

1. REPORT: DRAFT BUDGET 2024/2025 MTREF (MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK) / VERSLAG: KONSEP BEGROTING 2024/2025 MEDIUM TERMYN INKOMSTE EN UITGAWE RAAMWERK (MTIUR) / INGXELO: UYLO LOLWABIWO-MALI 2024/2025 MTREF (INGENISO YEXESHA ELIFUTSHANE KUNYE NENDLELA YENCITHO)

(6/18/7)

20 March 2024

REPORT FROM THE EXECUTIVE MAYOR (M BOOYSEN)

2 PURPOSE

To table the draft budget 2024/25 MTREF of Garden Route District Municipality for consideration in terms of Section 16 (2) of the Municipal Finance Management Act 56 of 2003.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

The draft budget 2024/25 MTREF of Garden Route District Municipality is hereby tabled for consideration in terms of Section 16 (2) of the Municipal Finance Management Act 56 of 2003.

5. RECOMMENDATIONS

That Council take the following resolutions:

- 1) That the draft annual budget of Garden Route District Municipality for the financial year 2024/25 as set out in the schedules contained in Section 4 and Annexure A be noted:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);

- (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
 - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure);
 - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source);
 - (vi) Table A6 Consolidated Budget Financial Position;
 - (vii) Table A7 Consolidated Budget Cash Flows;
 - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus;
 - (ix) Table A9 Consolidated Asset Management; and
 - (x) Table A10 Consolidated basic service delivery measurement
- 2) That Council takes note of the Operating Revenue Budget of **R491,857,472**.
- 3) That Council takes note of the Operating Expenditure budget of **R487,507,376**.
- 4) That Council takes note of the Capital budget of **R224,925,909**.
- 5) That Council takes note that **R207,157,622** operating income and expenditure as approved by the Western Cape Department of Infrastructure for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
- 6) That Council takes note of the tariffs for all services (Annexure B).
- 7) That Council takes note of the amended budget related policies that have been reviewed and that have been amended, namely:
- Supply Chain Management Policy (Annexure H)
 - Preferential Procurement Policy (Annexure L)
- 8) That council takes note of the following policies that have been reviewed and remained unchanged, namely:
- Tariff Policy (Annexure C)
 - Long term Financial Plan Policy (Annexure D)
 - Budget policy (Annexure E)
 - Asset Management Policy (Annexure F)
 - Funding and Reserve Policy (Annexure G)
 - Credit Control and Debt Collection Policy and Bylaw (Annexure I)
 - Banking, Cash Management and Investment Policy (Annexure J)
 - Borrowing Policy (Annexure K)
 - Petty Cash Policy (Annexure M)

- Cost Containment Policy (Annexure N)
- 9) That Council takes note of the following Budget Circulars, namely:
- MFMA Circular No 126 (Annexure O)
 - MFMA Circular No 128 (Annexure P)
 - Treasury Circular Mun. No. 06/2024 (Annexure Q)

AANBEVELINGS

Dat die Raad die volgende aanbevelings aanvaar:

- 1) Dat die Raad kennis neem van die meerjarige konsepbegroting vir Garden Route Distrik Munisipaliteit vir die finansiële jaar 2024/2025 soos uiteengesit in seksie 4 van die begrotingsverslag en Aangangsel A:
- (i) Tabel A1 Gekonsolideerde begrotings opsomming;
 - (ii) Tabel A2 Gekonsolideerde Begrotings Finansiële prestasie (volgens standard klassifikasie);
 - (iii) Tabel A3 Gekonsolideerde Begrotings Finansiële Prestasie (volgens munisipale segment);
 - (iv) Tabel A4 Gekonsolideerde Begrotings Finansiële Prestasie (Inkomste en Uitgawes);
 - (v) Tabel A5 Gekonsolideerde Kapitale Begrotings uitgawes (volgens munisipale segment en befondsing bron);
 - (vi) Tabel A6 Gekonsolideerde Begroting Finansiële;
 - (vii) Tabel A7 Gekonsolideerde Begroting Kontantvloei;
 - (viii) Tabel A8 Gekonsolideerde kontant gerugsteunde reserwes/opgehoopde surplus;
 - (ix) Tabel A9 Gekonsolideerde Bate Bestuur; en
 - (x) Tabel A10 Gekonsolideerde Basiese dienslewering bepaling.
- 2) Dat die Raad kennis neem van die Bedryfsinkomste van **R491,857,471**.
- 3) Dat die Raad kennis neem van die Bedryfsuitgawes van **R487,507,376**.
- 4) Dat die Raad kennis neem van die Kapitale Begroting van **R224,925,909**.
- 5) Dat die Raad kennis neem dat **R207,157,622** bedryfsinkomste en bedryfsuitgawes van die Wes-Kaapse Departement van Infrastruktuur vir die paaië agentskapsfunksie ingesluit is by die totale bedryfsbegroting soos per aanbeveling 1 – 4.

- 6) Dat die Raad kennis neem van die tariewe vir alle dienste. (Aanhangsel B)
- 7) Dat die Raad kennis neem van die aangepaste begrotingsverwante beleide wat hersien en verander is, naamlik:
 - Voorsienings Kanaal Beleid (Aanhangsel H)
 - Voorkeur Verkrygings Beleid (Aanhangsel L)
- 8) Dat die Raad kennis neem dat die volgende beleide hersien is en geen veranderinge is aangebring nie, naamlik:
 - Tariewe Beleid (Aanhangsel C)
 - Langtermyn Finansiële Bestuurs Beleid (Aanhangsel D)
 - Begrotings Beleid (Aanhangsel E)
 - Bate Bestuurs Beleid (Aanhangsel F)
 - Opgehoopte fondse en reserwe beleid (Aanhangsel G)
 - Krediet Beheer en Skuld Invorderings Beleid (Aanhangsel I)
 - Bank, Kontantbestuur en beleggings Beleid (Aanhangsel J)
 - Lenings Beleid (Aanhangsel K)
 - Kleinkas Beleid Regulasies (Aanhangsel M)
 - Koste Inperkingsbeleid (Aanhangsel N)
- 9) Dat die Raad kennis neem van die volgende begrotings omsendskrywes, naamlik:
 - MFMA Omsendskrywe No 122 (Aanhangsel O)
 - MFMA Omsendskrywe No 123 (Aanhangsel P)
 - Tesourier Omsendskrywe Mun. No. 06/2024 (Aanhangsel Q)

ISINDULULO

(WILL BE INCLUDED BY THE TRANSLATOR)

6. DISCUSSION / CONTENTS

6.1. Background

Municipal Finance Management Act 56 of 2003:

Section 16 (2) *The mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.*

Section 16 of the MFMA states:

“(1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.”

Municipal Budget and Reporting Regulations dated April 2009:

Regulation (9) of the Municipal Budget and Reporting Regulations dated April 2009 states:

The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

Regulation 14 (1) of the Municipal Budget and Reporting Regulations dated April 2009 states:

– an annual budget and supporting documentation tabled in a municipal council in terms of section 16(2) and 17(3) of the Act –

(a) Be in the format in which it will eventually be approved by council.

(b) Be credible and realistic such that is it capable of being approved and implemented as tabled.

6.2 Discussion

The draft budget 2024/25 MTREF of Garden Route District Municipality is hereby tabled for consideration in terms of Section 16 (2) of the Municipal Finance Management Act 56 of 2003.

6.3 Financial Implications

As set out in the tabled draft budget.

6.4 Legal Implications

Municipal Finance Management Act, No 56 of 2003
Municipal Budget and Reporting Regulations, 17 April 2009

6.5 Staff Implications

None

6.6 Previous / Relevant Council Resolutions:

There are no previous or relevant Council resolutions related to this matter.

6.7 Risk Implications

None.

6.8 Comments from Executive Management:

6.8.1 Executive Manager: Roads and Transport Planning Services

6.8.2 Executive Manager: Economic Development and Planning

6.8.3 Executive Manager: Community Services

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**GARDEN ROUTE DISTRICT
MUNICIPALITY
DRAFT ANNUAL BUDGET REPORT**

2024/2025- 2026/2027 MTREF

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Annexure O – MFMA Circular No 126

Annexure P – MFMA Circular No 128

Annexure Q – Treasury Circular Mun. No. 06/2024

Glossary

Annual budget – Prescribed in Chapter 4 of the MFMA.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

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

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

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown 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 legislation that shows the total allocations made by national to provincial and local government.

Equitable share – An unconditional grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like 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

MBRR – Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

mSCOA – Municipal Standard Chart of Accounts

MTREF – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations.

Operating expenditure – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets 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.

Unauthorised expenditure – Generally, spends without, or in excess of, an approved budget.

Virement – means transfer of funds between function / votes within a budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be endorsed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget, in Garden Route District Municipality's case this means the different GFS classification the budget is divided into.

Legislative Framework

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act – No. 56 of 2003

Section 16 & 17 Annual Budgets

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations, April 2009

A Schedule budget formats

PART 1 – BUDGET

SECTION 1 – MAYORAL SPEECH

Honourable Speaker, Deputy Mayor, Councillors, Municipal Manager, officials and members of the public, I want to welcome you at this stage of the agenda.

It is a privilege to be here and to table the 2024/2025 MTREF Draft Budget to council.

The Draft 2024/25 MTREF Budget per the municipality's IDP Strategic Objectives:

Operating budget per strategic objective:

Strategic Objective Expenditure	2024/2025	2025/2026	2026/2027
SO1: Health and Socially Stable Communities	45 792 503	48 403 754	51 170 432
SO2: A Skilled Workforce and Communities	39 326 180	40 230 180	41 519 667
SO3: Bulk Infrastructure Co-ordination	210 174 801	223 713 171	223 574 265
SO4: Sustainable Environmental Management and Public Safety	35 758 210	37 708 247	39 782 390
SO5: Good Governance	(365 774 124)	(382 503 290)	(389 895 776)
SO6: Financial Viability and Sustainability	21 457 761	22 729 961	24 197 833
SO7: Growing an inclusive district economy	8 914 573	9 067 940	9 501 110
TOTAL (SURPLUS)/ DEFICIT BEFORE CAPITAL	(4 350 096)	(650 037)	(150 079)

Capital budget per strategic objective:

Strategic Objective Expenditure	2024/2025	2025/2026	2026/2027
SO1: Health and Socially Stable Communities	150 000	150 000	150 000
SO3: Bulk Infrastructure Co-ordination	220 575 909	-	-
SO4: Sustainable Environmental Management and Public Safety	3 000 000	500 000	-
SO5: Good Governance	1 200 000	-	-
TOTAL CAPITAL EXPENDITURE	224 925 909	650 000	150 000

It was a challenge to ensure a cash funded budget is tabled in view of the financial constraints. As a district municipality that is highly dependent on grants, the RSC replacement grant increased only with 2% (R2,9m) versus a 6.71% increase in employee related cost (R16m) – no vacant positions were included in the salary budget.

Various discussions are in place to address the revenue sources of council for long term financial sustainability. various actions is in process by the Planning and Economic Development Department to ensure maximum revenue is derived from our properties and resorts.

The following 2024/25 Annual Budget is presented to Council for consideration:

1. HIGH LEVEL SUMMARY: BUDGET 2024/25

HIGH-LEVEL SUMMARY: BUDGET 2024/2025			
High-level summary	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Operational Revenue	491 857 472	512 770 888	527 566 179
Operational Expenditure	(487 507 376)	(512 120 851)	(527 416 100)
	4 350 096	650 037	150 079
Capital Expenditure	(224 925 909)	(650 000)	(150 000)
Less funded from NT Grants	-	-	-
Less funded from PT Grants	4 200 000	500 000	-
Less funded from Borrowings	220 575 909	-	-
Less funded from Own funds (Insurance Refunds)	150 000	150 000	150 000
Surplus/ (Deficit)	96	37	79

2. SUMMARY: TOTAL OPERATING EXPENDITURE

SUMMARY: TOTAL OPERATING EXPENDITURE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Contracted Services	46 229 716	45 775 979	46 423 041
Depreciation and Amortisation	5 960 004	5 960 004	5 960 004
Employee Related Cost	302 966 319	317 058 496	329 767 450
Interest, Dividends and Rent on Land	75 194	75 194	75 194
Inventory Consumed	51 013 441	58 347 617	58 357 953
Irrecoverable Debts Written Off	1 000 000	1 000 000	1 000 000
Operating Leases	227 314	165 000	165 000
Operational Cost	63 279 033	66 324 626	67 485 739
Remuneration of Councillors	14 053 502	14 699 965	15 376 162
Transfers and Subsidies	1 256 985	1 256 985	1 256 985
Other Expenditure	1 445 868	1 456 985	1 548 572
Total Operating Expenditure	487 507 376	512 120 851	527 416 100

3. SALARY/REMUNERATION RELATED EXPENDITURE

SALARY/ REMUNERATION RELATED EXPENDITURE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Employee Related Cost - Senior Management	12 252 586	12 870 776	13 479 545
Employee Related Cost - Municipal Staff	290 713 733	304 187 720	316 287 905
Remuneration of Councillors	14 053 502	14 699 965	15 376 162
Total Salary/ Remuneration Related Expenditure	317 019 821	331 758 461	345 143 612

The MFMA Budget Circular No.126 (07 December 2023) stated the following –

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases. It has been observed over the previous years that salary increases were above

inflation and has posed challenges to most municipalities' sustainability. In addition, municipalities that could not afford such increases did not apply for exemption as provided by SALGBC.

Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. Municipalities that are already not in a position to afford the current wage cost, would have to limit the increase in the 2024/25 MTREF and to exercise the option for exemption for any negotiated increase above the level of their affordability.

Employee related costs were adjusted on average with 6,7% (4,9% consumer price index (CPI) inflation as forecasted in MFMA Budget Circular No.126; plus the 1,8% notch increase). No new vacant positions have been budgeted for in view of the financial constraints and given that most of the budget (62%) is allocated to employee related costs.

Standby and Acting allowances have been significantly cut and Overtime limited to emergency staff services such as fire services for example as from 1 March 2024.

4. OTHER OPERATING EXPENDITURE

TOTAL OPERATING EXPENDITURE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Operational Expenditure	280 349 755	291 153 039	306 448 288
Roads Agency Services	207 157 622	220 967 812	220 967 812
Total Operating Expenditure	487 507 376	512 120 851	527 416 100

Notes on the other operating expenditure items:

- Operational expenditure has been classified and budgeted for according to mSCOA, expenditure cuts were made to non-essential expenditure, fixed operational expenditure was increased with CPI.
- Non-cash items such as bad debts, depreciation and amortisation were aligned to the 2022/23 audited financial figures.
- Other expenditure budgeted for was increased with the projected CPI Inflation forecast of 4,9% per MFMA Budget Circular No.126, except where budget cuts were made.
- Catering and Entertainment has been significantly cut.
- Subsistence and Travel related expenditure was reduced by approximately half of the 2023/24 amount. Given the current financial constraints, technology/ video/ teleconferencing must be considered, only in exceptional cases will travelling be approved. Travelling will only be approved in exceptional circumstances.
- Contracted services, Maintenance, Inventory consumed and Operational costs primarily remained the same as 2023/24 or cut where possible.

5. OPERATING REVENUE

TOTAL OPERATING REVENUE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Agency Services	(24 214 000)	(24 646 000)	(25 555 000)
Interest, Dividend and Rent on Land	(18 736 197)	(22 145 870)	(25 610 180)
Licences or Permits	(70 926)	(74 189)	(77 601)
Operational Revenue	(4 054 823)	(4 234 010)	(4 421 875)
Rental from Fixed Assets	(1 762 890)	(2 424 300)	(3 000 000)
Roads Income	(207 157 622)	(220 967 812)	(220 967 812)
Sales of Goods and Rendering of Services	(16 874 621)	(18 941 313)	(21 899 320)
Transfers and Subsidies	(218 986 393)	(219 337 393)	(226 034 393)
Total Operating Revenue	(491 857 471)	(512 770 887)	(527 566 180)

5.1 RSC REPLACEMENT GRANT

The equitable share over the MTREF period grows very slowly. The RSC replacement grant increased only with 2% (R2,9m), which is not sufficient to ensure the financial sustainability of this municipality as it is below the annual CPI inflation. Our limited revenue resources have compelled the municipality to pursue additional income sources to deliver the services in the region and this remains a challenge as we have limited own income sources. Turnaround strategies are being compiled for properties and resorts and alternative revenue enhancement strategies are being explored. The planning and economic development department is in process of compiling action plans for properties and resorts to ensure maximum revenue is generated from the resorts and properties in the long-term.

5.2 REGIONAL LANDFILL SITE

The landfill site construction commenced towards the end of the 2022-23 financial year. According to the Engineer's report, the landfill cell is designed with a capacity to be of service for 25 years (4 cells of 25 hectares in size with a capacity to be filled 12 meters in height).

The Garden Route District Municipality completed procurement process to obtain borrowing to finance the facility's construction. After an intensive tender adjudication process and after a meeting with all the participating municipalities to analyse and determine the best and most appropriate tendered loan option, the meeting collectively decided unanimously that the preferred option of the tenders offered would be clearly the 10-year loan with an all-in floating rate of 6,89% offered by Standard Bank.

GRDM has negotiated service level agreements with participating B-Municipalities. It is imperative that the participating local municipalities provide a signed SLA, indicating the participation for 10 years. The tariffs will be included in the GRDM tariff structure to cater for the provision of this service.

There are four participating municipalities (Bitou, Knysna, George and Mossel Bay) who will be utilising the regional landfill site. Monthly accounts will be sent to the participating municipalities for the utilisation of the landfill site. The tariff policy and tariff listings included in the budget submission sets the tariff to be charged. This was established based on a financial model prepared by consultants based on a “best estimate” calculation for the construction and operating of the landfill site. This tariff will be revised annually to ensure the tariff covers the full cost of the service that GRDM will be providing to participating municipalities in this regard.

A separate rehabilitation reserve will be set up which must be cash-backed to ensure cash is available to rehabilitate the landfill space at the end of its useful life. Included in the monthly accounts to the participating municipalities will be a contribution for the rehabilitation of the regional landfill site to ensure cash reserves will be sufficient to rehabilitate the landfill site at the end of its useful life. The regional landfill site will become operational during 24/25 financial year once construction is completed.

5.3 RENTAL OF PROPERTIES/FACILITIES

It is envisioned with the turnaround strategy for properties and resorts that additional funding can be generated if market related rental agreements are signed with current/ new tenants.

5.4 INTEREST EARNED

Interest earned was increased over the MTREF period. Management reviewed the Investment Strategy to update the approach and alternatives – e.g., all cash not deposited in call accounts at banks for interest, but potentially invest in other assets (as allowed by the MFMA) for higher returns.

5.5 GOVERNMENT GRANTS

Budgeted as per DoRA (Division of Revenue Act) as well as allocations received from Provincial Government.

5.6 INCOME FROM AGENCY SERVICES

Included under this item is the administration fee at 12% of the total allocation received for performing the roads function on behalf of the Department of Public Transport. The MOA has not yet been received for the 2024/2025 financial year which will include the indicative outer years, therefore a conservative approach was followed for 2026/2027 and the budget was kept at the same allocation as for outer year 2.

5.7 SALE OF GOODS AND SERVICES/OPERATIONAL REVENUE

Included under this item is the income from resorts and firefighting income. With the turnaround strategies for resorts and properties it is envisioned that revenue derived from these sources will increase significantly from 2025/2026.

5.8 TURNAROUND STRATEGY PROPERTIES

The Municipality has embarked on aggressive marketing for the resorts as well as cost saving initiatives. The cost saving initiatives includes the installation of solar system and battery power storage at De Hoek Resort. This is expected to reduce the electricity consumption from the grid by 95%. This has already proved to be a success as the monitoring indicate a drastically reduced electricity consumption.

It is envisaged that the same approach will be used in various GRDM offices, including reviving the solar project in head office.

A turn-around strategy for properties and resorts will be developed by the property manager to maximise potential for properties. Related revenue from properties were increased as it is envisioned that it will increase with the turnaround strategies but will not be realised in the short term. This is a long-term planning process with envisioned additional revenue.

Negotiations are in advanced stages with different spheres of Government regarding transfer of certain properties to GRDM.

5.9 ROADS AGENCY FUNCTION

An amount of R207 157 622 for the Roads agency function has been included in the operating revenue budget. This is based on the signed Memorandum of Agreement with the Department of Infrastructure for 2023/2024. The MOA has not yet been received for the 2024/2025 financial year which will include the indicative outer years, therefore a conservative approach was followed for 2026/2027 and the budget was kept at the same allocation as for outer year 2.

6 CAPITAL BUDGET

In the 2024/25 financial year, the construction of the regional landfill site is largest item budgeted for. In compliance with the appropriate GRAP accounting standards, GRDM must capitalise this asset to its Statement of Financial Position as an addition once the site becomes operational and complies with the definition of an asset. The funding source from borrowing and the asset will be offset with a liability of the same quantum (as per the GRAP requirements).

Refer to section 5.2 for more detail regarding the regional landfill site project.

CAPITAL BUDGET			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Capital Expenditure	(224 925 909)	(650 000)	(150 000)
Less funded from NT Grants	-	-	-
Less funded from PT Grants	4 200 000	500 000	-
Less funded from Borrowings	220 575 909	-	-
Less funded from Own funds (Insurance Refunds)	150 000	150 000	150 000
	-	-	-

Notes on the above Capital Budget:

- Concern should be raised over the limited funding available for the capital budget.
- No funding from own funds as the Capital Replacement Reserve (CRR) is depleted and must be replenished first
- The landfill site construction is in progress and not yet operational

The detailed capital budget for the 2024/25 MTREF are listed below:

CAPITAL BUDGET				
Cost Centre	Own Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Assets	Furniture / Equipment (Insurance Refunds)	150 000	150 000	150 000
Fire fighting	Water Truck 5000 Liter	1 200 000	-	-
Fire Fighting	Hazardous Materials Equipment	3 000 000	500 000	-
Waste Management Landfill Sites	Landfill Site: PPE	220 575 909	-	-
Total Capital Budget		224 925 909	650 000	150 000

I want to express my appreciation to the Budget Steering Committee, the Senior Managers and staff for their commitment and dedication.

Speaker, on this note, I would therefore like to recommend that council approve the following resolutions:

- 1) That the draft annual budget of Garden Route District Municipality for the financial year 2024/25 as set out in the schedules contained in Section 4 and Annexure A be noted:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
 - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
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(ix) Table A9 Consolidated Asset Management; and

(x) Table A10 Consolidated basic service delivery measurement

- 2) That Council takes note of the Operating Revenue Budget of **R491,857,472**.
- 3) That Council takes note of the Operating Expenditure budget of **R487,507,376**.
- 4) That Council takes note of the Capital budget of **R224,925,909**.
- 5) That Council takes note that **R207,157,622** operating income and expenditure as approved by the Western Cape Department of Infrastructure for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
- 6) That Council takes note of the tariffs for all services (Annexure B).
- 7) That Council takes note of the amended budget related policies that have been reviewed and that have been amended, namely:
 - Supply Chain Management Policy (Annexure H)
 - Preferential Procurement Policy (Annexure L)
- 8) That council takes note of the following policies that have been reviewed and remained unchanged, namely:
 - Tariff Policy (Annexure C)
 - Long term Financial Plan Policy (Annexure D)
 - Budget policy (Annexure E)
 - Asset Mangement Policy (Annexure F)
 - Funding and Reserve Policy (Annexure G)
 - Credit Control and Debt Collection Policy and Bylaw (Annexure I)
 - Banking, Cash Management and Investment Policy (Annexure J)
 - Borrowing Policy (Annexure K)
 - Petty Cash Policy (Annexure M)
 - Cost Containment Policy (Annexure N)
- 9) That Council takes note of the following Budget Circulars, namely:
 - MFMA Circular No 126 (Annexure O)
 - MFMA Circular No 128 (Annexure P)
 - Treasury Circular Mun. No. 06/2024 (Annexure Q)

SECTION 2 – RESOLUTIONS

Municipal Financial Management (Act, 56 of 2003) - SECTION 16 & 17 Municipal budgets.

These are the resolutions being presented to Council in terms of Municipal Finance Management Act, in respect of the annual budget and related information.

- 1) That the draft annual budget of Garden Route District Municipality for the financial year 2024/25 as set out in the schedules contained in Section 4 and Annexure A be noted:
 - (i) Table A1 Consolidated Budget Summary;
 - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
 - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
 - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure);
 - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source);
 - (vi) Table A6 Consolidated Budget Financial Position;
 - (vii) Table A7 Consolidated Budget Cash Flows;
 - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus;
 - (ix) Table A9 Consolidated Asset Management; and
 - (x) Table A10 Consolidated basic service delivery measurement
- 2) That Council takes note of the Operating Revenue Budget of **R491,857,472**.
- 3) That Council takes note of the Operating Expenditure budget of **R487,507,376**.
- 4) That Council takes note of the Capital budget of **R224,925,909**.
- 5) That Council takes note that **R207,157,622** operating income and expenditure as approved by the Western Cape Department of Infrastructure for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
- 6) That Council takes note of the tariffs for all services (Annexure B).
- 7) That Council takes note of the amended budget related policies that have been reviewed and that have been amended, namely:
 - Supply Chain Management Policy (Annexure H)
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- 8) That council takes note of the following policies that have been reviewed and remained unchanged, namely:
 - Tariff Policy (Annexure C)
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 - Budget policy (Annexure E)
 - Asset Mangement Policy (Annexure F)
 - Funding and Reserve Policy (Annexure G)
 - Credit Control and Debt Collection Policy and Bylaw (Annexure I)

- Banking, Cash Management and Investment Policy (Annexure J)
 - Borrowing Policy (Annexure K)
 - Petty Cash Policy (Annexure M)
 - Cost Containment Policy (Annexure N)
- 9) That Council takes note of the following Budget Circulars, namely:
- MFMA Circular No 126 (Annexure O)
 - MFMA Circular No 128 (Annexure P)
 - Treasury Circular Mun. No. 06/2024 (Annexure Q)

SECTION 3 – EXECUTIVE SUMMARY

3.1 Introduction

This budget report is tabled in terms of the Municipal Finance Management Act, 56 of 2003 and the Municipal Budget and Reporting Regulations, dated 17 April 2009.

Municipal Finance Management Act, 56 of 2003

Section 16(1) *The council of a municipality must for each financial year approve an annual budget before the start of that financial year.*

Section 16(2) *The annual budget must be tabled at the council meeting at least 90 days before the start of the new financial year.*

Section 17(1) *An annual budget must be in a prescribed format.*

Municipal Budget and Reporting Regulations, 17 April 2009

14) Tabling of annual budgets in municipal councils

14(1) *An annual budget and supporting documentation tabled in a municipal council in terms of sections 16(2) and 17 (3) of the Act must-*

- (a) *Be in a format in which it will eventually be approved by the council; and*
- (b) *Be credible and realistic such that it is capable of being approved and implemented as tabled*

9) Format of annual budgets

The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

3.2 Proposed Annual Budget 2024/25 - 2026/27 MTREF:

The annual operating budget for the financial year 2024/25 MTREF period is proposed:

ANNUAL MTREF BUDGET 2024/25

MTREF TOTAL BEFORE CAPITAL:

OPERATING SURPLUS/(DEFICIT)			
High-level summary	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Operational Revenue	491 857 472	512 770 888	527 566 179
Operational Expenditure	(487 507 376)	(512 120 851)	(527 416 100)
	4 350 096	650 037	150 079
Capital Expenditure	(224 925 909)	(650 000)	(150 000)
Less funded from NT Grants	-	-	-
Less funded from PT Grants	4 200 000	500 000	-
Less funded from Borrowings	220 575 909	-	-
Less funded from Own funds (Insurance Refunds)	150 000	150 000	150 000
Surplus/ (Deficit)	96	37	79

The MFMA Budget Circular No.126 (07 December 2023) stated the following –

National/ Provincial Treasuries encourage municipalities to prepare a surplus budget to avoid placing the municipality's resources in financial difficulties. The adoption of a credible budget starts with the preparation of a surplus budget. With effect from 1 July 2024 all municipal Councils are advised not to approve a deficit budget, as such Mayors who table budgets to Council must be aware of the implications of a deficit budget.

Accounting Officers and their Chief Financial Officers are responsible for preparing budgets and accordingly are tasked with ensuring that the Mayor is guarded against submitting a deficit budget to Council for adoption. Failure thereof may result in Councils implementing section 171 of the MFMA to both the Accounting Officer and Chief Financial Officer.

TOTAL OPERATING EXPENDITURE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Operational Expenditure	280 349 755	291 153 039	306 448 288
Roads Agency Services	207 157 622	220 967 812	220 967 812
Total Operating Expenditure	487 507 376	512 120 851	527 416 100

R207 157 622 has been included in the operating revenue and operating expenditure for the roads agency function performed on behalf of Department of Public Transport, thus increasing the total of the operating budget by these amounts, but the net effect on the budget is R0.

OPERATING SURPLUS / (DEFICIT):

High-level summary	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Surplus/ (Deficit)	96	37	79

It is imperative that the turnaround strategies be compiled urgently and submitted to Council for approval and implemented to ensure the additional revenues will be collected as well as other revenue generating projects/ strategies being investigated be concluded and outputs are achieved as envisioned.

OPERATING EXPENDITURE:

SUMMARY: TOTAL OPERATING EXPENDITURE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Contracted Services	46 229 716	45 775 979	46 423 041
Depreciation and Amortisation	5 960 004	5 960 004	5 960 004
Employee Related Cost	302 966 319	317 058 496	329 767 450
Interest, Dividends and Rent on Land	75 194	75 194	75 194
Inventory Consumed	51 013 441	58 347 617	58 357 953
Irrecoverable Debts Written Off	1 000 000	1 000 000	1 000 000
Operating Leases	227 314	165 000	165 000
Operational Cost	63 279 033	66 324 626	67 485 739
Remuneration of Councillors	14 053 502	14 699 965	15 376 162
Transfers and Subsidies	1 256 985	1 256 985	1 256 985
Other Expenditure	1 445 868	1 456 985	1 548 572
Total Operating Expenditure	487 507 376	512 120 851	527 416 100

Employee related cost

The MFMA Budget Circular No.126 (07 December 2023) stated the following –

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases. It has been observed over the previous years that salary increases were above inflation and has posed challenges to most municipalities' sustainability. In addition, municipalities that could not afford such increases did not apply for exemption as provided by SALGBC.

Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. Municipalities that are already not in a position to afford the current wage cost, would have to limit the increase in the 2024/25 MTREF and to exercise the option for exemption for any negotiated increase above the level of their affordability.

Employee related costs were adjusted on average with 6,7% (4,9% consumer price index (CPI) inflation as forecasted in MFMA Budget Circular No.126; plus the 1,8% notch increase). No new

vacant positions have been budgeted for in view of the financial constraints and given that most of the budget (62%) is allocated to employee related costs.

Standby and Acting allowances have been significantly cut and Overtime limited to emergency staff services such as fire services for example as from 1 March 2024.

Councillor Remuneration

Councillor remuneration was budgeted on a grade 5 and adjusted with the ordinary annual increase of 5%.

Irrecoverable Debts Written Off

Mainly due to firefighting accounts not being paid as debtors are disputing the origin of the fires and was reduced.

Depreciation:

This is a GRAP related expenditure which must be provided for annually in the financial statements as per the relevant GRAP accounting standards. The amount was aligned to the audited annual financial statements of 2022/2023.

Repairs and Maintenance

Maintenance for assets have been budgeted for to ensure that repairs and maintenance can be done timeously so that the useful life of the assets can be lengthened. The maintenance of Council equipment should be done regularly because replacement of the current assets with new purchases will be very costly for the municipality on the long term.

It should be noted that repairs and maintenance is below the norm and is an area of concern. Repairs and maintenance are now classified under the respective nature of expenditure according to GRAP and mSCOA requirements: Employee related costs, other materials, contracted services and other expenditure.

The user department is in the process of compiling maintenance plans per asset. This will guide council on what the amount is for the backlog in maintenance as well as what should be budgeted annually for repairs and maintenance.

Interest Paid

A loan was taken out to fund the construction of the regional landfill site. Due process as per Section 46 of the MFMA has been followed in the taking up of the loan.

Grant Allocations

Unbundled into the relevant expenditure classification votes as per GRAP Standards. Refer to the income section of the report for detail of the grants.

Other Operating expenditure

- Operational expenditure has been classified and budgeted for according to mSCOA, expenditure cuts were made to non-essential expenditure, fixed operational expenditure was increased with CPI.
- Non-cash items such as bad debts, depreciation and amortisation were aligned to the 2022/23 audited financial figures.
- Other expenditure budgeted for was increased with the projected CPI Inflation forecast of 4,9% per MFMA Budget Circular No.126, except where budget cuts were made.
- Catering and Entertainment has been significantly cut.
- Subsistence and Travel related expenditure was reduced by approximately half of the 2023/24 amount. Given the current financial constraints, technology/ video/ teleconferencing must be considered, only in exceptional cases will travelling be approved. Travelling will only be approved in exceptional circumstances.
- Contracted services, Maintenance, Inventory consumed and Operational costs primarily remained the same as 2023/24 or cut where possible.

Roads agency expenditure

The expenditure is based on the amount per the signed Memorandum of Agreement for 2023/2024 between the Department of Infrastructure and the Garden Route DM for performing the Roads agency function. The MOA has not yet been received for the 2024/2025 financial year which will include the indicative outer years, therefore a conservative approach was followed for 2026/2027 and the budget was kept at the same allocation as for outer year 2.

OPERATING REVENUE

TOTAL OPERATING REVENUE			
Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Agency Services	(24 214 000)	(24 646 000)	(25 555 000)
Interest, Dividend and Rent on Land	(18 736 197)	(22 145 870)	(25 610 180)
Licences or Permits	(70 926)	(74 189)	(77 601)
Operational Revenue	(4 054 823)	(4 234 010)	(4 421 875)
Rental from Fixed Assets	(1 762 890)	(2 424 300)	(3 000 000)
Roads Income	(207 157 622)	(220 967 812)	(220 967 812)
Sales of Goods and Rendering of Services	(16 874 621)	(18 941 313)	(21 899 320)
Transfers and Subsidies	(218 986 393)	(219 337 393)	(226 034 393)
Total Operating Revenue	(491 857 471)	(512 770 887)	(527 566 180)

RSC REPLACEMENT GRANT

The equitable share over the MTREF period grows very slowly. The RSC replacement grant increased only with 2% (R2,9m), which is not sufficient to ensure the financial sustainability of this municipality as it is below the annual CPI inflation. Our limited revenue resources have compelled the municipality to pursue additional income sources to deliver the services in the region and this remains a challenge as we have limited own income sources. Turnaround strategies are being compiled for properties and resorts and alternative revenue enhancement strategies are being explored. The planning and economic development department is in process of compiling action plans for properties and resorts to ensure maximum revenue is generated from the resorts and properties in the long-term.

REGIONAL LANDFILL SITE

The landfill site construction commenced towards the end of the 2022-23 financial year. According to the Engineer's report, the landfill cell is designed with a capacity to be of service for 25 years (4 cells of 25 hectares in size with a capacity to be filled 12 meters in height).

The Garden Route District Municipality completed procurement process to obtain borrowing to finance the facility's construction. After an intensive tender adjudication process and after a meeting with all the participating municipalities to analyse and determine the best and most appropriate tendered loan option, the meeting collectively decided unanimously that the preferred option of the tenders offered would be clearly the 10-year loan with an all-in floating rate of 6,89% offered by Standard Bank.

GRDM has negotiated service level agreements with participating B-Municipalities. It is imperative that the participating local municipalities provide a signed SLA, indicating the participation for 10 years. The tariffs will be included in the GRDM tariff structure to cater for the provision of this service.

There are four participating municipalities (Bitou, Knysna, George and Mossel Bay) who will be utilising the regional landfill site. Monthly accounts will be sent to the participating municipalities for the utilisation of the landfill site. The tariff policy and tariff listings included in the budget submission sets the tariff to be charged. This was established based on a financial model

prepared by consultants based on a “best estimate” calculation for the construction and operating of the landfill site. This tariff will be revised annually to ensure the tariff covers the full cost of the service that GRDM will be providing to participating municipalities in this regard.

A separate rehabilitation reserve will be set up which must be cash-backed to ensure cash is available to rehabilitate the landfill space at the end of its useful life. Included in the monthly accounts to the participating municipalities will be a contribution for the rehabilitation of the regional landfill site to ensure cash reserves will be sufficient to rehabilitate the landfill site at the end of its useful life. The regional landfill site will become operational during 24/25 financial year once construction is completed.

RENTAL OF PROPERTIES/FACILITIES

It is envisioned with the turnaround strategy for properties and resorts that additional funding can be generated if market related rental agreements are signed with current/ new tenants.

INTEREST EARNED

Interest earned was increased over the MTREF period. Management reviewed the Investment Strategy to update the approach and alternatives – e.g., all cash not deposited in call accounts at banks for interest, but potentially invest in other assets (as allowed by the MFMA) for higher returns.

GOVERNMENT GRANTS

Budgeted as per DoRA (Division of Revenue Act) as well as allocations received from Provincial Government.

INCOME FROM AGENCY SERVICES

Included under this item is the administration fee at 12% of the total allocation received for performing the roads function on behalf of the Department of Public Transport. The MOA has not yet been received for the 2024/2025 financial year which will include the indicative outer years, therefore a conservative approach was followed for 2026/2027 and the budget was kept at the same allocation as for outer year 2.

SALE OF GOODS AND SERVICES/OPERATIONAL REVENUE

Included under this item is the income from resorts and firefighting income. With the turnaround strategies for resorts and properties it is envisioned that revenue derived from these sources will increase significantly from 2025/2026.

TURNAROUND STRATEGY PROPERTIES

The Municipality has embarked on aggressive marketing for the resorts as well as cost saving initiatives. The cost saving initiatives includes the installation of solar system and battery power storage at De Hoek Resort. This is expected to reduce the electricity consumption from the grid by 95%. This has already proved to be a success as the monitoring indicate a drastically reduced electricity consumption.

It is envisaged that the same approach will be used in various GRDM offices, including reviving the solar project in head office.

A turn-around strategy for properties and resorts will be developed by the property manager to maximise potential for properties. Related revenue from properties were increased as it is envisioned that it will increase with the turnaround strategies but will not be realised in the short term. This is a long-term planning process with envisioned additional revenue.

Negotiations are in advanced stages with different spheres of Government regarding transfer of certain properties to GRDM.

ROADS AGENCY FUNCTION

An amount of R207 157 622 for the Roads agency function has been included in the operating revenue budget. This is based on the signed Memorandum of Agreement with the Department of Infrastructure for 2023/2024. The MOA has not yet been received for the 2024/2025 financial year which will include the indicative outer years, therefore a conservative approach was followed for 2026/2027 and the budget was kept at the same allocation as for outer year 2.

Tariffs

Fire tariffs:

- Tariffs increased with 4,9% based on the 2023/24 tariffs

Resorts tariffs:

- Tariffs at Calitzdorp Spa was increased by 4,9%
- Tariffs at De Hoek was increased by 4,9%
- Tariffs at Swartvlei was increased by 4,9%
- Tariffs at Victoria Bay was increased by 4,9%

Regional Waste Management Facility tariffs (new):

Client	Utilisation of Regional Waste Management Facility	2024/25	2025/26	2026/27
		R (VAT incl)	R (VAT incl)	R (VAT incl)
Mossel Bay Municipality	Monthly tariff (all inclusive)	1 636 637.45	1 734 835.70	1 838 925.84
George Municipality		2 082 993.12	2 207 972.71	2 340 451.07
Knysna Municipality		694 331.04	735 990.90	780 150.35
Bitou Municipality		545 545.82	578 278.57	612 975.28
Other clients				
- General Waste	Price per one metric ton	893.68	934.79	976.86
- General Waste	Price per quarter metric ton	223.42	233.70	244.22
- Hazardous Waste	Price per one metric ton	1 100	1 150.60	1 202.38
- Hazardous Waste	Price per quarter metric ton	275.00	287.65	300.59

Other tariffs:

- Increased with 4,9% for example printing and copying costs or as calculated by the respective departments.

4 LIST OF POLICIES THAT WILL BE INCLUDED IN THE BUDGET

- Annexure C – Tariff Policy
- Annexure D – Long term Financial Management Policy
- Annexure E – Budget Policy
- Annexure F – Asset Management Policy
- Annexure G – Funding and Reserve Policy
- Annexure H – Supply Chain Management Policy
- Annexure I – Credit Control and Debt Collection Policy and Bylaw

- Annexure J – Banking Cash Management and Investment Policy
- Annexure K – Borrowing Policy
- Annexure L – Preferential Procurement Policy
- Annexure M – Petty Cash Policy
- Annexure N – Cost Containment Policy

The only changes are proposed on the SCM policy and the Preferential Procurement Policy.

Capital Budget

The annual capital budget for the financial year 2024/25 MTREF period is as follow:

CAPITAL BUDGET				
Cost Centre	Own Description	Budget 2024/2025	Budget 2025/2026	Budget 2026-2027
Assets	Furniture / Equipment (Insurance Refunds)	150 000	150 000	150 000
Fire fighting	Water Truck 5000 Liter	1 200 000	-	-
Fire Fighting	Hazardous Materials Equipment	3 000 000	500 000	-
Waste Management Landfill Sites	Landfill Site: PPE	220 575 909	-	-
Total Capital Budget		224 925 909	650 000	150 000

See comments included under the mayoral speech.

3.3 Provision of basic services

The municipality as a category C municipality does not deliver basic services in respect of the following:

- Provision of water services
- Provision of sanitation services
- Provision of refuse
- Provision of electricity

Service that is delivered by the municipality that is essential to the communities of the Garden Route region includes the following:

- GRDM plays a critical role in the delivery of Fire services in the area. This is supported by the fact that a number of mutual aid agreements are in place with different local municipalities to ensure delivery of fire services within their areas. After a 'cost vs benefit' analysis, the municipality are exploring the possibility to adjust the service delivery agreements to ensure a more mutual beneficial agreement for all parties involved. Other alternatives for the fire section operations are being investigated and will be reported to MMF and DCF in due course.
- GRDM has an Air Quality service level agreement with Hessequa Municipality.
- Disaster Management is also a key function performed by the municipality and strive to ensure that a collective effort is implemented in the region.

- Firefighting services are performed by the district municipality for bush and veld fires.
- The provision of Environmental Health practitioners is another key function performed by the district. With the food scarcity crisis and the impact that drought has on the provision of food security the impact this function is performing is of critical importance, monitoring of water quality, is of equal importance given the current water issues experienced in the country.
- Regional Waste Management Facility

The municipal budget is to ensure the provision of these services can continue on an uninterrupted basis within the Garden Route District.

3.4 SDBIP and MTREF financial sustainability

The budget that has been tabled is a cash backed budget for the 2024/25 MTREF period and the municipality complies with the Municipal Management Finance Act (MFMA) 56, 2003. The financial sustainability for us as a district municipality is challenging due to the limited revenue sources but Council together with Provincial Government and other district municipalities in the Western Cape are investigating ways for extra revenue sources. After the abolishment of RSC levies, the main source of income for district municipalities are the RSC replacement grant which increases annually $\pm 2-3\%$.

A district municipality task team for the Western Cape was established. One of the main challenges is the service level agreement with Department of Transport that needs to be revised to clearly define each party's roles and responsibilities as well as the type of service (agency service). Accounting treatment of transactions is another issue that is being addressed by the task team. The issue of responsibility for roads employees was referred during August 2016 for a technical opinion from National Treasury/ Provincial Treasury and the Auditor General by Eden DM, up to date no response has been received with regards to the technical opinion.

The Municipal Service Delivery and Budget Implementation Plan (SDBIP) is compiled to enhance council's ability to measure the impact of the budget on the municipal performance in terms of service delivery and to ensure that the municipality will deliver on its promise to ensure delivery of services to its communities.

Section 4 – Annual Budget Tables

DC4 Garden Route - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional	1									
Governance and administration		80 244	221 855	240 643	275 990	263 495	263 495	261 026	265 835	277 310
Executive and council		79 349	220 980	238 879	274 960	256 195	256 195	253 317	256 967	267 483
Finance and administration		895	875	1 763	1 029	7 300	7 300	7 709	8 869	9 827
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5 469	8 440	9 762	15 036	15 826	15 826	17 114	19 115	22 094
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		5 113	8 134	9 382	14 597	10 381	10 381	11 289	12 285	14 544
Public safety		-	-	-	-	5 005	5 005	5 245	6 000	6 500
Housing		-	-	-	-	-	-	-	-	-
Health		355	306	380	439	440	440	580	830	1 050
Economic and environmental services		150 145	166 063	172 672	195 060	201 929	201 929	212 375	226 392	226 642
Planning and development		-	-	-	-	4 605	4 605	5 119	5 322	5 567
Road transport		150 057	165 982	172 594	194 878	197 230	197 230	207 158	220 968	220 968
Environmental protection		89	80	78	183	93	93	98	102	107
Trading services		-	-	-	40 332	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	40 332	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	235 858	396 358	423 077	526 418	481 249	481 249	490 515	511 342	526 046
Expenditure - Functional										
Governance and administration		(265 890)	138 320	145 063	182 063	173 528	173 528	168 360	174 882	183 802
Executive and council		45 856	48 486	50 821	55 515	54 053	54 053	53 012	55 695	58 557
Finance and administration		(314 466)	87 078	91 397	123 362	116 352	116 352	112 038	115 666	121 500
Internal audit		2 720	2 756	2 846	3 186	3 123	3 123	3 311	3 521	3 745
Community and public safety		87 061	83 854	81 518	91 305	82 314	82 314	82 472	87 172	92 169
Community and social services		14 763	9 004	6 644	8 016	7 321	7 321	6 874	7 302	7 756
Sport and recreation		11 400	11 768	11 458	14 322	10 751	10 751	10 604	11 131	11 689
Public safety		26 524	26 063	27 355	28 546	27 329	27 329	27 619	29 068	30 610
Housing		-	-	-	-	-	-	-	-	-
Health		34 374	37 019	36 061	40 421	36 914	36 914	37 374	39 671	42 114
Economic and environmental services		172 030	188 785	202 446	218 159	219 704	219 704	229 939	242 988	244 001
Planning and development		8 068	16 743	20 239	18 300	17 041	17 041	15 241	14 087	14 728
Road transport		160 686	168 568	178 721	195 904	198 901	198 901	210 818	224 793	224 923
Environmental protection		3 276	3 474	3 486	3 955	3 762	3 762	3 881	4 108	4 350
Trading services		4 972	2 178	2 057	38 047	3 939	3 939	2 728	2 901	3 084
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 972	2 178	2 057	38 047	3 939	3 939	2 728	2 901	3 084
Other	4	2 320	2 482	2 639	2 630	1 807	1 807	1 666	1 750	1 839
Total Expenditure - Functional	3	494	415 618	433 724	532 204	481 293	481 293	485 165	509 692	524 896
Surplus/(Deficit) for the year		235 365	(19 261)	(10 647)	(5 786)	(44)	(44)	5 350	1 650	1 150

DC4 Garden Route - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Revenue by Vote										
Vote 1 - Office of the Municipal Manager	1	79 349	220 980	238 879	274 960	256 195	256 195	254 660	258 395	269 004
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	4 046	4 046	4 359	5 361	6 202
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		895	867	1 764	1 029	2 203	2 203	2 299	2 455	2 572
Vote 6 - Corporate Services (cont)		-	-	-	-	1 042	1 042	1 042	1 042	1 042
Vote 7 - Community Services		355	306	380	439	440	440	580	830	1 050
Vote 8 - Community Services (cont)		89	80	78	40 515	5 073	5 073	5 316	6 074	6 578
Vote 9 - Planning and Economic Development		-	-	4	-	35	35	37	38	40
Vote 10 - Planning and Economic Development (cont)		2 681	4 763	5 701	7 612	10 859	10 859	11 945	12 605	14 009
Vote 11 - Planning and Economic Development (cont2)		2 432	3 371	3 681	6 985	4 127	4 127	4 463	5 001	6 102
Vote 12 - Roads		150 057	165 982	172 594	194 878	197 230	197 230	207 158	220 968	220 968
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	235 858	396 349	423 080	526 418	481 249	481 249	491 857	512 771	527 566
Expenditure by Vote to be appropriated										
Vote 1 - Office of the Municipal Manager	1	51 151	55 068	58 788	63 758	64 289	64 289	63 360	65 229	67 930
Vote 2 - Office of the Municipal Manager (cont)		7 192	6 326	6 265	6 734	6 853	6 853	6 912	7 341	7 796
Vote 3 - Financial Services		(379 221)	18 387	17 791	22 124	20 350	20 350	20 088	21 257	22 614
Vote 4 - Financial Services (cont)		6 268	5 525	5 803	6 511	5 965	5 965	6 183	6 576	6 995
Vote 5 - Corporate Services		16 446	16 093	19 658	37 456	37 105	37 105	34 067	34 834	35 722
Vote 6 - Corporate Services (cont)		20 637	24 572	23 395	29 874	27 766	27 766	29 403	30 898	33 574
Vote 7 - Community Services		45 870	48 451	46 997	52 804	48 057	48 057	48 248	51 179	54 295
Vote 8 - Community Services (cont)		33 660	30 589	31 715	69 242	33 853	33 853	32 985	34 762	36 651
Vote 9 - Planning and Economic Development		19 408	16 728	18 107	20 176	15 363	15 363	14 598	15 036	15 725
Vote 10 - Planning and Economic Development (cont)		14 966	22 365	23 424	23 326	20 381	20 381	18 510	17 750	18 584
Vote 11 - Planning and Economic Development (cont2)		3 433	2 939	3 221	4 296	2 410	2 410	2 335	2 467	2 608
Vote 12 - Roads		90 361	98 845	114 056	124 074	125 618	125 618	132 133	137 681	137 811
Vote 13 - Roads (cont)		70 325	69 723	64 508	71 830	73 283	73 283	78 685	87 112	87 112
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	494	415 610	433 728	532 204	481 293	481 293	487 507	512 121	527 416
Surplus/(Deficit) for the year	2	235 364	(19 261)	(10 647)	(5 786)	(44)	(44)	4 350	650	150

DC4 Garden Route - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	-	-	-	37 688	-	-	-	-	-	-
Sale of Goods and Rendering of Services		8 173	11 936	15 181	26 779	15 586	15 586	15 586	16 875	18 941	21 899
Agency services		166 958	183 028	188 140	214 389	20 425	20 425	20 425	24 214	24 646	25 555
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		2 765	2 751	4 189	3 371	5 649	5 649	5 649	6 224	6 946	7 610
Interest earned from Current and Non Current Assets		8 822	8 271	10 253	10 134	10 263	10 263	10 263	12 017	14 450	17 000
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		1 031	483	573	627	472	472	472	495	750	1 000
Rental from Fixed Assets		987	1 039	1 315	3 377	1 571	1 571	1 571	1 763	2 424	3 000
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		10 685	5 137	6 385	9 386	201 294	201 294	201 294	211 212	225 202	225 390
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences or permits		89	80	78	183	68	68	68	71	74	78
Transfer and subsidies - Operational		36 348	183 567	189 810	212 004	213 305	213 305	213 305	214 786	218 837	226 034
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	8	(4)	-	-	-	-	(1 343)	(1 429)	(1 520)
Discontinued Operations											
Total Revenue (excluding capital transfers and cont		235 858	396 301	415 921	517 937	468 633	468 633	468 633	486 315	510 842	526 046
Expenditure											
Employee related costs	2	257 433	275 308	279 902	300 666	288 519	288 519	288 519	302 966	317 058	329 767
Remuneration of councillors		11 210	11 829	12 306	14 216	13 397	13 397	13 397	14 054	14 700	15 376
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	26 033	51 861	51 171	51 171	51 171	51 088	58 348	58 358
Debt impairment	3	4 197	5 435	6 577	-	-	-	-	-	-	-
Depreciation and amortisation		4 171	4 605	5 766	5 106	5 960	5 960	5 960	5 960	5 960	5 960
Interest		55	28	148	8 820	1 428	1 428	1 428	75	75	75
Contracted services		26 146	20 812	32 200	81 910	47 770	47 770	47 770	46 230	45 776	46 423
Transfers and subsidies		2 052	5 296	4 642	2 501	2 348	2 348	2 348	1 257	1 257	1 257
Irrecoverable debts written off		413	542	2 160	2 100	1 400	1 400	1 400	1 000	1 000	1 000
Operational costs		(347 361)	47 465	38 407	64 950	69 272	69 272	69 272	63 506	66 490	67 651
Losses on disposal of Assets		576	142	136	-	-	-	-	-	-	-
Other Losses		16	10	53	75	28	28	28	28	28	28
Total Expenditure		(41 091)	371 471	408 330	532 204	481 293	481 293	481 293	486 165	510 692	525 896
Surplus/(Deficit)		276 949	24 830	7 590	(14 267)	(12 660)	(12 660)	(12 660)	150	150	150
Transfers and subsidies - capital (monetary)	6	-	-	3 765	8 481	12 581	12 581	12 581	4 200	500	-
Transfers and subsidies - capital (in-kind)	6	-	57	3 284	-	35	35	35	-	-	-
Surplus/(Deficit) after capital transfers & contributions		276 949	24 887	14 639	(5 786)	(44)	(44)	(44)	4 350	650	150
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		276 949	24 887	14 639	(5 786)	(44)	(44)	(44)	4 350	650	150
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		276 949	24 887	14 639	(5 786)	(44)	(44)	(44)	4 350	650	150
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	7	-	-	108	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	276 949	24 887	14 746	(5 786)	(44)	(44)	(44)	4 350	650	150

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	10	30	-	800	800	800	-	-	-
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	19	20	-	-	-	-	150	150	150
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		18	24	5	-	5	5	5	-	-	-
Vote 6 - Corporate Services (cont)		1 316	(3 453)	3 000	250	245	245	245	-	-	-
Vote 7 - Community Services		-	(141)	3 204	8 619	11 641	11 641	11 641	-	-	-
Vote 8 - Community Services (cont)		-	-	18 328	144 631	35 185	35 185	35 185	3 000	500	-
Vote 9 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Planning and Economic Development (cont)		-	2 992	6 394	4 800	4 240	4 240	4 240	-	-	-
Vote 11 - Planning and Economic Development(cont2)		-	-	-	-	-	-	-	-	-	-
Vote 12 - Roads		-	-	-	-	-	-	-	-	-	-
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		3 455	5 585	1 664	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	4 788	5 035	32 646	158 300	52 116	52 116	52 116	3 150	650	150
Single-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		(199)	(1 725)	3 840	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager (cont)		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services (cont)		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		(3 957)	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services (cont)		(159)	1 473	-	-	-	-	-	-	-	-
Vote 7 - Community Services		29	19	1 227	-	-	-	-	-	-	-
Vote 8 - Community Services (cont)		-	(16)	-	-	-	-	-	221 776	-	-
Vote 9 - Planning and Economic Development		6	1	62	-	-	-	-	-	-	-
Vote 10 - Planning and Economic Development (cont)		25	-	-	-	-	-	-	-	-	-
Vote 11 - Planning and Economic Development(cont2)		-	-	-	-	-	-	-	-	-	-
Vote 12 - Roads		-	4 476	-	-	-	-	-	-	-	-
Vote 13 - Roads (cont)		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		2 255	-	1 763	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		(2 001)	4 229	6 892	-	-	-	-	221 776	-	-
Total Capital Expenditure - Vote		2 787	9 264	39 537	158 300	52 116	52 116	52 116	224 926	650	150
Capital Expenditure - Functional											
Governance and administration		(3 198)	(3 930)	7 143	8 869	10 919	10 919	10 919	150	150	150
Executive and council		(254)	(3 359)	3 035	-	800	800	800	-	-	-
Finance and administration		(2 945)	(571)	4 109	8 869	10 119	10 119	10 119	150	150	150
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		(1 120)	(149)	2 725	1 450	5 722	5 722	5 722	4 200	500	-
Community and social services		-	(168)	1 161	-	1 772	1 772	1 772	-	-	-
Sport and recreation		(1 149)	-	1 425	800	800	800	800	-	-	-
Public safety		-	-	136	650	3 150	3 150	3 150	4 200	500	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		29	19	3	-	-	-	-	-	-	-
Economic and environmental services		25	50	3 149	4 000	3 440	3 440	3 440	-	-	-
Planning and development		25	27	3 149	4 000	3 440	3 440	3 440	-	-	-
Road transport		-	23	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	14 794	143 981	32 035	32 035	32 035	220 576	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	14 794	143 981	32 035	32 035	32 035	220 576	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	(4 294)	(4 029)	27 811	158 300	52 116	52 116	52 116	224 926	650	150
Funded by:											
National Government		-	-	2 970	4 000	3 440	3 440	3 440	-	-	-
Provincial Government		-	-	179	4 481	8 581	8 581	8 581	4 200	500	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	3 149	8 481	12 021	12 021	12 021	4 200	500	-
Borrowing	6	-	-	14 794	143 981	32 000	32 000	32 000	220 576	-	-
Internally generated funds		(4 294)	(4 029)	9 868	5 838	8 095	8 095	8 095	150	150	150
Total Capital Funding	7	(4 294)	(4 029)	27 811	158 300	52 116	52 116	52 116	224 926	650	150

DC4 Garden Route - Table A6 Budgeted Financial Position

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
ASSETS											
Current assets											
Cash and cash equivalents		169 752	142 058	136 403	100 110	120 686	120 686	120 686	45 763	27 681	7 233
Trade and other receivables from exchange transactions	1	5 751	4 722	(67 788)	16 279	4 362	4 362	4 362	11 179	18 671	26 721
Receivables from non-exchange transactions	1	-	-	46	-	46	46	46	46	46	46
Current portion of non-current receivables		4 246	4 293	4 293	4 293	4 293	4 293	4 293	4 293	4 293	4 293
Inventory	2	3 259	3 126	3 483	2 979	3 455	3 455	3 455	3 427	3 399	3 370
VAT		4 706	6 060	7 105	6 060	7 105	7 105	7 105	7 105	7 105	7 105
Other current assets		31 979	20 220	71 871	20 220	5 475	5 475	5 475	5 475	5 475	5 475
Total current assets		219 692	180 479	155 414	149 940	145 422	145 422	145 422	77 287	66 669	54 244
Non current assets											
Investments		27	28	28	28	28	28	28	28	28	28
Investment property		54 060	64 187	65 948	64 187	65 948	65 948	65 948	65 948	65 948	65 948
Property, plant and equipment	3	169 105	166 621	187 992	355 193	235 149	235 149	235 149	455 117	450 808	446 000
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-
Intangible assets		1 569	1 829	1 413	(26)	412	412	412	(590)	(1 591)	(2 593)
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		61 388	62 764	60 088	62 764	60 088	60 088	60 088	60 088	60 088	60 088
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		286 149	295 430	315 469	482 146	361 626	361 626	361 626	580 592	575 282	569 472
TOTAL ASSETS		505 841	475 909	470 884	632 086	507 048	507 048	507 048	657 879	641 951	623 715
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		536	100	663	100	663	663	663	663	663	663
Consumer deposits		374	468	637	468	637	637	637	637	637	637
Trade and other payables from exchange transactions	4	38 650	27 928	46 470	27 928	46 470	46 470	46 470	46 470	46 470	46 470
Trade and other payables from non-exchange transactions	5	3 715	4 956	2 649	4 588	2 649	2 649	2 649	2 649	2 649	2 649
Provision		31 602	26 843	22 791	26 843	22 791	22 791	22 791	24 134	25 563	27 083
VAT		794	2 207	963	2 207	963	963	963	963	963	963
Other current liabilities		-	-	-	-	-	-	-	-	-	-
Total current liabilities		75 671	62 502	74 173	62 133	74 173	74 173	74 173	75 516	76 945	78 465
Non current liabilities											
Financial liabilities	6	-	5	583	170 315	35 583	35 583	35 583	180 677	162 670	142 764
Provision	7	12 020	12 024	12 085	12 024	12 085	12 085	12 085	12 085	12 085	12 085
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		126 077	131 957	128 966	134 391	130 224	130 224	130 224	130 224	130 224	130 224
Total non current liabilities		138 097	143 987	141 634	316 731	177 893	177 893	177 893	322 987	304 980	285 074
TOTAL LIABILITIES		213 768	206 489	215 807	378 864	252 066	252 066	252 066	398 503	381 925	363 539
NET ASSETS		292 073	269 419	255 076	253 223	254 982	254 982	254 982	259 376	260 026	260 176
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	229 883	214 539	212 178	200 293	212 135	212 135	212 135	216 485	217 135	217 285
Reserves and funds	9	60 513	52 930	42 891	52 930	42 891	42 891	42 891	42 891	42 891	42 891
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	290 396	267 469	255 070	253 223	255 026	255 026	255 026	259 376	260 026	260 176

DC4 Garden Route - Table A7 Budgeted Cash Flows

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	37 688	-	-	-	-	-	-
Service charges		-	-	-	54 770	236 902	236 902	236 902	44 482	48 070	53 079
Other revenue		173 816	(7 890)	(204 127)	405 154	213 305	213 305	213 305	421 944	439 805	447 002
Transfers and Subsidies - Operational	1	-	357 672	339 196	6 600	8 481	12 581	12 581	4 200	500	-
Transfers and Subsidies - Capital	1	-	-	2 295	10 134	8 240	8 240	8 240	11 074	12 950	15 000
Interest		-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(100 312)	(126 338)	(127 054)	(512 343)	(468 870)	(468 870)	(468 870)	(477 844)	(502 372)	(517 575)
Interest		-	-	-	(8 820)	(1 428)	(1 428)	(1 428)	(75)	(75)	(75)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		73 504	223 444	16 909	(4 936)	729	729	729	3 780	(1 122)	(2 570)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(1)	-	-	-	-	28	-	-	-
Payments											
Capital assets		(8 712)	(10 406)	(28 287)	(158 300)	(52 116)	(52 116)	(52 116)	(224 926)	(650)	(150)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(8 712)	(10 407)	(28 287)	(158 300)	(52 116)	(52 116)	(52 088)	(224 926)	(650)	(150)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	143 732	35 000	35 000	35 000	161 330	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	(16 235)	(18 007)	(19 906)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	143 732	35 000	35 000	35 000	145 095	(18 007)	(19 906)
NET INCREASE/ (DECREASE) IN CASH HELD		64 792	213 036	(11 378)	(19 504)	(16 387)	(16 387)	(16 359)	(76 051)	(19 779)	(22 626)
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	120 686	44 635	24 856
Cash/cash equivalents at the year end:	2	64 792	213 036	(11 378)	(19 504)	(16 387)	(16 387)	(16 359)	44 635	24 856	2 230

DC4 Garden Route - Table A9 Asset Management

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Total Upgrading of Existing Assets	6	-	(108)	-	800	800	800	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	(108)	-	800	800	800	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	(0)	0	24 694	158 300	52 116	52 116	224 926	650	150
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	(56)	14 961	143 981	32 035	32 035	220 576	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	(56)	14 961	143 981	32 035	32 035	220 576	-	-
Community Facilities		-	279	3 846	13 269	16 459	16 459	3 000	500	-
Sport and Recreation Facilities		2 500	-	-	-	-	-	-	-	-
Community Assets		2 500	279	3 846	13 269	16 459	16 459	3 000	500	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		675	1 057	1 278	-	172	172	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		675	1 057	1 278	-	172	172	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		55	(16)	-	-	-	-	-	-	-
Furniture and Office Equipment		240	(1 156)	4 608	250	1 050	1 050	150	150	150
Machinery and Equipment		-	-	-	-	1 600	1 600	-	-	-
Transport Assets		(3 279)	(108)	-	800	800	800	1 200	-	-
Land		(191)	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		(0)	0	24 694	158 300	52 116	52 116	224 926	650	150

DC4 Garden Route - Table A9 Asset Management

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
ASSET REGISTER SUMMARY - PPE (WDV)	5	223 242	226 818	232 381	257 916	237 614	237 614	236 004	230 694	224 884
Roads Infrastructure		44	44	44	44	44	44	44	44	44
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		(1 115)	(1 119)	(1 122)	(1 119)	(1 122)	(1 122)	(1 122)	(1 122)	(1 122)
Solid Waste Infrastructure		-	-	-	26 577	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		(1 071)	(1 075)	(1 078)	25 503	(1 078)	(1 078)	(1 078)	(1 078)	(1 078)
Community Assets		35 713	35 069	33 118	34 913	32 489	32 489	31 689	30 889	30 089
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		54 060	64 187	65 948	64 187	65 948	65 948	65 948	65 948	65 948
Other Assets		1 251	1 161	2 806	5 477	4 967	4 967	3 688	2 409	1 130
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		1 569	1 829	1 413	(26)	412	412	(590)	(1 591)	(2 593)
Computer Equipment		8 809	14 157	15 361	16 333	15 611	15 611	15 611	15 611	15 611
Furniture and Office Equipment		2 107	2 167	4 391	(1 974)	2 311	2 311	(418)	(3 147)	(5 876)
Machinery and Equipment		4 446	4 115	3 880	5 715	5 480	5 480	5 480	5 480	5 480
Transport Assets		8 065	7 391	6 741	9 172	11 022	11 022	12 222	12 222	12 222
Land		108 293	97 817	99 801	98 617	100 451	100 451	103 451	103 951	103 951
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	223 242	226 818	232 381	257 916	237 614	237 614	236 004	230 694	224 884
EXPENDITURE OTHER ITEMS		7 324	7 281	8 326	9 792	7 959	7 959	7 886	7 886	7 886
Depreciation	7	4 171	4 605	5 766	5 106	5 960	5 960	5 960	5 960	5 960
Repairs and Maintenance by Asset Class	3	3 152	2 676	2 559	4 686	1 999	1 999	1 926	1 926	1 926
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		159	147	312	619	57	57	57	57	57
Sanitation Infrastructure		236	222	412	737	44	44	44	44	44
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		394	369	724	1 355	100	100	100	100	100
Community Facilities		59	69	47	80	40	40	40	40	40
Sport and Recreation Facilities		439	519	476	827	319	319	319	319	319
Community Assets		498	587	523	907	359	359	359	359	359
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1 325	988	661	1 698	903	903	830	830	830
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1 325	988	661	1 698	903	903	830	830	830
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		33	28	37	47	5	5	5	5	5
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		199	244	87	127	191	191	191	191	191
Transport Assets		702	460	528	551	441	441	441	441	441
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		7 324	7 281	8 326	9 792	7 959	7 959	7 886	7 886	7 886
Renewal and upgrading of Existing Assets as % of total capex		-21228758,3%	121150600,0%	20,8%	8,9%	33,4%	33,4%	1,3%	76,9%	0,0%
Renewal and upgrading of Existing Assets as % of deprecn		61,1%	26,3%	88,9%	275,5%	292,5%	292,5%	50,3%	8,4%	0,0%
R&M as a % of PPE & Investment Property		1,4%	1,2%	1,1%	1,8%	0,8%	0,8%	0,8%	0,8%	0,8%
Renewal and upgrading and R&M as a % of PPE and Investment Property		2,6%	1,7%	3,3%	7,3%	8,2%	8,2%	2,1%	1,0%	0,8%

PART 2 – SUPPORTING DOCUMENTATION

Section 5 - Budget assumptions

The municipality implemented the following in the compilation of the annual budget in collaboration with circular 126 and 128, issued by National Treasury:

- The salary related budget was increased with an increment of 6.71% for the 2024/25 MTREF period.
- The percentage increases used for the 2024/25 and outer years for other expenditure budget items were between 0-6% and items were also adjusted downward based on actual expenditure and certain items removed in their entirety – refer to above section of report where adjustments are explained in detail.
- Subsistence and travel were cut in view of utilizing alternative technology e.g. zoom teleconferencing.

Refer to section 3 and 4 for detail of budget assumptions for operating revenue, operating expenditure and capital budget.

Section 6 – Budget Funding

The draft budget is funded with realistically anticipated income/ accumulated reserves/ borrowings.

Section 7 – Expenditure on allocations and grant programmes

All grant allocations as promulgated in the Division of Revenue Bill, 2024, National – and Provincial gazettes were included in the budget for the MTREF period 2024/25 - 2026/27.

Section 8 – Grants made by the municipality

The municipality (due to its financial position) made no grants.

Section 9 – Councillor Allowances and employee benefits

The remuneration of councillors was done in accordance with the gazetted limits and provisions have been set out in the Remuneration of Public Office Bearers, Act 20 of 1998. The councillors are remunerated on a Grade 5 municipality. Refer to previous section in report on employee related costs.

Section 10 – Service delivery and budget implementation plan

The draft service delivery plan is drawn up and will be submitted to council by the performance management unit.

Section 11 – Capital expenditure

Capital projects as per capital list in previous section.

Section 12 – Municipal Manager’s Quality Certificate



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OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	R Boshoff
Reference:	6/18/7/2024-2025
Date:	19 March 2024

QUALITY CERTIFICATE

I **Monde Stratu**, municipal manager of **Garden Route District Municipality**, hereby certify that the **Draft Annual Budget 2024/2025 MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name MONDE STRATU

Acting Accounting Officer of **GARDEN ROUTE DISTRICT MUNICIPALITY (DC4)**.

Signature 

Date 19/03/2024

