EXTRACT COUNCIL MINUTES: 30 MAY 2024

RESOLVED **Item A78/30/05/2024**

1. that the Annual Budget for the 2024/2025 MTREF for the different votes be approved and adopted as set out by the following tables included in the budget document:
   - 1.1 Table A1 – Budget Summary
   - 1.2 Table A2 – Budget Financial Performance.
   - 1.3 Table A3 – Budget Financial Performance (municipal vote)
   - 1.4 Table A4 – Budget financial performance by revenue source and expenditure
   - 1.5 Table A5 – Budget Capital Expenditure
   - 1.6 Table A6 – Budget Financial Position
   - 1.7 Table A7 – Budgeted Cash Flow
   - 1.8 Table A8 – Cash Budget Reserves / Accumulated Surplus
   - 1.9 Table A9 – Asset Management
   - 1.10 Table A10 – Consolidated Basic Services Delivery Management.
2. that Council notes the Annual Budget Document with supporting tables under Annexure B.

3. that in terms of section 78A of the Local Government Municipal Systems Act, 32 of 2000 and section 24 of the Local Government Municipal Property Act, 6 of 2004, approved and adopted with effect from 1 July 2024 the tariffs, for property rates, electricity, water, sewerage, solid waste, and other services charges as set out in Annexure C of which a copy is attached, be approved.

4. that the interest rate on arrear accounts be approved at the prime rate.

5. that the following policies as amended and/or unchanged be approved with effect from 1 July 2024 and placed on the municipal website and that it be noted that the policies are attached under Annexure D:

   - 5.1 Property Rates Policy;
   - 5.2 Customer Care, Credit Control and Debt Collection Policy;
   - 5.3 Bad Debt Written Off Policy;
   - 5.4 UIF Expenditure Reduction Policy;
   - 5.5 Tariff Policy;
   - 5.6 Funding and Reserve Policy;
   - 5.7 Budget Implementation on Monitoring Policy;
   - 5.8 Supply Chain Management and Preferential Procurement Policy;
   - 5.9 Asset Management Policy;
   - 5.10 Petty Cash Policy;
   - 5.11 Indigent Support Policy;
   - 5.12 Borrowing Policy;
   - 5.13 Banking Cash Management and Investment Policy;
   - 5.14 Restriction Policy;
   - 5.15 Cost Containment Policy;

6. that Council approves the taking up of an advance from the approved external loan facility to the amount of R3 million for the 2024/2025 financial year.

7. that Council takes note of the other budget documents under Annexure E.

8. that Council approves the procurement plan under Annexure E.

9. that Council notes that the total cost for the capital projects is included in the budget and the funding sources are available.

10. that Council notes that the projected cost covering the future operational cost of the capital projects is included in the budget.

11. that the Annual Budget for 2024/2025 MTREF be submitted to National and Provincial Treasury.

12. that Council notes the public inputs received on the budget and IDP under Annexure A.

13. that the Service Delivery and Budget Implementation Plans (SDBIP) be submitted to the Executive Mayor within 14 days after approval of the budget and be approved within 28 days.

14. that the draft Performance Agreements be submitted to the Executive Mayor within 14 days after approval of the budget and be made public within 14 days after approval of the SDBIP.
15. that the Annual Budget with all Annexures be placed on the municipal website

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Item number A78. 30.05.2024

ANNUAL BUDGET FOR 2024/2025 TO 2027/2028 FINANCIAL YEARS

Report of the Director: Financial Services: Miss E Wassermann

Department	Financial Services
Section	Financial Services
File number	5/1/1

The Annual Budget report and budget schedules are attached **on the Budget Annexures A to E.**

PURPOSE OF REPORT

Under the Municipal Finance Management Act, 56 of 2003 (MFMA), Section 16, the mayor is required to present the annual budget at a Council Meeting at least ninety (90) days before the start of the budget year.

Once the annual budget is presented, it must be made publicly available according to Chapter 4 of the Municipal Systems Act.

This is to invite the local community to submit written representations on the draft budget. The purpose of this process is to consider public inputs and approve the final budget at least thirty (30) days before the start of the new budget year.

FACTS AND BACKGROUND

Over the past few years, the economic outlook has been characterized by weak economic growth. It is forecasted to experience a moderate improvement of 1.4 percent over the medium term. Since 2012, the GDP has averaged only 0.8 percent, leading to high levels of unemployment and poverty.

The National Treasury reports that power cuts and operational issues in freight rail and ports are still causing disruptions to economic activity and restricting the country's export capabilities. Although comprehensive reforms are being implemented in these sectors, it will take time to observe a growth recovery. High living costs are putting pressure on household consumption, and low investment persists due to weak confidence and challenging business conditions associated with structural constraints.

The global economic slowdown has affected the growth prospects for the Western Cape in South Africa. The Province is grappling with challenges including weak consumer demand, higher inflation, and rising interest rates. Additionally, it is facing national issues such as labor unrest and power outages.

According to the National Treasury, headline inflation is expected to decrease from 6% in 2023 to 4.9% in 2024 and further to 4.6% in 2025 and 2026. This decline is attributed to the expected moderation in food and fuel inflation. In 2023, food inflation did not slow down as much as anticipated due to power cuts and rand depreciation, which kept the costs of imported food high. Additionally, an outbreak of avian influenza led to increased costs for poultry and eggs. However, these factors are projected to diminish over the medium term.

The current economic challenges in the country are putting pressure on households' ability to pay municipal accounts, which in turn affects municipal own revenue generation.

National Treasury forecasts that over the 2024 MTEF, the local government's equitable share and direct conditional grants will be reduced by a total of R15.5 billion. This reduction is made up of R9.6 billion in the local government equitable share and R5.9 billion in direct conditional grants. Despite the reduction, the local government equitable share growth remains high, with transfers to local government significantly increasing by 5.2% annually, driven mainly by the strong growth of the local government equitable share by 6.1%.

National Treasury informs that the Government has a five-year program of action to improve local governance, as endorsed by the Budget Forum. This includes efforts to improve the funding model for local government. The National Treasury is reviewing a draft report for regulating municipal surcharges on electricity and identifying alternative sources of revenue to replace these. The next step will be consultation with external stakeholders.

The local government equitable share formula is undergoing several updates to better address the varying functions of district and local municipalities. These updates include refining the formula through measures such as considering the introduction of a cost differential model, adding community services components for health services and firefighting functions, and establishing objective criteria for benchmarking municipalities in terms of their administrative functions.

The Department of Cooperative Governance, the National Treasury, the South African Local Government Association, the Financial and Fiscal Commission, and Statistics South Africa are collaborating to identify areas for improvement over the 2024 Medium Term Expenditure Framework (MTEF) period.

The municipality began implementing a new 5-year Integrated Development Plan (IDP) in 2023, marking the first revision of the adopted IDP in that year. The focus of the upcoming term is on infrastructure development and economic growth to create a "livable" Swellendam that prioritizes the well-being of the community.

The capital budget reflects ongoing efforts to address the backlogs in basic services and to renew the infrastructure of existing network services.

DISCUSSIONS

A strategic session with the council was held on 17 April 2024. The public participation process commenced in April and closed on 15 May 2024 with the SMAF meeting. During this period meetings were held in each ward to discuss the tabled budget and IDP for 2024/2025. The budget document was placed at the municipal libraries and on the website. A high-level one-page document was placed in the Langeberg Bulletin and municipal facilities.

A complete set of priorities are contained in the IDP document. The inputs received during the public participation process are attached as Annexure A and the responses should be read in conjunction with the IDP report.

The top five priorities as contained in the IDP are as follows:

1. Ward 1

- To clean the Koornlands River and Betelskop: alien cleaning;
- Requested Recycling Project;
- Requested alternative energy;
- Cooper Street Subway: proper lighting, security, and regular cleaning;
- Construction of Industrial roads including Cooper Street;

2. Ward 2

- Upgrading of roads;
- Waste Management;
- Economic Development: SMME and Tourism Industry support;
- Multi-purpose Fortshaven Community Hall (for recreation activities);
- Barrydale Housing Pipeline;

3. Ward 3

3.1 Suurbraak

- Suurbraak Housing Project: 550 Units;
- Tar and upgrading of Suurbraak Roads;
- Upgrading of Storm Water;
- Construction of Sidewalks;
- Upgrading of Suurbraak electricity Network;

3.2 Malgas

- Nuwe Dorp infrastructure and social needs:
  - Need for proper and affordable water delivery to the area;
  - Need for working ablution facilities;
  - Need for the extension of the bus route from SWD and Bredasdorp to Malgas;
- Maintenance and construction of Malgas Roads:
  - Speedbumps in Diepkloof as part of road maintenance;
  - Need for proper road signage indicating high accident and dust areas as well as speed limits;

- Requested more presence of traffic officials on Malgas/Infanta road during peak season;

- Public Slipway at Malgas:
  - To erect a camera at the pont on the Malgas side to function as security, and monitoring of traffic and can also form part of the PLS future development plans;

3.3 Infanta

- Completion of the revised Infanta Slipway Management / Operational Plan;
- Camera project (Requested by the IRRA);
- Infanta Landfill Site – Establish a toilet and conservancy tank (Requested by the IRRA);
- Cleaning, cutting, chipping, and spraying of alien bushes over the Infanta gravel roads;
- New: Remove or crush building runnel since the dump is over capacity;

4. Ward 4

- Renewable Energy opportunities;
- Upgrading of Water Works and Network including storage of raw water to increase water capacity;
- Reseal / Rebuild/ Rehabilitation of streets;
- Construction of Railton houses – 241;
- Construction of Exterior Toilets ("Old Railton Block");

5. Ward 5

- Upgrading of Railton Informal Settlement, Matjoks;
- Requested Taxi pick-up sites;
- Local Economic Development;
- Requested electricity upgrades;
- Request the construction of a 2nd Railton Entrance;

6. Ward 6

- Land use requests from SMME's, Businesses, and Agricultural activities;
- Construction, maintenance, and the upgrading of gravel roads;
- Upgrading of Railton Cemetery and Road;
- Purchase and development of Transnet land;
- Upgrading of stormwater drainage;

The IDP inputs were forwarded to the SMAF meeting and prioritized. These priorities will be included in the 2024 IDP document for consideration in the municipality's annual budgets subject to available funding.

7. Inputs received from the general public:

- Comment 1 – Tariffs are unaffordable (Barrydale);
- Comment 2 – Rates too high, pensioners with a fixed budget and do not qualify for Indigent;

- Comment 3 – Increases are very high and must be removed;
- Comment 4 – Increases to high and beyond inflation (Barrydale);
- Comment 5 – Explain Tariff Increases;
- Comment 6 – Tariffs too high and unacceptable;
- Comment 7 – Tariffs are too high Barrydale services are poor, the municipality is "Woeful" and only attention is given to Swellendam and Railton.
- Comment 8 – No breakdown of what the increases are for;
- Comment 9 – Increases are excessive, please explain;
- Comment 10 – Increases are ridiculous with incapable staff and poor Management;
- Comment 11 – Tariffs too high and unaffordable (Barrydale)
- Comment 12 – Tariffs to High and Unaffordable (Swellendam)
- Comment 13 – Increases are high and above inflation; Object against refuse tariff Suurbraak;

Municipal response: The municipality has taken note of the concerns raised by the public regarding the high tariffs.

The water tariffs were initially set due to a projected income loss of R2.8 million based on sales. The municipality has recalculated the water baseline using a five-year average, resulting in an improved baseline. In addition, the water sales for 2024/2025 have increased in the second half of the year. Based on the new water sales projections, it is proposed to reduce the water tariff to 9.65%.

The refuse tariff was influenced by new activities not included in the previous baseline, such as recycling for R1 million, access control for R429 000, and the replacement of a refuse compactor at a cost of R816 450. The municipality has reconsidered the additional cost drivers, and it is proposed that the access control not be implemented and the recycling project be implemented in the second half of the year. During the public participation process, it also emerged that the new tender for the management of the landfill site was much higher than the cost of the current services provider, at an additional cost of R350 000. Taking all these factors into consideration, it is proposed that the refuse tariff be reduced to 13.3%.

The municipality has a small revenue base, and it is difficult to absorb additional cost increases above inflation. The cost of products and materials to maintain infrastructure, such as electrical cables and purification materials, increases annually far above inflation. In the last six months, these increases were between 20% to 40%. Therefore, the municipality cannot reduce the rates tariff further, and it is proposed that it remains the same.

8. SPARC

Municipal response: It has been agreed that the implementation of AARTO will have an impact on the budget and future budgets, particularly with regard to revenue from traffic fines. Currently, the municipality is exploring alternative options to the terrific fine system to mitigate the impact of AARTO. It has been estimated that AARTO will result in an 8.4% impact on the property rates tariff. if the anticipated loss of revenue materializes.

Funding for indigent residents comes from the equitable share, and any increases have an impact on municipal revenues. Municipalities are mandated by national legislation to provide support for indigent individuals, and therefore, the municipality is continuously seeking new ways to enhance the management of indigent support.

The municipality has to provide services to all residents and areas, and as such, the approach of not implementing new capital projects funded by government grants in Railton and other disadvantaged areas cannot be followed.

There are plans to restructure the MIG grant in the future, which will allow for a portion to be allocated to maintenance. The capital projects are in line with the municipal SDF plans, and the MIG grant is intended to address backlogs in previously disadvantaged areas.

The proposed tariffs have been reviewed during the public participation process mentioned above, and amendments are being proposed for the final budget.

9. Public Input Barrydale – Concerned Residents

9.1 Acknowledge Projects the Municipality has undertaken.
They request speed calming measures, waste awareness campaigns, and Net Vir Pret Activities.

Municipal response: The municipality provides an annual grant of R20,000 for Net Vir Pret activities. Waste awareness is managed by the Waste Manager, who can coordinate activities with the residents. Speed calming measures will be included in the IDP and future budgets.

9.2 NGO Support
Municipal response *The Municipality has limited funding but advertises annually for NGOs to apply for financial support.* The application process is advertised during August / September 2024 for the new financial year.

9.3 Spaza Shop Support
Municipal response: A house shop survey has been done and financial support programs rolled out. The House Shop policy will be revisited. Immigration to contact for undocumented foreigners.

9.4 Security and Safety
More support is required for Law Enforcement and cooperation is required with the traffic department.

Municipal response: The needs will be incorporated into the Community Safety Plan. The proposed budget cannot accommodate more law enforcement officials considering the impact of tariffs.

9.5 Recreational Facilities
Municipal response: A sport and recreation master plan will be drafted in the coming financial year. The Municipality is investigating the management of all municipal sports facilities to find the best solution. Currently, there is no funding for this request.

9.6 Budget Breakdown
Municipal response:

The access control containers are proposed to be removed from the budget. The problem of illegal dumping will remain even with a lock system as the people dump in front of the gate. The municipality will investigate the practicality thereof.

The tariffs were reconsidered during public participation and a reduction in water and refuse tariffs was proposed.

10. Malagas Ratepayers & Residency Association

10.1 Spatial Planning
10.2 Integrated Waste Management
10.3 Ward Committees
10.4 Overberg District Priorities
10.5 Tourism, Industry. Agriculture and Transport

Municipal response: The municipality is in discussions with provincial role players on Nuwe Dorp. Provincial needs such as extended bus routes are referred to the provincial authorities. An additional launch site at Malagas is under investigation. This is why the municipality procured erf 422 Malagas. The safety issues will form part of the Community Safety Plan for Swellendam Municipality. Fire services needs are communicated with ODM. It is further proposed that a contribution be made towards safety cameras of R50 000 for Malgas.

11. Inputs from Councillor Julius

11.1 The Councillor, Ward 3 residents requested not to accommodate the Guard and guard hut with toilet to the Suurbraak Landfill site.
11.2 The request is to change the provision of speed-calming devices and street names.

Municipal Response: Both Guard containers and proposed personnel were removed from the proposed budget. Provision for speed calming measures was included in the final proposed capital budget.

12. Inputs and/or clarity questions received from the Speaker's Office

12.1 Glen Barry Road

Glen Barry Road to be fixed. I am not sure whether the tar part requires a resurface or complete rehabilitation but the cost to sort it out is my first suggestion for the new budget.

Municipal response: There will be infrastructure upgrades on water pipeline infrastructure in this area during the coming financial year, which must first be undertaken before the road can be upgraded. The upgrade is seen as a priority in the 2025/26 financial year.

12.2 Budget Tariffs

The proposed tariffs are not affordable for the majority of ratepayers and it is clear this won't be a one-time double-digit increase. Did the municipality cost and luxuries first? I would like to know what the impact is of reducing the average tariff increase to 8.5% with no single tariff in double digits (except electricity).

Municipal response: The impact on municipal revenue is as follows:

	Baseline Revenue	Tariff Increase	New Proposed Revenue	Tariff Increase	Revised Revenue	Difference
Water	R28 101 264	14.5%	R32 175 947	8.5%	R30 489 871	(R1 686 076)
Refuse	R20 289 072	18%	R23 941 105	8.5%	R22 013 643	(R1 927 461)
Rates	R59 545 741	9%	R64 858 414	8.5%	R64 607 128	(R251 285)
			Total reduction in expenditure			**R3 864 822**

To balance the budget with the reduced services charges tariff increases, expenditure of the above services needs to be reduced further, or other revenues or baseline revenues need to be increased.

On the water, the finance department is already working on an adjusted baseline for water revenue sales based on the last 5 years sales to have an improved baseline.

On rates, we looking into the new supplementary valuation roll and the impact of that on the revenue base.

On refuse based on the budget slides during public participation, the following new additional expenditures were added to the baseline which may be reduced:

- Access Control (Barrydale / Suurbraak)– R429 000
- Recycling – R1 041 000
- Refuse compactors – R816 450

Bear in mind that the refuse compactors are between 14-24 years old of which the two oldest are broken down regularly. The repair cost spent to date to maintain these trucks is R963 317 ex VAT. It would not be advisable to take off the refuse compactor as it become now critical to replace a vehicle. The compactor compacting size is also bigger which means that the service going forward can be provided more efficiently. It will also eventually reduce costs, but it is difficult to determine the extent for next year, as too many variances are involved.

Other expenditures which can be considered as included in the current baseline are:

- Clearing of Legal dumping – R350 000
- Repair cost Refuse Compactors – R980 000
- Provision of Black bags – R800 000
- Public Awareness (Advertising, Publicity) – R51 000
- Development of Waste-related plans - R364 000 (The Waste Manager did request that this money be reallocated for implementing a Composting site.)

Other expenditures include provision for Malgas/Infanta landfill site management /rent, Management of Bontebok, Fuel and Maintenance, Materials and Supplies, Consumables, security services, etc, which are the normal operations and were not included in the above.

These operations are also under pressure as we still need to find an additional R350 000 for the Bontebok Landfill site management based on the current tender prices still to be awarded.

The budget provision based on the current service provider is R5 350 000. The new tender prices are R6 250 000. The municipality is already engaged to reduce the scope of some of the items in the tendered bill. After that, we need another R350 000 to award the tender.

Swellendam Municipality does not have large budgets for functions etc. but in terms of cost containment possible expenses are:

- Travel and Subsistence – Draft R339 123 (ORGB 2023/24 – R401 994) – This cost was reduced with the draft budget. Traveling and Subsistence are used for training, attending meetings, and ad-hoc reimbursement for official traveling with own vehicles.
- Transfers / Grants to Organisations in terms of council social responsibility – R280 000. This include Animal R100 000, Welfare R95 000, Ad-Hoc R85000
- Tourism – R615 000 (Events) – Around the Pot, Double Century
- Festive Lights R140 000 – These are for the purchase of decorative lights.
- Festive Function – R80 000 – This function was not held in 2023/2024
- Catering – Draft R76 350 – (ORGB 2023/2024 – R111 750) – This item was already reduced with the draft budget.
- Dairies – R 3 000

12.3 **Remove Infrastructure Levy** as an extra tariff line it is a slippery slope and if rates are not enough to cover what they are supposed to cover in the Rates Act, then the entire system is not sustainable, and adding new tariff lines is not the answer nor fair on ratepayers.

Municipal response: Municipalities are encouraged to find new revenue resources. The infrastructure levy is used by two other municipalities in the Overberg District. This levy is a fairer distribution as all property owners pay the same amount, than through property tax, which is based on market value. This means that if the rates are to be further increased, the highest property value will contribute the most. In the case of indigents, they will be rebated from the equitable share. This is the only levy which is not recovered from the equitable share.

The income generated from this levy is R1 442 700. Should the council decide to remain on the same revenue basis, the proposed rates tariff will have to increase from 9% to 11.5%.

To remain with the same proposed increase the following expenditures which were funded from this levy will have to be reduced:

- Gravelling of Roads (R200 000) - The remaining amount for all gravel roads is R681 000 which is currently already under pressure.
- Reseal of Roads (R1 242 700) – The remaining amount for road reseal will be R4 000 000. In the previous year, approximately 30 088 square meters or +-5km of roads were resealed. This will be reduced to +- 24 845 square meters or +-4.1km for 2024/2025. This excludes cost escalation on the reseal price.

12.4 **Cater for Public Participation and Oversight**

- Provide the MPAC committee with R30 000 to use to reimburse outside experts. With a strict policy and process for spending this money.

  Municipal response: To be funded from legal fees if needed.

- Provide funding for the two "sub-council" initiatives about to launch in the Speaker Office. R40 000 pa. This will be to reimburse travel costs for those traveling from outlying areas and to cover food and project costs where applicable.

Municipal response: An amount of R40 000 was included in the budget for this purpose.

- Increase the ward project funding from R5000 per ward to R15 000 (this is a first step towards Ward Based Planning)

  Municipal response: This can be funded from the ward committee expenses. It is proposed that it be increased to R10 000.

- Employ a Public Participation resource with communication skills (At least advise the cost and expected impact. /Benefit.

  Municipal response: The budget currently only provides for a communication officer. This additional position will cost +- R240 100. This position is not included in the budget.

12.5 **Squatter Control**

Please provide a project to effectively stop and reduce the illegal influx.

With costs for the 2024/2025 budget, I expect it to be a realistic and believable plan to prevent further influx and reduce those already here. So, the council can consider the project and its cost as an option to address this huge risk.

Municipal response: With the block development, the informal structures will be moved into specific blocks with improved services. To control the residents in the blocks the following can be considered:

- 1.5 km anti-climb & anti-cut high-density fence – Estimated cost - R1.6 million (Not sure about the exact length. Cost is based on the Bontebok Landfill site fence and installation cost per meter.)
- 24-hour security, Food Patrols – R1 910 995 pa (Two teams of two officers patrolling the area per team. – 4 guards * 12-hour shifts*30days*12) (Cost based on current tender)

Alternatively, a mast with cameras can be put in place. Difficult to determine the cost at this stage, but this may include, cameras/solar/electricity/night vision, etc. These cameras must then be controlled in a control room for 24 hours.

Not sure with the block development if the housing department will consider providing funding for a fence around the site.

The municipal manager is engaging with various sectors to discuss ways to reduce the influx. The municipality is attempting to set up a committee to take the process forward. To date this process was unsuccessful. A committee will be critical to discuss the implementation of the block development and measures to stop the influx.

12.6 **Electricity Availability**

Is it true that we have an electricity availability fee of R270. It should only be required of those who have Eskom grid access, whether they want to use it or not.

This charge makes no sense for plots or erven, where the municipality has no intention of increasing access to electricity or potable water because we do not have the competency/capacity to apply for these types of MIG grants or money to fund any infrastructure expansion on our own.

Municipal response: Availability Charges are only payable on vacant plots where properties have access to a reticulation network and can reasonably be connected. (Serviced stands). This is to ensure there is sufficient capacity for the serviced stands and to cover the expenses of maintaining the networks.

Once the erven is developed the availability charge is replaced with a fixed basic charge.

The revenue from availability charges are as follows:

- Water – R1 161 588
- Waste Water – R1 135 974
- Electricity – R1 505 373

12.7 **How can the litter crisis in Railton be solved?**
Was a costing study done and what would it cost us to add 4 new skips and to empty them either once or twice per week. And then I will work with the councillors to go door to door and educate their communities on what they can do to reduce waste. We need well-research plans to solve them and then present the options and costs to the council to decide on.

Municipal response: The Illegal dumping team clears all complaints as well as all illegal dumping hot spots. The cost for this is:

- 10 days is R22 914.72 is the amount we pay him by-weekly;
- R183 317.76 from Jan till April is what we have paid him thus far;
- R549 953.28 will be the total cost for 12 months;

Next year the budget is R350 000 which is gradually increased. Still insufficient to implement for a full twelve-month period.

Cost estimate for 4 new skips delivered to Railton and emptied twice per week

- 4 new skips (as we do not have spare) would be R37 000 x 4 = R148 000;
- Our tariff for skip per day R492.2 x 8 = R3937.6 (skip amortisation costs as per tariff);
- Fuel + wear and tear from store to Railton and Landfill site 12km @R25/km = R300 x 8 = R2800;
- Staff costs @R150/hr x 8 = R600 x 4 = R4800;
- Total costs (estimate) for 4 skips to be delivered to Railton, removed, taken to the landfill, and returned to the municipal workshop twice per week would be R11 537.60 which would be R46 150.40 per month;

Additional skips are not a proven solution to illegal dumping, the opposite seems to be true.

Through Mr Stuurman's office, we are applying for funding through ASLA to build a permanent drop-off site in strategic areas in Matjoks to provide service to those to whom the municipality cannot deliver refuse. It will consist of 6 x 6m skips and will be removed bi-weekly.

There are also other plans to curb illegal dumping as stated in the Environment and Waste monthly reports.

12.8 **Investments.**

In the budget item in Tables SA15 and SA16 the tables are empty without figures, does this mean we do not have any investments?

Municipal response: The municipality has only short-term investments – 0 to 6 months which is regarded in terms of the accounting standards as cash and cash equivalents. We thus do not budget for investments as it is included in cash and cash equivalents. Short-term investments are also withdrawn at financial year end as these months have a high cash outflow. During the year as the cash surpluses allow funds are then invested in the short term which results in interest earned which supplements council revenue.

12.9 **Staff**

Is funding available for new Law Enforcement positions e.g. in Town Planning?

Municipal response: The law enforcement and compliance officer are on the budget at a cost of +- R300 000 to R485 000 per annum on the T7 scale.

Are there any strategic appointments that would unlock value for us, far in excess of the cost of that position? E.g. let us say we needed a specialist skill to apply for tenders or increase the speed or chance of success in applying for MIG grants, that could unlock big value for a yearly salary of say R700k pa? Could the same argument be made for an LED position? But only of the value if guaranteed due to knowing how to navigate the government grant landscape?

Municipal response: The MIG applications are managed by the PMU Manager, Mr J Bester. An amount is annually made available to appoint consultants to do the technical project readiness reports. Mig only approved projects that are bankable and in line with the MTREF allocations. In other words, the municipality will not be allowed to register for example 20 projects at once. Projects must successfully be completed and be in progress before new projects are allowed. Registrations of projects are based on the performance of past projects as well. The PMU manager is capable of managing the government grant landscape.

The cost for an LED Manager per Annum based on the Organisational Structure is +-R407 000 – R625 000 (Total Cost to Council on a T10). This is not funded in the current budget.

12.10 **Boat Tariffs**

Why the Breede boat tariffs are so far out of line with the other regions? Boat with 250 Hp engine: Breede R2,379, Goukou & Gouritz R 850, Knysna Lagoon R780, Langebaan Lagoon R700.

Municipal response: This will be referred to the LBRTC. The municipality does not determine the boat tariffs.

12.11 **Basic and Availability Charges**

Do farms/plots or any off the grid places, pay availability charges, even if that service is not connected so therefore not available to them? I do not support this.

Municipal response: Availability Charges are only payable on vacant plots where properties have access to a reticulation network and can reasonably be connected. (Serviced stands). This is to ensure there is sufficient capacity for the serviced stands and to cover the expenses of maintaining the networks.

The revenue from availability charges are as follows:

- Water – R1 161 588
- Waste Water – R1 135 974
- Electricity – R1 505 373

There is a charge for refuse even for off-grid places (excluding farms) as refuse is not restricted to refuse collection. It also includes illegal dumping, street bins, street sweeping, landfill sites maintenance and management, awareness campaigns, black bags, clear bags, etc.

12.12 **Are these new charges being brought in, in 2024?**

"Increase if there is no waste minimization of plastics and organics - 25%"? How will we measure this minimisation and how will it be levied?

This will be implemented and managed by the Waste Manager, Mr J Van Niekerk as a new initiative to reduce waste.

Municipal response: This was a proposal from Waste Management as an incentive for businesses to separate waste and thus reduce waste to landfill. Measurement will be in the form of the current system of refuse pickups where staff records excess bags and bags with undesirable contents. Our airspace is at such a point that drastic measures need to be put in place. The consequence of not massively reducing waste to landfills is astronomical increases to our tariffs necessitated by transporting our waste to Karwyderskraal at between R12M and R42M per year.

Reasons not to decrease the Solid Waste Tariff.

As above, if we do not reduce waste through recycling, composting, incentives, and consequences the result will be a landfill that is full in the next 2 years and the massive costs related to site closure and setting up infrastructure, staff, and equipment to deliver our waste 300km a few times per week. Our increase in rates is high but not even close to what it will be when we have no local landfill site.

12.13 **Big Increases**

Increase of ampere (Single phase) - Maximum 100 Ampère - why is it increased by over 60-% where the other phases are more standard increases?

Municipal response: The tariffs were received from Electrical and the Single-phase increase was a misunderstanding. Will follow up with the electrical department before final submission. According to the revenue manager, they indicate that single, three-phase, and industrial tariffs should be the same. All tariffs were submitted to the departments for final review before the final budget submission.

Explain the Smart Meter +20% charge. What does this mean?

Municipal response: With the SSEG policy it provides the municipality the opportunity to allow small embedded customers to push electricity back into the municipal GRID. But to do this a Smart meter must be implemented. This meter costs around R10 000 to R12 000 per meter. The technical department is currently investigating new technology meters which might be cheaper. The meters must also be linked to a system to record the data. At this stage, the technical department has not finalized the software system and smart meter technology. The department would like to commence with testing systems with willing customers and then if all the legislation requirements are in place to commence with the customers who want to push back renewable energy into the municipality GRID.

Because the smart meter cost is still uncertain, it was opted to include the actual meter cost plus the administration fee. It is planned as the process unfolded to include a standard fee for the smart meters.

Separate reports will be submitted to the Council before such implementations are rolled out.

Why are the second and third installations in the informal settlement free? If the community learns this can be very dangerous for us.

Municipal response: It seems this was from a previous year's tariff list which was removed.

Why is the Wall of Remembrance so expensive? What are our costs/are they getting that is included in that price? As surely this is a mitigation strategy for reducing grave sites and the costs associated - so it should be as affordable as possible.

Municipal response: This was discussed with Mr Stuurman and it is recommended that the tariff be half for the next financial year. According to Mr. Stuurman, this facility is not actively used by residents.

12.14 **Town Planning and Building Charges**

A question about the per m2 charges for extensions etc, which seem to be expensive and I want to know what these costs cover.
It seems we add on 20% above cost for several services e.g. putting a single-car bridge from the road to a person's driveway (I assume) but if a municipality mandate is a service then why are we making a profit from providing certain services?

Municipal response: The 20% surcharge is an admin fee for the administration cost as this is not normal operations and is part of basic services. (Ad-Hoc Services)

Please explain what the charge for sale/is.to let signs be about and who it applies to?

Category 1: For Sale / To Let Signs (Residential Properties) - 0,24m² (450x600). Boards per agency, per property - annual fee for each agency for this category sign (max of 3 per property, per agency).

12.15 Roads in Railton, Suurbraak, Smitsville etc
It keeps being said at Budget meetings that MIG grants for roads can only be used in previously disadvantaged areas. So, what is stopping us from applying for one gigantic MIG grant to fix the horrific roads in Railton, etc? What is required to achieve this?

Municipal response: Two projects were submitted to MIG for consideration. Both projects were approved in the 2022/2023 financial year as follows:

- New Railton Upgrading of Gravel Roads and Stormwater Phase 3 – R26 419 180 (R16 875 955 MIG – R9 543 225 Own Internal Funds CRR)
- Railton Roads Maintenance Project RAMS – R9 000 000 (R7 200 000 MIG, R1 800 000 Own Internal Funds CRR)

These projects will be implemented with the MIG Grant funds which are annually published in the DORA. MIG is a fixed allocation per annum and all projects registered must be within the DORA allocation. The current projections for these projects are:

Project	Funding	2023/2024	2024/2025	2025/2026	2026/2027	Total
New Railton Upgrading of Gravel Roads and Stormwater Phase 3	Mig		R5 819 200	R5 200 000	R5 856 795	R16 875 995
New Railton Upgrading of Gravel Roads and Stormwater Phase 3	CRR	R1 305 000	R1 173 915	R2 200 000	R2 664 310	R9 543 224
Railton Roads Maintenance Project RAMS	MIG	R2 300 000	R2 300 000	R2 600 000		R7 200 000
Railton Roads Maintenance Project RAMS	CRR		R600 000	R600 000	R600 000	R1 800 000

		Revenue	Expenditure	Capital Expenditure	Cash & Cash Equivalents	Reserves	Property rates Tariff	Electricity Tariff	Water tariff	Sweverage Tariff	Refuse Tariff
Draft Budget	2024/2025	543 466 070,00	520 817 232,00	63 419 000,00	61 653 000,00	8 600 000	9%	11%	15%	8%	18%
Projected Actuals (ADJ Budget)	2023/2024	521 690 000,00	497 677 000,00	74 903 000,00	126 700 000,00	12 000 000	14%	15%	7%	7%	14%
Actual AFS	2022/2023	380 075 798,00	327 716 258,00	59 967 251,00	121 773 220,00	25 072 000	8%	7%	6%	6%	8%
Actual AFS	2021/2022	410 033 413,00	325 226 589,00	95 140 048,00	113 324 362,00	12 000 000	7%	15%	6% - 9%	6%	9%
Actual AFS	2020/2021	314 849 924,00	309 668 769,00	20 920 096,00	109 813 853,00	14 000 000	7%	7%	7%	5%	15%
Actual AFS	2019/2020	307 865 770,00	261 916 696,00	28 201 098,00	88 907 027,00	12 000 000	6%	7%	7%	7%	9%
Actual AFS	2018/2019	259 596 970,00	245 044 771,00	16 702 719,00	74 945 161,00	11 000 000	10%	6%	2 - 12%	7%	8%
Actual AFS	2017/2018	247 659 340,00	238 622 521,00	19 108 475,00	65 395 980,00	10 000 000	10%	2%	2 - 32%	8%	8%
Actual AFS	2016/2017	230 794 681,00	216 005 657,00	14 790 150,00	51 727 503,00	10 000 000	7%	7%	6%	8%	8%
Actual AFS	2015/2016	224 012 201,00	205 153 188,00	17 684 427,00	36 433 634,00	10 000 000	8%	7%	8%	8%	8%
Actual AFS	2014/2015	224 178 214,00	208 231 080,00	21 992 411,00	36 665 590,00	5 000 000					
Actual AFS	2013/2014	215 951 826,00	197 419 094,00	21 238 099,00	7 011 696,00	-					

The municipality will commence with the MIG preparation funds to prepare business plans for Buffeljags and Suurbraak roads.

12.16 As per my email from the 14th May 2024 - Budget Trends

Kindly provide me with trends for a) tariff increases b) cash reserves c) Investments d) Revenue and Expenses for those same years;

This is requested to determine the linkage between the size of tariff increases and the growth or reduction of our cash reserves and investments vs what we spending.

Municipal response: The history trends are per the table below:

Notes:

The first line is based on the draft budget and submitted strings to NT. These figures will change with the final budget and actual cash balances on 30 June 2024.

The second line is based on the adjustment budget and projected figures for 30 June 2024. These figures will change after the financial year end and the final compilation of the AFS for 30 June 2024;

There are tariffs highlighted in Gray which is uncertain - Look like there were tariff structure changes, Tariff increases individually differ;

Cash & Cash Equivalents are inclusive of cash in the bank and Investments. The municipality invests funds for a maximum of 6 months and in terms of the accounting standards it is then regarded as cash and cash equivalents.

13. Overall written inputs

The following written inputs were received from **Afriforum** about the landfill site:

The landfill site in Swellendam is in extremely poor condition and poses major risks to the environment and the community's health. The issues with the landfill site include the following:

- Security and access control are inadequate and/or non-existent because the site is not enclosed with proper fences.
- Signage surrounding the landfill site is inadequate and/or non-existent.
- Refuse is not covered with soil daily, allowing unpleasant odors to arise from the site.
- The community's health and safety are in jeopardy as fires are started at the site.
- Several reclaimers are allowed to reclaim waste at the site without a proper plan. Their employment is in contravention of applicable labour legislation and their presence leads to fear for their health and safety and that of other people in the area.
- Spontaneous combustion and fires occur on the site.
- Refuse is being dumped outside the landfill site.

Recommendation

AfriForum wishes to engage with the Swellendam Municipality on how the present situation came to be and what measures the municipality plans to implement to ensure that this situation is rectified as soon as possible.

Municipal response: Council is aware of non-compliance as per Council's reports. The information submitted on Bontebok landfill site is not correct e.g. the landfill site is properly fenced. There is a review of the Integrated Waste Management Plan that will be tabled on 31 June 2024 for the council's approval. These issues raised are discussed and reviewed. The municipality has several mitigation strategies in terms of waste minimisation such as recycling and a waste-to-energy tender that is currently under discussion. An engagement with Afriforum will be arranged.

2024 – 2025 Sector Inputs under review

The comments below as included in the IDP document:

The Municipality engages with sector departments on the different District and Provincial platforms in terms of the below sector priorities in the Swellendam area. The below sector priorities remain the same as the previous year, 2023-2024 IDP-1st IDP Review:

- Bold blue inputs: Currently part of the 2023-2025 Budget
- Light blue inputs: Under discussion, part of future planning
- Bold red: Outstanding, not currently under discussion

- Light black: New priority, form part of the 5year process

Business & Tourism

- Swellendam Economic and Tourism Strategy to be implemented and communicated through a formal structure.
- Container Hub Project at Swellendam. Support Barrydale's Container Hub
- SMME Support – Supplier Open Days
- Economic Development and Tourism: Funding to appoint an LED & Tourism Manager
- Available land - Residential and Business Development
- Training of Tourists guides and publication of B&B's and events/tourism activities: horse riding/Quad Bikes/Cycling/ Running trails / Walking,
- Requested a budget to fund a Swellendam Region Destination Website
- Municipality to be the responsible institute to coordinate and manage the tourism function
- Requested better communication platforms – no movement
- Requested Renewable Energy Plan (introduce a renewable solution to the public) – How the municipality secure stability/unrest if running out of clean water
- Recycling Projects

Municipal response: Recycling initiatives and awareness campaigns are rolled out. The Municipality does support Events through financial aid and publishes a marketing booklet free of charge. Support is provided with the maintenance of hiking and cycling routes on municipal land. Continued support for Barrydale's Informal trading hub is provided with a special electricity tariff proposed for them. No further support for Swellendam's container hub will be provided until Barrydale has not made a success of their current project. Land for business and residential development is provided in a phased approach.
There is no funding available for an LED and Tourism Manager or the development of a destination website. Support is provided to the local museum who also acts as a tourism office.

Environmental

Biodiversity & Conservation

- Alien Invasive Clearing and maintenance
- Alien Invasive Clearing and Eradication Plan
- Cleaning of Koornlands River and Betelskop: alien cleaning
- Ward 4: The valley on the west side of Rondomskrik needs to be beautified.

Waste Management

- Waste Management Policy
- More emphasis to be placed on diverting recyclable waste, e-waste, and hazardous waste from disposal at the landfill site

Municipal response: A Waste to Energy Tender is under consideration. The Integrated Waste Management Plan is under review. Recycling initiatives and awareness campaigns are rolled out. Alien clearing is done according to an implementation plan as money is available.

Environmental Forum Support

To appoint an Environmental Officer – no funding available, but a Law Enforcement Officer to improve compliance in terms of land use and building control, was provisioned in the budget.

Breede River / Coastal Management

- The DEADP is assisting with the development of operational plans for all Public Launch Sites and draft Estuary Management Plans for estuaries within the municipal jurisdiction.
- Cutting of bushes near the Infanta / Malgas slipways
- Challenges with the operations and administration of the Malgas Pontoon
- Conservancy managing access

Climate Control

The national department provided input on the proposed environmental chapter for Swellendam Municipality's IDP as per pages. The IDP draft document was adjusted to reflect their inputs.

Transport Priorities

- Taxi Services requested more taxi ranks: Njala Street, behind Court), Requested 2 pick-up points at Pick a Pay), x2 taxi ranks at Oasis Café.
- Recommend the open space at Imhoff Street (opposite Jacobs Business) as a preferred taxi rank (close to Pick-a-Pay Centre) – no approval
- Taxi ranks with shelters, and benches for passengers, currently a need at Checkers
- Reviewing the closing hours of Checkers taxi rank – people are still working
- To schedule a meeting with the owner of Checkers Taxi rank
- Requested public toilets: behind Spar (Wessels Taxi's and other transport) and access to public toilets at U-Save
- Requested a robot at Stasie and Voortrek Street
- Re-opening of Trailway Transport Services

Municipal response: Further engagements on taxi ranks will take place with the Taxi Association and will follow a public participation process. A robot at Stasie and Voortrek Street will be prioritised in the future. The public toilets behind Spar will be upgraded in partnership with CAP.

Community Safety Priorities

- Kids at Risk Project
- Requested Swellie Watch Cameras in Town
- SAPS Imbizos / Awareness in terms of violence/crime in area
- Law Enforcement interventions with SAPS and other Role-players
- Requested Neighbourhood Watch in Swellendam, Buffeljagsrivier, Suurbraak, Barrydale
- Implementation of Safety Plan Projects – to be well coordinated and joint venture

Municipal response: The Municipality implements its Community Safety Plan with available funding and collaborates with law enforcement agencies and private role players to improve safety within the communities and will continue with these initiatives.

Sport & Culture Priorities

- New netball court and ablution/clubhouse facilities at Gert Booysen Oval
- Fencing or construction of a boundary hall at the Gert Booysen Oval
- Powel Stadion requested LED Lights
- Upgrading of current sports facilities at Buffeljagsrivier
- Upgrading of current sports facilities at Suurbraak
- Upgrading of Barrydale Sports Field
- Requested support with business plans for Sports Facilities in the area
- Tennis Club: Replacement of the tennis club roof and the replacement of gutters around the roof
- Squash Club: To paint the outside of the building
- Establish a formal Art & Culture Forum to support the Music-; Choir-; Brass Bands / Arts / Drama / young upcoming artists/art gallery / Other performance groups
- The municipality to provide land for the construction of a Rastafarian Arts / Business / Agricultural Hub. The Rastafarian project would like to form a partnership with the municipality to beautify the open public spaces and parks
- Rastafarian project: Request Street lights for a proposed cultural park with vegetable tunnels that can be cultivated and utilized by the community
- Support the Khoi-San Culture

Municipal response: A sport master plan for sport facilities is planned in the coming year.

NGO / Sector Departments Priorities

- Early Childhood Development
  - Malgas, Nuwe Dorp: Need for an ECD facility
  - ECD Support in general to the Swellendam ECD Forum
- Substance Abuse
  - Drug Abuse Programmes and Safe Houses
  - A Barrydale Hospice survey identified 15 new patients, of which 5 have been admitted for Hospice care. Requested financial support and to meet with spheres of government in this regard.
- Support community food gardens
- Foreigners are a challenge
- Youth
  - Increased teenage pregnancies
  - Need for technical school
  - Mullersrus Primary School has challenges with sewerage and water
  - Available commonage land to support school activities/programs
  - High-Risk Children
  - VRT Pitt Land to extend for school
  - Bontebok Primary School requested a new school
- People with Disability
  - Roads and buildings to be disable friendly
  - Requested an educational – aftercare facility for learners with disability
  - Requested job opportunities for people with disability
  - To support Disable Programmes / Projects

Municipal response:

- ECD: The Municipality has a special reduced tariff for ECD building plans. The establishment of ECD's is not a municipal function. There is no municipal land available for an ECD in Malagas;
- Substance Abuse: The Municipality has an LDAC and a Community Safety Plan to address substance abuse;
- Food gardens – commonage is available per application.
- Foreigners – to be handled by Immigration authorities.
- Youth – A youth council to be established; municipality applied for a technical school and support initiatives to address at-risk children.
- People with Disability – support provided through availing of facilities and financial contribution

Department of Agriculture Rural Development and Land Reform

Small Scale Farmer

- Requested support from Dept. of Agriculture for fencing
- Requested water pumps/tanks
- Indigent control projects
- Land Care: plowing of land
- SEDA – requested equipment (seeds/implements/fertilizers/dip/storage)
- The Small-Scale Farmers at the Convent requested land
- N2 Fencing; SANRAL/Department Rural Development and Land Reform to fund the project with regards to the safety of the N2 and animals.
- Interventions/meetings with – "Varkboere" in terms of contracts
- Support with the control/eradication of Nasella grass

Commercial Farmer

- Rebuilding of Buffeljagsrivier-Malgas gravel roads (roads in terrible condition)
- District Municipality to communicate their Roads Maintenance Plan with the Rûens Farmers
- Safety and Security Plan for the Farmers – The municipality, department of Agriculture and Rural Development and SAPD to support and finance a sustainable security camera to monitor the safety of farmers. Requested additional security cameras.

Municipal response: Municipality avails municipal commonage on lease contracts; The Municipality is working with the Department of Rural Land Reform to establish a Farmer Production Unit at Suurbraak in support of all emerging farmers; the Municipality engaged with ODM on Buffeljags-Malgas roads. Rural safety forms part of the Community Safety Plan.

14. Policies

During the public participation process, the financial policies were published on the website and made available on request. No public inputs were received on the policies. Critical policies were discussed at the management level and presented to COGTA. Inputs were received from COGTA which is attached to Annexure D. The budget-related policies with final amendments are included under Annexure D.

The following budget-related policies have been reviewed and will be distributed electronically and be available on the municipality website:

- Asset Management Policy – No changes
- Bad Debt Write-Off Policy – No changes
- Cash Management and Investment Policy – No changes
- Restriction Policy (Previously Blacklisting Policy) – No changes
- Borrowing Policy – No changes;
- Budget Implementation and Monitoring Policy – Minor changes;
- Cost Containment Policy – No changes;
- Customer Care Credit Control and Debt Collection Policy – Minor changes;
- Financial Funding and Reserve Policy – No changes;
- Indigent Support Policy – Revised in total from cosmetic to implementation;
- Petty Cash Policy – No Changes;
- Rates Policy –No changes;
- SCM Policy – Minor and cosmetic changes. Changes are indicated using track changes.
- Preferential Procurement Policy – New policy to promote local economic development.
- Tariff Policy – Minor changes;
- UIFW Expenditure Reduction Policy – No changes;
- Revenue by-law – No changes;
- Infrastructure Procurement Policy – New Policy which was previously included in the SCM policy.

The main policy change is the Indigent Policy. The whole policy was rewritten and included in the budget document.

Annual Budget 2024/2025 MTREF

The 2024/2025 Medium-Term Revenue and Expenditure Framework (MTREF) is cash back to the extent that it excludes traditional non-cash accounting items. The Annual Budget Document is attached as Annexure B and includes the budget A-Schedules.

Capital Budget

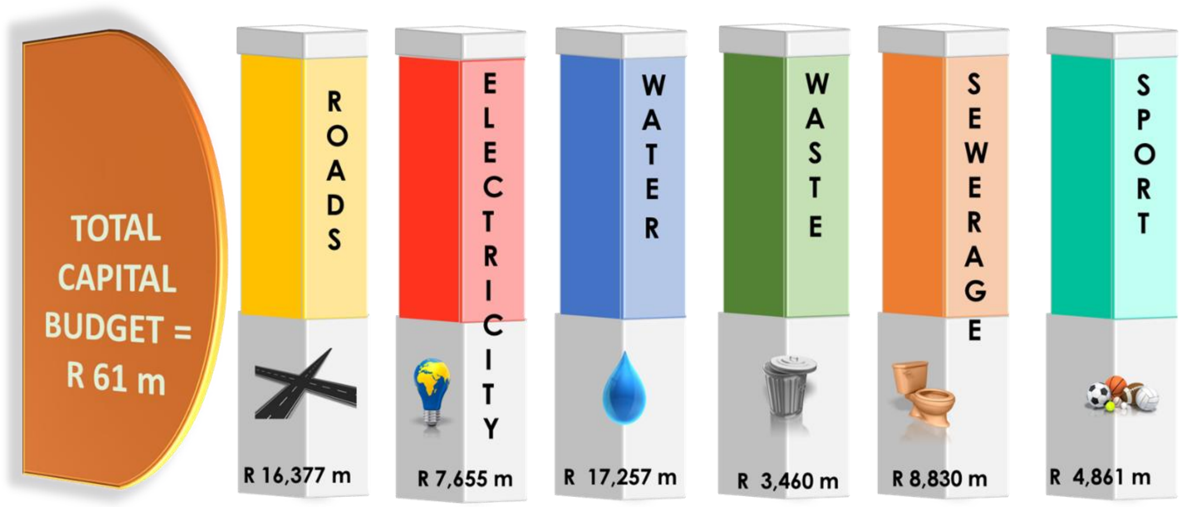
The capital budget is a crucial part of our service delivery and outlines proposed capital expenditures of R61 million, R26,6 million, and R21,1 million over the next three years. Government capital grants from the National Government amount to R26.5 million, while Provincial Government grants amount to R20.2 million for the 2024/25 financial year.

The municipality plans to take up the outstanding advance on the borrowing facility of R3 million in 2024/25 and plan to secure a new finance lease or short-term borrowings of R4.4 million to fund a refuse compactor and digger loader. The new borrowing costs included in the operational budget are R564,062 for six months and R1,125,965 for a full year.

The below table indicates the capital allocations by function and is graphically presented:

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital Expenditure - Functional									
Governance and administration		2 277	2 918	2 529	2 529	1 782	1 555	835	655
Executive and council		–	8	9	9	7	165	30	20
Finance and administration		2 277	2 910	2 520	2 520	1 775	1 390	805	635
Internal audit		–	–	–	–	–	–	–	–
Community and public safety		2 573	1 218	5 843	5 843	605	5 261	1 795	475
Community and social services		649	195	463	463	126	105	125	70
Sport and recreation		1 495	332	200	200	145	4 861	1 075	195
Public safety		429	641	687	687	287	295	545	160
Housing		–	50	4 494	4 494	47	–	50	50
Health		–	–	–	–	–	–	–	–
Economic and environmental services		27 250	7 418	9 069	9 069	2 155	16 986	6 727	7 638
Planning and development		1 765	783	918	918	204	609	–	–
Road transport		25 485	6 635	8 152	8 152	1 950	16 377	6 727	7 638
Environmental protection		–	–	–	–	–	–	–	–
Trading services		29 014	34 777	57 461	57 461	29 638	37 202	17 274	12 352
Energy sources		242	2 914	11 889	11 889	7 133	7 655	6 414	2 676
Water management		18 449	20 698	31 306	31 306	20 040	17 257	2 810	750
Waste water management		9 052	5 963	8 873	8 873	2 174	8 830	7 830	8 731
Waste management		1 271	5 202	5 393	5 393	291	3 460	220	195
Other		–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3,7	**61 115**	**46 330**	**74 903**	**74 903**	**34 180**	**61 004**	**26 631**	**21 119**
Funded by:									
National Government		16 769	16 183	23 846	23 846	19 497	24 435	15 506	14 512
Provincial Government		30 835	8 838	25 163	25 163	7 705	20 191	5 660	2 000
District Municipality		498	–	526	526	457	40	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**48 102**	**25 021**	**49 535**	**49 535**	**27 660**	**44 666**	**21 166**	**16 512**
Public contributions & donations	5	–	–	–	–	–	–	–	–
Borrowing	6	7 211	3 598	5 717	5 717	2 197	7 800	–	–
Internally generated funds		4 654	17 712	19 651	19 651	4 323	8 538	5 465	4 608
Total Capital Funding	7	**59 967**	**46 330**	**74 903**	**74 903**	**34 180**	**61 004**	**26 631**	**21 119**



The top 10 capital projects to be implemented for the year are:

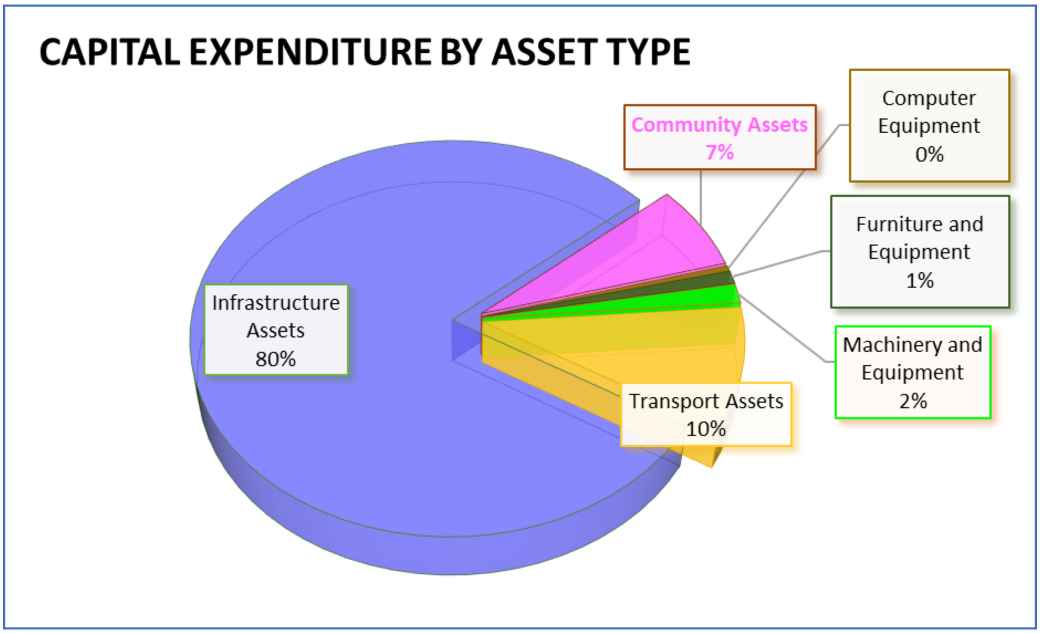
Project Amount	Description	Funding
R1,3 m	Replace Digger Loader	100% Own
R2,3 m	Rehabilitation of Van Riebeeck Street	100% Own
R2,608 m	Replacement of street lights to Energy Efficiency Lights in the Swellendam Municipal Area (Plan to commence with Swellendam/Railton)	100% EEDM Grant
R3,200 m	21m2 Refuse Compactor including lifter	100% Own
R4,261 m	Phase 3 - Upgrading of Railton Sports Grounds	19% Own 81% MIG Grant
R4,326 m	Railton Electrification Housing Development first phase	100% INEP
R6,234 m	Railton Upgrade of Gravel Roads (Plan to commence at Edem Street)	33% 67% MIG Grant
R8,638 m	Railton Informal Settlement upgrade (Water, Sewer and Roads)	100% Housing Grant
R8,695 m	Upgrade of Bakenskop and Railton Pumpstation, Completion Rising Main to Railton Reservoir	100% WSIG
R10,075 m	New Development of 32 Erven in Railton (Water, Sewerage and Roads)	100% Housing Grant
	Move to Operational Budget	
R2,608 m	Railton Road Rehabilitation (Plan to commence at Sonneblom Street)	25% Own 75% MIG Grant

The capital projects that were amended from the tabled budget document are indicated in the below table:

	Own Department	Project Name	Fund	Final Draft Budget 2024/2025	Amended	Final 2024/2025	Explanation
1.	CORPORATE SERVICES	Security systems and cameras (Name Change)	CRR REV		100 000,00	100 000,00	To procure cameras at strategic municipal facilities.
2.	WATER NETWORK	Water Machinery and Equipment 2023_2024	CRR REV	50 000,00	30 000,00	80 000,00	To replace Laboratory equipment to improve water and sewerage sampling
3.	OFFICE BUILDINGS	Replace Air conditioners at various buildings 2023-2026	CRR REV	60 000,00	- 20 000,00	40 000,00	Reduce for increased items
4.	REFUSE	Recycling bins for all municipal offices 2023/24	CRR REV	65 000,00	- 65 000,00		Remove for increased items. Mr J van Niekerk indicated that R150 000 for the first rollout will be sufficient
5.	REFUSE	Recycle bins for public spaces - Drop off facility	CRR REV	85 000,00	- 85 000,00		Move to line 13, Tampered recycling bins
6.	STREETS	Rehabilitation of section of Van Riebeeck Street, Barrydale 2023/24	BOR		1 400 000,00	1 400 00,00	To implement the shortfall on tender the project had to be moved to 2024/2025
7	STREETS	Rehabilitation of section of Van Riebeeck Street, Barrydale 2023/24	CRR		950 000,00	950 000,00	To implement the shortfall on tender the project had to be moved to 2024/2025
8.	STREETS	Railton Upgrading of Gravel Roads and Stormwater Phase 3 (CF)	CRR CF	1 673 913,00	- 500 000,00	1 173 913,00	The project commences in 2023/2024. Counter funding on MIG project adjusted.
9.	FINANCIAL SERVICES	Office furniture - All departments	CRR REV	80 000,00	30 000,00	110 000,00	To procure Zippel storage cabinets for records
10.	TRAFFIC	Traffic: Machinery and Equipment 2023_2024	CRR REV	50 000,00	- 10 000,00	40 000,00	Reduce to increase cost on Buffelsjags sportsground pump
11.	TRAFFIC	Traffic: Machinery and Equipment 2023_2024	ODM		40 000,00	40 000,00	Funds received from ODM
12.	Sports & Recreation	Water pump (BJS Sports field)	CRR REV	15 000,00	10 000,00	25 000,00	The pump replacement cost more than indicated in the budget

	Own Department	Project Name	Fund	Final Draft Budget 2024/2025	Amended	Final 2024/2025	Explanation
13.	REFUSE	Tampered Proof Recycling Bins for Swellendam	CRR REV	70 000,00	85 000,00	155 000,00	Combine from line 5.
14.	REFUSE	Guard hut with toilet for Barrydale and Suurbraak Landfill sites	CRR	460 000,00	- 460 000,00		Remove to fund Van Riebeeck Street shortfall
15.	TRAFFIC	Traffic: Equipment, Bulletproof, Pepper spray guns	CRR REV	50 000,00	- 50 000,00		Funds received from ODM, own funds removed
16.	STREETS	Railton Road Rehabilitation	MIG	2 086 957,00	- 2 086 957,00		Move to the operational budget
17.	STREETS	Railton Road Rehabilitation (CF)	CRR CF	521 739,00	- 521 739,00		Move to the operational budget
18.	STREETS	Rehabilitation of Bronn Street	BOR	1 000 000,00	- 1 000 000,00		Remove to fund shortfall on Van Riebeeck Street
19.	STREETS	Digger loader	BORL	1 200 000,00	100 000,00	1 300 000,00	Transversal price increase in the latest April tender document
20.	WATER PURIFICATION	Swellendam WTW Access control automation	CRR REV	14 000,00	8 000,00	22 000,00	To complete the control at the waterworks
21.	SEWERAGE NETWORK	Upgrade of Buffeljags Sewer pumpstation	BOR	1 000 000,00	- 400 000,00	600 000,00	To fund the shortfall on van Riebeeck street
22.	ROADS	Speed Calming measures - Ward 3	CRR REV		30 000,00	30 000,00	Per IDP request no speedhumps were done in Suurbraak.

Capital Expenditure by asset type is graphically presented below. The split informs that 80% of the capital budget is spent on infrastructure assets (R48.8m) followed by transport assets (R5,9m).



Operating Budget

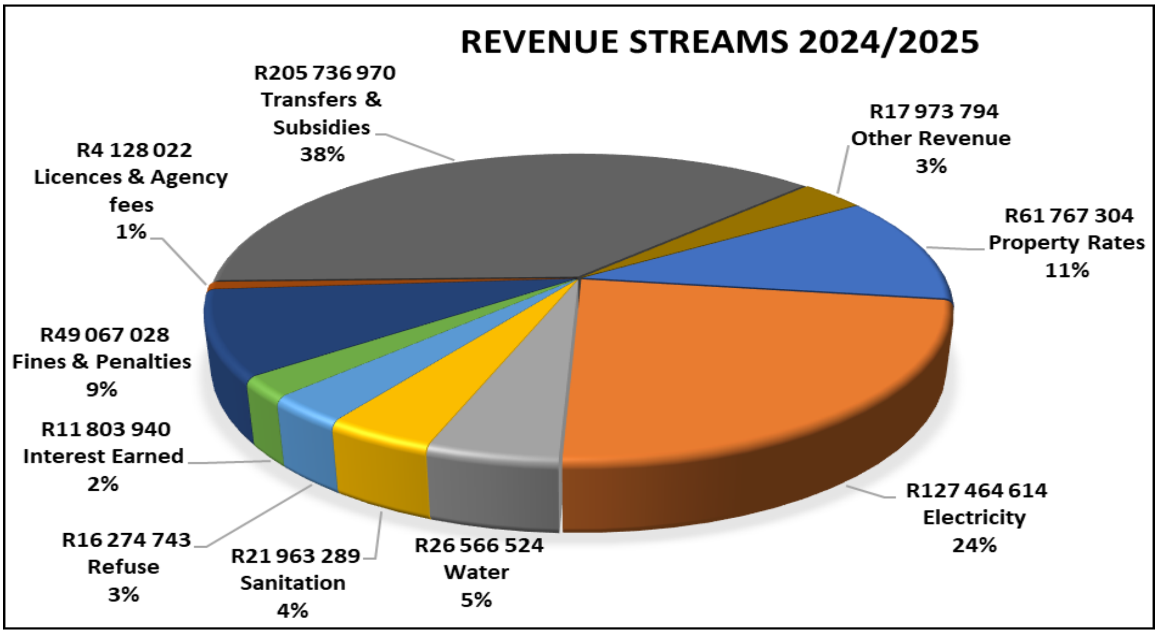
The finance department is facing significant challenges in compiling the operational budget, particularly in managing increased expenditure demands while adhering to inflation targets set by the National Treasury. This is due to new budget activities, rising industry costs for materials and supplies, increased procurement costs, revenue losses, and the municipality's limited revenue base. The current revenue base is insufficient to accommodate any changes above the previous year's baseline.

The annual budget provides for total operating revenue of R542,7 million for 2024/2025, R497 million for 2025/2026, and R487,6 million for the 2026/2027 financial year.

The proposed increases in service charges generate additional revenues in the amount of R26,4 million.

Government operational grants increased from R157,9 -million to R161-million which includes an amount of R97,9-million to build the houses in Railton.

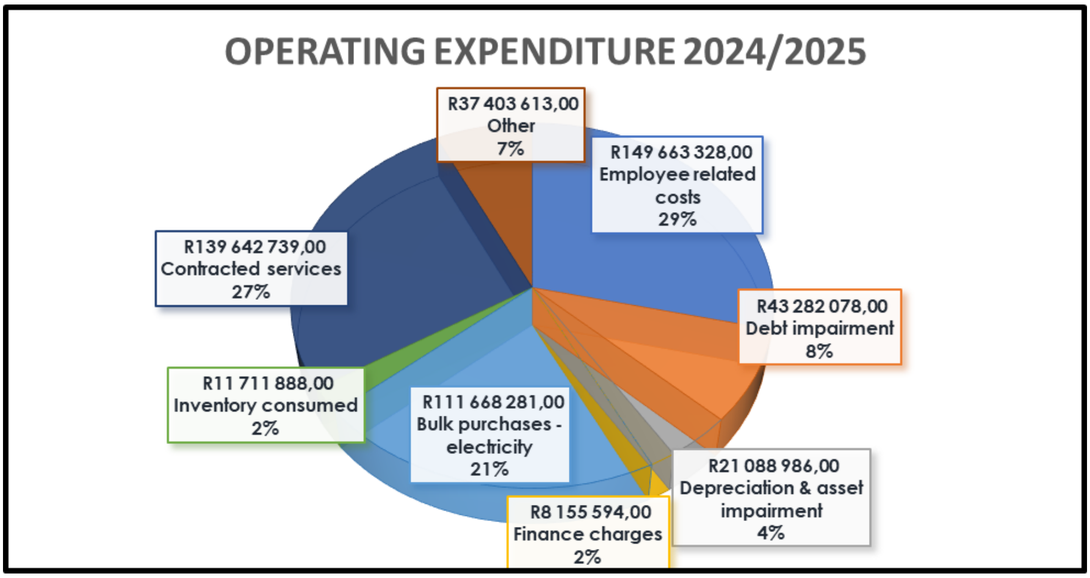
The main revenue services are graphically presented below:



Operating expenditure increased to R522,6 million, R497,7 million and R493,8 million for the 2025/2026 MTREF.

The operating expenditure is allocated as follows:

- Employee-related cost at R149,6 million (4.7%);
- Remuneration of Councillors at R6,3 million (4%);
- Bulk electricity at R111,6 million (17,4%);
- Inventory consumed at R11,7 million (-38%);
- Debt impairment and write-offs at R16 million (-45%);
- Irrecoverable debts written off at R27,3 million (100%)
- Depreciation at R21 million (30.4%);
- Financial cost at R8,1 million(29.4%);
- Contracted services at R139,6 million (46,5%);
- Other operational costs at R31,1 million(-0,3%);



The above expenditure will be spent on the following functions:

	R'000	%	Expenditure by Function
Electricity Services	R 130 095	25%	
Community & Housing	R 112 337	21%	
Governance & Administration	R 101 665	19%	
Public Safety	R 50 256	10%	
Waste Management	R 29 062	6%	
Road Transport	R 31 810	6%	
Waste Water Management	R 23 525	5%	
Water Management	R 21 521	4%	
Sport & Recreation	R 13 242	3%	
Planning & Development	R 9 103	2%	

Tariff Adjustments and Proposals

Water Tariffs

The projected revenue loss of +-R2, 7 million for the 2023/2024 financial year was reduced to +-R1 million after a new baseline was calculated on the previous five-year averages. This resulted in the proposed tariff increase being reduced from 14.5% to 9.65% which translates to an R39.78 increase for residential households based on 25kl of water.

The projected water revenue from service charges is R26,5 million and is projected to increase to R28,7 million in 2025 and R30,3 million in 2026.

Sewerage Tariffs

The baseline revenue before the tariff increase is R20 785 361. This revenue is supplemented by the industrial effluent charges. This remains a risk for the municipality as the industrial effluent quality improves, the revenue will decrease. It is therefore imperative that the municipality does not rely on this revenue.

For the 2024/2025 financial year, the industrial effluent is fully utilized to fund the budget but decreases incrementally over the MTREF.

The proposed tariff increase for sewerage is 7,5%. This translates to an R25.58 increase for residential households.

The sewerage revenue from service charges is R21,9 million and is projected to increase to R23,4 million in 2025 and R25,3 million in 2026.

Refuse Tariffs

The municipality experienced huge challenges with the landfill site which near the end of its lifespan. The remaining lifespan is projected to be 12 – 18 months. To prolong the landfill site lifespan to between 24 to 36 months, more intensive compacting at the site is required.

The impact of the closure of the landfill site will have serious financial implications for the municipality. The immediate alternative is to transport the refuse to Karwydeskraal at an estimated cost of between R7 million and R15 million per annum. This will result in an average tariff increase of between 20% to 35% in the next financial year.

To increase the space at the landfill site, waste minimization strategies need to be implemented. The estimated proposed costs included for recycling are:

- R791 000 to pick up recycling items at residents;
- R250 000 additional for clear bags.

The refuse compactors are between 14 to 27 years old. A new refuse compactor is needed to relieve the pressure due to the breakdown of existing vehicles and to plan for the growth to serve a larger area more reliably. The estimated capital cost to obtain funding for a refuse compactor is +-R816 450 per annum. An amount of R309 500 was included in the budget for the first six months.

The baseline revenue for solid waste disposal is R19 797 141.

The refuse tariff was influenced by new activities not included in the previous baseline, such as recycling for R1 million, access control for R429 000, and the replacement of a refuse compactor at a cost of R816 450. The municipality has reconsidered the additional cost drivers, and it is proposed that the access control not be implemented and the recycling project be implemented in the second half of the year. During the public participation process, it also emerged that the new tender for the management of the landfill site was much higher than the cost of the current services provider, at an additional cost of R350 000. Taking all these factors into consideration, it is proposed that the refuse tariff be reduced to 13.3%.

This translates to an R28.78 increase for residential households.

The projected refuse removal revenue from services charges is R16,3 million and is projected to increase to R17,8 million in 2025 and R19,2 million in 2026.

Property tax

Property tax is the balancing factor when all the other tariffs are determined to balance the budget.

Expenditure increases for rates services were carefully considered to limit the impact on property tax.

However, to balance the budget an increase of 9% is proposed. Considering a house with a value of R700 000, the proposed increase translates to R40,6 for a residential household.

Property Rates increase from R56,3 million to R61,7 in 2024/2025, R67,3 million in 2025 and R73,4 million in 2026.

<u>Impact on Households</u>

It is almost impossible to project the impact on households as a result of the new valuation roll. The National Treasury comparisons were used to indicate the below impact. Please note that this excludes the impact of property valuation increase as the comparison is like for like but will provide an indication:

- For Indigent households with a property value of R300 000, 350kWh units of electricity (50kWh Free) and 20kl water (6kl Free) the average increase amount is R96,25 which represents 11 % increase.

- For affordable households with a property value of R500 000, 500kWh units of electricity and 25kl water, the average increase amount is R297.34 which represents a 10.5% increase.

- For middle-income households with a property value of R700 000, 1000kWh units of electricity and 30kl water, the average increase amount is R524.15 which represents an 10.8% increase.

The municipality revenue base is just not sufficient to increase expenditures to provide additional for repairs and maintenance to address the backlogs on infrastructure.

Therefore, infrastructure levy has been maintained to supplement the municipal revenue which will be ringfenced for infrastructure-related maintenance projects. The levy is proposed to increase from R10 per month to R15 per month.

Social Safety Net

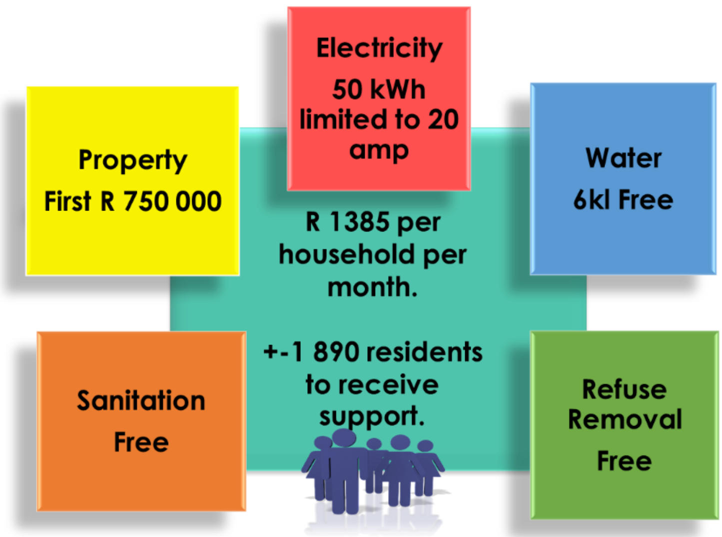
The social package assists households that are indigent and /or poor or face other circumstances that limit their ability to pay for municipal services.

At present, there are 1890 indigent households and 300 poor households which are entitled to rebates and subsidies as defined and set out in the Indigent Support Policy.

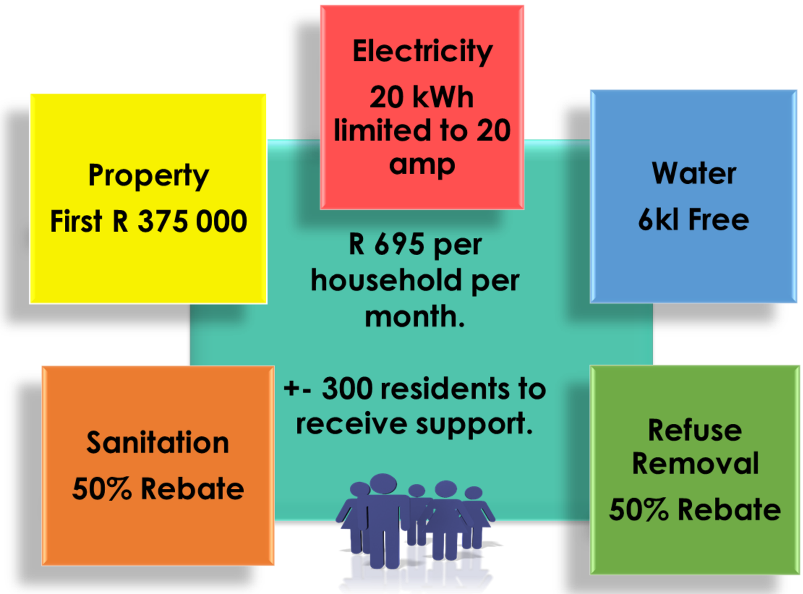
The total cost of the social package in respect of the income forgone on free services is largely financed by the national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The above social safety net is graphically presented as follows:

Graph 1 – Indigent Support – Two-time government pension.



Graph 2 – Poor Household – Four-time government pension.



Other Important Documents

Strategic guidance is provided by National Treasury in MFMA Circulars 126 and 128 and Provincial Treasury's Circular No.6/2024 has been taken into consideration in the planning and prioritisation process.

The capital budget and draft procurement plan for 2024/2025 will guide the municipality with timely planning for the implementation of capital projects.

The service delivery standards indicate the level of services the municipality plans to maintain and improve on for the 2024/2025 financial year.

These documents are submitted under Annexure E.

LEGAL IMPLICATIONS

Chapter 4 of the MFMA and MFMA Circulars No. 126 and 128 and Provincial Treasury Circular No. 6 of 2024 provide directives and guidelines for submitting municipal budgets to Council for adoption. The report of the Director Financial Services will represent the documentation in compliance thereof. In terms of Section 16 (2), the mayor must table the budget at least 90 days before the start of the budget year, and consider the views of the National and Provincial Treasury and the public before it is finally approved before the end of May 2023.

FINANCIAL IMPLICATIONS

As per the report of the Director of Financial Services.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

1. that the Annual Budget for the 2024/2025 MTREF for the different votes be approved and adopted as set out by the following tables included in the budget document:
    1.1. Table A1 – Budget Summary
    1.2. Table A2 – Budget Financial Performance.
    1.3. Table A3 – Budget Financial Performance (municipal vote)
    1.4. Table A4 – Budget financial performance by revenue source and expenditure
    1.5. Table A5 – Budget Capital Expenditure
    1.6. Table A6 – Budget Financial Position
    1.7. Table A7 – Budgeted Cash Flow
    1.8. Table A8 – Cash Budget Reserves / Accumulated Surplus
    1.9. Table A9 – Asset Management
    1.10. Table A10 – Consolidated Basic Services Delivery Management.

2. that Council notes the Annual Budget Document with supporting tables under Annexure B.

3. that in terms of section 78A of the Local Government Municipal Systems Act, 32 of 2000 and section 24 of the Local Government Municipal Property Act, 6 of 2004, approved and adopted with effect from 1 July 2024 the tariffs, for property rates, electricity, water, sewerage, solid waste, and other services charges as set out in Annexure C of which a copy is attached, be approved.

4. that the interest rate on arrear accounts be approved at the prime rate.

5. that the following policies as amended and/or unchanged be approved with effect from 1 July 2024 and placed on the municipal website and that it be noted that the policies are attached under Annexure D:

    5.1. Property Rates Policy;
    5.2. Customer Care, Credit Control and Debt Collection Policy;
    5.3. Bad Debt Written Off Policy;
    5.4. UIF Expenditure Reduction Policy;

5.5. Tariff Policy;
5.6. Funding and Reserve Policy;
5.7. Budget Implementation on Monitoring Policy;
5.8. Supply Chain Management and Preferential Procurement Policy;
5.9. Asset Management Policy;
5.10. Petty Cash Policy;
5.11. Indigent Support Policy;
5.12. Borrowing Policy;
5.13. Banking Cash Management and Investment Policy;
5.14. Restriction Policy;
5.15. Cost Containment Policy;

6. that Council approves the taking up of an advance from the approved external loan facility to the amount of R3 million for the 2024/2025 financial year.

7. that Council takes note of the other budget documents under Annexure E.

8. that Council approves the procurement plan under Annexure E.

9. that Council notes that the total cost for the capital projects is included in the budget and the funding sources are available.

10. that Council notes that the projected cost covering the future operational cost of the capital projects is included in the budget.

11. that the Annual Budget for 2024/2025 MTREF be submitted to National and Provincial Treasury.

12. that Council notes the public inputs received on the budget and IDP under Annexure A.

13. that the Service Delivery and Budget Implementation Plans (SDBIP) be submitted to the Executive Mayor within 14 days after approval of the budget and be approved within 28 days.
14. that the draft Performance Agreements be submitted to the Executive Mayor within 14 days after approval of the budget and be made public within 14 days after approval of the SDBIP.
15. that the Annual Budget with all Annexures be placed on the municipal website.