

Kannaland Municipality Draft Budget 2022/2023 to 2023/2024



Medium Term Revenue and Expenditure Framework (MTREF)

27 March 2022

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GLOSSARY

Adjustment's budget - Prescribed in section 28 of the MFMA - the formal means by which a municipality may revise its annual budget during the year.
Allocations – Money received from provincial or national government or other municipalities.
Budget – The financial plan of municipality.
Budget-related policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debts collection policy.
Capital expenditure – Spending on assets such as land, buildings and machinery. Any capitalexpenditure must be reflected as an asset on the municipality's statement of financial position (balance sheet).
Cash flow statement – A statement showing when actual cash will be received and spent by the municipality. Cash payments do not always coincide with the timing of budgeted expenditure. For example, when an invoice is received by the municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.
DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocationsform national to local government.
Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with freebasic services.
Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided hadreasonable care been exercised.
GFS – Government finance statistics. An internationally recognized classification system that facilitates like forlike comparison between municipalities.
GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.
IDP – Integrated development plan. The main strategic planning document of the Municipality.
KPIs – Key performance indicators. Measures of services output and/or outcome.
MFMA – The Municipal Finance Management Act, 2003 – Act No. 56 of 2003. The principal piece of legislationrelating to municipal financial management.
MTREF – Medium-term revenue and expenditure framework. A medium-term financial plan, usually three years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and currents years' financial position.
Rates – Local government taxation based on an assessed value of a property. To determine the rates payable,the assessed rateable value is multiplied by the rate in the rand.
SDBIP – Service delivery and budget implementation plan. A detailed plan comprising quarterly performancetargets and monthly budget estimates.
Strategic Objectives – The main priorities of the municipality as set out in the IDP. Budgeted spending

must contribute towards the achievement of the strategic objectives.
Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.
Virement – A transfer of budget
Virement policy – The policy that sets out the rules for the budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by council through an adjustments budget.
Vote – One of the main segments into which a budget is divided, usually directorate/department level.

1 PART 1 – ANNUAL BUDGET MAYORAL

1.1 Mayoral Speech

The Mayoral Budget Speech will be made available on the day of approval of the Budget.

1.2 Final Budget and Budget Related Workshop.

The Budget and Treasury Office will schedule a couple of workshops with the aim of fine tuning the budget and introducing the Budget Funding Plan which is required to be drafted by the municipality when the budget is not cash funded.

1.3 Recommendation to the Council

That Council notes the **2022/23** Draft Budget as based on contemplated expenditure and revenue for the MTREF and therefore all the budget recommendations including the Budget Funding Plan initiatives be taken into-consideration.

That Council notes the Draft Budget for **2022/23** in terms of Section 17(2) of the Municipal Finance Management Act, (Act 56 of 2003), as well as Section 24 of the Municipal Finance Management Act, (Act 56 of 2003).

That the draft budget documents including the proposed tariffs and budget related policies be made available to all public places and social media platforms for the formal comments of the Public and other stakeholders.

That the following policies have been reviewed and are posted on the Municipal Website and await the approval before 30 June 2022.

- **Customer Care, Credit Control and Debt Collection;**
- **Property Rates;**
- **Tariff Policy;**
- **Unauthorized, Irregular and Fruitless and Wasteful Expenditure;**
- **Indigent;**
- **Virement Policy;**
- **Cash Management and Investment;**
- **Supply Chain Management;**
- **PPPFA;**

- **Asset Management;**
- **Funding Borrowing and Reserve;**
- **Long-Term Financial Plan;**
- **Liquidity Policy;**
- **Budget Implementation and Monitoring Policy;**
- **Bad Debt Write-Off;**
- **Fleet Management;**
- **Grants-In-Aid;**
- **Travel and Subsistence;**
- **Risk Management;**
- **Capital Contributions for New Developments;**
- **Water Losses Policy;**
- **Electricity Losses Policy;**
- **Public Participation Policy**

That the draft budget documentation for 2022/23 – 2024/2025 as outlined in the budget regulations be submitted to National and Provincial Treasury.

2 PART 2 - EXECUTIVE SUMMARY

Kannaland Municipality continues to suffer from the effects of COVID-19 pandemic. This is evident as the municipality could not achieved its targets in revenue collections of 80 percent and has only achieved an average of 76 percent (refer to the Section 72 Report). This under-performance has prompted us to adjust the budget accordingly and put on hold some of the projects that we intended to implement had we managed to meet our targets. The municipality further experienced an increase in litigations that were not originally planned at the beginning of the budget year and this has put us on a back foot as funds had to be redirected in order to accommodate these litigations as they were a threat to the autonomy of the municipality.

The sluggish economy also has a negative effect in the municipal operations as there is minimal economic activity which impacts our rate payers. The lack of job opportunities due to the stagnant economy remains a threat to the municipality and calls have been made to the Provincial government to intervene in terms of investment particularly in the infrastructure in order to create the much-needed economic activity as reliance on two factories and seasonal farm workers is not sustainable.

The continued negative effect of the economic downturn, more so now that our national economic health is in a volatile state, increases shortcomings in respect of service delivery and the inability of the Municipality to fund the service delivery budget implementation plans. As the economy struggles, locally it results to increased non-payment of municipal services, while the need for basic services has risen immensely.

This has affected the inability of the Municipality to establish a capital replacement reserve to provide financial leverage for non-cash items in the budget. Insufficient funding for the rehabilitation and/or replacement of components that have reached the end of their designed life. Inadequate maintenance budgets, which could be attributed to the Municipality's limited income base.

The municipal council resolved to write off prescribed debt and indigent debt to a combined tune of R41 million. This is an effort to encourage our ratepayers to continue paying their outstanding debt with lesser interest. The municipality continues to face serious financial challenges despite these efforts that have been introduced and political instability also has a negative impact in this matter as the oversight committees that are supposed to hold the administration accountable on non-performance are non-existent.

A Budget Deficit will be tabled to the council as a result of all these shortcomings and the implementation of the Financial Recovery Plan and the Budget Funding Plan will help the Municipality in addressing the challenges in respect of improving the financial health, service delivery and ensuring that the Municipality

meets the legislated requirements. The implementation of the Financial Recovery Plan and The Budget Funding Plan strategies are a work-in-progress and progress is evident.

2.1 Key budget considerations:

- The focus in the budget will be on the core functions. During the Adjustment Budget of 2021/2022, the Municipality was faced with challenges in mitigating the low rate of debt collection against the increasing expenditure as a result of employee related costs.
- The need to maximize income through efficiencies and the way we do business was investigated before we decided to increase our service charges and other tariffs within reasonable levels.
- An initiative as part of the Revenue Enhancement Project was implemented to ensure, among other, that all consumers are billed correctly and are contributing to the Municipality's income asset out in our Tariff Policy.
- The Municipality was unable in the past to realize a Capital Replacement Reserve (CRR) due to previous financial limitations and restrictions to take action against indigent households who are failing to adhere to the relevant policy and requirements. Council has envisaged to establish the revenue enhancement plan will, however, include the establishment of a CRR to be funded from a vigorous collection process to be applied in respect of prior year's outstanding debt. This process will be phased in over the next five (5) years. The before-mentioned will be an ambitious goal especially given the fact that the municipality will have to deal with overdue creditors to an amount in excess of **R60 million**.
- The Capital Contributions Policy was reviewed to ensure that the Municipality recover the capital outlay in the expansion of infrastructure as a result of new connections.
- The Municipality adopted a hands-on cash management approach through a planned Cash Flow Management Committee. The Municipality's updated Cash Management Policy will be in effect as of 1 July 2022.
- No external loans will be sourced to fund capital projects. The capital acquisitions for the 2022/2023 MTREF will only be funded and restricted to the availability of cash funds and secured grant funding.
- The Municipality has implemented a process to ensure that all available National and Provincial Government Grants are accessed in order to service part of our capital programme.
- In spite of the above-mentioned challenges, the budget team managed to build the tariffs around the CPI inflation base on the macro-economic performance for 2022/2023 to 2024/2025. They have further applied electricity increases in line with ESKOM's tariffs, National Treasury guidelines and now awaiting the outcome of NERSA's directive.

2.2 Funding the budget

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

- Realistically anticipated revenues to be collected;
- Backed accumulated funds from previous years' surpluses not committed for other purposes;
- Borrowed funds, but only for the capital budget referred to in Section 17 of the MFMA

The Municipality is committed to achieving the outcomes, as outlined by the above legislation. However, it is not always possible to ensure that budgeted inflows break even with budgeted outflows due to inherent financial and other constraints. Our 2022/2023 proposed budget is an indication that we are experiencing challenges, but we are working towards the before-mentioned objective.

New budgeting, mSCOA and accounting formats demand that the budgeted statement of financial performance (income statement), the budgeted statement of financial position (balance sheet) and the budgeted statement of cash flows must be considered simultaneously to ensure effective financial management and sustainability and to ensure that the budget is funded. The Municipality is currently applying mSCOA Cash Flow and Balance sheet budgeting but with various degrees of success. This is still a work in progress and assistance is being provided by the MFIP programme and Provincial Government.

2.3 A credible budget

It describes the ability of governments to accurately and consistently meet their expenditure and revenue targets. At its' core, budget credibility is about upholding local government commitments and seek to understand why government deviates from these commitments.

Amongst other things, a credible budget is a budget that adheres to the following principles:

- Items budgeted for should be restricted to key performance indicators identified in the IDP for MTREF. Care should be taken that provision is only made provided that sufficient funding is available.
- The budget should be achievable in terms of agreed service delivery and performance targets.
- It contains revenue and expenditure projections that are consistent with current and past performance and is supported by documented evidence of future assumptions.
- The financial viability of the Municipality should at all times be considered in deciding on the inclusion or exclusion of the budget items (affordability confirmed prior to inclusion).
- Managers are provided with appropriate levels of delegation, sufficient to meet their financial management responsibilities, with a sufficient staff complement.

2.4 Budget Overview of the 2022/2023 MTREF

This section provides an overview of the Kannaland Municipality's 2022/2023 MTREF. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of the Municipality.

The municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and local governments. In essence, the spheres of government are partners in meeting the service delivery challenges faced in Kannaland. The municipality alone cannot meet these challenges and it requires support from the other spheres of government through the direct allocation of resources, as well as the achievement of their own policies.

According to MFMA Circular No. 115, the following headline inflation forecasts underpin the 2022/2023 national budget:

FINANCIAL YEAR		INFLATION
• 2020/21 ACTUAL		• 2.9%
• 2021/22	FORECAST	• 4.5%
• 2022/23		• 4.8%
• 2023/24		• 4.4%
• 2024/25		• 4.5%

The growth parameters apply to tariff increases for property rates, user and other charges raised by municipalities and municipal entities, to ensure that all spheres of government support the national macroeconomic policies, unless it can be shown that external factors impact otherwise.

The budget process in Kannaland followed the requirements of the MFMA. A table of key deadlines was tabled in Council by the Executive Mayor in August 2020. The budget task team was to examine, review and prioritize budget proposals from user departments.

For the 2021/2022 period, the Municipality is planning to spend **R10 528 850** on Capital Projects.

FUNDING	AMOUNT
National Government	R 10 528 850
Provincial Government	
Own Funded	

The MFMA requires municipalities to set out measurable performance objectives when tabling their budgets. These “key deliverables” link the financial inputs of the budget to service delivery requirements.

As a further enhancement to this, quarterly service targets and monthly financial targets are contained in the Service Delivery and Budget Implementation Plan (SDBIP). This must be approved by the Executive Mayor within the timelines of the approval of the final budget and forms the basis for the municipalities’ in-year monitoring.

Kannaland budgeted for an **operational deficit** of **±R 15 449 million**. The total expected operational revenue is **R 187 188 million** and operational expenditure is **R 213 165 million**. Contributed assets funded by conditional national grants and own funded in the budget to the amount of **R 10 529 million**.

Budget	Amount ‘000
Operating Expenditure	R 213 165
Operating Income	R 187 188
(Deficit)/ Surplus	(R 15 449)
Capital	R 10 529

Further comments regarding the financial position and financial results will be included in the final report after the systems data strings have been aligned with the budget schedules.

In view of the before-mentioned, the following table is a consolidated overview of the proposed MTREF:

Table A1 Summary

WC041 Kannaland - Table A1 Budget Summary										
Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Financial Performance										
Property rates	51 186	173 916	81 442	24 562	25 522	25 522	19 449	24 836	25 929	27 095
Service charges	526 505	1 069 475	456 943	104 162	100 680	100 680	76 326	111 128	117 882	125 873
Investment revenue	1 169	6 981	2 550	864	880	880	723	680	714	757
Transfers recognised - operational	246 118	251 093	144 633	45 128	42 097	42 097	22 833	43 164	52 076	63 234
Other own revenue	52 985	137 614	41 912	11 704	7 313	7 313	5 170	7 379	7 669	7 963
Total Revenue (excluding capital transfers and contributions)	877 963	1 639 078	727 479	186 419	176 492	176 492	124 500	187 188	204 270	224 923
Employee costs	398 931	233 101	190 937	65 553	71 649	71 649	52 550	79 541	81 221	84 499
Remuneration of councillors	38 293	26 964	10 245	3 637	3 637	3 637	2 706	3 357	3 504	3 662
Depreciation & asset impairment	39 854	48 203	36 365	12 698	12 698	12 698	8 466	13 222	13 804	14 425
Finance charges	4 801	5 948	3 449	382	2 318	2 318	438	2 072	2 160	2 254
Materials and bulk purchases	424 083	146 336	146 494	56 133	58 262	58 262	41 487	64 018	67 662	71 333
Transfers and grants	22 220	(896)	1 186	838	498	498	120	320	334	349
Other expenditure	214 502	130 276	111 364	52 589	55 575	55 575	52 165	50 636	57 068	65 598
Total Expenditure	1 142 684	589 932	500 040	191 830	204 637	204 637	157 931	213 165	225 752	242 120
Surplus/(Deficit)	(264 721)	1 049 145	227 440	(5 411)	(28 145)	(28 145)	(33 431)	(25 978)	(21 483)	(17 197)
Transfers and subsidies - capital (monetary allocations) (f)	55 468	271 680	104 337	22 763	25 622	25 622	5 848	10 529	24 805	36 176
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	382	-	34	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(208 871)	1 320 826	331 811	17 352	(2 522)	(2 522)	(27 583)	(15 449)	3 323	18 979
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(208 871)	1 320 826	331 811	17 352	(2 522)	(2 522)	(27 583)	(15 449)	3 323	18 979
Capital expenditure & funds sources										
Capital expenditure	871	(13 197)	(6 949)	23 767	26 639	26 639	11 118	10 529	24 805	36 176
Transfers recognised - capital	(730)	(13 315)	(15 693)	22 763	25 622	25 622	10 878	10 529	24 805	36 176
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	(64)	-	215	1 004	1 004	1 004	240	-	-	-
Total sources of capital funds	(795)	(13 315)	(15 477)	23 767	26 626	26 626	11 118	10 529	24 805	36 176
Financial position										
Total current assets	(668 623)	(142 122)	(103 176)	(17 989)	(100 837)	(100 837)	(15 288)	(23 527)	(46 223)	(28 456)
Total non current assets	(227 724)	(750 160)	(719 450)	351 292	343 473	343 473	2 653	323 579	11 002	21 751
Total current liabilities	(751 989)	(47 708)	14 138	29 011	23 319	23 319	15 159	32 968	(37 176)	(24 316)
Total non current liabilities	1 285	(16 908)	(21 928)	37 082	44 833	44 833	-	44 757	(1 368)	(1 368)
Community wealth/Equity	645	(6 524)	(16 844)	249 857	475 081	475 081	(212)	237 775	-	-
Cash flows										
Net cash from (used) operating	(495 626)	(554 408)	(596 773)	38 899	27 941	27 941	(48 487)	21 887	43 287	35 393
Net cash from (used) investing	(871)	1 597	6 949	-	(13)	(13)	-	(10 529)	(24 805)	-
Net cash from (used) financing	11	(901)	(873)	-	1 119	1 119	90	(648)	(648)	(648)
Cash/cash equivalents at the year end	(496 488)	(829 811)	(866 796)	81 387	126 656	126 656	(48 401)	59 515	77 348	112 093
Cash backing/surplus reconciliation										
Cash and investments available	10 272	22 757	(2 069)	24 503	27 654	27 654	(9 022)	40 812	(37 386)	(44 422)
Application of cash and investments	(675 013)	5 878	53 499	92 661	179 075	179 075	3 718	144 137	(31 407)	(37 976)
Balance - surplus (shortfall)	685 285	16 878	(55 569)	(68 158)	(151 421)	(151 421)	(12 740)	(103 325)	(5 980)	(6 447)
Asset management										
Asset register summary (WDV)	(227 689)	(754 208)	(723 497)	351 292	641 944	641 944	-	323 579	11 002	21 751
Depreciation	39 854	48 203	36 365	12 698	12 698	12 698	-	13 222	13 804	14 425
Renewal of Existing Assets	-	-	1 538	-	-	-	-	-	-	-
Repairs and Maintenance	226 222	118 409	79 439	22 898	23 148	23 148	-	20 184	21 059	21 975
Free services										
Cost of Free Basic Services provided	(1 477)	7 496	10 519	21 714	18 128	18 128	20 034	20 034	21 020	22 116
Revenue cost of free services provided	4 383	7 456	4 995	4 973	3 944	3 944	8 409	8 409	8 779	9 174
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

2.4.1 Budgeted Financial Performance

WC041 Kannaland - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2018/19	2019/20	2020/21		Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	51 186	173 916	81 442	24 562	25 522	25 522	19 449	24 836	25 929	27 095
Service charges - electricity revenue	2	309 703	598 096	228 958	67 946	62 578	62 578	47 618	71 731	76 752	82 892
Service charges - water revenue	2	84 341	209 606	103 516	20 787	20 746	20 746	15 643	21 520	22 466	23 477
Service charges - sanitation revenue	2	59 469	130 779	61 306	8 019	8 738	8 738	6 576	9 090	9 490	9 917
Service charges - refuse revenue	2	72 991	130 994	63 162	7 410	8 617	8 617	6 488	8 788	9 174	9 587
Rental of facilities and equipment		1 442	8 688	1 007	631	533	533	399	607	608	608
Interest earned - external investments		1 169	6 981	2 550	864	880	880	723	680	714	757
Interest earned - outstanding debtors		20 110	44 277	16 954	3 087	4 628	4 628	3 480	4 968	5 167	5 348
Dividends received		3	3	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		24 724	70 685	19 304	5 547	15	15	(0)	15	16	17
Licences and permits		325	1 786	817	378	361	361	113	114	120	127
Agency services		1 788	3 808	2 083	1 087	1 200	1 200	808	1 200	1 260	1 336
Transfers and subsidies		246 118	251 093	144 633	45 128	42 097	42 097	22 833	43 164	52 076	63 234
Other revenue	2	4 593	8 368	1 746	974	576	576	370	475	499	528
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		877 963	1 639 078	727 479	186 419	176 492	176 492	124 500	187 188	204 270	224 923
Expenditure By Type											
Employee related costs	2	398 931	233 101	190 937	65 553	71 649	71 649	52 550	79 541	81 221	84 499
Remuneration of councillors		38 293	26 964	10 245	3 637	3 637	3 637	2 706	3 357	3 504	3 662
Debt impairment	3	99 878	38 730	36 046	20 723	24 401	24 401	38 611	19 156	16 415	14 592
Depreciation & asset impairment	2	39 854	48 203	36 365	12 698	12 698	12 698	8 466	13 222	13 804	14 425
Finance charges		4 801	5 948	3 449	382	2 318	2 318	438	2 072	2 160	2 254
Bulk purchases	2	385 078	127 040	128 541	48 940	52 650	52 650	38 417	59 108	62 536	65 975
Other materials	8	39 006	19 296	17 953	7 193	5 612	5 612	3 070	4 911	5 127	5 357
Contracted services		35 905	42 118	34 007	17 971	15 603	15 603	6 622	12 599	21 061	30 548
Transfers and subsidies		22 220	(896)	1 186	838	498	498	120	320	334	349
Other expenditure	4, 5	78 324	49 403	41 261	13 895	15 570	15 570	6 932	18 882	19 591	20 458
Losses		395	25	50	-	-	-	-	-	-	-
Total Expenditure		1 142 684	589 932	500 040	191 830	204 637	204 637	157 931	213 165	225 752	242 120
Surplus/(Deficit)		(264 721)	1 049 145	227 440	(5 411)	(28 145)	(28 145)	(33 431)	(25 978)	(21 483)	(17 197)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		55 468	271 680	104 337	22 763	25 622	25 622	5 848	10 529	24 805	36 176
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		382	-	34	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(208 871)	1 320 826	331 811	17 352	(2 522)	(2 522)	(27 583)	(15 449)	3 323	18 979
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(208 871)	1 320 826	331 811	17 352	(2 522)	(2 522)	(27 583)	(15 449)	3 323	18 979
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(208 871)	1 320 826	331 811	17 352	(2 522)	(2 522)	(27 583)	(15 449)	3 323	18 979
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(208 871)	1 320 826	331 811	17 352	(2 522)	(2 522)	(27 583)	(15 449)	3 323	18 979

2.4.2 Operating Revenue Framework

The increase in revenue is mainly due to an increase in tariffs that have been in line and capped by the headline (CPI) inflation forecast. It should be noted that even though the municipality had tariff increases, the progress made to achieving a self-sustainable municipality has been offset by the increased inability to collect revenue.

The cost of compliance, low productivity, the high cost of rural procurement and the inability to attract scarce skills at an affordable cost all contribute to an expense account that cannot be funded by our current revenue base and strategies need to be developed to expand the current revenue base with taking into account the limited water storage capacity at the same time.

The absence of water catchment facilities has an adverse effect on not only the ability to collect revenue, as a result of the downturn in the economy, but also on the selling of trading services (water and electricity) that are the main contributors to the profit margin of the municipality.

The increase in revenue is mainly due to:

- an increase in tariffs;
- an increase in conditional grant funding;
- an increase in unconditional grant equitable share allocation;

Equitable Share allocation –

- Final Budget 2021/2022 is **R 30 553 000**.
- Draft Budget 2022/2023 is **R 33 259 000**

2.4.2.1 SERVICE CHARGES AND MISCELLANEOUS TARIFFS

The following tariff increases are proposed: Please see annexure for detailed tariffs

- Electricity – 9.61% (Pending NERSA Approval) on average
 - Water – 4.85%
 - Rates – 4.50% average
-

- Refuse – 4.80%
- Sewerage – 4.80%
- Other – 5% on average

2.4.2.2 TARIFF CHANGES SUGGESTED FOR 2022/2023

2.4.2.2.1 Property rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the Municipality's budgeting process. The municipality has proposed a **4% average** increase on property rates.

All tariffs to be expressed in terms (ratio) of the baseline tariff (Equal to Residential tariff)							Tariff After Rebate	R	0.0185
	2019/20	2020/21	Y/Y Increase	2021/22	Y/Y Increase	2022/23	Y/Y Increase		
BASELINE RATE PER R1 ON THE VALUATION	R 0.0158	R 0.0170	7.9%	R 0.0177	4.12%	R 0.0185	4.5%		
Residential Properties	R 0.0158	R 0.0170	7.9%	R 0.0177	4.12%	R 0.0185	4.5%		
Vacant Land: Residential	R 0.0158	R 0.0170	7.9%	R 0.0177	4.12%	R 0.0185	4.5%		
Vacant Land: Business	R 0.0293	R 0.0340	16.2%	R 0.0354	4.12%	R 0.0370	4.5%		
Agricultural Properties	R 0.0023	R 0.0026	13.1%	R 0.0026	0.00%	R 0.0028	6.7%		
Businesses and Commercial Properties	R 0.0293	R 0.0340	16.2%	R 0.0360	6.00%	R 0.0370	2.7%		
Business Properties - Accommodation Establishment	R 0.0200	R 0.0221	10.3%	R 0.0234	6.00%	R 0.0241	2.7%		
Industrial Properties	R 0.0293	R 0.0340	16.2%	R 0.0360	6.00%	R 0.0370	2.7%		
Public Service Infrastructure	R 0.0039	R 0.0043	9.1%				Exempt		
Public Service Properties/Organs of state	R 0.0293	R 0.0340	16.2%	R 0.0360	6.00%	R 0.0370	2.7%		
Public Benefit Organisations (Incl. Old Age Homes)	R 0.0032	R 0.0034	7.9%	R 0.0034	0.00%	R 0.0037	8.8%		
Place of Worship - Church							Impermissible		
Protected Area							Impermissible		
Municipal Properties							Exempt		

Exemptions, rebates and reductions	Tariff Applicable 2022/23	Rebate	Impermissible / Exempt	Ratio : base tariff (policy)	Tariffs After Rebate 2022/23	Ratio : base tariff after rebates
Residential Properties	R 0.01850		First R15,000 of improved - not rateable	1:1	R 0.0185	1:1
Vacant Land: Residential	R 0.01850			1:1	R 0.0185	1:1
Vacant Land: Business	R 0.03700			1:2	R 0.0370	1:2
Agricultural Properties	R 0.00278			1:0.15	R 0.0028	1:0.15
Businesses and Commercial Properties	R 0.03700			1:2	R 0.0370	1:2
Business Properties - Accommodation Establishment	R 0.03700	35.0%		1:2	R 0.0241	1:1.3
Industrial Properties	R 0.03700			1:2	R 0.0370	1:2
Public Service Infrastructure	R 0.00463		First 30% Impermissible - 70% Exempt	1:0.25	R 0.0046	1:0.25
Public Service Properties/Organs of state	R 0.03700			1:2	R 0.0370	1:2
Public Benefit Organisations (Incl. Old Age Homes)	R 0.00370			1:0.2	R 0.0037	1:0.2
Place of Worship - Church	R -		100% Impermissible	1:0	R -	1:0
Protected Area	R -		100% Impermissible	1:0	R -	1:0
Municipal Properties	R -		Exempt	1:0	R -	1:0
Rebate to qualified pensioners (Age 60 years) / Disabled persons		30%	See Property Rates Policy & Indigent Policy			
Owners of residential properties with a market value of R150 000 or less. (Including Indigents)		100%				

<p>In terms of Section 7 of the MPRA the Municipality will not levy property rates on-</p> <ul style="list-style-type: none"> (i) properties of which the municipality is the owner; (ii) Public Service Infrastructure owned by a municipal entity; (iii) Leased Municipal Properties with a nominal value and/or portions of the commonage property where it is not practical to levy property rates; and (iv) Municipal vesting properties. <p>Other impermissible rates</p> <p>In terms of Section 17(1) (i) of the MPRA, the Municipality may not levy a rate on improved property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship.</p> <p>Section 17 (1) (e) of the Act precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act 67 of 2003), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004) which are not developed or used for commercial, farming or residential purposes. The apportioned value of any portion of such properties utilized for any purpose other than that used for such conservation purposes will be rated accordingly.</p>	Municipal Properties	Exempt
	Place of Worship - Church	100% Impermissible
	Protected Area	100% Impermissible

Categories	Ratio in relation to residential properties.	Kannaland Municipality
Residential Property	1:1	1:1
Agricultural property	1:0.25	1:0.15
Public service infrastructure	1:0.25	1:0.25
Public benefit organisation property	1:0.25	1:0.2

2. The rate on the categories of non residential property listed in the first column of the table below may not exceed the ratio to the rate on residential properties listed in the second column of the table below, where,

- (a) the first number in the second column of the table represents the ratio to the rate on residential properties;
- (b) the second number in the second column of the table represents the maximum ratio to the rate on residential property that may be imposed on the non-residential properties listed in the first column of the table:

2.4.2.2.2 Water tariffs

South Africa faces similar challenges with regards to water supply as it did with electricity, since demand growth outstrips supply. The situation is further negatively impacted by the droughts experienced in the surrounding areas. Consequently, National Treasury is encouraging all municipalities to carefully review the structuring of their water tariffs to ensure that water tariffs are:

- fully cost-reflective, including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent);
- designed to encourage efficient and sustainable consumption.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost

reflective. However, this remains a challenge in specifically previously disadvantaged communities that cannot afford to pay for these services and the impact of Covid 19.

During the tariff modelling exercise, it was acknowledged that the basic charge for water does not cover the basic cost for the water service and that the structure needs to be changed and remodelled in future budgets.

A tariff increases of 4.85 % from 1 July 2022 for water is proposed. In addition, 6kl water per 30-day period will be granted free of charge to indigent households. The tariff structure is designed to charge higher levels of consumption at a higher rate per kilolitre with certain consumers paying an average fixed rate for water. These consumers include:

- Industrial Areas;
- Large businesses and B&B's;
- Social and services institutions;
- Old age home and frail care centres;
- Churches, schools, hostels and clubs;
- Stand pipe consumers

3. WATER						
3.1 Conventional Meters						
Standard Basic Levies			2019/20	2020/21	2021/22	2022/23 Incl VAT
	Basic Residential		R 96.33	R 102.11	R 106.61	R 111.80 R 128.57
	Basic Small Business		R 107.45	R 113.90	R 118.96	R 124.70 R 143.41
	Basic Medium to Large Business		R 153.51	R 162.72	R 169.91	R 178.20 R 204.93
	Basic Institutions (School, Hospital, Old Age Homes)		R 122.80	R 130.17	R 135.91	R 142.50 R 163.88
	Basic Institutions (Churches)		R 99.78	R 105.77	R 110.43	R 115.80 R 133.17
	Basic Industrial		R 192.66	R 204.22	R 213.22	R 223.60 R 257.14
	Availability Vacant Stands		R 122.04	R 129.36	R 135.04	R 141.60 R 162.84
Standard Meter Usage Residential						
Sliding Scale Block Tariff			2019/20	2020/21	2021/22	2022/23 Incl VAT
	Free Basic Water	0 - 6 K Indigents only	R 5.75	R 6.10	R 6.35	R 6.70 R 7.71
	Scale 1	7 - 15 Kl	R 6.57	R 7.10	R 7.39	R 7.70 R 8.86
	Scale 2	16 - 30kl	R 10.35	R 11.39	R 11.91	R 12.50 R 14.38
	Scale 3	31 - 50 kl	R 12.32	R 13.80	R 14.43	R 15.10 R 17.37
	Scale 4	51 - 75 kl	R 14.45	R 16.18	R 16.87	R 17.70 R 20.36
	Scale 5	> 75 kl	R -	R 23.16	R 24.17	R 25.30 R 29.10
Standard Tariffs Other Institutions						
Categories			2019/20	2020/21	2021/22	2022/23 Incl VAT
a)	Industries		R 12.32	R 13.30	R 13.91	R 14.60 R 16.79
b)	Large Businesses and B&B's		R 10.68	R 11.53	R 12.00	R 12.60 R 14.49
c)	Social and Services Institutions		R 8.54	R 9.22	R 9.65	R 10.10 R 11.62
	Old Age Home and Frail Care Centres		R 8.54	R 9.22	R 9.65	R 10.10 R 11.62
	Churches Schools Hostels and Clubs		R 8.54	R 9.22	R 9.65	R 10.10 R 11.62
	Stand Pipe Consumers		R 115.00	R 124.20	R 129.65	R 135.90 R 156.29
3.2 Pre - Paid Meters Residential Only						
Usage per Kl above free basic water for Indigent households			-	-	-	-
Same rates will apply as for conventional meters, without any basic fees being applicable						
3.3 Irrigation Water						
a) Ladismith			2019/20	2020/21	2021/22	2022/23 Incl VAT
	Minute water for 10 minutes = 1 unit (One Month)		R 19.18	R 20.72	R 21.65	R 22.70 R 26.11
	Minute water for 10 minutes = 1 unit (Per annum)		R 76.74	R 82.88	R 86.52	R 90.70 R 104.31
	Minute water for 10 minutes (Per Annum)		R 920.95	R 994.62	R 1 036.35	R 1 086.70 R 1 252.01
b) Calitzdorp						
	Cost per minute for 15 minutes		R 71.65	R 77.38	R 80.78	R 84.70 R 97.41
	Equivalent tariff for 15 minutes per annum		R 1 074.54	R 1 160.51	R 1 211.57	R 1 270.30 R 1 466.85
3.4 Connection Fees						
Connection and Disconnection fee on request			2019/20	2020/21	2021/22	2022/23 Incl VAT
	New Connections		R 131.40	R 141.91	R 148.17	R 155.40 R 178.71
	* Actual cost + 30% Administration fee		R 3 185.98	R 3 440.86	R 3 592.26	R 3 766.50 R 4 331.48
	Move a meter on request of the owner		R -	R 417.00	R 435.65	R 456.80 R 525.32
	Upgrading cost of Connection					
	* Actual cost + 30% Administration fee					
	Reconnection Mel payment - Indigent		R 144.82	R 156.40	R 163.30	R 171.20 R 196.88
	Reconnection Mel payment		R 617.64	R 667.06	R 696.43	R 730.20 R 839.73
	Reconnection - offence (Tempering)		R 4 106.29	R 4 434.80	R 4 629.91	R 4 854.50 R 5 582.68
3.5 Service Deposit Water						
			2019/20	2020/21	2021/22	2022/23 VAT N/A
	Residential		R 739.08	R 798.21	R 833.30	R 873.70 R 973.70
	Small Business		R 767.48	R 828.88	R 865.39	R 907.40 R 907.40
	Medium - Large Business		R 1 535.09	R 1 657.89	R 1 730.87	R 1 814.80 R 1 814.80
	Industrial(Cost plus 25%)Minimum		R 3 070.17	R 3 315.79	R 3 461.65	R 3 629.50 R 3 629.50
3.6 Water Tariff Drought Restrictions						
Free Basic Water			2019/20	2020/21	2021/22	2022/23 Incl VAT
	Scale 1	0 - 6 Kl Indigents only		R 10.57	R 12.15	R 12.70 R 14.61
	Scale 2	7 - 15 Kl		R 14.71	R 16.92	R 17.70 R 20.36
	Scale 3	16 - 20 Kl		R 20.71	R 23.82	R 25.00 R 28.75
	Scale 4	21 - 30 Kl		R 28.99	R 33.34	R 35.00 R 40.25
		Bo 30 Kl		R 40.56	R 46.65	R 48.90 R 56.24
3.7 Water Drought Restriction						
Penalty			2019/20	2020/21	2021/22	2022/23 VAT N/A
	Contravention of Water and Sanitation By Laws				R 3 560.60	R 3 733.30 R 3 733.30
3.8 Departmental Accounts						
Departmental Levy			2019/20	2020/21	2021/22	2022/23 VAT N/A
			R 5.95	R 6.43	R 6.68	R 7.00 R 7.00

2.4.2.2.3 Electricity tariffs

The Municipal Electrical Tariff is increased by 9.61% on average. The medium bulk “time of use” tariff does indicate a very low profit margin, have been restructured but will need to be revisited and adjusted to at least an acceptable gross profit margin of 25%. The Municipality applies a seasonal tariff to the electricity usage thus an increased tariff is applied for the winter periods.

2. ELECTRICITY												
Availability		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Standard Availability - Vacant Stands												
Availability - Households Availability - Businesses		R	91.28	R	91.28	R	101.00	R	109.08	R	125.44	
		R	212.99	R	212.99	R	235.00	R	253.80	R	291.87	
Pre-Paid Cards		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Loss Card Replacement		R	26.46	R	30.43	R	33.00	R	35.64	R	40.99	
Sundry Electricity Tariffs												
New Connections		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Single Faze		5 873.61		6 754.65		7 431.00		R 8 025.48		R 9 229.30		
Three Faze		12 062.23		13 871.56		15 259.00		R 16 479.72		R 18 951.68		
Conversions		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Single Faze		R	1 715.96	R	1 973.35	R	2 171.00	R	2 344.68	R	2 696.38	
Three Faze		R	3 723.01	R	4 281.46	R	4 710.00	R	5 086.80	R	5 849.82	
Bulk Connections												
Cost plus 25%												
Reconnection Fees		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Connection and Reconnection on request by Consumer		R	139.56	R	160.50	R	177.00	R	191.16	R	219.83	
Reconnection Mel payment - Indigent		R	116.64	R	134.14	R	148.00	R	159.84	R	183.82	
Reconnection Mel payment		R	471.52	R	542.25	R	597.00	R	644.76	R	741.47	
Reconnection Section 14 offence (Tempering)		R	4 652.10	R	5 349.91	R	5 990.00	R	6 400.00	R	7 360.00	
Meter Services		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Change of circuit breaker per Faze		R	243.24	R	279.72	R	308.00	R	332.64	R	382.54	
Testing of meter on request		R	462.55	R	531.93	R	586.00	R	632.88	R	727.81	
New Tar Move a meter on request							R	500.00	R	540.00	R	621.00
Service Deposits- Electricity		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Residential		R	3 392.00	R	3 900.80	R	4 291.00	R	4 634.28	R	5 329.42	
Business		R	5 728.70	R	6 588.01	R	7 247.00	R	7 826.76	R	9 000.77	
Industrial		R	28 401.70	R	32 661.96	R	35 929.00	R	38 803.32	R	44 623.82	
Departmental and Street Lighting		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Maintenance Levy		R	46.52	R	53.50	R	63.20	R	68.26	R	78.49	
Energy Cost per KWh		R	1.04	R	1.19	R	1.40	R	1.51	R	1.74	
Temporary Connection		2019/20		2020/21		2021/22		2022/23		VAT N/A		
Building Site		R	797.50	R	917.13	R	1 009.00	R	1 089.72	R	1 253.18	

2. ELECTRICITY

RESIDENTIAL AND SOCIAL COMPANIES

[Including Churches, Halls, Social and Frail Care Centres]

[Including Churches, Halls, Social and Frail Care Centres]					2020/2021		2021/2022		2022/2023		2022/2023		2022/2023		Including VAT		Including VAT			
LIFELINE TARIFF: 0-20 AMPERE					SUMMER: Sept-May		WINTER: June-Aug		SUMMER: Sept-May		WINTER: June-Aug		SUMMER: Sept-May		WINTER: June-Aug		SUMMER: Sept-May		WINTER: June-Aug	
	USAGE BLOCKS:																			
	Block 1		0-350kWh		1 3600		1 6360		1 5584		1 8747		1 708		2 055		R	1 964	R	2 363
	Block 2		351-600kWh		1 4980		1 8100		1 7166		2 0741		1 882		2 273		R	2 164	R	2 614
	Block 3		>600kWh		2 1560		2 3690		2 4706		2 7146		2 708		2 976		R	3 114	R	3 422

* TARIFF AIM: 0-20 AMPS, Low income groups, less than 450 kwh per month.

* If consumer use more than 450kWh the prepaid option must be used

If consumer use more than 450kWh the prepaid option must be used			2020/2021		2021/2022		2022/2023		2022/2023		2022/2023		2022/2023	
CONVENTIONAL TARIFF: 0-59 AMPERE			SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug	
	Block 1	0-350kWh	1.6570	1.8160	1.8988	2.0810	2.081	2.281	R	2.393	R	2.623		
	Block 2	>350kWh	1.8810	2.0300	2.1554	2.3262	2.363	2.550	R	2.717	R	2.933		
	Basic - Fixed charge Rand per month		R 65.12		R 74.70		R 82.00			R 94.30				

* TARIFF AIM: 0-59 AMPS, Low and Medium income groups, less than 850kwh per month.

			2020/2021		2021/2022		2022/2023		2022/2023		Including VAT		Including VAT	
			SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug		SUMMER: Sept-May WINTER: June-Aug	
CONVENTIONAL TARIFF: 60 - 100 AMPERE														
	Block 1	0-600kWh	1.7210	2.1860	1.9721	2.5049	2.162	2.746	R	2.486	R	3.158		
	Block 2	>600kWh	2.1030	2.3300	2.4098	2.6699	2.641	2.927	R	3.037	R	3.366		
	Basic - Fixed charge Rand per month		R 431.79		R 495.00		R 544.00		R 625.60					

* TARIFF AIM: 60-100 AMPS, Medium and Higher income groups. Structured to encourage Energy saving methods and rather to transfer to Prepaid.

			2020/2021		2021/2022		2022/2023		2022/2023		2022/2023		Including VAT		Including VAT			
PREPAID TARIFF: 0 - 100 AMPERE			SUMMER: Sept-May		WINTER: June-Aug		SUMMER: Sept-May		WINTER: June-Aug		SUMMER: Sept-May		WINTER: June-Aug		SUMMER: Sept-May		WINTER: June-Aug	
	Block 1	0-350kWh	R 1.668	R 1.969	R 1.911	R 2.256		2.095		2.473	R 2.409	R 2.844						
	Block 2	351-600kWh	R 1.721	R 2.040	R 1.972	R 2.338		2.162		2.562	R 2.486	R 2.947						
	Block 3	>600kWh	R 1.944	R 2.230	R 2.228	R 2.555		2.442		2.801	R 2.808	R 3.221						
Basic - Fixed charge Rand per month			DISCONTINUE		DISCONTINUE		DISCONTINUE		DISCONTINUE		DISCONTINUE		DISCONTINUE		DISCONTINUE			
Environmental Levy (cent per kwh)			-	-	-	-	-	-	-	-	-	-						

* TARIFF AIM: 0 -100 AMPS, Medium and Higher income groups. Benefit to consumers for buying energy upfront.

COMMERCIAL PRICING TARIFFS FOR KANNALAND (SUMMER & WINTER PRICES)

2.2.1 Commercial - Small to Medium Consumers [30A - 60A] Conventional meters

	2018/19	Description	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023	Including VAT
Basic - Fixed charge per month	R 406.62	R / MONTH	R 531.947	R 566.430	R 642.00	R 703.70	R 809.26	
Demand Cost per Ampere [Circuit breaker]			R -					
Energy Cost per unit [kWh] - Summer	R 1.5400	C / KWH	R 1.756	R 1.850	R 2.120	R 2.324	R 2.673	
Energy Cost per unit [kWh] - Winter	R 1.9300	C / KWH	R 2.290	R 2.320	R 2.656	R 2.914	R 3.351	

2.2.2 Commercial - Small to Medium Consumers [30A - 60A] Pre-Paid meters

	2018/19	Description	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023	Including VAT
Energy Cost per unit [kWh] - Summer	R 1.9100	C / KWH	R 2.177	R 2.290	R 2.624	R 2.876	R 3.307	
Energy Cost per unit [kWh] - Winter	R 1.9600	C / KWH	R 2.234	R 2.360	R 2.704	R 2.964	R 3.409	

2.2.3 Commercial - Large Consumers [60A - 150A] Conventional meters

	2018/19	Description	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023	Including VAT
Basic - Fixed charge per month	R 523.18	R / MONTH	R 596.43	R 628.36	720.00	R 789.19	R 907.57	
Demand Cost per Ampere [Circuit breaker]								
Energy Cost per unit [kWh] - Summer	R 1.6700	C / KWH	R 1.9038	R 1.9800	R 2.269	R 2.487	R 2.860	
Energy Cost per unit [kWh] - Winter	R 1.8600	C / KWH	R 2.1204	R 2.2000	R 2.521	R 2.763	R 3.177	

2.2.4 Commercial - Large Consumers [60A - 150A] Pre-Paid meters

	2018/19	Description	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023	Including VAT
Basic - Fixed charge per month	R 281.61	R / MONTH	R 321.04	R 338.22	R 387.60	R 424.65	R 488.58	
Demand - Cost per kVA	R 1.0100	R / KVA	R 2.0634	R 2.1000	R 2.490	R 2.738	R 3.149	
Energy Cost per unit [kWh] - Summer	R 1.9200	C / KWH	R 2.1888	R 2.3000	R 2.636	R 2.889	R 3.322	

2.2.5 Commercial Bulk Consumers < 500 kVA

	2018/19	Description	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023	Including VAT
Basic - Fixed charge per month	R 1 130.00	R / MONTH	R 1 268.20	R 1 357.16	R 1 555.150	R 1 704.60	R 1 960.3	
Demand - Cost per kVA	R 206.00	R / KVA	R 234.84	R 240.21	R 275.300	R 301.76	R 347.02	
Energy Cost per unit [kWh] - Summer	R 1.0200	C / KWH	R 1.1628	R 1.2200	R 1.398	R 1.532	R 1.762	
Energy Cost per unit [kWh] - Winter	R 1.6200	C / KWH	R 1.8468	R 1.9400	R 2.223	R 2.437	R 2.803	

2.2.6 Commercial Bulk Consumers > 500 kVA

	2018/19	Description	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023	Including VAT
Basic - Fixed charge per month	R 1 600.00	R / MONTH	R 1 684.79	R 1 720.79	R 1 981.400	R 2 149.18	R 2 419.80	
Demand - Cost per kVA	R 200.00	R / KVA	R 228.00	R 240.21	R 275.300	R 301.76	R 347.02	
Energy Cost per unit [kWh] - Summer	R 0.9600	C / KWH	R 1.0944	R 1.1600	R 1.329	R 1.457	R 1.676	
Energy Cost per unit [kWh] - Winter	R 1.5600	C / KWH	R 1.7784	R 1.8700	R 2.143	R 2.349	R 2.701	

TIME OF USE TARIFFS (TOU)

ESKOM Municipal Bulk Increase awarded by Nersa - 9.61%

Special Bulk Consumers Time of Use 50- 500 kVA

TIME OF USE TARIFFS	CHARGE:	2019/2020	Description	2020/2021	2021/2022	2022/2023	Excl VAT
	BASIC:	R 48.91	R / DAY	R 51.53	R 59.05	R 64.72	9.61%
	DEMAND:	R 102.25	R / KVA (ACT.	R 107.72	R 123.44	R 135.30	9.61%
	ACCESS:	R 47.33	R / KVA (MND	R 49.87	R 57.15	R 62.64	9.61%
	ENERGY:						
	PEAK LOW:	R 1.2939	C / KWH	R 1.4990	R 1.7177	R 1.883	9.62%
	STD LOW:	R 0.8087	C / KWH	R 1.1150	R 1.2777	R 1.400	9.57%
	OFF-PEAK LOW:	R 0.6658	C / KWH	R 0.7116	R 0.8154	R 0.894	9.64%
	PEAK HIGH:	R 4.2043	C / KWH	R 4.3550	R 4.9904	R 5.470	9.61%
	STD HIGH:	R 1.2358	C / KWH	R 1.4000	R 1.6043	R 1.758	9.58%
Mega / Miniflex	OFF-PEAK HIGH:	R 0.7490	C / KWH	R 0.8090	R 0.9270	R 1.016	9.60%
	Ancillary service charge [c/kWh]	-	C / KWH			R 0.010	

Special Bulk Consumers Time of Use > 500 kVA

TIME OF USE TARIFFS	CHARGE:	2019/2020	Description	2020/2021	2021/2022	2022/2023	Excl VAT
	BASIC:	R 254.18	R / DAY	R 267.790	R 306.861	R 336.35	9.61%
	DEMAND:	R 99.59	R / KVA (ACT.	R 104.920	R 120.228	R 131.78	9.61%
	ACCESS:	R 45.10	R / KVA (MND	R 47.510	R 54.442	R 59.67	9.60%
	ENERGY:						
	PEAK LOW:	R 1.5823	C / KWH	R 1.640	R 1.879	R 2.060	9.62%
	STD LOW:	R 1.1297	C / KWH	R 1.171	R 1.342	R 1.471	9.62%
	OFF-PEAK LOW:	R 0.8071	C / KWH	R 0.838	R 0.960	R 1.053	9.66%
	PEAK HIGH:	R 4.5030	C / KWH	R 4.672	R 5.354	R 5.868	9.61%
	STD HIGH:	R 1.4546	C / KWH	R 1.508	R 1.728	R 1.894	9.61%
Mega / Miniflex	OFF-PEAK HIGH:	R 0.9519	C / KWH	R 0.986	R 1.130	R 1.238	9.57%
	Ancillary service charge [c/kWh]	-	C / KWH				

2.4.2.2.4 Sanitation tariffs

A tariff increases of 4.4% for sanitation from 1 July 2022 is proposed.

5. SEWERAGE / WASTE WATER						
Sewerage Basic Tariff		2019/20	2020/21	2021/22	2022/23	Incl VAT
	Availability per month	R 273.45	R 314.47	R 339.62	R 355.90	R 409.29
	Residential unit per month	R 183.48	R 211.00	R 227.88	R 238.80	R 274.62
	Residential old age unit per month	R 133.22	R 153.20	R 165.46	R 173.40	R 199.41
Sewerage per Pan per month		2019/20	2020/21	2021/22	2022/23	Incl VAT
	Businesses [1 to 15 pans]	R 205.99	R 236.89	R 255.84	R 268.10	R 308.32
	Businesses [16 and more pans]	R 164.07	R 188.68	R 203.77	R 213.60	R 245.64
	Hotels B&B's and Guest Houses	R 191.42	R 220.13	R 237.74	R 249.20	R 286.58
	Schools and Hostels (1 to 15 pans)	R 164.07	R 188.68	R 203.77	R 213.60	R 245.64
	Schools and Hostels (16 and more pans)	R 175.55	R 201.89	R 218.04	R 228.50	R 262.78
	Churches and Social Service centres	R 133.22	R 153.20	R 165.46	R 173.40	R 199.41
Septic Tanks		2019/20	2020/21	2021/22	2022/23	Incl VAT
	Basic Charge fixed cost per month	R 70.12	R 80.63	R 87.08	R 91.30	R 105.00
	Service on request -					
	Service - (Normal Hours) - Residential (Per Suction)	R 183.48	R 211.00	R 227.88	R 238.80	R 274.62
	Service - (Normal Hours) - Businesses (Per Suction)	R 183.48	R 211.00	R 227.88	R 238.80	R 274.62
	Service - After hours (Mon - Thur)	R 393.17	R 452.15	R 488.32	R 511.80	R 588.57
	Service - After hours (Friday till Monday 7h30 including Public Holidays)	R 458.70	R 527.50	R 569.70	R 597.00	R 686.55
	Travelling Cost outside Town per Km (Farms)	R 12.62	R 14.51	R 15.67	R 16.40	R 18.86
Sundry Tariffs		2019/20	2020/21	2021/22	2022/23	Incl VAT
	Connection Costs	R 2 472.77	R 2 843.68	R 3 071.18	R 3 218.60	R 3 701.39
	Connection Costs - Indigent	R 123.64	R 142.18	R 153.56	R 160.90	R 185.04
	Actual Cost + 30% Administration fee					
	Storings tariff (Vuil fabriek water in riool stelsel) (PER /M3)	R 6.82	R 7.85	R 8.47	R 8.90	R 10.24
	Blockages - Service delivered on private property					
	* Week Days Cost per hour [minimum 1 Hour]			R 417.00	R 437.00	R 502.55
	* After hours Cost per hour [Minimum 1 Hour]			R 625.00	R 655.00	R 753.25
Departmental Accounts		2019/20	2020/21	2021/22	2022/23	VAT N/A
	Departmental Levy	R 93.53	R 107.56	R 116.17	R 121.70	R 121.70

2.4.2.3 Other Revenue

6. TOWN PLANNING						
6.1 Application Fees		2019/20	2020/21	2021/22	2022/23	Incl VAT
Rezoning, Permissible Use & other by-law applications	R	1 620.78	R 1 750.44	R 1 750.43	R 1 838.00	R 1 838.00
Sub Division - Less than 20 erven per erf	R	356.57	R 385.09	R 385.13	R 404.40	R 404.40
Sub Division - per erf more than 20	R	162.08	R 175.04	R 175.04	R 183.80	R 183.80
Consolidation & Subdivision	R	2 139.44	R 2 310.59	R 2 310.61	R 2 426.10	R 2 426.10
Consent Use	R	1 620.78	R 1 750.44	R 1 750.43	R 1 838.00	R 1 838.00
Deviations	R	1 290.12	R 1 393.33	R 1 393.30	R 1 463.00	R 1 463.00
Deviations Building line Sec. 15(1)(a)(ii) per case	R	806.33	R 870.83	R 870.87	R 914.40	R 914.40
Deviations Side & Street Building Lines [Small Works]	R	362.85	R 391.87	R 391.91	R 411.50	R 411.50
Deviations Main Structure Street Building Line	R	1 773.92	R 1 915.83	R 1 915.83	R 2 011.60	R 2 011.60
Transgression Side Building Line	R	1 773.92	R 1 915.83	R 1 915.83	R 2 011.60	R 2 011.60
Transgression Street Building Line	R	4 192.90	R 4 528.33	R 4 528.35	R 4 754.80	R 4 754.80
Transgression High Restriction First Storey	R	7 256.94	R 7 837.49	R 7 837.48	R 8 229.40	R 8 229.40
Huiswinkel / Spaza	R	405.20	R 437.61	R 437.65	R 459.50	R 459.50
	R	-	R -	R -	R -	R -
Advertising Costs		2019/20	2020/21	2021/22	2022/23	Incl VAT
Municipal Notice boards		2 064.80	2 229.98	2 230.00	2 341.50	2 341.50
External media: Newspapers, Government Gazette (Minimum cost of per application or actual cost of advertisement if higher)		8 557.38	9 241.97	9 242.00	9 704.10	9 704.10
6.2 Building Plan Fees		2019/20	2020/21	2021/22	2022/23	Incl VAT
Small Works: Varanda, Swimming Pools, Boundary Fences and Demolitions						
Minimum building plan fee (Less than or equal to 19m2)		443.48	478.96	478.96	502.90	502.90
Changes to approved building plan where area is less than 19m2						
Plan Fees - Temporary and permanent building between 20m2 and 300m2 (Rate per m2)		18.76	20.26	20.26	21.30	21.30
Plan Fees - Temporary and permanent building more than 300m2 (Rate per m2)		25.01	27.01	27.04	28.40	28.40
Plan Fees - Changes to internal (minimum fee)		443.48	478.96	478.96	502.90	502.90
Open side garage afdak, skulpak for a vehicle, boat or caravan above 40m2 per m2 or minimum fee of R 360.44		26.76	28.91	R 28.87	30.30	30.30
Boundary wall or fence (per application) per m2		26.76	28.91	28.87	30.30	30.30
Swimming Pool		221.74	239.48	239.48	251.50	251.50
Deernis Huishoudings						
0-50000						
50001-100000		8.33	9.00	9.04	9.50	9.50
100001-250000		12.51	13.51	13.48	14.20	14.20
250001+		18.76	20.26	20.26	21.30	21.30
		25.01	27.01	27.04	28.40	28.40
6.3 Sundry Building Fees		2019/20	2020/21	2021/22	2022/23	Incl VAT
Transgression Fees		836.97	903.92	903.91	949.10	949.10
Gas Installation		188.68	203.77	203.74	213.90	213.90
Erection of Advertising Boards		375.75	405.81	405.83	426.10	426.10
Builders Deposit (Houses & Alterations) [Fine: Deposit Forfeiture plus removal Cost]		1 808.58	1 953.27	1 953.30	2 051.00	2 051.00
Builders Deposit other (Any Other Buildings)		4 807.82	5 192.44	5 192.43	5 452.10	5 452.10
Renewing Fees Minimum (50% of Application Fee)		478.96	517.27	517.30	543.20	543.20
Industrial Plans All sizes		15 366.97	16 596.33	16 596.35	17 426.20	17 426.20
Other Zoning etc. Business		24 017.24	25 938.62	25 938.61	27 235.50	27 235.50
Photocopies of building plans (A4)		-	-	2.00	2.10	2.10
Photocopies of building plans (A3)		-	-	8.00	8.40	8.40
Driveways						
Lowering of Curb stones		188.68	203.77	203.74	213.90	213.90
Install Driveway [Single or Dabble]		598.29	646.16	646.17	678.50	678.50
Rental Advertising Boards [Enlightened]						
Per Month		103.21	111.47	111.48	117.10	117.10
Rental of Tourism Sign						
First Sign per annum		222.55	240.35	240.35	252.40	252.40
Additional signs per annum		119.34	128.88	128.87	135.30	135.30
Issuing of a certificate of occupancy						
- Additions / Alterations (Per certificate applicable from 01 July 2014)		150.72	162.77	162.78	170.90	170.90
- New Buildings (Per certificate applicable from 01 July 2014)		301.43	325.54	325.57	341.80	341.80

7. COMMUNITY FACILITIES					
7.1 Municipal Halls and Equipment					
Deposit's - No VAT	2019/20	2020/21	2021/22	2022/23	Incl VAT
Keys	111.32	120.35	120.30	126.30	126.30
Cleansing	111.32	120.23	120.20	126.20	126.20
Rental of Chairs [Per 100 or part thereof]	724.04	778.42	778.40	817.30	817.30
Social Meetings, Exhibits and Church gatherings	212.87	229.89	229.90	241.40	241.40
Functions, Concerts, Fates, matric-fair wells etc.	354.78	383.55	383.50	402.70	402.70
Marriages and Receptions	467.59	505.00	505.00	530.30	530.30
Rental per table	467.59	505.51	505.50	530.80	530.80
Public Dances	717.60	775.01	775.00	813.80	813.80
Service Organisations - Without Deposit	2019/20	2020/21	2021/22	2022/23	Incl VAT
Registered Social and Welfare Organisations	153.20	165.46	165.48	173.80	173.80
Police forum, Ballroom-group and Service Centre (per month / forward Bookings)	222.55	240.35	240.35	252.40	252.40
Public Meetings	2019/20	2020/21	2021/22	2022/23	Incl VAT
Church Meetings	59.67	64.44	64.43	67.70	67.70
Meetings	274.15	296.08	296.09	310.90	310.90
Functions, Concerts, Fates, matric-fair wells etc.	274.15	296.08	296.09	310.90	310.90
Exhibits	546.69	590.42	590.43	620.00	620.00
Dances and Related Meetings	2019/20	2020/21	2021/22	2022/23	Incl VAT
Marriages and Receptions	546.69	590.42	590.43	620.00	620.00
Public Dances	751.50	811.62	811.65	852.20	852.20
Rental of Equipment	2019/20	2020/21	2021/22	2022/23	Incl VAT
Tables - per table, per function	33.87	36.57	36.01	38.40	38.40
Chairs - per chair, per function	17.74	19.16	19.13	20.10	20.10
Swimming Pools	2019/20	2020/21	2021/22	2022/23	Incl VAT
Children under 12 [per Day]	6.58	7.11	7.13	7.50	7.50
Adults [per Day]	19.75	21.33	21.30	22.40	22.40
Practice sessions					
Schools - 4 hours per week [per hour]	69.30	74.85	74.87	78.60	78.60
Swimming Clubs - 4 hours per week [per hour]	90.09	97.30	97.30	102.20	102.20
7.2 Cemeteries					
Grave Digging and Building Fees	2019/20	2020/21	2021/22	2022/23	Incl VAT
Cemetery Sites	375.75	405.81	405.83	426.10	426.10
Rental of Compressor per hour	137.08	148.04	148.00	155.40	155.40
Single Grave Digging and Building	2 444.78	2 640.36	2 640.35	2 772.40	2 772.40
Double Grave Digging and Building	3 846.18	4 153.87	4 153.91	4 361.60	4 361.60
			-	-	

Sundry Services		2019/20	2020/21	2021/22	2022/23	Incl VAT
	Refrigeration Services [Mortuary] first day	93.53	101.02	101.04	106.10	106.10
	Refrigeration Services [Mortuary] per day afterwards	51.60	55.73	55.74	58.50	58.50
	Opening of Grave	1 264.32	1 365.47	1 365.48	1 433.80	1 433.80
	Tombstone permit	372.27	402.05	402.09	422.20	422.20
7.3 Guidance by Traffic Officers						
		2019/20	2020/21	2021/22	2022/23	Incl VAT
	Up to 4 hours	341.74	369.08	369.04	387.50	387.50
	More than 4 hours	683.47	738.15	738.17	775.10	775.10
7.4 Health Services						
	Meet Inspections Ladismith per month				Garden Route DM	
	Meet inspections other areas				Garden Route DM	
7.5 Sports Facilities						
		2019/20	2020/21	2021/22	2022/23	Incl VAT
Towerkop Park and Zoar Sport Grounds						
	Use by Rugby/Soccer clubs per season per club	2 716.11	2 933.40	2 933.39	3 080.10	3 080.10
	Rental of Towerkop Park or Zoar Sportgrounds [No access fees] per day	203.71	220.01	220.00	231.00	231.00
	Rental of Towerkop Park or Zoar Sportgrounds [with access fees at gate] per day	271.61	293.34	293.30	308.00	308.00
	Festivals per day	1 086.45	1 173.37	1 173.39	1 232.10	1 232.10
	Schools [per occasion]	203.71	220.01	220.00	231.00	231.00
Bowling Facilities						
	Deposit		-	-	-	
	Rental of facilities (Per day)			-	-	
	Flood Lights (per hour)					
	As per Contract					
Tennis Facilities						
	Deposit					
	Rental of facilities (Per day)					
	Flood Lights (per hour)					
	As per Contract					
Golf Facilities						
	Deposit					
	Rental of facilities (Per Month)					
	Flood Lights (per hour)					
	As per Contract					
Squash Facilities						
	Deposit					
	Rental of facilities (Per day)					
	Flood Lights (per hour)					
	As per Contract					

9. FIRE BRIGADE SERVICES										
Process to be followed in terms of MSA Act No 32 of 2000				2019/20	2020/21	2021/22	2022/23	Incl VAT		
1	Vehicle and Equipment Charges									
	a) Informal dwellings									
	b) Fire appliance or specialist vehicle per hour or part thereof, for any type of call out incident other than in (a) and (b).	R	918.51	R	991.99	R	992.00	R	1 041.60	R 1 041.60
	c) Service vehicle per hour or part thereof, for any type of call out incident other than in (a) and (b).	R	360.20	R	389.02	R	389.04	R	408.50	R 408.50
	d) Fire appliance or specialist vehicle hired out for any purpose other than incident attendance per hour or part thereof, for any type of call out incident.	R	1 296.72	R	1 400.46	R	1 400.43	R	1 470.50	R 1 470.50
	e) Service vehicle hired out for any purpose other than incident attendance per hour or part thereof, for any type of call out incident other than in (a) and (b).	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
	f) Equipment of a general or specialised nature hired out for any purpose other than incident attendance per hour or part thereof for any type of call out incident other than in (a) and (b).	R	216.12	R	233.41	R	233.39	R	245.10	R 245.10
2	Personnel Charges									
	a) Informal dwellings	R	-	R	-	R	-	R	-	-
	b) Officers and staff at any type of callout incident including standby duties per person, per hour or part thereof other than in (a) and (b).	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
	c) Officers and staff required in attendance i.r.o hired out vehicles and/or equipment per person, per hour or part thereof (Pre-contracted and paid in advance).	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
3	Consumables									
	a) Informal dwellings									
	b) Cost of all materials used plus 10% as an administration charge.									
4	Documents									
	a) Incident reports on request	R	126.07	R	136.16	R	136.17	R	143.00	R 143.00
	b) Emergency evacuation plans	R	329.13	R	355.46	R	355.48	R	373.30	R 373.30
	c) Inspection and issue of Registration certificate per premise for bulk flammable liquid storage	R	3 649.39	R	3 941.34	R	3 941.30	R	4 138.40	R 4 138.40
	d) Registration of lapsed registration certificate-fee for bulk flammable liquid - each year that registration certificate were not renewed, plus current registration fees.	R	3 475.61	R	3 753.66	R	3 753.65	R	3 941.30	R 3 941.30
5	Inspection									
	a) General inspection requested	R	378.21	R	408.47	R	408.43	R	428.90	R 428.90
	b) Fireworks display / Storage	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
	c) Fire safety compliance for Business application	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
	d) Fire safety compliance for Health permit application	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
	e) Warehouses / storage of dangerous goods internal or external	R	396.22	R	427.92	R	427.91	R	449.30	R 449.30
	f) Safety compliance certificate for swimming pool	R	216.12	R	233.41	R	233.39	R	245.10	R 245.10
	g) Certificate for fitness - Permanent and Temporary structure for public attendance									
	1 - 1000	R	702.39	R	758.58	R	758.61	R	796.50	R 796.50
	1001 - 10000	R	1 170.65	R	1 264.30	R	1 264.26	R	1 327.50	R 1 327.50
	More than 10000	R	2 341.30	R	2 528.60	R	2 528.61	R	2 655.00	R 2 655.00
6	General application principles									
	Rebate									
	a) If the service is utilised for a building used exclusively for residential purposes, the Executive Head may, in his/her sole discretion, limit the total amount payable in respect of 1(b), 1(c), 2(b), 3(b) to the maximum of R3000.00. In addition that further discretion be exercised where the poor areas are concerned and have the authority to cancel or reduce and account where such request is received.									
	b) The fees applicable in 1n(b),1(c),2(b),3(b) do not apply to veld fires on vacant erven within the area of Jurisdiction									
	c) The fees payable in 1(b), 1(c), 2(b),3(b) does not apply to calls of Humanitarian nature.									
	Exclusions									
	a) Fire Service by means of parades and exhibits are in most cases regarded as promotions, awareness and training, thus not charge for									
	b) Joint exercises with other Emergency Services/Institutions are not charged.									
	c) All registration certificates and permits for flammable substances and dangerous goods are renewable annually, application for renewal to be submitted 30 days before certificate expiry date.									
	d) All time and tariff calculations are taken from time of departure to time of return.									
	e) Discretionary or authority exercise, if any, in terms of 6(a) be reported to Council quarterly.									

10. SUNDRY TARIFFS					
	2019/20	2020/21	2021/22	2022/23	Incl VAT
Valuation Certificates	218.54	236.02	236.00	247.80	247.80
Valuation Certificates (Indigent/All Pay)		-	10.00	10.50	10.50
	218.54	236.02	236.00	247.80	247.80
Clearance Certificates	218.54	236.02	236.00	247.80	247.80
Indigents - 10% of standard tariff above	21.85	23.60	23.57	24.70	24.70
Photo Stats (Municipal Offices)					
A4 Copy	9.68	10.45	10.43	11.00	11.00
A3 Copy	16.13	17.42	17.39	18.30	18.30
Photo Stats (Library)					
A4 Copy	9.68	10.45	10.43	11.00	11.00
A3 Copy	3.23	3.48	3.48	3.70	3.70
Photo Stats (Library) Learners & Students					
A4 Copy	0.66	0.72	0.70	0.70	0.70
Faxes	20.96	22.64	22.61	23.70	23.70
Search Fees	33.87	36.57	36.61	38.40	38.40
Tender Document Fees					
Per Case - as advertised	427.35	461.54	461.57	484.60	484.60
Equipment Rental - Hire of JCB per hour (Excluding VAT)	645.06	696.67	696.70	731.50	731.50
Stand Hawkers per occasion (Residents)	75.36	81.39	50.00	52.50	52.50
Stand Hawkers per month (Residents)	-	-	-	-	-
Stand Hawkers per occasion (Non Residents)	226.07	244.16	244.17	256.40	256.40
Stand Hawkers per month (Non Residents)	-	-	-	-	-
Access to information (per page)					
Rates - Valuation Information fee	1 205.72	1 302.18	1 302.17	1 367.30	1 367.30
FINES					
Removal of Political and Events Posters (Per Poster)	30.14	32.55	32.52	34.10	34.10
Removal of Political and Events Posters (Banners)	150.72	162.77	162.78	170.90	170.90

2.4.3 Capital Contribution

8. CAPITAL CONTRIBUTION					
Capital Contribution for New Developments, Sub Divisions and Rezoned erven: (Review 2021/2022) per ERF	2019/20	2020/21	2021/22	2022/23	Incl VAT
Electricity	3 767.88	4 069.31	4 069.30	4 272.80	4 272.80
Water	7 332.61	7 919.22	7 919.22	8 315.20	8 315.20
Sewerage	3 304.85	3 569.24	3 569.22	3 747.70	3 747.70
Streets & Storm Water	5 249.67	5 669.64	5 669.65	5 953.10	5 953.10

2.4.3.1 Overall impact of tariff increases on households

It should be noted that the majority of indigent households in Kannaland are situated in the affordable house areas. The valuation of these houses was increased from R70 000 to R120 000 with the indigent policy adjusted accordingly and therefor will get a property rates rebate to the full amount. Indigent households receive a discount on their services equal to the basic charge for water plus 6kl's water free, 50kwh electricity units, the monthly levy for refuse and sanitation.

11. INDIGENT SUBSIDY						
Qualification Requirements		2019/20	2020/21	2021/22	2022/23	VAT N/A
Bruto household income per month: Maximum (2 x State Pension)		R 6 500.00	R 6 500.00	R 6 500.00	R 6 500.00	R 6 500.00
Consider all applications						
Evaluation Committee to evaluate all applications						
Subsidy Allocations		2019/20	2020/21	2021/22	2022/23	Incl VAT
Maximum subsidy per service, per Household, per month						
Metered Services Conventional Meters only						
Electricity	Basic plus circuit breaker @ 10A & 50 KWh]	R 62.35	R 67.34	R 67.30	R 188.55	R 77.40
LifeLine Weighted average	50Kwh	R 80.50	R 86.94	R 86.96	R 89.74	R 100.00
Water	[Monthly basic plus 6 K]	R 130.84	R 141.31	R 141.30	R 152.00	R 162.50
Refuse		R 219.31	R 236.86	R 236.87	R 259.20	R 272.40
Sewerage		R 210.99	R 227.87	R 227.83	R 238.80	R 262.00
Free Basic Services		2019/20	2020/21	2021/22	2022/23	Incl VAT
Free units per month						
Electricity	- kWh	50	50	50	50	
Water	- KJ	6	6	6	6	
All improved residential properties below R150 000 will not be levied Property Rates						

2.4.3.2 Overall Transfers and Subsidies funding

The following table provides a breakdown of the various grants allocated to Kannaland Municipality from National Government and Provincial government for both Capital and Operational grants over the 2021/2022 MTREF:

			Draft Budget 22/23	Draft Budget 23/24	Draft Budget 24/25
	Grant	Dept			
Opex	Equitable Share	National Government	33 259 000,00	35 040 000,00	36 934 000,00
Opex	FMG	National Government	2 332 000,00	2 332 000,00	2 332 000,00
Opex	FMG	National Government	600 000,00	600 000,00	600 000,00
Opex	EPWP	National Government	1 031 000,00	-	-
Opex	MIG	National Government	554 150,00	568 700,00	584 250,00
Opex	Human Settlements	Provincial Government	1 800 000,00	9 900 000,00	19 000 000,00
Opex	Transport	Provincial Government	50 000,00	50 000,00	50 000,00
Opex	Library	Provincial Government	3 281 000,00	3 328 000,00	3 477 000,00
Opex	CDW	Provincial Government	112 000,00	112 000,00	112 000,00
Capex	WSIG	National Government	-	11 000 000,00	21 940 000,00
Capex	INEG	National Government	-	3 000 000,00	3 135 000,00
Capex	INEG (Eskom)	National Government			
Capex	MIG	National Government	10 528 850,00	10 805 300,00	11 100 750,00

2.4.3.3 CREDIT CONTROL AND DEBT COLLECTION

Credit control has been implemented internally. The Municipality has made an appointment of a permanent person to deal rigorously with the implementation of credit and debt control. We are anticipating improved application of the debt collection and may not meet the industry benchmark set at 93% but the Municipality is striving for improved collection percentages. Several possibilities are being explored such as outsourcing the debt collection service. However a final decision will be made after the strategic plan meeting that is scheduled to take place in April 2022.

The budgeted average collection rate on service and property rates over the MTREF will be as follow:

- 2022/23 - 85%
- 2023/24 - 88%
- 2024/25 - 90%

The population of Kannaland Municipality can be regarded as impoverished, and unemployment is at an all-time high due to the impact of the drought and Covid-19. The economy is very much industry- (winery and dairy.) and agriculture-dependent that is seasonal in nature. The budget assumptions with regard to debt impairment are as follow:

IMPAIRMENT - GAINS / LOSSES	2022/23	2023/24	2024/25	%
Gains and Losses:Impairment Loss:Trade and Other Receivables from Exchange Transactions:Electricity	R 1 077 731	R 767 470	R 828 790	98,5%
Gains and Losses:Impairment Loss:Trade and Other Receivables from Exchange Transactions:Waste Management	R 3 914 860	R 3 268 410	R 2 772 380	60,0%
Gains and Losses:Impairment Loss:Trade and Other Receivables from Exchange Transactions:Waste Water Management	R 3 789 900	R 3 332 170	R 2 822 670	62%
Gains and Losses:Impairment Loss:Trade and Other Receivables from Exchange Transactions:Water	R 5 689 440	R 4 746 420	R 4 588 660	75%
Gains and Losses:Impairment Loss:Trade and Other Receivables from Exchange Transactions:Non Specific Accounts	R 200 000,00	R 200 000,00	R 200 000,00	66,7%
Gains and Losses:Impairment Loss:Other Receivables from Non-exchange Revenue:Property Rates	R 4 775 980	R 4 347 480	R 3 615 540	82%
	R 19 447 911,00	R 16 661 950,00	R 14 828 040,00	

2.4.4 Operating Expenditure Framework

The expenditure framework for the 2022/2023 budget and MTREF is informed by the guidelines of National Treasury.

Reasons for significant cost variances:

- Debt impairment – The calculation is based on the assumed payment ratios and also the current economic climate in Kannaland.
- Bulk purchases for electricity will increase significantly as a result of bulk increase of 9,71%% in electricity prices for 2022/2023 financial year – The increase is based on the tariff for bulk purchases as set out by NERSA
- The municipality has applied a 4.9% for 2022/2023 as per the wage agreements negotiations between SALGA and Unions.

Under expenditure, debt impairment will be the offset against revenue to ensure that that there are only budgeted for realistically realizable revenue.

The following table is a summary of the 2022/2023 MTREF (classified by main expenditure types):

WC041 Kannaland - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Expenditure By Type											
Employee related costs	2	398 931	233 101	190 937	65 553	71 649	71 649	52 550	79 541	81 221	84 499
Remuneration of councillors		38 293	26 964	10 245	3 637	3 637	3 637	2 706	3 357	3 504	3 662
Debt impairment	3	99 878	38 730	36 046	20 723	24 401	24 401	38 611	19 156	16 415	14 592
Depreciation & asset impairment	2	39 854	48 203	36 365	12 698	12 698	12 698	8 466	13 222	13 804	14 425
Finance charges		4 801	5 948	3 449	382	2 318	2 318	438	2 072	2 160	2 254
Bulk purchases	2	385 078	127 040	128 541	48 940	52 650	52 650	38 417	59 108	62 536	65 975
Other materials	8	39 006	19 296	17 953	7 193	5 612	5 612	3 070	4 911	5 127	5 357
Contracted services		35 905	42 118	34 007	17 971	15 603	15 603	6 622	12 599	21 061	30 548
Transfers and subsidies		22 220	(896)	1 186	838	498	498	120	320	334	349
Other expenditure	4, 5	78 324	49 403	41 261	13 895	15 570	15 570	6 932	18 882	19 591	20 458
Losses		395	25	50	-	-	-	-	-	-	-
Total Expenditure		1 142 684	589 932	500 040	191 830	204 637	204 637	157 931	213 165	225 752	242 120

The Operating Expenditure has increased from R191 830 122 in 2021/2022 to R 213 165 in the 2022/2023 financial year. The biggest contributors to the increase are Employee related cost Bulk Purchases, debt impairment and other expenditure.

Employee Related Costs increased from R71 649 million (35% of operating expenditure) to R79 541 (37% of operating expenditure). Provision has been made for a 4.9 % salary increase which is below the average annual increases for the past five years.

2.4.5 Office bearers/councillors/senior managers

The cost associated with the remuneration of Councillors is determined and informed directly by way of the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The determined upper limits of salaries, allowances and benefits of members of Council are gazetted annually in December/January. The latest gazette No. 45420 of 02-November- 2021 by the Department of Cooperative Governance, indicated a zero percent increase for public office bearers.

WC041 Kannaland - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	676 500	–	44 400	–	–	720 900
Chief Whip		–	–	–	–	–	–	–
Executive Mayor		1	845 600	–	44 400	–	–	890 000
Deputy Executive Mayor		1	377 400	–	44 400	–	–	421 800
Executive Committee		–	–	–	–	–	–	–
Total for all other councillors		–	1 146 200	–	177 600	–	–	1 323 800
Total Councillors	8	3	3 045 700	–	310 800	–	–	3 356 500
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 111 170	23 570	153 600	–	–	1 288 340
Chief Finance Officer		1	1 019 700	21 120	28 800	–	–	1 069 620
		1	2 039 400	49 050	57 600	–	–	2 146 050
Total for Senior Managers		–	4 170 270	93 740	240 000	–	–	4 504 010
		–	–	–	–	–	–	–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		–	7 215 970	93 740	550 800	–	–	7 860 510

2.4.6 Budgeted financial performance (revenue and expenditure by municipal vote)

WC041 Kannaland - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		254 821	333 682	118 167	40 973	42 232	42 232	43 561	46 560	49 753
Executive and council		216 127	181 184	75 494	6 402	7 365	7 365	12 201	13 982	15 876
Finance and administration		38 694	152 498	42 673	34 571	34 867	34 867	31 360	32 578	33 877
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		53 938	192 872	74 194	20 827	17 541	17 541	16 689	24 084	33 631
Community and social services		22 151	174 854	72 369	14 727	15 820	15 820	14 889	14 184	14 631
Sport and recreation		(901)	10 230	(355)	–	–	–	–	–	–
Public safety		30 732	7 028	2 172	–	–	–	–	–	–
Housing		1 957	760	8	6 100	1 721	1 721	1 800	9 900	19 000
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		8 435	64 458	14 254	7 047	2 151	2 151	1 929	2 009	2 108
Planning and development		333	111	(256)	–	–	–	–	–	–
Road transport		8 102	64 347	14 510	7 047	2 151	2 151	1 929	2 009	2 108
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		616 620	1 487 450	768 396	140 336	140 190	140 190	135 538	156 422	175 606
Energy sources		341 047	627 214	298 244	74 321	68 974	68 974	76 520	84 547	90 828
Water management		128 341	402 000	182 673	35 358	37 908	37 908	30 011	42 006	54 000
Waste water management		79 148	248 048	181 760	15 079	16 137	16 137	15 006	15 441	15 901
Waste management		68 083	210 189	105 718	15 578	17 170	17 170	14 001	14 427	14 877
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	933 813	2 078 462	975 010	209 182	202 114	202 114	197 716	229 075	261 099
Expenditure - Functional										
<i>Governance and administration</i>		329 155	228 735	222 522	57 383	68 435	68 435	71 094	73 285	75 325
Executive and council		116 649	29 466	32 886	17 062	23 700	23 700	18 924	19 733	20 459
Finance and administration		212 506	199 269	189 637	40 321	44 735	44 735	52 170	53 552	54 867
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		91 874	(26 134)	8 356	17 233	13 240	13 240	13 321	20 849	30 313
Community and social services		33 387	(24 025)	2 032	9 166	9 856	9 856	9 750	9 102	9 386
Sport and recreation		2 771	(9 051)	2 047	549	379	379	498	520	543
Public safety		29 010	2 629	(134)	375	220	220	231	241	250
Housing		26 705	4 313	4 411	7 143	2 785	2 785	2 841	10 986	20 134
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		21 578	59 693	50 567	16 083	11 749	11 749	13 014	13 450	14 020
Planning and development		132	(111)	256	–	–	–	–	–	–
Road transport		21 446	59 804	50 311	16 083	11 749	11 749	13 014	13 450	14 020
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		700 236	158 874	74 592	101 131	111 212	111 212	115 736	118 168	122 461
Energy sources		430 297	167 855	97 356	59 169	63 538	63 538	69 542	73 065	76 998
Water management		128 935	3 718	11 811	18 684	21 254	21 254	20 571	20 044	20 586
Waste water management		61 551	12 442	(47 399)	9 711	10 995	10 995	11 622	11 477	11 331
Waste management		79 454	(25 141)	12 824	13 566	15 425	15 425	14 001	13 583	13 546
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	1 142 843	421 168	356 037	191 830	204 637	204 637	213 165	225 752	242 120
Surplus/(Deficit) for the year		(209 030)	1 657 293	618 974	17 352	(2 522)	(2 522)	(15 449)	3 323	18 979

WC041 Kannaland - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		207 563	122 055	69 412	6 402	7 365	7 365	12 201	13 982	15 876
Vote 2 - CORPORATE SERVICES		42 494	193 208	69 688	26 377	18 175	18 175	17 431	25 938	35 588
Vote 3 - FINANCIAL SERVICES		88 540	231 296	104 095	34 128	34 432	34 432	30 912	32 114	33 394
Vote 4 - TECHNICAL SERVICES		595 216	1 364 199	588 655	142 274	142 141	142 141	137 173	157 041	176 240
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	933 813	1 910 758	831 850	209 182	202 114	202 114	197 716	229 075	261 099
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL MANAGER		124 380	89 304	38 967	17 062	23 700	23 700	18 924	19 733	20 459
Vote 2 - CORPORATE SERVICES		163 578	94 283	78 626	34 547	28 806	28 806	31 594	40 885	51 235
Vote 3 - FINANCIAL SERVICES		99 654	58 200	91 923	29 387	31 689	31 689	35 482	36 142	36 686
Vote 4 - TECHNICAL SERVICES		753 466	342 436	287 266	109 345	119 161	119 161	125 106	126 842	131 493
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		1 766	4 650	2 415	1 490	1 280	1 280	2 060	2 151	2 247
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 142 843	588 872	499 197	191 830	204 637	204 637	213 165	225 752	242 120
Surplus/(Deficit) for the year	2	(209 030)	1 321 886	332 653	17 352	(2 522)	(2 522)	(15 449)	3 323	18 979

2.5 Capital Budget

The Capital Budget for 2022/2023 amounts to **R 10 529 million**, that is funded by only National Government, specifically **Municipal Infrastructure Grant**. The municipality will not be receiving allocations as normally for the **Integrated National Electrification Programme and Water Service infrastructure Grant** due to non-spending in the **2021/2022** Financial year.

This Capital Budget has been compiled with due consideration to the direct impact that it would have on the Operating Budget and our cash position where projects are to be funded solely from internal sources and not external borrowings. With the current financial constraints that exist on budget it was decided to not obtain external funding for capital projects. The Capital Budget reflects the following budget allocation to the various departments and reflects the strategic priorities outlined in the IDP. (A5)

The demand for future capital expenditure cannot be completely reliable on grant funding but will have to be expanded. All capital expenditure has been funded in recent years by conditional grants that have the objective to eradicate backlogs in service delivery as a result of the inequalities of the past. The problem arising from this is that the infrastructure that is responsible for economic activity is not only outdated but has not been properly maintained for decades.

The economic life of the before-mentioned infrastructure is coming to an end with no strategy or provision in place to address the inevitable situation where general reactive maintenance and repairs will just not suffice. Therefore, it is of the utmost importance that a CRR (capital replacement reserve) be established in the near future to ensure not only a sustainable municipality but a self-sustainable local economy that would contribute to job creation and the eradication of poverty. Industry norm and good practice would be to contribute two per cent of the net carrying value of immovable assets to the CRR and to aim in achieving this objective should be a priority as the liquidity position of Kannaland Municipality improves.

2.6 Budget Schedules

2.6.1 Budgeted financial position

WC041 Kannaland - Table A6 Budgeted Financial Position											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
ASSETS											
Current assets											
Cash		1 732	1 381	3 943	(13 359)	(12 582)	(12 582)	(5 601)	576	(37 386)	(44 422)
Call investment deposits	1	8 576	21 376	(6 013)	37 862	40 236	40 236	(3 421)	40 236	–	–
Consumer debtors	1	(653 807)	(148 966)	(82 795)	6 755	3 083	3 083	(16 175)	3 074	(4 702)	20 287
Other debtors		(26 043)	(16 326)	(19 106)	(46 381)	(133 378)	(133 378)	9 288	(66 689)	–	–
Current portion of long-term receivables		(5)	(5)	–	–	–	–	–	–	–	–
Inventory	2	924	418	794	(2 867)	1 803	1 803	622	(724)	(4 135)	(4 321)
Total current assets		(668 623)	(142 122)	(103 176)	(17 989)	(100 837)	(100 837)	(15 288)	(23 527)	(46 223)	(28 456)
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		(36)	–	–	–	–	–	–	–	–	–
Investment property		(211)	(124)	(114)	1 364	2 500	2 500	–	1 250	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	(227 426)	(750 028)	(719 326)	349 890	340 916	340 916	2 674	322 301	11 002	21 751
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		(52)	(7)	(10)	38	56	56	(21)	28	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		(227 724)	(750 160)	(719 450)	351 292	343 473	343 473	2 653	323 579	11 002	21 751
TOTAL ASSETS		(896 348)	(892 281)	(822 626)	333 303	242 635	242 635	(12 635)	300 052	(35 221)	(6 705)
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	(293)	(951)	(573)	586	459	459	(422)	459	–	–
Consumer deposits		11	63	91	1 027	2 237	2 237	90	1 119	–	–
Trade and other payables	4	(751 350)	(44 814)	13 652	14 780	6 030	6 030	15 491	24 093	(37 176)	(24 316)
Provisions		(357)	(2 006)	968	12 619	14 593	14 593	–	7 296	–	–
Total current liabilities		(751 989)	(47 708)	14 138	29 011	23 319	23 319	15 159	32 968	(37 176)	(24 316)
Non current liabilities											
Borrowing		(1 166)	(4 700)	(4 079)	(429)	(875)	(875)	–	(950)	(1 368)	(1 368)
Provisions		2 452	(12 207)	(17 850)	37 511	45 708	45 708	–	45 708	–	–
Total non current liabilities		1 285	(16 908)	(21 928)	37 082	44 833	44 833	–	44 757	(1 368)	(1 368)
TOTAL LIABILITIES		(750 703)	(64 615)	(7 790)	66 094	68 153	68 153	15 159	77 725	(38 544)	(25 684)
NET ASSETS	5	(145 644)	(827 666)	(814 836)	267 209	174 483	174 483	(27 794)	222 326	3 323	18 979
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 347	(5 044)	(15 886)	238 953	474 612	474 612	–	237 306	–	–
Reserves	4	(701)	(1 480)	(958)	10 904	470	470	(212)	470	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	645	(6 524)	(16 844)	249 857	475 081	475 081	(212)	237 775	–	–

2.6.2 Budgeted cash flows

WC041 Kannaland - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		24 007	(7 791)	(26 297)	20 213	20 227	20 227	(9 652)	21 621	23 419	-
Service charges		14 298	(73 513)	(172 135)	89 407	86 739	86 739	(49 417)	100 569	109 740	118 977
Other revenue		11 918	3 940	(3 832)	9 833	3 895	3 895	(833)	2 161	2 249	2 360
Transfers and Subsidies - Operational	1	28 700	(62 835)	(100 486)	44 598	41 567	41 567	(23 086)	43 164	52 076	63 234
Transfers and Subsidies - Capital	1	25 000	(59 725)	(85 486)	22 763	25 622	25 622	(6 546)	10 529	24 805	36 176
Interest		4 487	2 910	(709)	3 961	3 905	3 905	(15)	4 344	4 773	5 159
Dividends		3	3	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(604 040)	(353 562)	(207 691)	(151 876)	(154 015)	(154 015)	41 063	(160 500)	(173 775)	(190 513)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	(3 834)	(137)	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(495 626)	(554 408)	(596 773)	38 899	27 941	27 941	(48 487)	21 887	43 287	35 393
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(871)	1 597	6 949	-	(13)	(13)	-	(10 529)	(24 805)	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(871)	1 597	6 949	-	(13)	(13)	-	(10 529)	(24 805)	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		11	(901)	(873)	-	1 119	1 119	90	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	(648)	(648)	(648)
NET CASH FROM/(USED) FINANCING ACTIVITIES		11	(901)	(873)	-	1 119	1 119	90	(648)	(648)	(648)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	(2)	(276 099)	(276 099)	42 488	97 609	97 609	(5)	48 805	59 515	77 348
Cash/cash equivalents at the year end:	2	(496 488)	(829 811)	(866 796)	81 387	126 656	126 656	(48 401)	59 515	77 348	112 093

3 PART 3 – SUPPORTING DOCUMENTATION

3.1 Budget Process

A central element of the reforms is a change to the way that municipalities prepare their budgets. The MFMA requires a council to adopt three-year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities (as contained in the IDP) and other finance-related policies (such as those relating to free basic service provision).

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

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

3.1.1 Budget preparation timetable

The first step in the budget preparation process is to develop a timetable of all key deadlines relating to the budget and to review the Municipality's IDP and budget-related policies.

The budget preparation timetable should be prepared by Senior Management and tabled by the Executive Mayor for Council to adoption ten (10) months before the commencement of the next budget year.

The next diagram depicts the planning, implementation and monitoring process that is followed:



In terms of section 21 of the MFMA, the mayor is required to table in council ten months before the start of the new financial year a time schedule of key deadlines that sets out the process to revise the IDP and prepare the budget.

3.1.2 Key Deadlines relating to the budget process

The key deadlines are detailed in the IDP process plan.

3.1.3 Approval of the budget

The final budget is intended to be tabled by the mayor on the 31 May 2022 as per MFMA and MBRRR regulations to the Kannaland Municipality council.

Once tabled at Council, the Municipal Manager must make public the appropriate budget documentation and submit it to both the national and the relevant provincial treasury and any other government departments as required. At this time, the local community must be invited to submit representations on what is contained in the budget.

Consultation with the community and key stakeholders

When the budget is tabled, Council must have considered the views of the local community, the national and the relevant provincial treasury and other municipalities and government departments that may have made submissions on the budget.

The consultation with national and provincial Treasuries regarding the MTREF is attached as an annexure to this document.

Public participation process has been conducted as part of the IDP and budget road shows. The overall objective of this road show was to ensure an authentic and inclusive public participation process for the IDP and budget.

The Public Participation meetings (road shows) were held during May 2021 taking cognisance of the lockdown regulations, within the respective wards of Kannaland. The planned road shows were driven by a Steering Committee constituted by politicians and officials from all directorates. This Committee provided guidance and feedback on areas that required improvement as the IDP and budget road shows unfolded.

A complete report regarding the feedback on the public participation process will be included in the IDP document.

3.2 Service Delivery and Budget Implementation

The Municipal Manager must within fourteen days after the approval of the annual budget submit to the Executive Mayor for approval a service delivery and budget implementation plan and annual performance agreements for all pertinent senior staff.

A service delivery and budget implementation plan is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and

expenditure projections and quarterly service delivery targets and performance indicators.

The Executive Mayor must approve the service delivery and budget implementation plan within 28 days of the approval of the annual budget.

This plan must then be monitored by the Executive Mayor and reported on to Council on a regular basis. The Municipal Manager is responsible for implementation of the budget and must take steps to ensure that all spending is in accordance with the budget and that revenue and expenditure are properly monitored.

Council may incur expenditure only if it is in terms of the budget, within the limits of the amounts appropriated against each budget vote – and in the case of capital expenditure, only if Council has approved the project. Expenditure incurred outside of these parameters may be considered to be unauthorized. Unauthorized expenditure must be reported with irregular, fruitless and wasteful expenditure, and may result in criminal proceedings.

3.2.1 ALIGNMENT OF BUDGET TO IDP

Local priorities were identified as part of the IDP process which is directly aligned to that of national and provincial priorities.

The IDP strategic objectives and goals are set out in the IDP document.

Kannaland is the place of choice and this along with the strategic vision and mission has led to the conceptualization of five strategic goals for Kannaland. These goals are as follows:

Strategic objective	Key performance area
To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Infrastructure

To provide adequate services and improve our public relations	Services and public relations
To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks	Safe community environment
To facilitate economic growth and social and community development	Economic growth and development
To promote efficient and effective governance with high levels of stakeholder participation.	Governance and stakeholder participation
To provide an efficient workforce by aligning our institutional arrangements to our overall strategy	Institutional transformation
To strive towards a financially sustainable municipality	Financial sustainability

The above strategic goals are set to become the catalysts to ensure that the vision and mission is achieved in the next five years.

The 2022/2023 MTREF has, therefore, been directly informed by the IDP and the following tables provide reconciliation between the IDP strategic objectives and goals.

Please find attached:

- Table 27 – SA4: Reconciliation between IDP strategic objectives and budgeted operating revenue
- Table 28 – SA5: Reconciliation between IDP strategic objectives and budgeted operating expenditure
- Table 29 – SA6: Reconciliation between IDP strategic objectives and budgeted capital expenditure

The mentioned documents will be adjusted accordingly to rectify deviations and missing information, prior to the approval of the final budget.

3.2.2 Measurable Performance Objectives (MPOS) and Indicators

The MPOs included in the table below are only those that are linked to basic service delivery. See Annexure SA7: Measurable performance objectives.

The key financial indicators and ratios are expressed in the table attached - See Annexure SA8: Financial indicators and benchmarks.

3.3 Overview of the Budget Related Policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Section 17(3)(e) of the Municipal Finance Management Act, (Act No 56 of 2003) prescribes that the Municipality must review the budget related policies annually. Herewith follows suggested changes to council's budget related policies:

The budget committee considered amendments to various policies and the following budget-related policies were reviewed:

1. Customer Care, Credit Control and Debt Collection
 2. Property Rates
 3. Tariff Policy
 4. Unauthorized, Irregular and Fruitless and Wasteful Expenditure
 5. Indigent
 6. Budget & Virement Policy
 7. Cash Management and Investment
 8. Supply Chain Management
-

9. PPPFA
10. Asset Management
11. Funding Borrowing and Reserve
12. Liquidity
13. Budget Implementation and Monitoring
14. Bad Debt Write-Off
15. Fleet Management
16. Grants-In-Aid
17. Travel And Subsistence
18. Risk Management
19. Capital Contribution Policy
20. Water Losses
21. Electricity Losses
22. Public Participation

The following by-laws need to be advertised after council approval:

- Customer Care, Credit Control & Debt Collection By-Law;
- Tariff By-Law; and
- Property rates by-law.

The Budget Committee has indicated that the finalization of the policy changes will be finalized after the budget consultation process is completed. The policies are contained in the budget document and place on municipal website for public comment.

The following financial policies need to be reviewed in future:

- Infrastructure Investment and capital projects including planning and approval of capital projects policy on developer contributions – this is too be included in the tariff policy.
- Unforeseen and unavoidable expenditure
- Policy dealing with management and oversight
- Cost Containment policies and policies envisaged to give effect to cost containment.

Budget related policies are attached as annexures to this document.

3.3.1 Review of current policies

Except for the policies mentioned below, the budget-related policies must be reviewed and material changes be noted.

3.3.2 Virement policy

National Treasury must inform us as to the MSCOA changes.

A new policy is necessary for the long-term financial plan and it has been included in the draft budget policies.

3.4 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. This section provides a comprehensive summary of all the assumptions used in preparing the budget.

3.4.1 MFMA Circular No 115 - Municipal Budget Circular for the 2022/23 MTREF - 04 March 2022

These circulars were issued in 04 March 2022 and they provide guidance to municipalities for the preparation of the 2022/2023 budget and MTREF.

3.4.2 Inflation Outlook

In MFMA Circular No. 115, inflation forecasts are estimated as per the below table

FINANCIAL YEAR		INFLATION
• 2020/21 ACTUAL		• 2.9%
• 2021/22	FORECAST	• 4.5%
• 2022/23		• 4.8%
• 2023/24		• 4.4%
• 2024/25		• 4.5%

3.4.3 Rates, tariffs, charges and timing of revenue collection

The increases of tariffs and rates excluding Electricity tariffs will be within the norm set by National Treasury and the South African Reserve Bank's inflation target. In order to have a credible budget the following tariff increases are recommended for the 2022/2023 financial year:

The Electricity tariffs is subject to approval by NERSA before the approval of the final budget.

The final reviewed cash flow statement will show when rates and tariffs are expected to be collected over the financial year. In general terms, the timing of rates, tariffs and charges are based on the following:

Rates	Monthly billing. Interim billing throughout the year.
Tariffs	Monthly billing. On-going prepayment meters. Seasonal fluctuations.
Charges	Generally steady state throughout the financial year with seasonal fluctuations

3.4.4 Collection rates for each revenue source and customer type

Bad debt provisions and collection rates are assumed in the MTREF were already discussed earlier in this document.

3.4.5 Price movements on specifics e.g., bulk purchases

The following amounts are included in the MTREF for increases in bulk purchases;

	2022/2023
Bulk Purchases	9%

3.4.6 Average salary increases

The MTREF includes the following average percentage increases for wages, salaries and for councillors' remuneration;

Description	2022/2023
Councillors	As Per Government Gazette
Section 57 employees	As Per Government Gazette
Salaried employees	4.9 % per wage agreement
Casual employees	As determined by Council

3.4.7 Industrial relations climate, reorganization and capacity building

The ability of the Municipality to deliver quality services is virtually entirely dependent on its staff. Failure by the Municipality to invest in its staff to ensure that the capacity and skills exist to meet the challenges being faced by Kannaland will ultimately mean a failure to deliver services. Currently, the Municipality face financial constraints which do not make it possible for all employees to receive the required training.

As result, the Municipality has developed a training plan to priorities critical training. The Municipality is also facing capacity constraints which cannot be merely rectified through training.

3.4.8 Trends in demand for free or subsidized basic services

Kannaland criteria for supporting free or subsidized basic services are set out in the indigent policy. The government allocates revenue via the equitable share grant with the primary aim of assisting municipalities with the costs of providing free or subsidized basic services. Any costs over and above the equitable share allocation must be paid by the consumer.

2022/2023						
Elec	Water	covid -19	Refuse	Sewerage	Rates	Councillors
1 933 170,00	3 038 100,00	-	1 755 480,00	2 094 130,00	-	5 037 040,00
1 546 540,00	2 430 480,00	-	1 404 380,00	1 675 310,00	-	4 029 620,00
1 159 900,00	1 822 860,00	-	1 053 280,00	1 256 480,00	-	3 022 230,00
4 639 610,00	7 291 440,00	-	4 213 140,00	5 025 920,00	-	12 088 890,00
-	-	-	-	-	-	-
2023/2024						
4 639 610,00	7 291 440,00	-	4 213 140,00	5 025 920,00		13 869 890,00
Elec	Water	covid -19	Refuse	Sewerage	Rates	Councillors
1 933 171,00	3 038 100,00	-	1 755 475,00	2 094 133,00	-	5 779 121,00
1 546 537,00	2 430 480,00	-	1 404 380,00	1 675 307,00	-	4 623 296,00
1 159 902,00	1 822 860,00	-	1 053 285,00	1 256 480,00	-	3 467 473,00
4 639 610,00	7 291 440,00	-	4 213 140,00	5 025 920,00	-	13 869 890,00
-	-	-	-	-	-	-
2024/2025						
4 639 610,00	7 291 440,00	-	4 213 140,00	5 025 920,00		15 763 890,00
Elec	Water	covid -19	Refuse	Sewerage	Rates	Councillors
1 933 171,00	3 038 101,00	-	1 755 475,00	2 094 134,00	1,00	6 568 289,00
1 546 536,00	2 430 479,00	-	1 404 380,00	1 675 306,00	- 1,00	5 254 628,00
1 159 903,00	1 822 860,00	-	1 053 285,00	1 256 480,00	-	3 940 973,00
4 639 610,00	7 291 440,00	-	4 213 140,00	5 025 920,00	-	15 763 890,00

3.4.9 Capital budget

The Municipality provided grant funded projects as gazetted in the Division of Revenue Act, for the 2022/2023 annual budget.

3.4.10 Implications of restructuring and other major events in the future

The Municipality is currently in the process of implementing changes to the micro structure. These changes are being done internally with the existing staff component. These changes will be implemented to streamline service delivery and to affect savings. This is to take into account the New Staff Regulations as per Government Gazette on 20th September 2021.

3.4.11 Budgeting for contingency plans for prolonged power outages

This Municipality is in the process of implementing contingency plans to address Eskom power outages such as the procurement of generators. Due to financial constraints the municipality would only be able to realize these goals in the adjustment budget.

However, it has been established that the government is collectively working with Eskom to mitigate the impact of power cuts. These efforts will improve the availability of electricity over the medium term, and plans are under way to ensure that South Africa can generate sufficient energy to power its economy over the long term. The government consistently encourages a reduction in energy consumption and promotion of energy efficiency.

Consequently, the response from government is to address the immediate challenge and it would therefore be premature for municipalities to invest in contingency infrastructure with the expectation of funding.

3.4.12 Service level standards

A broad guideline was provided on the minimum service standards to be incorporated in the budget documentation. In addition to the guideline, a framework was developed as an outline to assist municipalities in finalizing their service level standards.

It is accepted that it is not possible to have the same service level standards across all municipalities. Therefore, the outline must be used as a guideline and be amended accordingly to align to the municipality's specific circumstances.

The service level standards will be tabled before council for formal adoption with the final budget and is attached as an annexure to this document.

4 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Ian Avontuur, the Acting Municipal Manager of Kannaland Municipality hereby certifies that the Annual Budget and supporting documentation for the 2022/2023 financial year, have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act, and that the Annual Budget and supporting documentation are consistent with the Integrated Development Plan.

Print name

Municipal Manager of

Signature

Date

5 Annexures to the Budget

5.1 2022/20223 Tarif Book

5.2 MFMA Circular No 115 - Municipal Budget Circular for the 2022/23 MTREF - 04 March 2022

5.3 2022/2023 A1 Schedule budget book

5.4 Key Scheduled deadlines