

**ORIGINAL BUDGET OF
PRINCE ALBERT MUNICIPALITY**



2024/25 TO 2026/27

**MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

Table of Contents

GLOSSARY	3
PART 1. ANNUAL BUDGET	5
1.1 MAYOR’S REPORT	5
1.2 COUNCIL RESOLUTIONS	7
1.2.1 Executive summary	7
1.3 FINANCIAL RATIOS AND NORMS	15
1.4 ANNUAL BUDGET TABLES	16
PART 2 – OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	27
PART 3 – OVERVIEW OF BUDGET RELATED POLICIES	32
PART 4 – OVERVIEW OF BUDGET ASSUMPTIONS	32
PART 5 – OVERVIEW OF BUDGET FUNDING	34
PART 6 – SUMMARY OF GOVERNMENTS GRANTS AND RECEIPTS	35
6.1 Government transfers and grants receipts	35
6.2 Expenditure on Government transfers and receipts	37
PART 7 – COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS	38
PART 8 – LEGISLATIVE COMPLIANCE STATUS	40
PART 9 - QUALITY CERTIFICATION	42

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 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

1.1 MAYOR'S REPORT

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

It is my special privilege to present the budget of the Prince Albert Local Municipality to you.

The budget acknowledges our own vision, mission, policies, and financial plan.

The entire country finds itself in a very poor economic situation. We should therefore make every possible effort to alleviate poverty. We, however, also must ensure that the municipality remains stable and sustainable to deliver good quality basic services to the communities we are serving.

This budget was once again drafted under challenging circumstances with the South African economy under severe pressure.

The South African economy is slowly recovering from the impact of COVID, but it will take a long time to recover completely. Many people will never be in the same position they were in before the pandemic hit us. The municipality lessened credit control measures to help those in need, but this had a significant impact on outstanding debtors. And as we all know more outstanding debtors means less cash was received and available for Capital works. To return the collection rate of debtors to more than 95% is a slow process and will take another year or two.

National Treasury annually issues a circular (MFMA Circular 126) to guide the budget process for the MTREF period. The main objectives of the guidelines for the 2024/25 MTREF is to ensure that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

Headline inflation is expected to remain between 4 to 6 per cent target range over the 2024/25 MTEF.

The following macro-economic forecasts must be considered when preparing the 2024/25 MTREF municipal budgets.

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Forecast		
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.5%

The local government equitable share increase at 9% year on year for 2024/2025 but then drops to an increase of only 2% for the 2025/2026 financial year.

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 2024 MTEF period. It also includes allocations for the operational and maintenance costs associated with the provision of free basic services.

The 2024 Budget has ensured that sufficient provision has been made to ensure that all municipalities are fully subsidised to support indigent households. If the actual increase in municipal bulk tariffs exceeds the provision made in the formula, it will be the first call on unallocated funds. We will consider funding broader cost relief measures for municipalities if funds remain available after that.

Prince Albert Municipality is in 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 of the community. Requests for funding always exceeds the availability of funds. Therefore difficult decisions must be made to arrive at expected and realistic outcomes.

The income and expenditure budget for the 2024/25 MTREF period can be summarised as follow:

Operating Budget			
Type	Budget 2024/25 R '000	Budget 2025/26 R'000	Budget 2026/27 R'000
Revenue	97 264	117 416	130 797
Expenditure	97 177	102 376	110 565
SURPLUS	87	15 040	20 232
Capital Transfers	24 432	42 191	31486

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 able to fill all vacant positions on the organogram, but we must appoint competent staff to ensure that services are rendered properly and in a sustainable way. Increases of 6% are budgeted for the 2024/25 financial year and 7% and 8% for the outer years of the MTREF.
- The proposed increase of 12.74% 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.

Thank you.

1.2 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 2024/25 and indicative for the two projected outer years, 2025/26 and 2026/27, 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 2024/25 tariff list and any other municipal tax reflected in the 2024/25 tariff list that will be imposed for the budget year 2024/25.
3. That Council tables the tariffs and charges, subsidies and discounts as reflected in the tariff list for the budget year 2024/25.
4. That Council tables the budget related policies for the budget year 2024/25.
5. That the electricity tariffs be tabled subject to NERSA's approval.
6. That the 2024/25 MTREF capital budget be financed as reflected in table A5.
7. That the MTREF and National Treasury budget schedules attached be tabled.

1.2.1 Executive summary

A budget is funded from realistically anticipated revenues to be collected; cash backed accumulated funds from the previous year as well as borrowed funds to be utilised for capital projects. A budget is realistic if it considers projected revenue for the current year based on the collection levels to date and actual revenue collected in the previous financial year. Municipal budgets must be prepared on this basis. The economic climate influenced the ability of municipalities to collect arrear debt. This inability to exercise credit control measures decreased the collection rate in many municipalities.

Municipalities need to be proactive in exercising credit control measures to ensure that arrear debt is collected. Collection rates need to be maintained at 95 per cent to ensure the financial sustainability of municipalities. If collection rates have decreased, prudent financial management requires expenditure to be adjusted downward accordingly. This is to ensure that deficits are not realised and that realistically anticipated revenue based on projected collection rates funds expenditure. This will also ensure financial sustainability and avoid situations of financial distress in municipalities.

Prince Albert Municipality experienced a significant drop in collection rates during the previous and current financial years. The collection rate for the 2024/25 financial year is anticipated to be 88%. We will have to make a concerted effort to increase this rate on all debtors' accounts to achieve a 95% collection rate in future years.

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.

Like 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 2024/25 and the 2 indicative outer years 2024/25 and 2024/25 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.

Proposed 3-year budget.

Operating Budget			
Type	Budget 2024/25 R'000	Budget 2025/26 R'000	Budget 2026/27 R'000
Revenue	97 264	117 416	130 797
Expenditure	97 177	102 376	110 565
SURPLUS	87	15 040	20 232
Capital Transfers	24 432	27 191	11 486

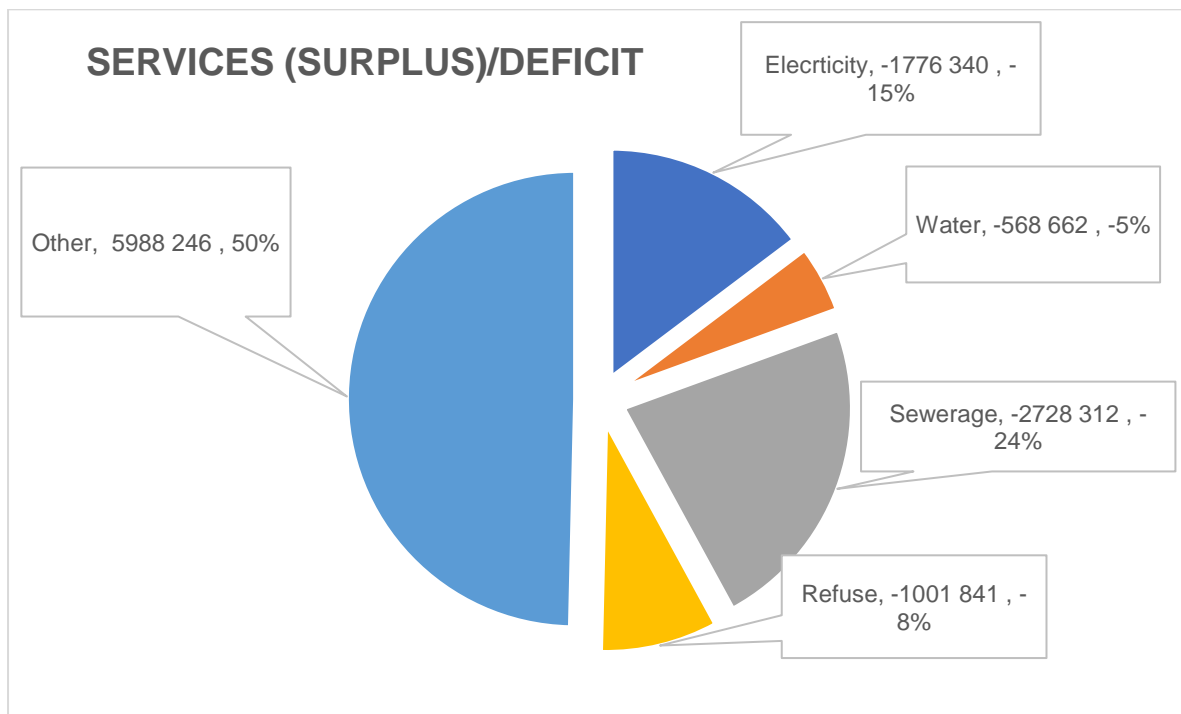
The following table (A2) indicates the classification of Income and Expenditure by functional classification.

WC052 - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional										
<i>Governance and administration</i>		41 384	41 062	42 170	45 826	45 473	-	46 699	49 329	51 454
Executive and council		29 104	27 382	25 771	29 488	29 488	-	30 337	31 271	31 903
Finance and administration		12 280	13 680	16 399	16 338	15 985	-	16 363	18 058	19 551
<i>Community and public safety</i>		6 246	9 854	12 342	3 944	3 133	-	4 411	22 141	22 980
Community and social services		2 335	2 514	2 189	2 246	2 429	-	3 482	2 323	2 234
Sport and recreation		3	12	19	18	18	-	15	15	15
Public safety		3 909	7 328	9 954	1 500	598	-	633	677	731
Housing		-	-	180	180	88	-	282	19 127	20 000
<i>Economic and environmental services</i>		1 396	2 260	2 033	1 918	2 137	-	2 063	894	940
Planning and development		364	445	522	416	389	-	411	435	464
Road transport		1 032	1 815	1 511	1 503	1 748	-	1 652	460	476
<i>Trading services</i>		44 818	42 783	39 757	57 827	65 627	-	69 284	75 351	68 079
Energy sources		16 683	19 297	18 581	21 613	22 092	-	26 513	29 910	37 455
Water management		21 639	16 898	12 096	25 369	33 221	-	30 638	32 373	16 360
Waste water management		4 236	4 349	6 234	7 339	7 029	-	7 882	8 527	9 299
Waste management		2 260	2 239	2 846	3 506	3 285	-	4 251	4 542	4 965
Total Revenue - Functional	2	93 844	95 960	96 302	109 516	116 370	-	122 458	147 716	143 453
Expenditure - Functional										
<i>Governance and administration</i>		20 511	22 438	22 582	24 634	23 174	-	26 139	28 001	30 241
Executive and council		6 944	6 843	7 047	7 499	7 339	-	8 682	9 322	10 067
Finance and administration		13 567	15 595	15 534	17 135	15 834	-	17 457	18 680	20 174
<i>Community and public safety</i>		8 429	12 114	15 203	9 228	8 779	-	10 319	26 012	31 893
Community and social services		2 667	2 844	3 120	3 929	3 817	-	3 949	4 226	4 564
Sport and recreation		1 128	1 389	1 804	2 071	2 024	-	2 770	2 964	3 201

Public safety		4 634	7 882	10 279	3 048	2 850	-	3 408	3 617	3 906
Housing		-	-	-	180	88	-	193	15 206	20 223
Economic and environmental services		14 892	15 868	20 695	20 242	21 090	-	21 395	21 609	23 337
Planning and development		5 674	5 983	8 352	9 155	9 107	-	9 596	10 268	11 090
Road transport		9 218	9 885	12 343	11 087	11 983	-	11 799	11 341	12 248
Trading services		28 989	31 675	36 931	36 159	34 565	-	39 293	41 754	45 094
Energy sources		14 260	17 318	18 798	21 631	21 527	-	24 237	25 894	27 965
Water management		6 478	5 548	6 214	6 324	6 015	-	6 339	6 682	7 217
Waste water management		3 833	4 038	4 688	4 964	4 131	-	5 054	5 308	5 732
Waste management		4 418	4 772	7 232	3 240	2 893	-	3 664	3 870	4 180
Other	4	200	270	270	270	272	-	-	-	-
Total Expenditure - Functional	3	73 020	82 365	95 681	90 533	87 880	-	97 147	117 376	130 565
Surplus/(Deficit) for the year		20 824	13 594	621	18 983	28 490	-	25 311	30 340	12 888

The trade services and economic services of Prince Albert subsidise the other services to the amount of R5,988 million as indicated below



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	11.11%
Electricity	11%
Water	17%
Sewerage	12%
Refuse	20%
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.

The effect that these tariff increases have on a consumer account is illustrated in the SA14 table below.

WC052 Prince Albert - Supporting Table SA14 Household bills

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Rand/cent								% incr.		9,00%	9,00%
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			233,33	277,17	301,07	301,07	301,07	11,11%	334,52	364,62	397,44
Electricity: Basic levy			375,60	403,66	468,24	468,24	468,24	11,00%	519,75	576,90	646,15
Electricity: Consumption			1 517,40	1 630,00	1 891,67	1 891,67	1 891,67	11,01%	2 100,00	2 330,00	2 610,00
Water: Basic levy			73,05	78,53	90,31	90,31	90,31	17,00%	105,66	113,06	122,10
Water: Consumption			186,27	200,24	230,28	230,28	230,28	17,03%	269,49	282,75	308,20
Sanitation			140,35	161,40	185,61	185,61	185,61	12,00%	207,89	226,60	246,99
Refuse removal			88,59	110,74	127,35	127,35	127,35	20,00%	152,82	166,57	181,57
Other											
sub-total		-	2 614,59	2 861,74	3 294,53	3 294,53	3 294,53	12,01%	3 690,13	4 060,50	4 512,45
VAT on Services			357,19	387,69	449,02	449,02	449,02	12,10%	503,34	554,38	617,25
Total large household bill:		-	2 971,78	3 249,42	3 743,55	3 743,55	3 743,55	12,02%	4 193,47	4 614,88	5 129,70
% increase/-decrease			-	9,3%	15,2%	-	-		12,0%	10,0%	11,2%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates					178,64	178,64	178,64	11,11%	198,49	216,35	235,82
Electricity: Basic levy					468,24	468,24	468,24	11,00%	519,75	576,90	646,15
Electricity: Consumption					945,83	945,83	945,83	11,01%	1 050,00	1 165,00	1 305,00
Water: Basic levy					90,31	90,31	90,31	17,00%	105,66	113,06	122,10
Water: Consumption					189,60	189,60	189,60	17,03%	221,89	242,75	264,75
Sanitation					185,61	185,61	185,61	12,00%	207,89	222,44	240,24
Refuse removal					127,35	127,35	127,35	20,00%	152,82	163,52	176,60
Other											
sub-total		-	-	-	2 185,59	2 185,59	2 185,59	12,4%	2 456,50	2 740,02	2 752,42
VAT on Services					218,10	218,10	218,10		241,01	255,46	270,78
Total small household bill:		-	-	-	2 403,69	2 403,69	2 403,69	12,2%	2 697,50	2 995,48	3 023,21
% increase/-decrease			-	-	-	-	-		12,2%	11,0%	0,9%
'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates					102,39	102,39	102,39	11,0%	113,65	121,61	131,34
Electricity: Basic levy											
Electricity: Consumption					584,78	584,78	584,78	10,8%	648,00	720,00	807,00
Water: Basic levy											
Water: Consumption					108,88	108,88	108,88	17,0%	127,43	171,42	172,54
sub-total		-	-	-	796,05	796,05	796,05	11,7%	889,08	1 013,03	1 110,88
VAT on Services					104,05	104,05	104,05		116,31	133,71	146,93
Total small household bill:		-	-	-	900,09	900,09	900,09	11,7%	1 005,40	1 146,74	1 257,81
% increase/-decrease			-	-	-	-	-		11,7%	14,1%	9,7%

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).

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 87% 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 2024/25 - 2026/27 budget is funded we must bear in mind that for two of the three years of this MTREF period we must 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 must keep in mind that the transfers and subsidies received from National and Provincial Government represent 37.75% in 2024/25, 35.47% in 2025/26 and 35.15% in 2026/27 of total revenue recognised (excluding capital grants).

The total contribution of own revenue to capital expenditure represents only 18% during the 2024/25 financial year. 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 R6,8million. The current replacement cost of 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 of 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 R27million. 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.

1.3 FINANCIAL RATIOS AND NORMS

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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000
Capital Expenditure	19 350	16 342	26 565	38 101	20 921	8 053
Total Expenditure	99 887	96 499	90 161	96 757	101 713	109 849
	19,37%	16,93%	29,46%	39,38%	20,57%	7,33%

A major part of the capital expenditure is however funded by grants from National or Provincial departments.

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	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000
Repairs and maintenance	14 770	14 282	12 903	12 509	12 903	13 500
Carrying value of assets	198 909	210 263	210 263	219 304	224 457	230 585
	7,43%	6,79%	6,14%	5,70%	5,75%	6,20%

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	2026/27
Current Assets	44 739	48 247	50 676	43 889	72 469	103 983
Current Liabilities	18 139	15 990	11 305	11 683	12 086	12 521
	2,47	3,02	4,48	3,76	6,00	8,30

Purpose/ Use of the Ratio

The Ratio is used to assess the Municipality'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	2026/27
R'000	R'000	R'000	R'000	R'000	R'001

Remuneration		25 163	30 167	33 789	38 503	39 915	43 108
Operating expenditure		82 365	95 416	87 880	97 177	102 376	110 565
		30,55%	31,62%	38,45%	39,62%	38,99%	38,99%

Purpose/ Use of the Ratio

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

Government operating transfers and subsidies as % of total revenue

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000
Government grants	33 159	36 852	35 907	36 977	36 607	39 255
Total revenue	83 040	88 767	87 497	97 264	117 416	130 797
	39,93%	41,52%	41,04%	38,02%	31,18%	30,01%

Purpose/ Use of the Ratio

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

1.4 ANNUAL BUDGET TABLES

All budget tables for the 2024-2025 Financial year will be distributed as a separate document.

Budgetary Tables and Schedules

Table A1: - Budget Summary

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 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.

WC052 - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Financial Performance										
Property rates	4 004	4 380	5 073	5 463	5 599	-	-	6 392	7 316	7 971
Service charges	11 322	11 636	13 326	16 765	15 139	-	-	17 844	19 272	21 064
Investment revenue	2 321	2 347	4 071	4 350	4 582	-	-	5 063	5 418	5 851
Transfer and subsidies - Operational	34 274	33 159	36 852	36 568	35 907	-	-	36 369	40 126	36 657
Other own revenue	24 088	31 518	29 444	27 388	26 271	-	-	31 529	48 804	56 658
Total Revenue (excluding capital transfers and contributions)	76 010	83 040	88 767	90 534	87 497	-	-	97 197	120 935	128 199
Employee costs	24 402	25 163	30 167	34 348	33 789	-	-	38 473	39 915	43 108
Remuneration of councillors	3 155	3 226	3 018	3 404	3 448	-	-	3 689	3 948	4 264
Depreciation and amortisation	5 429	5 392	6 828	5 748	5 748	-	-	6 150	6 580	7 107
Interest	722	1 940	2 097	301	301	-	-	324	347	375
Inventory consumed and bulk purchases	12 752	16 369	16 625	18 943	19 025	-	-	21 630	23 144	24 995
Transfers and subsidies	320	390	490	390	392	-	-	128	137	148
Other expenditure	26 240	29 886	36 190	27 400	25 177	-	-	26 752	43 305	50 569
Total Expenditure	73 020	82 365	95 416	90 533	87 880	-	-	97 147	117 376	130 565
Surplus/(Deficit)	2 990	674	(6 649)	0	(383)	-	-	51	3 559	(2 366)
Transfers and subsidies - capital (monetary allocations)	17 834	12 746	6 831	18 982	28 873	-	-	25 260	26 781	15 254
Transfers and subsidies - capital (in-kind)	-	174	438	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	20 824	13 594	621	18 983	28 490	-	-	25 311	30 340	12 888
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	20 824	13 594	621	18 983	28 490	-	-	25 311	30 340	12 888
Capital expenditure & funds sources										
Capital expenditure	21 851	13 155	11 664	27 200	36 645	-	-	38 101	20 922	8 054
Transfers recognised - capital	15 780	11 197	6 840	16 507	23 277	-	-	31 230	16 522	6 254
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6 071	1 959	4 823	10 693	13 367	-	-	6 871	4 400	1 800
Total sources of capital funds	21 851	13 155	11 664	27 200	36 645	-	-	38 101	20 922	8 054
Financial position										
Total current assets	58 798	54 374	62 728	-	50 676	-	-	44 682	61 370	74 054
Total non current assets	184 706	191 542	195 337	100	226 234	-	-	258 186	272 527	273 474
Total current liabilities	44 893	34 744	46 409	-	11 305	-	-	11 683	12 086	12 521
Total non current liabilities	7 339	5 937	5 801	-	31 261	-	-	31 528	31 814	32 124
Community wealth/Equity	191 271	205 234	205 855	-	234 345	-	-	259 656	289 997	302 884
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	28 978	33 837	16 579
Net cash from (used) investing	-	-	-	-	-	-	-	(38 101)	(20 922)	(8 054)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	28 599	41 514	50 039
Cash backing/surplus reconciliation										
Cash and investments available	51 937	45 861	52 395	-	37 722	-	-	28 599	41 514	50 039
Application of cash and investments	51 982	41 682	53 779	-	18 719	-	-	8 011	4 694	1 357
Balance - surplus (shortfall)	(45)	4 179	(1 384)	-	19 003	-	-	20 588	36 820	48 683
Asset management										
Asset register summary (WDV)	189 724	199 004	201 307	27 200	220 541	-	-	252 492	266 834	267 781
Depreciation	5 429	5 392	6 828	5 748	5 748	-	-	6 150	6 580	7 107
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	29 978	20 222	8 054
Repairs and Maintenance	13 296	13 885	15 304	15 887	15 624	-	-	17 382	18 599	20 086

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

WC052 - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional										
<i>Governance and administration</i>		41 384	41 062	42 170	45 826	45 473	-	46 699	49 329	51 454
Executive and council		29 104	27 382	25 771	29 488	29 488	-	30 337	31 271	31 903
Finance and administration		12 280	13 680	16 399	16 338	15 985	-	16 363	18 058	19 551
<i>Community and public safety</i>		6 246	9 854	12 342	3 944	3 133	-	4 411	22 141	22 980
Community and social services		2 335	2 514	2 189	2 246	2 429	-	3 482	2 323	2 234
Sport and recreation		3	12	19	18	18	-	15	15	15
Public safety		3 909	7 328	9 954	1 500	598	-	633	677	731
Housing		-	-	180	180	88	-	282	19 127	20 000
<i>Economic and environmental services</i>		1 396	2 260	2 033	1 918	2 137	-	2 063	894	940
Planning and development		364	445	522	416	389	-	411	435	464
Road transport		1 032	1 815	1 511	1 503	1 748	-	1 652	460	476
<i>Trading services</i>		44 818	42 783	39 757	57 827	65 627	-	69 284	75 351	68 079
Energy sources		16 683	19 297	18 581	21 613	22 092	-	26 513	29 910	37 455
Water management		21 639	16 898	12 096	25 369	33 221	-	30 638	32 373	16 360
Waste water management		4 236	4 349	6 234	7 339	7 029	-	7 882	8 527	9 299
Waste management		2 260	2 239	2 846	3 506	3 285	-	4 251	4 542	4 965
Total Revenue - Functional	2	93 844	95 960	96 302	109 516	116 370	-	122 458	147 716	143 453
Expenditure - Functional										
<i>Governance and administration</i>		20 511	22 438	22 582	24 634	23 174	-	26 139	28 001	30 241
Executive and council		6 944	6 843	7 047	7 499	7 339	-	8 682	9 322	10 067
Finance and administration		13 567	15 595	15 534	17 135	15 834	-	17 457	18 680	20 174
<i>Community and public safety</i>		8 429	12 114	15 203	9 228	8 779	-	10 319	26 012	31 893
Community and social services		2 667	2 844	3 120	3 929	3 817	-	3 949	4 226	4 564
Sport and recreation		1 128	1 389	1 804	2 071	2 024	-	2 770	2 964	3 201
Public safety		4 634	7 882	10 279	3 048	2 850	-	3 408	3 617	3 906
Housing		-	-	-	180	88	-	193	15 206	20 223
<i>Economic and environmental services</i>		14 892	15 868	20 695	20 242	21 090	-	21 395	21 609	23 337
Planning and development		5 674	5 983	8 352	9 155	9 107	-	9 596	10 268	11 090
Road transport		9 218	9 885	12 343	11 087	11 983	-	11 799	11 341	12 248
<i>Trading services</i>		28 989	31 675	36 931	36 159	34 565	-	39 293	41 754	45 094
Energy sources		14 260	17 318	18 798	21 631	21 527	-	24 237	25 894	27 965
Water management		6 478	5 548	6 214	6 324	6 015	-	6 339	6 682	7 217
Waste water management		3 833	4 038	4 688	4 964	4 131	-	5 054	5 308	5 732
Waste management		4 418	4 772	7 232	3 240	2 893	-	3 664	3 870	4 180
<i>Other</i>	4	200	270	270	270	272	-	-	-	-
Total Expenditure - Functional	3	73 020	82 365	95 681	90 533	87 880	-	97 147	117 376	130 565
Surplus/(Deficit) for the year		20 824	13 594	621	18 983	28 490	-	25 311	30 340	12 888

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

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		28 912	26 995	28 297	29 488	29 488	-	30 337	31 271	31 903
Vote 2 - DIRECTOR FINANCE		10 669	12 048	14 182	15 827	15 503	-	15 847	17 506	18 954
Vote 3 - DIRECTOR CORPORATE		1 508	1 684	1 876	756	767	-	816	867	931
Vote 4 - DIRECTOR COMMUNITY		6 412	10 147	12 665	4 115	3 238	-	4 523	22 261	23 109
Vote 5 - DIRECTOR TECHNICAL SERVICES		46 341	45 085	39 281	59 330	67 374	-	70 936	75 811	68 556
Total Revenue by Vote	2	93 844	95 960	96 302	109 516	116 370	-	122 458	147 716	143 453
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		6 944	7 074	7 264	7 459	7 309	-	8 649	9 287	10 030
Vote 2 - DIRECTOR FINANCE		12 845	14 496	15 318	17 135	15 834	-	17 286	18 496	19 976
Vote 3 - DIRECTOR CORPORATE		6 396	6 851	8 354	9 195	9 137	-	9 800	10 486	11 325
Vote 4 - DIRECTOR COMMUNITY		8 629	12 384	15 470	9 498	9 051	-	10 319	26 012	31 893
Vote 5 - DIRECTOR TECHNICAL SERVICES		38 206	41 560	49 274	47 245	46 549	-	51 092	53 095	57 342
Total Expenditure by Vote	2	73 020	82 365	95 681	90 533	87 880	-	97 147	117 376	130 565
Surplus/(Deficit) for the year	2	20 824	13 594	621	18 983	28 490	-	25 311	30 340	12 888

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 - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue											
Exchange Revenue											
Service charges - Electricity	2	16 483	18 916	18 442	16 382	16 458	-	-	19 755	21 107	22 906
Service charges - Water	2	5 517	5 854	4 787	6 839	5 501	-	-	6 433	6 976	7 635
Service charges - Waste Water Management	2	3 853	3 897	5 898	6 847	6 622	-	-	7 447	8 062	8 797
Service charges - Waste Management	2	1 952	1 885	2 641	3 080	3 016	-	-	3 963	4 234	4 633
Sale of Goods and Rendering of Services		434	436	509	362	320			343	15 366	20 394
Agency services		281	286	294	260	-			-	-	-
Interest		-	-	-	-	-			-	-	-
Interest earned from Receivables		1 503	1 731	1 131	2 013	1 490			1 594	1 705	1 842
Interest earned from Current and Non Current Assets		2 321	2 347	4 071	4 350	4 582			5 063	5 418	5 851
Dividends		-	-	-	-	-			-	-	-
Rent on Land		67	61	56	72	60			65	69	75
Rental from Fixed Assets		349	530	624	478	530			567	607	656
Licence and permits		-	-	-	-	-			-	-	-
Operational Revenue		139	105	84	58	108			115	123	133
Non-Exchange Revenue											
Property rates	2	4 004	4 380	5 073	5 463	5 599	-	-	6 392	7 316	7 971
Surcharges and Taxes		-	-	-	-	-			-	-	-
Fines, penalties and forfeits		3 507	6 909	9 575	1 105	510			546	584	631
Licences or permits		124	137	89	140	96			95	102	110
Transfer and subsidies - Operational		34 274	33 159	36 852	36 568	35 907			36 369	40 126	36 657
Interest		689	689	(2 066)	234	248			266	284	307
Fuel Levy		-	-	-	-	-			-	-	-
Operational Revenue		-	-	-	4 485	4 650			6 257	6 695	7 241
Gains on disposal of Assets		-	-	-	-	-			-	-	-
Other Gains		532	1 718	707	1 800	1 800			1 926	2 161	2 364
Discontinued Operations		-	-	-	-	-			-	-	-
Total Revenue (excluding capital transfers and contributions)		76 010	83 040	88 767	90 534	87 497	-	-	97 197	120 935	128 199
Expenditure											
Employee related costs	2	24 402	25 163	30 167	34 348	33 789	-	-	38 473	39 915	43 108
Remuneration of councillors		3 155	3 226	3 018	3 404	3 448			3 689	3 948	4 264
Bulk purchases - electricity	2	12 098	15 796	16 197	18 315	18 464	-	-	20 907	22 370	24 160
Inventory consumed	8	655	572	428	628	561	-	-	723	773	835
Debt impairment	3	(0)	9 925	(3 638)	4 315	3 748			3 699	3 638	3 929
Depreciation and amortisation		5 429	5 392	6 828	5 748	5 748	-	-	6 150	6 580	7 107
Interest		722	1 940	2 097	301	301			324	347	375
Contracted services		7 190	7 937	9 248	8 734	8 205	-	-	8 387	23 974	29 692
Transfers and subsidies		320	390	490	390	392	-	-	128	137	148
Irrecoverable debts written off		9 542	1 046	18 210	1 302	1 272			1 177	1 259	1 360
Operational costs		9 658	10 357	12 370	13 049	11 952	-	-	13 489	14 433	15 587
Losses on disposal of Assets		(151)	449	-	-	-			-	-	-
Other Losses		-	171	-	-	-			-	-	-
Total Expenditure		73 020	82 365	95 416	90 533	87 880	-	-	97 147	117 376	130 565
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations)	6	17 834	12 746	6 831	18 982	28 873			25 260	26 781	15 254
Transfers and subsidies - capital (in-kind)	6	-	174	438	-	-			-	-	-
Surplus/(Deficit) after capital transfers & contributions		20 824	13 594	621	18 983	28 490	-	-	25 311	30 340	12 888
Income Tax											
Surplus/(Deficit) after income tax		20 824	13 594	621	18 983	28 490	-	-	25 311	30 340	12 888
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		20 824	13 594	621	18 983	28 490	-	-	25 311	30 340	12 888
Share of Surplus/Deficit attributable to Associate	7										
Intercompany/Parent subsidiary transactions											
Surplus/(Deficit) for the year	1	20 824	13 594	621	18 983	28 490	-	-	25 311	30 340	12 888

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

- Total revenue, excluding capital transfers and contributions, is R88,712 million in 2024/25 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 2024/25 and escalates to R96,249 million in 2024/25 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

WC052 - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - DIRECTOR FINANCE		2 271	3 599	2 672	1 166	1 600	-	-	250	-	-
Vote 3 - DIRECTOR CORPORATE		61	-	-	-	-	-	-	-	-	-
Vote 4 - DIRECTOR COMMUNITY		3 161	70	770	2 656	3 916	-	-	2 470	1 200	800
Vote 5 - DIRECTOR TECHNICAL SERVICES		16 359	9 486	8 222	23 379	31 129	-	-	35 382	19 722	7 254
Capital single-year expenditure sub-total		21 851	13 155	11 664	27 200	36 645	-	-	38 101	20 922	8 054
Total Capital Expenditure - Vote		21 851	13 155	11 664	27 200	36 645	-	-	38 101	20 922	8 054
Capital Expenditure - Functional											
Governance and administration		2 332	3 599	2 672	1 166	1 600	-	-	250	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		2 332	3 599	2 672	1 166	1 600	-	-	250	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		3 161	70	770	2 656	3 916	-	-	2 470	1 200	800
Community and social services		1 673	39	197	150	759	-	-	1 470	-	-
Sport and recreation		1 488	-	330	2 506	3 157	-	-	1 000	1 200	800
Public safety		-	32	243	-	-	-	-	-	-	-
Economic and environmental services		4 402	8 212	3 412	8 440	8 231	-	-	12 700	3 200	1 000
Road transport		4 402	8 212	3 412	8 440	8 231	-	-	12 700	3 200	1 000
Trading services		11 957	1 274	4 809	14 939	22 897	-	-	22 682	16 522	6 254
Energy sources		47	-	484	1 726	3 886	-	-	3 768	1 739	6 254
Water management		6 061	839	2 492	11 975	16 496	-	-	5 870	-	-
Waste water management		4 237	434	1 834	1 138	2 255	-	-	13 043	14 783	-
Waste management		1 612	-	-	100	260	-	-	-	-	-
Total Capital Expenditure - Functional	3	21 851	13 155	11 664	27 200	36 645	-	-	38 101	20 922	8 054
Funded by:											
National Government		11 733	8 196	4 997	15 811	21 006	-	-	28 943	16 522	6 254
Provincial Government		4 047	3 000	1 844	696	696	-	-	2 287	-	-
District Municipality		-	-	-	-	1 576	-	-	-	-	-
Transfers recognised - capital	4	15 780	11 197	6 840	16 507	23 277	-	-	31 230	16 522	6 254
Internally generated funds		6 071	1 959	4 823	10 693	13 367	-	-	6 871	4 400	1 800
Total Capital Funding	7	21 851	13 155	11 664	27 200	36 645	-	-	38 101	20 922	8 054

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 contribute from own funds, while no external liabilities are raised to fund capital expenditure.

Table A6 -Budgeted Financial Position

WC052 - Table A6 Budgeted Financial Position

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
ASSETS											
Current assets											
Cash and cash equivalents		51 937	45 861	52 395	-	37 722			28 599	41 514	50 039
Trade and other receivables from exchange transactions	1	2 700	5 172	6 321	-	9 126	-	-	12 172	15 780	19 751
Receivables from non-exchange transactions	1	389	449	950	-	767	-	-	850	1 015	1 202
Inventory	2	605	547	719	-	719	-	-	719	719	719
VAT		2 000	1 185	1 090	-	1 090			1 090	1 090	1 090
Other current assets		1 167	1 160	1 252	-	1 252			1 252	1 252	1 252
Total current assets		58 798	54 374	62 728	-	50 676	-	-	44 682	61 370	74 054
Non current assets											
Investments		-	-	-	-	-			-	-	-
Investment property		13 612	13 605	13 521	100	13 614			13 607	13 599	13 590
Property, plant and equipment	3	169 705	176 165	180 097	-	210 928	-	-	242 917	257 297	258 287
Heritage assets		1 245	1 245	1 245	-	1 245			1 245	1 245	1 245
Intangible assets		143	527	474	-	447			417	386	353
Total non current assets		184 706	191 542	195 337	100	226 234	-	-	258 186	272 527	273 474
TOTAL ASSETS		243 503	245 915	258 065	100	276 911	-	-	302 867	333 897	347 529
LIABILITIES											
Current liabilities											
Financial liabilities		92	98	43	-	-	-	-	-	-	-
Consumer deposits		589	648	658	-	658			658	658	658
Trade and other payables from exchange transactions	4	11 914	5 125	5 505	-	5 505			5 505	5 505	5 505
Trade and other payables from non-exchange transactions	5	5 238	1 963	10 121	-	201			201	201	201
Provision		24 330	24 094	27 653	-	2 512			2 890	3 294	3 728
VAT		2 392	2 525	2 148	-	2 148			2 148	2 148	2 148
Other current liabilities		338	290	281	-	281			281	281	281
Total current liabilities		44 893	34 744	46 409	-	11 305	-	-	11 683	12 086	12 521
Non current liabilities											
Financial liabilities	6	141	43	0	-	-	-	-	-	-	-
Provision	7	1 346	1 309	1 447	-	26 907	-	-	27 174	27 460	27 770
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		5 852	4 585	4 354	-	4 354			4 354	4 354	4 354
Total non current liabilities		7 339	5 937	5 801	-	31 261	-	-	31 528	31 814	32 124
TOTAL LIABILITIES		52 232	40 681	52 210	-	42 566	-	-	43 211	43 901	44 644
NET ASSETS		191 271	205 234	205 855	100	234 345	-	-	259 656	289 997	302 884
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	180 771	194 734	195 355	-	223 845			249 156	279 497	292 384
Reserves and funds	9	10 500	10 500	10 500	-	10 500	-	-	10 500	10 500	10 500
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	191 271	205 234	205 855	-	234 345	-	-	259 656	289 997	302 884

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 is 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 replacement of capital assets) or the provision for the rehabilitation of the landfill sites.

• Table A7 - Budgeted Cash Flow Statement

WC052 - Table A7 Budgeted Cash Flows

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									5 992	6 840	7 450
Service charges									38 547	41 335	44 935
Other revenue									1 296	16 385	21 495
Transfers and Subsidies - Operational	1								37 369	40 126	36 657
Transfers and Subsidies - Capital	1								24 260	26 781	15 254
Interest									5 063	5 418	5 851
Payments											
Suppliers and employees									(83 365)	(102 850)	(114 848)
Interest									(57)	(61)	(66)
Transfers and Subsidies	1								(128)	(137)	(148)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	28 978	33 837	16 579
CASH FLOWS FROM INVESTING ACTIVITIES											
Payments											
Capital assets									(38 101)	(20 922)	(8 054)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(38 101)	(20 922)	(8 054)
CASH FLOWS FROM FINANCING ACTIVITIES											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	(9 123)	12 915	8 525
Cash/cash equivalents at the year begin:	2								37 722	28 599	41 514
Cash/cash equivalents at the year end:	2								28 599	41 514	50 039

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 R42,336 million at the end of the 2022/23 financial year, and increase to R47,262 million by 2024/25.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

WC052 - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Cash and investments available											
Cash/cash equivalents at the year end	1	51 937	45 861	52 395	-	37 722	-	-	28 599	41 514	50 039
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		51 937	45 861	52 395	-	37 722	-	-	28 599	41 514	50 039
Application of cash and investments											
Unspent conditional transfers		5 238	1 963	10 121	-	201	-	-	201	201	201
Other working capital requirements	3	11 914	5 125	5 505	-	5 505	-	-	(5 581)	(9 301)	(13 073)
Other provisions		24 330	24 094	27 653	-	2 512	-	-	2 890	3 294	3 728
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	10 500	10 500	10 500	-	10 500	-	-	10 500	10 500	10 500
Total Application of cash and investments:		51 982	41 682	53 779	-	18 719	-	-	8 011	4 694	1 357
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefit		(45)	4 179	(1 384)	-	19 003	-	-	20 588	36 820	48 683
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefit		(45)	4 179	(1 384)	-	19 003	-	-	20 588	36 820	48 683

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 2024/25 MTREF Budget shows a surplus for each period.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2024/25 MTREF is funded.
- As part of the budgeting and planning guidelines that informed the compilation of the 2024/25 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

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

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2024/25 Medium Term Revenue Framework	
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year 2024/25
Household service targets	1								
Water:									
Piped water inside dwelling		—	—	—	—	—	—	—	—
Piped water inside yard (but not in dwelling)		—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—
Sanitation/sewerage:									
Flush toilet (connected to sewerage)		—	—	—	—	—	—	—	—
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—
Chemical toilet		—	—	—	—	—	—	—	—
Pit toilet (ventilated)		—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—
Bucket toilet		—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—
Energy:									
Electricity (at least min.service level)		—	—	—	—	—	—	—	—
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—
Electricity (< min.service level)		—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—
Refuse:									
Removed at least once a week		—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—
Households receiving Free Basic Service	7								
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—
<i>Informal Settlements</i>		—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)		1 182	1 229	1 838	1 322	1 322	1 322	1 472	1 500
Sanitation (free sanitation service to indigent households)		—	—	1 974	2 258	1 821	1 821	2 180	2 300
Electricity/other energy (50kwh per indigent household per month)		866	1 035	1 692	1 017	1 017	1 017	1 154	1 200
Refuse (removed once a week for indigent households)		2 664	2 778	1 198	1 371	1 250	1 250	1 499	1 500
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	6 700
Highest level of free service provided per household									

Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of subsidised services provided (R'000)	9								
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		—	—	—	—	—	—	—	60
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—
Municipal Housing - rental rebates	6								
Housing - top structure subsidies									
Other									
Total revenue cost of subsidised services provided		15	15	15	15	15	15	15	75

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			2024/25 Medium Term	
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget 2025
A comprehensive, responsive and sustainable social protection system				(4 712)	(5 042)	(6 702)	(5 967)	(5 409)	(5 409)	(6 365)	
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				79 001	92 384	95 104	94 727	112 660	112 660	113 259	
Responsive, accountable, effective and efficient local government	Developing an effective financial reporting system	FS2		891	893	956	—	—	—	—	—
Responsive, accountable, effective and efficient local government	Implementing an effective communication strategy	GG5		400	—	—	—	—	—	—	—

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	76 883	89 411	89 567	88 761	107 251	107 251	106 894

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			2024/25 Medium Term	
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Franchise 2020/21
R thousand											
	Maintaining the infrastructure network system	BSD2		1 768	1 900	3 324	1 971	1 791	1 791	1 892	
A comprehensive, responsive and sustainable social protection system	Developing an effective financial reporting system	FS2		1 199	1 602	1 396	1 796	2 098	2 098	3 217	
A comprehensive, responsive and sustainable social protection system	Implementing an effective communication strategy	GG5		3 204	3 668	4 141	4 503	4 345	4 345	4 584	
A comprehensive, responsive and sustainable social protection system	Implementing an effective communication strategy	LED1		201	97	100	112	106	106	135	
A comprehensive, responsive and sustainable social protection system	Provide a safe , secure and stable environment	CDE5		—	33	72	45	45	45	36	
A long and healthy life for all South Africans	Provide a safe , secure and stable environment	CDE5		1 704	—	—	0	0	0	0	
All people in South Africa are and feel safe	Ensuring compliance with relevant legislation and Treasury	FS3		—	—	—	—	—	—	54	

Strategic Objective	Goal	Goal Code	2019/20	2020/21	2021/22	Current Year 2022/23	2024/25 Medium Term Review Framework		
All people in South Africa are and feel safe	Implementing an effective communication strategy	GG5	10 276	9 870	16 294	5 074	4 891	4 891	6 494
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD1	45	37	58	30	30	30	30
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD2	1 629	1 697	1 761	2 186	2 400	2 400	2 785
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD3	13 621	13 661	13 930	15 099	14 693	14 693	15 840
An efficient, competitive and responsive economic infrastructure network	Ensure the effective administration of council committees	GG3	—	—	—	—	9	9	12
An efficient, competitive and responsive economic infrastructure network	Ensuring compliance with relevant legislation and Treasury guidelines	FS3	1 341	2 283	699	41	41	41	43
An efficient, competitive and responsive economic infrastructure network	Maintaining the infrastructure network system	BSD2	9 182	11 895	13 454	13 850	14 631	14 631	17 216
An efficient, competitive and responsive economic infrastructure network	Provide sustainable access of basic services to the community	BSD3	—	498	846	1 492	1 416	1 416	1 594
An efficient, effective and development-oriented public service	Developing an Infrastructure Network system for effective service delivery	BSD1	538	496	562	300	300	300	316
An efficient, effective and development-oriented public service	Implementing an effective communication strategy	IT1	2 320	2 064	3 630	2 474	2 474	2 474	2 366
An efficient, effective and development-oriented public service	Maintaining the infrastructure network system	BSD3	58	25	36	40	40	40	70
An efficient, effective and development-oriented public service	Maintaining the infrastructure network system	CDE2	—	—	—	—	—	—	12
An efficient, effective and development-oriented public service	Provide and Maintain sport and recreational facilities	CDE2	1 825	1 930	2 301	3 588	3 470	3 470	3 919
An efficient, effective and development-oriented public service	Provide sustainable access of basic services to the community	BSD3	14 750	16 013	12 299	11 217	43 173	43 173	14 095
Responsive, accountable, effective and efficient local government			110	(302)	897	—	—	—	—
Responsive, accountable, effective and efficient local government	Aligning the organogram with the functional demand of the IDP	GG1	—	—	—	—	779	779	2 129
Responsive, accountable, effective and efficient local government	Aligning the organogram with the functional demand of the IDP	IT2	(229)	—	—	—	—	—	80
Responsive, accountable, effective and efficient local government	Developing an effective financial reporting system	FS2	52	119	248	452	482	482	506

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

Strategic Objective	Goal	Goal Code	2019/20	2020/21	2021/22	Current Year 2022/23	2024/25 Medium Term Review Framework
---------------------	------	-----------	---------	---------	---------	----------------------	--------------------------------------

R thousand		Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year 2024/25
	Developing an Infrastructure Network system for effective service delivery	BSD1	—	—	16	100	150	150	2 738	
	Maintaining the infrastructure network system	BSD2	—	—	—	—	2 355	2 355	1 000	
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	—	—	—	—	2 593	2 593	2 156	1 156
An efficient, competitive and responsive economic infrastructure network	Developing an Infrastructure Network system for effective service delivery	BSD1	—	—	790	—	8 156	8 156	15 177	4 156
An efficient, competitive and responsive economic infrastructure network	Maintaining the infrastructure network system	BSD2	—	—	—	—	1 000	1 000	3 529	4 529
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	—	—	—	—	—	—	700	5 700
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	
		B								
		C								
		D								
		E								
		F								
		G								
		H								
		I								
		J								
		K								
		L								
		M								
		N								
		O								

		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	4 475	1 500	18 370	18 370	26 565	11 111	

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. 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 because 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 2024/25 to 2026/27 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

6.1 Government transfers and grants receipts

Table SA18 – Transfers and grants receipts

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2024/25 Medium Term R Frame	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget 2024
R thousand									
RECEIPTS:	1, 2								
Operating Transfers and Grants									
National Government:		24 613	29 014	27 333	29 833	29 625	29 625	31 856	
Local Government Equitable Share		21 355	25 925	24 054	26 548	26 548	26 548	28 653	
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	
Municipal Disaster Relief Grant									
Municipal Systems Improvement Grant									
Municipal Disaster Recovery Grant									
Municipal Demarcation Transition Grant									
Integrated City Development Grant									
Municipal Infrastructure Grant		378	357	386	398	190	190	405	
Water Services Infrastructure Grant									
Neighbourhood Development Partnership Grant									
Public Transport Network Grant									
Rural Road Asset Management Systems Grant									
Urban Settlement Development Grant									
Integrated National Electrification Programme Grant									
Municipal Rehabilitation Grant									
Municipal Emergency Housing Grant									
Regional Bulk Infrastructure Grant									
Metro Informal Settlements Partnership Grant									
Integrated Urban Development Grant									
Programme and Project Preparation Support Grant									
Provincial Government:		3 294	1 921	3 011	2 203	4 318	4 318	2 327	

Infrastructure Capacity Building		— 3 294	— 1 921	— 3 011	50 2 153	225 4 093	225 4 093	— 2 327
District Municipality:		-	700	431	-	325	325	-
Infrastructure		—	700	431	—	325	325	—
Capacity Building		—	—	—	—	—	—	—
Other grant providers:		2 512	1 843	1 498	2 224	2 224	2 224	2 135
Other Grants Received		2 512	1 843	1 498	2 224	2 224	2 224	2 135
Total Operating Transfers and Grants	5	30 420	33 478	32 272	34 260	36 492	36 492	36 318
Capital Transfers and Grants								
National Government:		5 015	13 160	9 332	14 110	14 110	14 110	18 182
Integrated National Electrification Programme Grant		983	—	—	—	—	—	490
Municipal Infrastructure Grant		3 856	13 160	9 332	7 558	7 558	7 558	7 692
Neighbourhood Development Partnership Grant		—	—	—	—	—	—	—
Rural Road Asset Management Systems Grant		—	—	—	—	—	—	—
Urban Settlements Development Grant		—	—	—	—	—	—	—
Integrated City Development Grant		—	—	—	—	—	—	—
Municipal Disaster Recovery Grant		—	—	—	—	—	—	—
Energy Efficiency and Demand Side Management Grant		—	—	—	—	—	—	—
Water Services Infrastructure Grant		—	—	—	6 552	6 552	6 552	10 000
Public Transport Network Grant		—	—	—	—	—	—	—
Regional Bulk Infrastructure Grant		—	—	—	—	—	—	—
Infrastructure Skills Development Grant		—	—	—	—	—	—	—
Municipal Disaster Relief Grant		176	—	—	—	—	—	—
Municipal Emergency Housing Grant		—	—	—	—	—	—	—
Metro Informal Settlements Partnership Grant		—	—	—	—	—	—	—
Integrated Urban Development Grant		—	—	—	—	—	—	—
Provincial Government:		7 354	4 674	3 414	-	1 499	1 499	-
Infrastructure		6 878	2 348	994	—	300	300	—
Capacity Building		476	2 325	2 420	—	1 199	1 199	—
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	18 182
TOTAL RECEIPTS OF TRANSFERS & GRANTS		42 788	51 312	45 018	48 370	52 100	52 100	54 500

6.2 Expenditure on Government transfers and receipts

Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2024/25 Medium Term R	Term R
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget 2024/25
R thousand									
EXPENDITURE:	1								
Operating expenditure of Transfers and Grants									
National Government:		-	-	-	5 967	5 409	5 409	6 365	
Local Government Equitable Share		-	-	-	5 967	5 409	5 409	6 365	
Energy Efficiency and Demand Side Management Grant									
Expanded Public Works Programme Integrated Grant									
Infrastructure Skills Development Grant									
Integrated City Development Grant									
Local Government Financial Management Grant									
Municipal Demarcation Transition Grant									
Municipal Disaster Relief Grant									
Municipal Systems Improvement Grant									
Neighbourhood Development Partnership Grant									
Municipal Disaster Recovery Grant									
Rural Road Asset Management Systems Grant									
Municipal Infrastructure Grant									
Water Services Infrastructure Grant									
Public Transport Network Grant									
Urban Settlement Development Grant									
Integrated National Electrification Programme Grant									
Municipal Rehabilitation Grant									
Regional Bulk Infrastructure Grant									
Municipal Emergency Housing Grant									
Metro Informal Settlements Partnership Grant									
Integrated Urban Development Grant									
Programme and Project Preparation Support Grant									
Other transfers/grants [insert description]									
Provincial Government:		1 744	1 852	2 868	1 976	2 889	2 889	2 359	
Infrastructure									
Capacity Building		1 744	1 852	2 868	1 976	2 889	2 889	2 359	
Other transfers/grants [insert description]									
District Municipality:		-	-	-	-	-	-	-	
Infrastructure									
Capacity Building									
Other grant providers:		-	17	2 748	2 215	2 215	2 215	2 200	
Expenditure on Other Grants		-	17	2 748	2 215	2 215	2 215	2 200	
Total operating expenditure of Transfers and Grants:		1 744	1 869	5 616	10 158	10 513	10 513	10 924	
Capital expenditure of Transfers and Grants									
National Government:		-	-	-	-	-	-	-	
Integrated National Electrification Programme Grant									
Municipal Infrastructure Grant									
Neighbourhood Development Partnership Grant									
Rural Road Asset Management Systems Grant									
Urban Settlement Development Grant									
Integrated City Development Grant									
Municipal Disaster Recovery Grant									
Energy Efficiency and Demand Side Management Grant									
Public Transport Network Grant									
Regional Bulk Infrastructure Grant									
Water Services Infrastructure Grant									
Infrastructure Skills Development Grant									
Municipal Disaster Relief Grant									
Municipal Emergency Housing Grant									
Metro Informal Settlements Partnership Grant									
Integrated Urban Development Grant									

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
District Municipality:	-	-	-	-	-	-	-
Infrastructure							
Capacity Building							
Other grant providers:	-	(2 142)	839	-	-	-	-
Expenditure on Other Grants	-	(2 142)	839	-	-	-	-
Total capital expenditure of Transfers and Grants	1 379	(4 878)	2 969	-	2 457	2 457	696
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	3 124	(3 009)	8 585	10 158	12 970	12 970	11 620

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

Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2024/25 Medium Term Revenue Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year 2024/25
R thousand		A	B	C	D	E	F	G	H
Councillors (Political Office Bearers plus Other)	1								
Basic Salaries and Wages		2 818	2 844	3 020	2 994	2 994	3 114	3 394	3 394
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance									
Cellphone Allowance		309	311	330	330	330	342	342	342
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors		3 127	3 155	3 349	3 324	3 324	3 456	3 736	3 736
% increase	4		0.9%	6.2%	(0.8%)	-	4.0%	8.1%	8.1%
Senior Managers of the Municipality	2								
Basic Salaries and Wages		2 430	2 226	2 940	2 256	2 256	2 086	2 191	2 191
Pension and UIF Contributions		-	2	2	2	2	-	-	-
Medical Aid Contributions									
Overtime									
Performance Bonus		153	-	247	247	247	189	203	203
Motor Vehicle Allowance	3	281	244	276	276	276	336	366	366
Cellphone Allowance	3	93	86	96	87	87	66	69	69
Housing Allowances	3	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	1	2	2	2	2	2	2
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations	6								
Entertainment									
Scarcity									
Acting and post related allowance									
In kind benefits									
Sub Total - Senior Managers of Municipality		2 957	2 559	3 563	2 870	2 870	2 680	2 831	2 831
% increase	4		(13.5%)	39.2%	(19.4%)	-	(6.6%)	5.7%	5.7%
Other Municipal Staff									

Basic Salaries and Wages		14 317	15 554	18 204	18 262	18 262	19 102	19 522	21 100
Pension and UIF Contributions		1 916	2 081	2 463	2 551	2 551	2 903	3 147	3 300
Medical Aid Contributions		618	637	1 138	1 033	1 033	1 120	1 221	1 221
Overtime		869	1 009	1 049	1 197	1 197	1 133	1 227	1 227
Performance Bonus									
Motor Vehicle Allowance	3	35	33	50	50	50	50	50	50
Cellphone Allowance	3	86	97	103	151	151	167	172	172
Housing Allowances	3	104	111	110	80	80	64	69	69
Other benefits and allowances	3	725	769	756	873	873	871	928	928
Payments in lieu of leave		404	396	429	429	429	366	373	373
Long service awards		—	—	57	92	92	373	108	108
Post-retirement benefit obligations	6	901	975	240	420	420	150	173	173
Entertainment									
Scarcity									
Acting and post related allowance									
In kind benefits									
Sub Total - Other Municipal Staff		19 976	21 662	24 599	25 137	25 137	26 298	26 991	29 300
% increase	4		8.4%	13.6%	2.2%	—	4.6%	2.6%	8.4%
Total Parent Municipality		26 060	27 376	31 512	31 331	31 331	32 434	33 558	36 600
			5.1%	15.1%	(0.6%)	—	3.5%	3.5%	8.4%
Board Members of Entities									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance	3								
Cellphone Allowance	3								
Housing Allowances	3								
Other benefits and allowances	3								
Board Fees									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations	6								
Entertainment									
Scarcity									
Acting and post related allowance									
In kind benefits									
Sub Total - Board Members of Entities		—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—

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 considering 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 must 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, Aldrick Hendricks, 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.

Name and surname: ALDRICK I. HENDRICKS

Signature: 

Date: 28-03-2024