



WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase



2023/2024 BUDGET

BUDGET PROCESS

- MFMA 16 (2) “the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.”
- MFMA 22 “Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must—
 - (i) make public the annual budget; and
 - (ii) invite the local community to submit representations in connection with the budget”

BUDGET PROCESS

- MFMA 24. (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. (31 May 2023)
- (2) An annual budget must be approved before the start of the budget year. (30 June 2023)

BUDGET PROCESS

Urgent service delivery inputs from departments have been included in the budget.

Operational expenses limited to 6% except bulk purchases of 20.7%

Own contributions to capital projects funded from grants have been included.

Capital expenditure limited to own contributions to large projects and other urgent projects.

BUDGET PROCESS

NT Circular 123

The following macro-economic forecasts must be considered when preparing the 2022/23 MTREF municipal budgets: 2022/23 - 5.3%

Table 1: Macroeconomic performance and projections, 2021 - 2026

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

BUDGET PROCESS

NT Circular 123 – recommended responses

It is impossible to limit expenditure and tariff increases to 5.3%

Salaries increase with 5.4% plus 2.5% notch

Bulk purchases increase with expected 20.7%

Fuel increase of up to 20% is expected.

Security expenses increase with 40%

BUDGET CHALLENGES

- Electricity supply
 - Load shedding
 - Limit Supply from Eskom
- Increasing cost of delivery services
- Increasing cost of maintaining assets
- Poor culture of payment from all consumers
- Balance between cost of delivering services and affordability

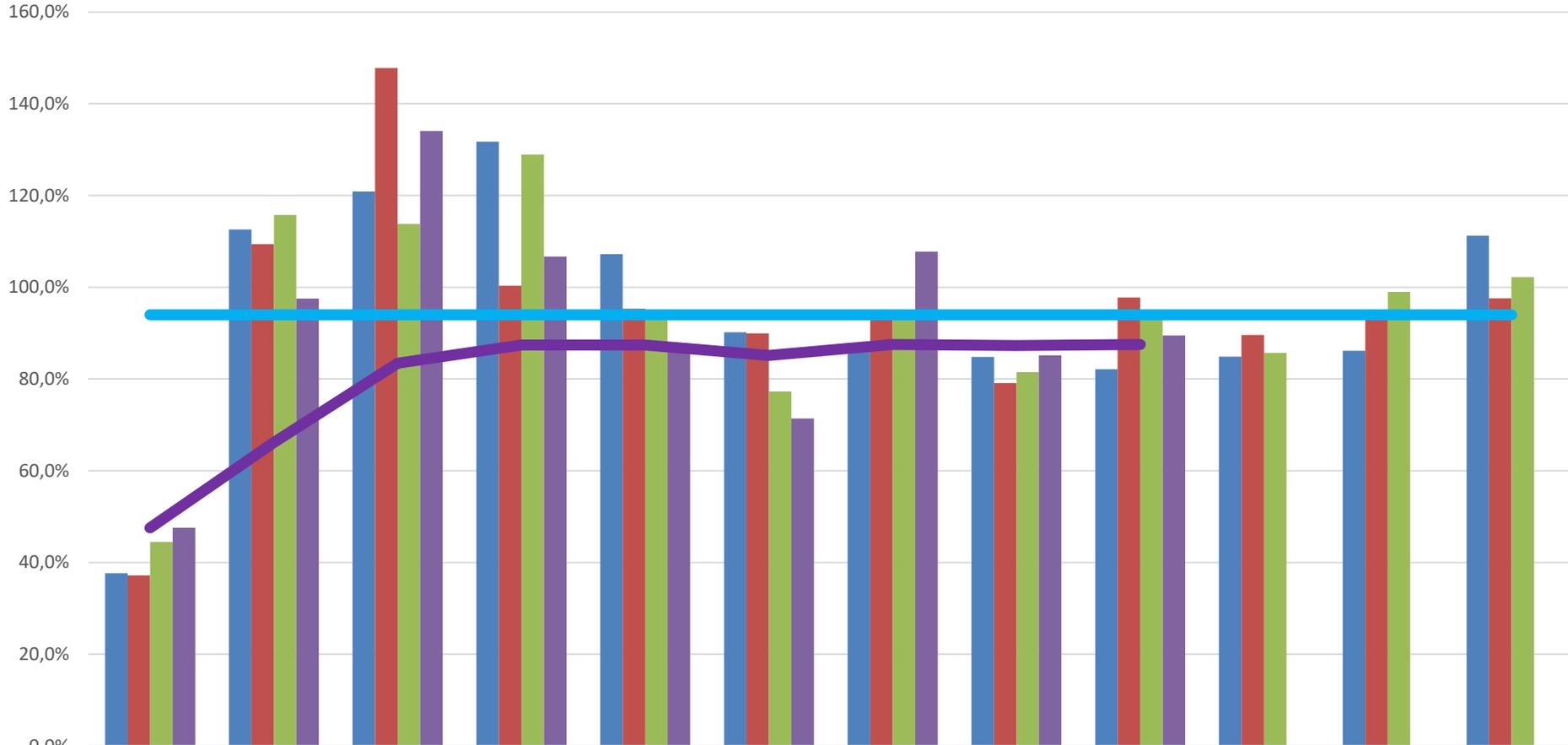
BUDGET CHALLENGES

- Illegal connections
- Increasing of informal areas
- World wide recession
- Hail damage
- Cable theft
- Vandalism

FREE SERVICES

	<u>TOTAL</u>	<u>Ceres</u>	<u>Bella vista</u>	<u>N'duli</u>	<u>Wolseley</u>	<u>Tulbagh</u>	<u>Hamlet</u>	<u>ODB</u>
Formal Households	12,362	2,573	2,503	1,316	2,472	1,718	1,283	497
Informal Households	4,756			1,101	2,266	2,440	242	
Total Households	17,118	2,573	2,503	2,430	4,262	3,328	1,525	497
Number of Indigents	3,024	278	1,076	167	763	568	55	76
"Billed" Households	9,388	2,294	1,460	1,099	1,714	1,137	1,242	442

MONTHLY COLLECTION RATE



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	37,6%	112,6%	120,9%	131,7%	107,2%	90,2%	86,8%	84,8%	82,1%	84,9%	86,1%	111,2%
2020-2021	37,2%	109,4%	147,8%	100,3%	95,3%	90,0%	95,1%	79,1%	97,7%	89,6%	93,4%	97,6%
2021-2022	44,5%	115,7%	113,8%	129,0%	92,8%	77,3%	94,8%	81,5%	93,7%	85,7%	99,0%	102,2%
2022-2023	47,5%	97,6%	134,1%	106,7%	87,5%	71,4%	107,8%	85,2%	89,5%			
YTD	47,5%	66,2%	83,4%	87,4%	87,4%	85,1%	87,5%	87,3%	87,5%			
Target	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%	94,0%

■ 2019-2020
 ■ 2020-2021
 ■ 2021-2022
 ■ 2022-2023
 — YTD
 — Target

POLICY AMENDMENTS

PROPERTY RATES POLICY

The policy guides the annual setting of property rates.

A new Rates Policy is included in the budget documentation to give effect to the amendments of the Municipal Property Rates Act (No 6 of 2004) and to provide for rates to be levied in terms of the new general valuation.

POLICY AMENDMENTS

CONSUMER PAYMENT INCENTIVE POLICY

Verified debt as at 30 June 2021 to be “parked” and written-off in instalments if the conditions are met. Verified debt accrued after 1st July 2021 to be dealt with via an acknowledgement of debt and arrangement for payment by the participant.

POLICY AMENDMENTS

INDIGENT POLICY

Recommendation

That the household income as per paragraph 6.1.5 may be reduced with the monthly bond expenditure.

POLICY AMENDMENTS

PREFERENTIAL PROCUREMENT POLICY

The purpose of this policy is to provide for categories of preference in awarding of bids and to provide for the advancement of persons or categories of persons disadvantaged by unfair discrimination.

TARIFF INCREASES PROPERTY RATES

VALUATIONS	Old Valuation	New Valuation	Increase
Residential	3,481,841,300	5,933,726,500	70.4%
Commercial / Industrial	2,067,140,720	2,492,281,500	20.6%
Agricultural	12,089,059,700	12,821,407,000	6.1%
Public Service Purposes	773,765,500	886,761,000	14.6%
Public Benefit Organisations	13,354,500	11,559,000	-13.4%
Vacant Land	103,257,100	233,486,500	126.1%
	18,528,418,820	22,379,221,500	20.8%

TARIFF INCREASES PROPERTY RATES

	2022/23 Revenue	2023/24 Revenue	Increase
Residential	25,059,812	26,552,629	6.0%
Commercial / Industrial	37,967,807	40,300,192	6.1%
Agricultural	19,722,659	19,232,111	-2.5%
Public Service Purposes	13,295,248	14,631,557	10.1%
Public Benefit Organisations	139,034	17,339	-87.5%
Vacant Land	1,635,592	3,274,648	100.2%
	97,820,152	104,008,475	6.3%

TARIFF INCREASES PROPERTY RATES

	2022/23 Tariff	2023/24 Tariff
Residential	0.01054	0.0060
Commercial / Industrial	0.01903	0.0165
Agricultural	0.00151	0.0015
Public Service Purposes	0.01723	0.0165
Public Benefit Organisations	0.00263	0.0015
Vacant Land	0.01584	0.0165

TARIFF INCREASES

Basic Water Tariffs - Residential	0.0 %
Basic Water Tariffs - Business	6.0 %
Consumption Water tariffs- Res	6.0 %
Consumption Water tariffs- Bus	6.0 %
Consumption Water tariffs- Bus > 8000 KI	6.0%
Consumption Water tariffs- Bus > 20000KI	6.0%
Sanitation Tariffs	6.0%
Refuse Removal Tariffs	6.0%

TARIFF INCREASES ELECTRICITY

The following recommendations were tabled to council to consider:

In terms of Electricity Increases, it is proposed that Consumers absorb an increase equivalent to the expected increase that Eskom charges the Municipality for Bulk Purchases, which is expected to be 20.7%.

The increase that ESKOM is allowed to charge municipalities has been received from NERSA after the tabling of the budget (18.49%).

The increase that the Municipality may charge its customers has not been received from NERSA.

Municipality recommends electricity tariffs – NERSA final approval.

REVENUE BUDGET R'000

Revenue by source	2022 / 2023	2023 / 2024	Increase
Property Rates	108,503	113,917	5%
Service Charges: Electricity	341,246	421,620	24%
Service Charges: Water	53,649	56,887	6%
Service Charges: Waste Water	37,094	38,703	4%
Service Charges: Waste Management	43,839	46,173	5%
Indigent Rebate	-39,191	-39,580	1%
Other Revenue	68,601	52,105	-24%
Transfers and Subsidies	228,295	204,964	-10%
TOTAL	842,037	894,790	6%

EXPENDITURE BUDGET R'000

Expenditure by Type	2022 / 2023	2023 / 2024	Increase
Employee related costs	203,981	220,413	8%
Job Creation	4,302	9,683	125%
Post Employment Provisions	32,287	33,395	3%
Remuneration of councillors	12,108	11,983	-1%
Depreciation & asset impairment	52,989	54,369	3%
Bulk purchases	314,411	374,555	19%
Debt Impairment	61,230	64,475	5%
Repairs & Maintenance	28,377	31,148	10%
Operational Projects	7,116	5,046	-29%
General Expenses	59,625	58,233	-2%
Vehicle Expenditure	15,456	17,134	11%
Housing Top Structures	5,000	6,665	33%
Other Contracted Services	30,729	37,903	23%
TOTAL	827,608	925,000	12%

EXPENDITURE BUDGET R'000

- Own contribution to capital expenditure mainly limited to Municipal contributions to capital projects funded by way of grants.
- R 9.5 million for maintenance of roads.
- R 9.6 million for job creation.
- R 50 000 per ward for ward projects.

CAPITAL BUDGET 2023/24 R'000

MIG FUNDING	
Vredebes Access Collector	2 284
Tulbagh Reservoir	3 533
Refuse Removal Truck / Equipment	5 048
Tierhokskloof – Wolseley - Bulk Pipeline	10 919

CAPITAL BUDGET 2023/24 R'000

DEPARTMENT OF TRANSPORT	
Van Breda Bridge	20 113
Van Breda Bridge own contribution	4 400

CAPITAL BUDGET 2023/24 R'000

PROPOSED LOAN	
Transfer Stations	6 000
Fencing Landfill site	3 000

CAPITAL BUDGET 2023/24 R'000

Focus Area	Own Funded	Loan Funded	Grant Funded	Total
Streets	4 400	-	22 571	26 971
Water	3 057	-	14 454	17 510
Solid Waste	-	9 000	-	9 000
Vehicles	1 000	-	5 904	6 904
Electricity	2 100	-	3 391	5 491
Other	2 630	-	423	3 053
	13 187	9 000	46 744	68 930
Percentage	19%	13%	68%	

ESTIMATED EFFECT ON ACCOUNTS

Indigent household		2022/2023	2023/2024	Increase
Property rates	120,000	0.00	0.00	
Electricity Basic charge				
Electricity Consumption	250	351.90	424.74	20.70%
Water Basic charge				
Water Consumption	15	83.43	88.43	6.00%
Sanitation				
Refuse removal				
Subtotal		435.33	513.17	
VAT on Services		65.30	76.98	17.88%
Total Indigent household bill		500.62	590.15	17.88%

6 Kl water and 50 units electricity, refuse and sewerage free of charge per month.

ESTIMATED EFFECT ON ACCOUNTS

Low income household		2022/2023	2023/2024	Increase
Property rates (Old Valuation)	162,000	36.88		
Property rates (New Valuation)	227,000		53.50	45.05%
Electricity Consumption	300	527.84	637.11	20.70%
Water Basic charge		72.81	72.81	
Water Consumption	15	102.66	108.82	3.51%
Sanitation		239.39	253.75	6.00%
Refuse removal		190.10	201.51	6.00%
Subtotal		1,169.68	1,327.49	13.49%
VAT on Services		169.92	191.10	12.46%
Total household bill		1,339.60	1,518.59	13.36%

The increase in property rates will only be 4.4% if the exemption is increased from R 120 000 to R 150 000.

ESTIMATED EFFECT ON ACCOUNTS

Medium income household		2022/2023	2023/2024	Increase
Property rates (Old Valuation)	957,000	735.04		
Property rates (New Valuation)	1,700,000		790.00	7.48%
Electricity Consumption	500	879.74	1,061.85	20.70%
Water Basic charge		72.81	72.81	
Water Consumption	30	241.70	256.21	4.61%
Sanitation		239.39	253.75	6.00%
Refuse removal		263.22	279.01	6.00%
Subtotal		2,431.90	2,713.62	11.58%
VAT on Services		254.53	288.54	13.36%
Total household bill		2,686.43	3,002.17	11.75%

The increase in property rates will only be 5.5% if the exemption is increased from R 120 000 to R 150 000.

Comments

Questions

THANK YOU

