WC052 Prince Albert - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2,818	2,844	2,831	3,114	3,114	3,114	3,062	3,215	3,376
Cellphone Allowance		309	311	311	342	342	342	342	366	391
Sub Total - Councillors		3,127	3,155	3,142	3,456	3,456	3,456	3,404	3,581	3,767
% increase	4		0.9%	(0.4%)	10.0%	-	-	(1.5%)	5.2%	5.2%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2,357	2,226	2,029	2,086	2,184	2,184	2,941	3,272	3,501
Pension and UIF Contributions		-	2	(1,546)	(440)	(519)	(519)	(1,800)	(1,800)	(1,800)
Performance Bonus		153	-	93	189	189	189	452	286	306
Motor Vehicle Allowance	3	281	244	180	336	336	336	336	360	385
Cellphone Allowance	3	93	86	67	66	66	66	66	71	76
Other benefits and allowances	3	-	1	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2,884	2,559	823	2,236	2,256	2,256	1,995	2,188	2,467
% increase	4		(11.3%)	(67.8%)	171.9%	0.8%	-	(11.6%)	9.7%	12.8%
Other Municipal Staff										
Basic Salaries and Wages		13,295	14,545	15,373	17,709	18,680	18,680	21,222	21,119	22,597
Pension and UIF Contributions		1,916	2,081	2,218	2,903	2,863	2,863	3,530	3,700	3,959
Medical Aid Contributions		618	637	589	1,120	798	798	1,156	1,237	1,324
Overtime		869	1,009	1,160	1,133	1,445	1,445	1,488	1,592	1,704
Performance Bonus		1,022	1,009	1,042	1,393	1,342	1,342	1,676	1,759	1,882
Motor Vehicle Allowance	3	35	33	33	50	42	42	50	53	57
Cellphone Allowance	3	86	97	119	167	215	215	214	222	238
Housing Allowances	3	97	111	60	64	85	85	118	127	135
Other benefits and allowances	3	725	769	815	873	1,070	1,070	942	1,007	1,078
Payments in lieu of leave		404	396	350	366	321	321	-	-	-
Long service awards		-	-	-	325	319	319	157	168	180
Post-retirement benefit obligations	6	1,161	975	988	197	147	147	-	-	-
Sub Total - Other Municipal Staff		20,230	21,662	22,747	26,300	27,327	27,327	30,553	30,986	33,154
% increase	4		7.1%	5.0%	15.6%	3.9%	-	11.8%	1.4%	7.0%
Total Parent Municipality		26,241	27,376	26,712	31,994	33,039	33,039	35,952	36,754	39,389
			4.3%	(2.4%)	19.8%	3.3%	-	8.8%	2.2%	7.2%
TOTAL SALARY, ALLOWANCES & BENEFITS		26,241	27,376	26,712	31,994	33,039	33,039	35,952	36,754	39,389
% increase	4		4.3%	(2.4%)	19.8%	3.3%	-	8.8%	2.2%	7.2%
TOTAL MANAGERS AND STAFF	5.7	23,114	24,221	23,570	28,538	29,583	29,583	32,548	33,174	35,622

PART 8 – LEGISLATIVE COMPLIANCE STATUS

Municipal Financial Management Act –No 56 of 2003

The MFMA took effect on 1 July 2004. The act modernises budget and financial management practices within the overall aim of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finances, including budget, supply chain management and financial reporting.

The MFMA forms the basis of the municipal management reforms implemented by municipalities.

The MFMA and the budget

The budget drafting process

The Mayor must direct the budget drafting process by means of a coordinated cycle of events commencing at least ten months before the start of each financial year.

Overview

The MFMA requires a Council to adopt a three-year capital and operating budget taking into account and aligning with the municipality's current and future development priorities and other finance-related policies (for example relating to the provision of free basic services).

These budgets must clearly set out the revenue per source and expenditure per vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any details on loans, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may only be funded from reasonable estimates of revenue and cash-backed surplus funds of the previous year and loans (the latter for capital items only).

Budget drafting time schedule

The first step in the budget drafting process is to develop a time schedule of all key deadlines relating to the budget and to revise the Municipality's IDP and budget-related policies.

The budget drafting time schedule is compiled by senior management and tabled by the mayor for adoption by Council by 31 August (ten months before the start of the next budget year).

Drafting of the budget and revision of the IDP and policy

The Mayor must co-ordinate the budget drafting process and the revision of Council's IDP and budget-related policies with the assistance of the municipal manager.

The Mayor must ensure that the IDP overview constitutes an integral part of the budgeting process and that any changes to strategic priorities as contained in the IDP document are based on realistic projections of revenue and expenditure. In developing the budget, management must take into account national and provincial budgets, the national fiscal and macro-economic policy and other applicable agreements or Acts of Parliament. The Mayor must consult the relevant District

Municipality and all other local municipalities in that district as well as the applicable provincial treasury and the national treasury in drafting the budget, and must upon request provide prescribed information to National and Provincial Treasury and other government departments.

The drafting process should ideally take place between August and November in order that draft consolidated three-year budget proposals, IDP amendments and amendments to budget related policies could be made available during December and January. This allows time in January, February and March for preliminary consultation and discussion of the draft budget.

Tabling of the budget

At least 90 days before the start of the new financial year the budget has to be tabled in Council. This is not to approve the budget, but for Council to ensure that all priorities and objectives are included in the tabled budget.

The draft budget must then be made available to the public for comments and a thorough public participation process.

By 31 May, the mayor must submit the draft budget, after considering comments by the public, to Council for public release for approval. The budget must be approved by Council before the start of the new financial year.

PART 9 – QUALITY CERTIFICATION BY THE MUNICIPAL MANAGER

I, A I Hendrick, Municipal Manager of Prince Albert Municipality, hereby declares that the Original Budget and supporting documentation have been drafted in accordance with the Local Government: Municipal Finance Management Act, Act no 56 of 2003, and the Regulations issued under this Act, and that the annual budget and supporting documentation are aligned with the Integrated Development Plan of the Municipality.

Signature: 

Date: 30 May 2023