ANNEXURE "A"

2023/24 ADJUSTMENTS BUDGET OF

KOUGA LOCAL MUNICIPALITY

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PART 1 – 2023/24 ADJUSTMENTS BUDGET

1.1. Executive Mayor's Report

1.1.1. Summary of reasons for the 2023/24 Adjustments Budget

In accordance with Section 28 of the Municipal Finance Management Act, Act No 56 of 2003 (MFMA), a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

i. To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue.
ii. To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
iii. To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
iv. To authorise the utilisation of projected savings in one vote towards spending under another vote.
v. To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2022/23 approved Budget has been adjusted. The adjustment has mainly been necessitated as result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection rate.
- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2022/23 Budget.
- To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the 2023/24 annual budget was approved by Council.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.

1.1.2. The Executive Mayor recommends that the Council approves the 2023/24 Adjustments Budget.

1.2. 2023/24 Adjustments Budget Resolutions

1.2.1. Approval of the Adjustments Budget

i. The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act No 56 of 2003, approves the 2023/24 Adjustments Budget as set-out in the following tables:

Table 4 (B1 - Adjustments Budget Summary: page 7)

Table 5 (B2 - Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 10)

Table 6 (B3 - Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 12)

Table 7 (B4 - Adjustments Budget Financial Performance (revenue and expenditure by type): page 13)

Table 8 (B5 - Adjustments Budget Capital Expenditure by vote, standard classification and funding source: page 21)

Table 9 (B6 - Adjustments Budget Financial Position: page 23)

Table 10 (B7 - Adjustments Budgeted Cash Flows: page 25)

Table 11 (B8 - Cash backed reserves/accumulated surplus reconciliation: page 26)

Table 12 (B9 Asset Management : page 28)

Table 13 (B10 Basic Service Delivery Measurement: page 31)

1.3. Executive Summary

The 2023/24 Adjustments Budget amounts to R 1,559 billion, comprising of R 1,432 billion for the Operating Budget and R 127,102 million for the Capital Budget. The Operating Adjustment Budget reflects an increase of R 164,077 million (12.94%), compared to the original approved 2023/24 Operating Budget of R 1,268 billion, whilst the Capital Adjustments Budget reflects an increase of R 47,759 million (60.19%), compared to the original approved capital budget of R 79,343 million.

The increase in the Operating Budget of R 164,077 million is made up as follows:

Increase in Inventory consumed	R 7,049 million
Increase in Debt impairment	R 145,226 million
Increase in Finance costs	R 3,660 million
Increase in Contracted services	R 21,305 million
Increase in Transfers & subsidies	R 0,200 million
Increase in Irrecoverable debts written off	R 6,529 million
Total expenditure increases	**R 183,969 million**
Decrease in Employee related costs	R 6,398 million
Decrease in Bulk purchases - electricity	R 9,570 million
Decrease in Operational costs	R 3,924 million
Total expenditure decreases	**R 19,892 million**
Net Expenditure increase	**R 164,077 million**

A detailed breakdown of the moving in operating budget is illustrated in the next page.

The increase in the Operating Budget of 164,077 million is substantially influenced by the following adjustments:

Table 1 (Summary of increase in operating budget)

DEPARTMENT	ITEM DESCRIPTION	ADJUSTMENTS
Increase in Debt Impairment		
National Traffic (NATIS)	Debet impairment - Municipal traffic fines	121 495 551
Service Charges	Debt impairment - Change in Collection Rate	23 730 442
		145 225 993
Increase in Inventory Consumed		
Public Works	Materials and Supplies: Roads Maintenance	4 000 000
Water	Materials and Supplies: Water Chemicals	1 800 000
Other	Materials and Supplies: various departments' adjustments	1 249 041
		7 049 041
Increase in Contracted Services		
Public Works	Contracted Services: Resealing of Roads	10 000 000
Other	Contracted Services: various departments' adjustments	3 270 172
Law Enforcement	Contracted Services: Security Services	3 000 000
Planning & Development	Contracted Services:Consultancy Fees (ERF499)	1 500 000
National Traffic (NATIS)	Contracted Services: Traffic Fines Management (TMT)	1 000 000
Land & Property Administration	Contracted Services: Demolishing of Kouga Cultural Centre	1 000 000
Finance	Contracted Services: Consultant	600 000
Land & Property Administration	Contracted Services: Updating of cadastre register	300 000
Town and Regional Planning	Contracted Services: Precinct Plans - Hankey and St Francis Bay	234 600
Human Settlement	Contracted Services: EIA - Ward 13 & 15	200 000
Town and Regional Planning	Contracted Services: Revision of SDF	200 000
		21 304 772
Increase in Transfers and Subsidies Paid		
TOURISM	Humansdorp Museum	200 000
		200 000
Other Increases		
Budget & Treasury	Finance Costs	3 660 142
Service Charges	Irrecoverable debts written off - Change in Collection Rate	6 529 230
		10 189 372
Decreases in Operating Budget		
Electricity	Bulk purchases - electricity	(9 570 624)
Other	Employee related costs	(6 398 229)
Other	Operational Costs: various departments' adjustments	(3 923 525)
		(19 892 378)
	Net increase in operating budget	**164 076 800**

Table 2 (Key Financial Ratios)

Ratio	Approved Budget 2023/24	Adjustments Budget 2023/24
Current Ratio	1,00	0,93
Liquidity Ratio	0,04	0,13
Cash Coverage	0,06	0,29
Debtors Collection Rate	95%	92%

In terms of funding the Capital Budget, the funding sources supporting the Municipality's capital expenditure, are summarised below:

Table 3 (Capital Expenditure by Funding Source)

	Approved Budget 2023/24	Adjustment Budget 2023/24	Variance
	R	R	R
Total Capital Budget			
Funded as follows:			
Transfers recognised - capital	65 882 839	91 956 309	26 073 470
Internally generated funds	13 460 000	35 145 546	21 685 546
Total	**79 342 839**	**127 101 855**	**47 759 016**

The increase in transfers recognised capital funding is attributable to prior year unspent conditional grants which were rolled over to the 2023/24 financial year. The conditional grants include Human Settlement Grant amounting to R 19,841 million, Municipal Disaster Relief Grant amounting to R 3 million and Integrated National Electrification Programme Grant amounting to R 2,8 million.

It must be noted that the 2023/24 approved Budget reflected a funding surplus of R 14,795 million, whilst the 2023/24 Adjustments Budget reflects a funding surplus of R 7,042 million. The funding surplus decreased by R 7,753 million due to additional funding for roads reseal, LA Mer pump station and Humansdorp groundwater supply.

A provision of R 65,880 million has been set aside to cover potential bad debts and write-offs arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 92%.

The free basic services programme currently, provides the following benefits to poor households:

- Free 50 kwh of electricity, plus basic charges
- Free 12kl of water, plus basic charges
- Free monthly refuse charges
- Free monthly environmental fees
- Free monthly sewerage charges (based on 12kl of water)
- Less extra R 85 000 on the value of the property for rates charges

1.4. Adjustments Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2023/24 Adjustments Budget to be considered for approval by Council. Each table is accompanied by explanatory notes.

Table 4 (B1- Adjustments Budget Summary)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Financial Performance					
Property rates	281 488	281 488	–	–	281 488
Service charges	621 867	621 867	(19 434)	(19 434)	602 433
Investment revenue	4 598	4 598	7 076	7 076	11 674
Transfers recognised - operational	190 883	190 883	3 258	3 258	194 142
Other own revenue	60 121	60 121	143 965	143 965	204 086
Total Revenue (excluding capital transfers and contributions)	**1 158 957**	**1 158 957**	**134 866**	**134 866**	**1 293 823**
Employee costs	447 813	447 813	(6 398)	(6 398)	441 415
Remuneration of councillors	15 140	15 140	–	–	15 140
Depreciation & asset impairment	109 663	109 663	–	–	109 663
Interest	2 090	2 090	3 660	3 660	5 750
Inventory consumed and bulk purchases	458 626	107 553	19 352	19 352	126 905
Transfers and subsidies	924	924	200	200	1 124
Other expenditure	234 060	588 321	144 075	144 075	732 396
Total Expenditure	**1 268 316**	**1 271 504**	**160 889**	**160 889**	**1 432 393**
Surplus/(Deficit)	(109 359)	(112 547)	(26 024)	(26 024)	(138 571)
Transfers and subsidies - capital (monetary allocations)	75 561	78 561	22 125	22 125	100 686
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**(33 798)**	**(33 986)**	**(3 899)**	**(3 899)**	**(37 885)**
Share of surplus/ (deficit) of associate	–	–	–	–	–
Surplus/ (Deficit) for the year	**(33 798)**	**(33 986)**	**(3 899)**	**(3 899)**	**(37 885)**

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Capital expenditure & funds sources					
Capital expenditure	79 343	93 279	33 822	33 822	127 102
Transfers recognised - capital	65 883	70 130	21 827	21 827	91 956
Borrowing	–	–	–	–	–
Internally generated funds	13 460	23 150	11 996	11 996	35 146
Total sources of capital funds	**79 343**	**93 279**	**33 822**	**33 822**	**127 102**
Financial position					
Total current assets	154 622	139 431	58 646	58 646	198 077
Total non-current assets	2 302 442	2 316 379	17 947	17 947	2 334 326
Total current liabilities	154 259	153 192	60 364	60 364	213 556
Total non-current liabilities	255 035	255 035	719	719	255 754
Community wealth/Equity	**2 047 771**	**2 047 583**	**15 509**	**15 509**	**2 063 093**
Cash flows					
Net cash from (used) operating	86 487	86 487	(24 248)	(24 248)	62 239
Net cash from (used) investing	(79 343)	(79 343)	(47 759)	(47 759)	(127 102)
Net cash from (used) financing	(10 091)	(10 091)	(2 078)	(2 078)	(12 169)
Cash/cash equivalents at the year end	**5 596**	**5 596**	**22 308**	**22 308**	**27 903**
Cash backing/surplus reconciliation					
Cash and investments available	5 596	5 596	22 308	22 308	27 903
Application of cash and investments	(9 200)	(9 200)	(11 661)	(11 661)	(20 861)
Balance - surplus (shortfall)	**14 795**	**14 795**	(7 753)	**(7 753)**	**7 042**
Asset Management					
Asset register summary (WDV)	2 302 442	2 316 379	17 947	17 947	2 334 326
Depreciation	109 663	109 663	–	–	109 663
Renewal and Upgrading of Existing Assets	53 225	66 784	25 101	25 101	91 885
Repairs and Maintenance	60 689	60 776	(526)	(526)	60 250
Free services					
Cost of Free Basic Services provided	37 089	37 089	1 009	1 009	38 098
Revenue cost of free services provided	29 261	29 261	(11 468)	(11 468)	17 793
Households below minimum service level					
Water:	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–
Energy:	–	–	–	–	–
Refuse:	–	–	–	–	–

Explanatory notes to Table 4 B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table 5 (B2 - Adjustments Budget Financial Performance (revenue and expenditure by standard classification))

Standard Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue - Functional					
Governance and administration	**422 639**	**422 639**	**135 385**	**135 385**	**558 024**
Executive and council	106	106	29	29	135
Finance and administration	422 533	422 533	135 356	135 356	557 889
Internal audit	–	–	–	–	–
Community and public safety	**16 716**	**16 716**	**20 343**	**20 343**	**37 059**
Community and social services	2 437	2 437	(3)	(3)	2 435
Sport and recreation	10 338	10 338	464	464	10 802
Public safety	1 378	1 378	225	225	1 604
Housing	–	–	19 841	19 841	19 841
Health	2 563	2 563	(185)	(185)	2 378
Economic and environmental services	**37 432**	**40 432**	**10 263**	**10 263**	**50 695**
Planning and development	8 083	8 083	1 733	1 733	9 817
Road transport	6 910	9 910	3 230	3 230	13 140
Environmental protection	22 439	22 439	5 299	5 299	27 739
Trading services	**757 731**	**757 731**	**(9 000)**	**(9 000)**	**748 730**
Energy sources	408 372	408 372	(37 689)	(37 689)	370 684
Water management	161 300	161 300	21 588	21 588	182 887
Waste water management	113 711	113 711	4 728	4 728	118 439
Waste management	74 347	74 347	2 373	2 373	76 720
Other	**–**	**–**	**–**	–	**–**
Total Revenue - Functional	**1 234 518**	**1 237 518**	**156 990**	**156 990**	**1 394 508**
Expenditure - Functional					
Governance and administration	**306 226**	**306 257**	**16 362**	**16 362**	**322 619**
Executive and council	64 558	64 589	(4 265)	(4 265)	60 324
Finance and administration	241 417	241 417	20 585	20 585	262 002
Internal audit	251	251	42	42	293
Community and public safety	**121 818**	**121 668**	**(2 560)**	**(2 560)**	**119 108**
Community and social services	12 897	12 877	681	681	13 558
Sport and recreation	63 813	63 813	(2 981)	(2 981)	60 831
Public safety	30 247	30 267	13	13	30 280
Housing	7 037	6 887	(281)	(281)	6 606
Health	7 824	7 824	8	8	7 832

Standard Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Economic and environmental services	**158 670**	**162 177**	**141 186**	**141 186**	**303 363**
Planning and development	31 432	31 614	4 402	4 402	36 017
Road transport	118 681	118 618	136 284	136 284	254 903
Environmental protection	8 556	11 944	500	500	12 444
Trading services	**674 375**	**674 175**	**5 125**	**5 125**	**679 301**
Energy sources	424 020	424 020	(46)	(46)	423 974
Water management	103 892	103 892	3 119	3 119	107 011
Waste water management	85 015	85 015	(715)	(715)	84 300
Waste management	61 449	61 249	2 767	2 767	64 016
Other	**7 227**	**7 227**	**775**	775	**8 003**
Total Expenditure - Functional	**1 268 316**	**1 271 504**	**160 889**	**160 889**	**1 432 393**
Surplus/ (Deficit) for the year	**(33 798)**	**(33 986)**	**(3 899)**	**(3 899)**	**(37 885)**

Explanatory notes to Table 5 B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

The "standard classification" refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

Table 6 (B3 - Adjustments Budget Financial Performance (revenue and expenditure by municipal vote))

Vote Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue by Vote					
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES	410 736	410 736	12 017	12 017	422 753
Vote 3 - CORPORATE SERVICES	1 194	1 194	(405)	(405)	789
Vote 4 - COMMUNITY SERVICES	127 808	127 808	135 509	135 509	263 317
Vote 5 - INFRASTRUCTURE AND ENGINEERING	688 565	691 565	(11 703)	(11 703)	679 862
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	6 215	6 215	21 573	21 573	27 788
Total Revenue by Vote	**1 234 518**	**1 237 518**	**156 990**	**156 990**	**1 394 508**
Expenditure by Vote					
Vote 1 - EXECUTIVE COUNCIL	70 802	70 732	(2 312)	(2 312)	68 421
Vote 2 - FINANCIAL SERVICES	115 941	115 941	16 744	16 744	132 685
Vote 3 - CORPORATE SERVICES	62 930	62 950	(1 371)	(1 371)	61 579
Vote 4 - COMMUNITY SERVICES	240 505	243 692	125 802	125 802	369 494
Vote 5 - INFRASTRUCTURE AND ENGINEERING	739 091	739 141	19 107	19 107	758 248
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	38 427	38 427	3 540	3 540	41 967
Total Expenditure by Vote	**1 267 696**	**1 270 884**	**161 509**	**161 509**	**1 432 393**
Surplus/ (Deficit) for the year	**(33 178)**	**(33 366)**	**(4 519)**	**(4 519)**	**(37 885)**

Explanatory notes to Table 6 B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned. Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table 7 (B4 - Adjustments Budget Financial Performance (revenue and expenditure))

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue					
Exchange Revenue					
Service charges - Electricity	390 731	390 731	(37 951)	(37 951)	352 780
Service charges - Water	101 425	101 425	17 179	17 179	118 603
Service charges - Waste Water Management	63 314	63 314	954	954	64 268
Service charges - Waste Management	66 396	66 396	386	386	66 782
Sale of Goods and Rendering of Services	7 790	7 790	1 210	1 210	9 000
Agency services	1 000	1 000	3 276	3 276	4 276
Interest	–	–	–	–	–
Interest earned from Receivables	18 595	18 595	11 550	11 550	30 145
Interest earned from Current and Non Current Assets	4 598	4 598	7 076	7 076	11 674
Dividends	–	–	–	–	–
Rent on Land	–	–	–	–	–
Rental from Fixed Assets	3 295	3 295	(296)	(296)	2 999
Licence and permits	3 021	3 021	(344)	(344)	2 677
Operational Revenue	2 174	2 174	1 942	1 942	4 116
Non-Exchange Revenue					
Property rates	281 488	281 488	–	–	281 488
Surcharges and Taxes	–	–	–	–	–
Fines, penalties and forfeits	10 334	10 334	124 263	124 263	134 597
Licences or permits	10 668	10 668	385	385	11 053
Transfer and subsidies - Operational	190 883	190 883	3 258	3 258	194 142
Interest	3 244	3 244	1 979	1 979	5 223
Total Revenue (excluding capital transfers and contributions)	**1 158 957**	**1 158 957**	**134 866**	**134 866**	**1 293 823**
Expenditure By Type					
Employee related costs	447 813	447 813	(6 398)	(6 398)	441 415
Remuneration of councillors	15 140	15 140	–	–	15 140
Bulk purchases - electricity	364 280	364 280	(9 571)	(9 571)	354 710
Inventory consumed	94 345	95 570	5 824	5 824	101 395
Debt impairment	28 314	28 314	145 226	145 226	173 540
Depreciation and amortisation	109 663	109 663	–	–	109 663
Interest	2 090	2 090	3 660	3 660	5 750
Contracted services	104 476	106 629	19 152	19 152	125 781
Transfers and subsidies	924	924	200	200	1 124
Irrecoverable debts written off	7 305	7 305	6 529	6 529	13 835
Operational costs	93 964	93 774	(3 734)	(3 734)	90 041
Losses on disposal of Assets	–	–	–	–	–
Other Losses	–	–	–	–	–
Total Expenditure	**1 268 316**	**1 271 504**	**160 889**	**160 889**	**1 432 393**
Surplus/(Deficit)	**(109 359)**	**(112 547)**	**(26 024)**	**(26 024)**	**(138 571)**

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Transfers and subsidies - capital (monetary allocations)	75 561	78 561	22 125	22 125	100 686
Transfers and subsidies - capital (in-kind)	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**(33 798)**	**(33 986)**	**(3 899)**	**(3 899)**	**(37 885)**
Income Tax	–	–	–	–	–
Surplus/(Deficit) after income tax	(33 798)	(33 986)	(3 899)	(3 899)	(37 885)
Share of Surplus/Deficit attributable to Joint Venture	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	(33 798)	(33 986)	(3 899)	(3 899)	(37 885)
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–
Intercompany/Parent subsidiary transactions	–	–	–	–	–
Surplus/ (Deficit) for the year	**(33 798)**	**(33 986)**	**(3 899)**	**(3 899)**	**(37 885)**

Explanatory notes to Table 7 B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, to ensure consistency with annual reporting format requirements.
   A key aim is to facilitate comparison between the annual results and the Adjustments Budget, to assess performance.

2. Total operating revenue amounts to R 1,294 billion in the 2023/24 Adjustments Budget, compared to the amount of R 1,159 billion in the 2023/24 approved Budget. This represents an increase of R 134,866 million or 11.64% and is largely influenced by an increase of R 124,263 million in fines, penalties, and forfeits revenue as result of change in accounting for municipal traffic fines issued.

3. The significant variations in revenue, compared to the 2023/24 budget are as follows.

3.1 Services charges – electricity revenue

Electricity revenue decrease by R 37,951 million, compared to the 2023/24 approved original budget. The reduction is mainly due to low electricity sales/consumption levels because of loadshedding.

3.2 Service charges – water revenue

Water revenue increased by R 17,179 million, compared to the 2023/24 approved original budget. The increase is mainly due to high water consumption levels and the implementation of Council approved punitive tariffs.

3.3 Service charges – sanitation revenue

Sanitation revenue increased by R 0,954 million, compared to the 2023/24 approved original budget. the increase is largely influenced by an increase in sanitation availability fees and connection/reconnection fees.

3.4 Service charges – refuse revenue

Refuse revenue increased by R 0,386 million, compared to the 2023/24 approved original budget. the increase is mainly due to environmental management fees.

3.5 Sale of goods and rendering of services

Sale of goods and rendering of services increased by R 1,210 million, compared to the 2023/24 approved original budget. The increase is largely influenced by building related fees and removal of building restrictions.

3.6 Agency services

Agency services increased by R 3,276 million, compared to the 2023/24 approved original budget. Agency Services is commission or management fees received specifically relating to agency services provided by municipalities on behalf of Department of Transport for the administration of road ordinances - issue of driver's licenses and vehicle registrations. The increase is largely influenced by extent driver's licenses and vehicle registrations.

3.7 Interest earned from Receivables.

Interest earned from receivables increased by R 11,550 million, compared to the 2023/24 approved original budget. Interest earned from receivables is mainly influenced by the municipality's overdue consumer debts, which amounts to R 389,324 million as at 30 November 2023.

3.8 Interest earned from Current and Non-Current Assets

Interest earned from current and non-current assets increased by R 7,076 million, compared to the 2023/24 approved original budget.

Interest earned from current and non-current assets relates to the interest earned on external investments and is largely influenced by the municipality's investment portfolio, which amounted to R137,909 million as at 30 November 2023.

3.9 Rental from fixed assets

Rental from fixed assets decreased by R 0,296 million, compared to the 2023/24 approved original budget. This decrease is largely attributable to lower than anticipated revenues from caravan parks' fees and camping fees.

3.10 Operational revenue

Operational revenue increased by R 1,942 million, compared to the 2023/24 approved original budget. The increase is mainly due to the R 1,8 million for the recognition of write-off of unallocated receipts and R 0,150 million received from the Department of Environment, Forestry and Fisheries. Unallocated receipts are written off in line with the council approved unallocated deposits' policy.

3.11 Fines, penalties and forfeits

Fines, penalties and forfeits increased by R 124,263 million, compared to the 2023/24 approved original budget. The increase is mainly due to a change in accounting for traffic fines issued in line with the Generally Recognised Accounting Practice (GRAP) requirements.

3.12 Transfer and subsidies – Operational

Transfers and subsidies – operational increased by R 3,258 million, compared to the 2023/24 approved original budget. The increase is mainly due to the rolled over unspent conditional grant received from the Department of Economic Development, Environment Affairs and Tourism.

3.13 Interest

Interest increased by R 1,979 million, compared to the 2023/24 approved original budget. The interest relates to property rates interest charged on overdue property rates debtors.

Expenditure

4. Total operating expenditure amounts to R 1,432 billion in the 2023/24 Adjustments Budget, compared to the amount of R 1,268 billion in the 2023/24 approved Original Budget. This represents an increase of R 164,077 million or 12.94%.

5. The significant variations in expenditure, compared to the 2023/24 approved original budget, are as follows:

5.1 Employee related cost

Employee related cost decreased by R 6,398 million, compared to the 2023/24 approved original budget. The decrease is mainly due to savings materialised from funded vacancies not yet filled.

5.2 Bulk purchases – electricity

Bulk purchases electricity decreased by R 9,571 million, compared to the 2023/24 approved original budget. The decrease is based on low electricity consumption levels as result of loadshedding.

5.3 Inventory consumed.

Inventory consumed increased by R 7,049 million, compared to the 2023/24 approved original budget. The increase is largely due to increase in materials and supplies for roads maintenance amounting to R 4 million and water chemicals amounting to R 1,8 million.

5.4 Debt impairment

Debt impairment increased by R 145,226 million, compared to the 2023/24 approved original budget. Debt impairment increase is mainly due to change in accounting for municipal traffic fines issued and reduction in collection rate from 95% to 92%.
The impairment is broken down as follows:

• Bad debt provision (change in collection rate)	R 23,730 million
• Bad debt provision (traffic fines issued)	R 121,496 million
	R 145,226 million

5.5 Interest

Interest increased by R 3,660 million, compared to the 2023/24 approved original budget. The increase is mainly due to additional finance lease recognised during the 2022/23 financial year. The interest relates to finance costs for the finance lease entered into by the municipality.

5.6 Contracted services

Contracted services increased by R 21,305 million, compared to the 2023/24 approved original budget. The increase is due to resealing of roads amounting to R 10 million, an increase in security services amounting to R 3 million and other contracted services amounting to R 8,3 million.

5.7 Transfers and subsidies paid.

Transfers and subsidies paid increase by R 0,200 million, compared to the 2023/24 approved original budget. The increase is for the Humansdorp museum.

5.8 Irrecoverable debts written off.

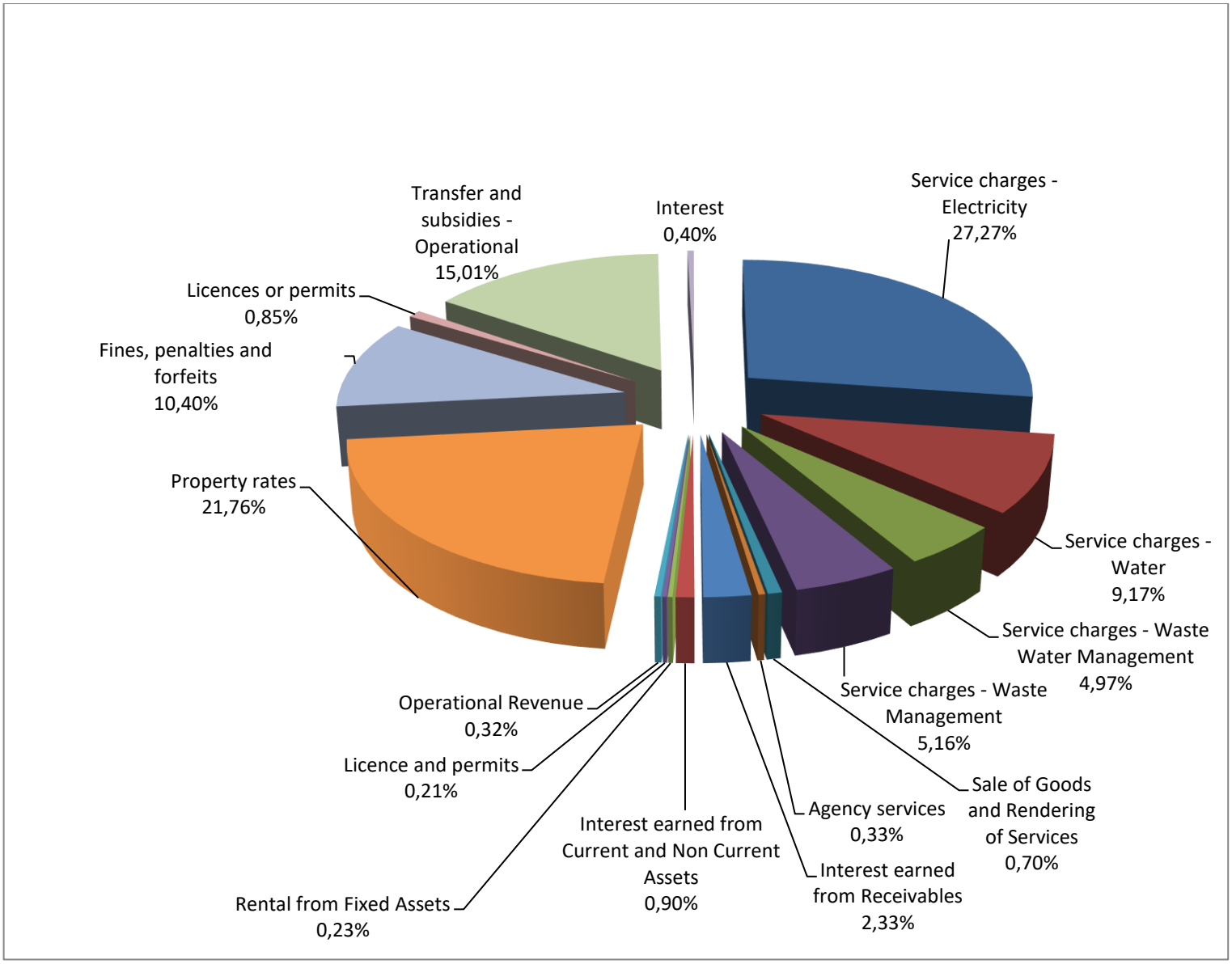
Irrecoverable debt written off provision increased by R 6,529 million, compared to the 2023/24 approved original budget. The increase is mainly due to changes in collection rate from 95% to 92%. Debts are written off upon Council approval.

5.9 Operational costs

Operational costs decreased by R 3,924 million, compared to the 2023/24 approved original budget. The decrease is due to various adjustments in operational costs from different departments.

The following graphs explain the revenue and expenditure components in more detail:

2023/24 Statement of Financial Performance – Adjusted Revenue



2023/24 Statement of Financial Performance – Adjusted Expenditure

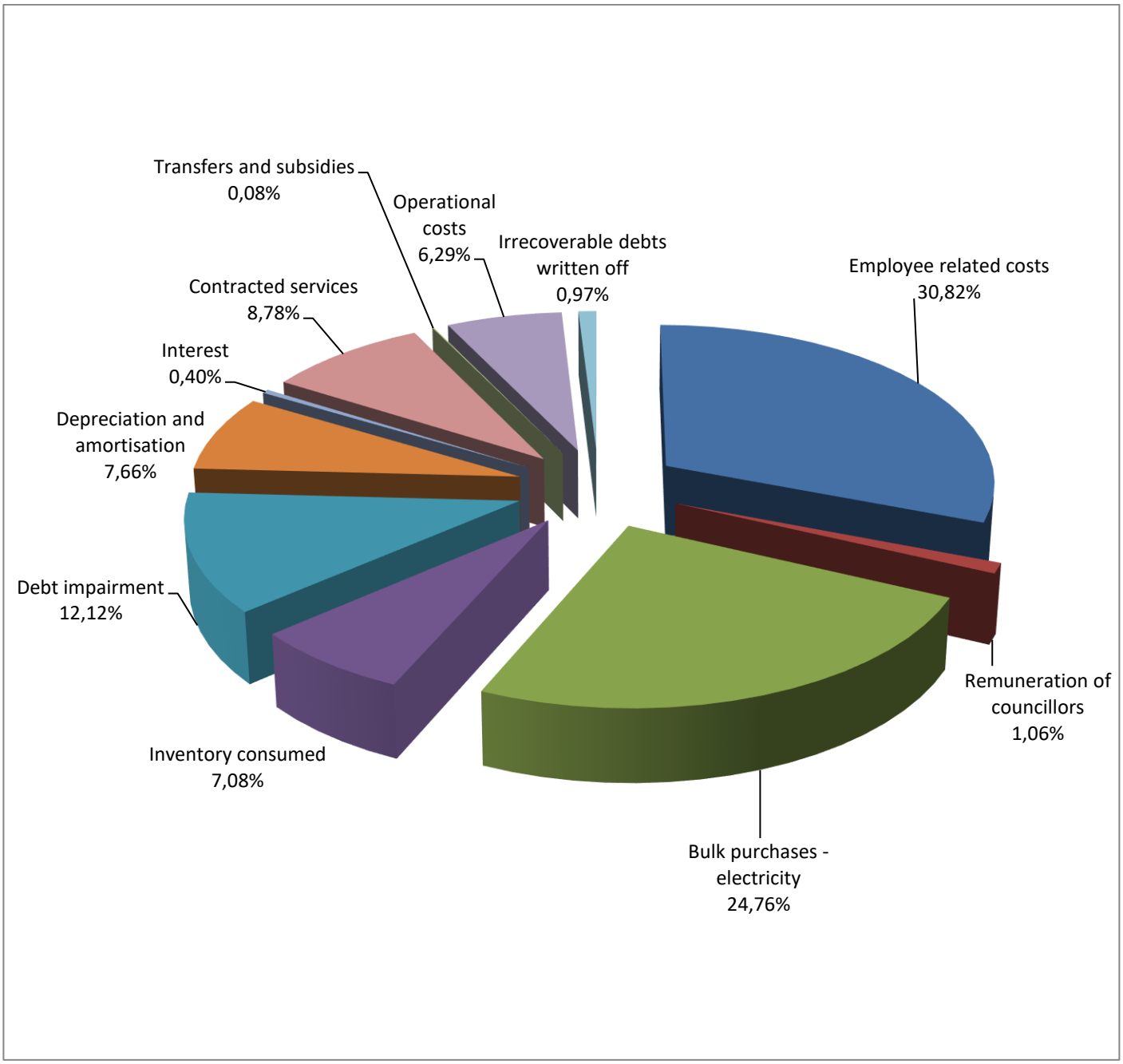


Table 8 (B5 - Adjustments Capital Expenditure Budget by vote, standard classification and funding source)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Capital expenditure - Vote					
Multi-year expenditure *to be adjusted*					
Vote 1 - EXECUTIVE COUNCIL	760	1 017	60	60	1 077
Vote 2 - FINANCIAL SERVICES	–	1 282	1 545	1 545	2 827
Vote 3 - CORPORATE SERVICES	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES	1 362	3 000	1 199	1 199	4 199
Vote 5 - INFRASTRUCTURE AND ENGINEERING	76 521	83 252	12 523	12 523	95 776
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	700	2 700	17 241	17 241	19 941
Capital multi-year expenditure sub-total	**79 343**	**91 251**	**32 568**	**32 568**	**123 819**
Single-year expenditure *to be adjusted*					
Vote 1 - EXECUTIVE COUNCIL	–	–	55	55	55
Vote 2 - FINANCIAL SERVICES	–	–	15	15	15
Vote 3 - CORPORATE SERVICES	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES	–	–	1 800	1 800	1 800
Vote 5 - INFRASTRUCTURE AND ENGINEERING	–	2 028	(615)	(615)	1 413
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	–	–	–	–	–
Capital single-year expenditure sub-total	**–**	**2 028**	**1 255**	**1 255**	**3 283**
Total Capital Expenditure - Vote	**79 343**	**93 279**	**33 822**	**33 822**	**127 102**
Capital Expenditure - Functional					
Governance and administration	**760**	**2 609**	**2 221**	**2 221**	**4 830**
Executive and council	760	1 017	80	80	1 097
Finance and administration	–	1 592	2 086	2 086	3 678
Internal audit	–	–	55	55	55
Community and public safety	**1 362**	**3 901**	**21 069**	**21 069**	**24 970**
Community and social services	–	–	9	9	9
Sport and recreation	–	900	1 219	1 219	2 120
Public safety	1 362	3 000	–	–	3 000
Housing	–	–	19 841	19 841	19 841
Health	–	–	–	–	–

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Economic and environmental services	**6 497**	**12 305**	**2 062**	**2 062**	**14 368**
Planning and development	3 157	5 557	1 639	1 639	7 197
Road transport	3 339	6 748	23	23	6 771
Environmental protection	–	–	400	400	400
Trading services	**70 124**	**73 865**	**9 070**	**9 070**	**82 934**
Energy sources	19 652	16 167	(6 485)	(6 485)	9 682
Water management	26 087	26 180	6 428	6 428	32 608
Waste water management	24 385	31 518	7 326	7 326	38 844
Waste management	–	–	1 800	1 800	1 800
Other	600	600	(600)	(600)	–
Total Capital Expenditure - Functional	**79 343**	**93 279**	**33 822**	**33 822**	**127 102**
Funded by:					
National Government	64 521	67 129	1 986	1 986	69 115
Provincial Government	–	–	19 841	19 841	19 841
District Municipality	1 362	3 000	–	–	3 000
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–
Transfers recognised - capital	**65 883**	**70 130**	**21 827**	**21 827**	**91 956**
Borrowing	–	–	–	–	–
Internally generated funds	13 460	23 150	11 996	11 996	35 146
Total Capital Funding	**79 343**	**93 279**	**33 822**	**33 822**	**127 102**

Explanatory notes to Table 8 B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 9 (B6 - Adjustments Budget Financial Position)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
ASSETS					
Current assets					
Cash and cash equivalents	5 596	(19 768)	47 671	47 671	27 903
Trade and other receivables from exchange transactions	55 239	55 239	21 792	21 792	77 030
Receivables from non-exchange transactions	24 619	35 967	(6 953)	(6 953)	29 014
Inventory	17 110	15 935	2 663	2 663	18 598
VAT	50 443	50 443	(5 021)	(5 021)	45 422
Other current assets	1 616	1 616	(1 506)	(1 506)	109
Total current assets	**154 622**	**139 431**	**58 646**	**58 646**	**198 077**
Non current assets					
Investment property	262 608	262 608	–	–	262 608
Property, plant and equipment	2 039 424	2 053 361	17 754	17 754	2 071 115
Intangible assets	410	410	193	193	603
Total non current assets	**2 302 442**	**2 316 379**	**17 947**	**17 947**	**2 334 326**
TOTAL ASSETS	**2 457 064**	**2 455 810**	**76 593**	**76 593**	**2 532 403**
LIABILITIES					
Current liabilities					
Financial liabilities	9 484	9 484	2 684	2 684	12 169
Consumer deposits	23 673	23 673	5 387	5 387	29 060
Trade and other payables from exchange transactions	77 412	76 345	48 068	48 068	124 413
Trade and other payables from non-exchange transactions	–	–	(0)	(0)	(0)
Provisions	43 689	43 689	4 225	4 225	47 914
Total current liabilities	**154 259**	**153 192**	**60 364**	**60 364**	**213 556**
Non current liabilities					
Financial Liabilities	8 637	8 637	2 569	2 569	11 207
Provisions	126 686	126 686	10 430	10 430	137 116
Other non-current liabilities	119 711	119 711	(12 280)	(12 280)	107 431
Total non current liabilities	**255 035**	**255 035**	**719**	**719**	**255 754**
TOTAL LIABILITIES	**409 293**	**408 227**	**61 083**	**61 083**	**469 310**
NET ASSETS	**2 047 771**	**2 047 583**	**15 509**	**15 509**	**2 063 093**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 047 771	2 047 583	15 509	15 509	2 063 093
TOTAL COMMUNITY WEALTH/EQUITY	**2 047 771**	**2 047 583**	**15 509**	**15 509**	**2 063 093**

Explanatory notes to Table 9 B6 – Adjustments Budget Financial Position

1 The table represents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, e.g., assets readily converted to cash or liabilities immediately required to be met from cash appear first.

2 Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budgets and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.

3 The cash flow position requires close and ongoing monitoring.

Table 10 (B7 - Adjustments Budgeted Cash Flow Statement)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	270 495	270 495	(6 720)	(6 720)	263 776
Service charges	697 055	697 055	(24 283)	(24 283)	672 771
Other revenue	67 422	67 422	2 998	2 998	70 420
Transfers and Subsidies - Operational	190 883	190 883	–	–	190 883
Transfers and Subsidies - Capital	75 561	75 561	(611)	(611)	74 950
Interest	4 598	4 598	7 076	7 076	11 674
Dividends				–	–
Payments					
Suppliers and employees	(1 219 527)	(1 219 527)	5 029	5 029	(1 214 498)
Finance charges	–	–	(6 612)	(6 612)	(6 612)
Transfers and Grants	–	–	(1 124)	(1 124)	(1 124)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**86 487**	**86 487**	**(24 248)**	**(24 248)**	**62 239**
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	–	–	–	–	–
Decrease (increase) in non-current receivables	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–
Payments					
Capital assets	(79 343)	(79 343)	(47 759)	(47 759)	(127 102)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(79 343)**	**(79 343)**	**(47 759)**	**(47 759)**	**(127 102)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–
Payments					
Repayment of borrowing	(10 091)	(10 091)	(2 078)	(2 078)	(12 169)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(10 091)**	**(10 091)**	**(2 078)**	**(2 078)**	**(12 169)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(2 947)**	**(2 947)**	**(74 085)**	**(74 085)**	**(77 032)**
Cash/cash equivalents at the year begin:	8 542	8 542	96 393	96 393	104 935
Cash/cash equivalents at the year end:	5 596	5 596	22 308	22 308	27 903

Explanatory notes to Table 10 B7 – Adjustments Budgeted Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

2. It reflects the expected cash in-flows versus the cash out-flows that is likely to result from the implementation of the Budget.

3. The municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table 11 (B8 - Cash backed reserves/accumulated surplus reconciliation)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Cash and investments available					
Cash/cash equivalents at the year end	5 596	5 596	22 308	22 308	27 903
Other current investments > 90 days	–	–			–
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	**5 596**	**5 596**	**22 308**	**22 308**	**27 903**
Applications of cash and investments					
Unspent conditional transfers	–	–	(0)	(0)	(0)
Unspent borrowing	–	–	–	–	–
Statutory requirements	50 443	50 443	(5 021)	(5 021)	45 422
Other working capital requirements	2 446	2 446	(20 815)	(20 815)	(18 369)
Other provisions	(43 689)	(43 689)	(4 225)	(4 225)	(47 914)
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	**9 200**	**9 200**	(30 061)	**(30 061)**	**(20 861)**
Surplus(shortfall)	**14 795**	**14 795**	**(7 753)**	**(7 753)**	**7 042**

Explanatory notes to Table 11 B8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. As part of the budgeting and planning guidelines that informed the compilation of the 2023/24 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.

4. It is to be noted that the 2023/24 approved Budget reflected a funding surplus of R 14,795 million, whilst the 2023/24 Adjustments Budget reflects a funding surplus of R 7,042 million.

5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position.

Table 12 (B9 - Asset Management)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
CAPITAL EXPENDITURE					
Total New Assets *to be adjusted*	**26 118**	**26 495**	**8 721**	**8 721**	**35 217**
Roads Infrastructure	3 339	4 139	1 800	1 800	5 939
Storm water Infrastructure	–	–	–	–	–
Electrical Infrastructure	19 652	14 590	(6 323)	(6 323)	8 267
Water Supply Infrastructure	–	–	9 778	9 778	9 778
Sanitation Infrastructure	304	700	(46)	(46)	654
Solid Waste Infrastructure	–	357	(184)	(184)	172
Infrastructure	**23 296**	**19 786**	**5 025**	**5 025**	**24 811**
Community Facilities	750	1 150	(400)	(400)	750
Sport and Recreation Facilities	–	–	–	–	–
Community Assets	**750**	**1 150**	**(400)**	**(400)**	**750**
Computer Equipment	**–**	**1 000**	**1 494**	**1 494**	**2 494**
Furniture and Office Equipment	**610**	**1 149**	**223**	**223**	**1 372**
Machinery and Equipment	**100**	**410**	**579**	**579**	**989**
Transport Assets	**1 362**	**3 000**	**1 800**	**1 800**	**4 800**
Total Renewal of Existing Assets *to be adjusted*	**–**	**93**	**128**	**128**	**221**
Water Supply Infrastructure	–	93	128	128	221
Infrastructure	**–**	**93**	**128**	**128**	**221**
Total Upgrading of Existing Assets *to be adjusted*	**53 225**	**66 691**	**24 973**	**24 973**	**91 664**
Roads Infrastructure	–	4 609	(2 000)	(2 000)	2 609
Storm water Infrastructure	–	–	–	–	–
Electrical Infrastructure	–	1 577	(206)	(206)	1 371
Water Supply Infrastructure	26 087	26 087	16 362	16 362	42 449
Sanitation Infrastructure	24 080	30 461	7 557	7 557	38 018
Infrastructure	**50 167**	**62 733**	**21 714**	**21 714**	**84 447**
Community Facilities	–	–	–	–	–
Sport and Recreation Facilities	3 057	3 958	3 259	3 259	7 217
Community Assets	**3 057**	**3 958**	**3 259**	**3 259**	**7 217**

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Total Capital Expenditure *to be adjusted*					
Roads Infrastructure	3 339	8 748	(200)	(200)	8 548
Electrical Infrastructure	19 652	16 167	(6 528)	(6 528)	9 638
Water Supply Infrastructure	26 087	26 180	26 269	26 269	52 449
Sanitation Infrastructure	24 385	31 161	7 511	7 511	38 672
Solid Waste Infrastructure	–	357	(184)	(184)	172
Infrastructure	**73 463**	**82 613**	**26 867**	**26 867**	**109 479**
Community Facilities	750	1 150	(400)	(400)	750
Sport and Recreation Facilities	3 057	3 958	3 259	3 259	7 217
Community Assets	**3 807**	**5 108**	**2 859**	**2 859**	**7 967**
Computer Equipment	**–**	**1 000**	**1 494**	**1 494**	**2 494**
Furniture and Office Equipment	**610**	**1 149**	**223**	**223**	**1 372**
Machinery and Equipment	**100**	**410**	**579**	**579**	**989**
Transport Assets	**1 362**	**3 000**	**1 800**	**1 800**	**4 800**
TOTAL CAPITAL EXPENDITURE *to be adjusted*	**79 343**	**93 279**	**33 822**	**33 822**	**127 102**
ASSET REGISTER SUMMARY - PPE (WDV)					
Roads Infrastructure	556 676	562 085	(10 868)	(10 868)	551 217
Storm water Infrastructure	8 914	8 914	20 810	20 810	29 724
Electrical Infrastructure	204 212	200 726	(26 863)	(26 863)	173 863
Water Supply Infrastructure	359 616	359 709	47 389	47 389	407 098
Sanitation Infrastructure	517 807	524 941	(37 416)	(37 416)	487 524
Solid Waste Infrastructure	(51 865)	(51 865)	36 778	36 778	(15 087)
Information and Communication Infrastructure	72	72	–	–	72
Infrastructure	1 595 431	1 604 581	29 831	29 831	1 634 412
Community Assets	52 093	53 393	3 451	3 451	56 844
Investment properties	262 608	262 608	–	–	262 608
Other Assets	143 118	143 118	(28 985)	(28 985)	114 133
Intangible Assets	410	410	193	193	603
Computer Equipment	2 941	3 941	1 625	1 625	5 566
Furniture and Office Equipment	6 594	7 133	(4 994)	(4 994)	2 139
Machinery and Equipment	3 058	3 368	4 430	4 430	7 798
Transport Assets	8 584	10 222	28 665	28 665	38 886
Land	227 605	227 605	(16 268)	(16 268)	211 337
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	**2 302 442**	**2 316 379**	**17 947**	**17 947**	**2 334 326**

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
EXPENDITURE OTHER ITEMS					
Depreciation & asset impairment	109 663	109 663	–	–	109 663
Repairs and Maintenance by asset class	**60 689**	**60 776**	**(526)**	**(526)**	**60 250**
Roads Infrastructure	14 206	14 206	(3 719)	(3 719)	10 487
Storm water Infrastructure	1 075	1 012	(23)	(23)	989
Electrical Infrastructure	10 827	10 827	–	–	10 827
Water Supply Infrastructure	7 442	7 442	(1 387)	(1 387)	6 055
Sanitation Infrastructure	8 969	8 969	3 022	3 022	11 990
Infrastructure	42 518	42 455	(2 108)	(2 108)	40 348
Community Facilities	1 696	1 886	1 025	1 025	2 911
Sport and Recreation Facilities	1 347	1 347	–	–	1 347
Community Assets	3 043	3 233	1 025	1 025	4 258
Operational Buildings	3 545	3 505	557	557	4 061
Other Assets	3 545	3 505	557	557	4 061
Machinery and Equipment	727	727	–	–	727
Transport Assets	10 856	10 856	–	–	10 856
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	**170 352**	**170 439**	**(526)**	**(526)**	**169 913**
Renewal and upgrading of Existing Assets as % of total capex	*67,1%*	*71,6%*			*72,3%*
Renewal and upgrading of Existing Assets as % of deprecn"	*48,5%*	*60,9%*			*83,8%*
R&M as a % of PPE	*2,6%*	*2,6%*			*2,6%*
Renewal and upgrading and R&M as a % of PPE	*4,9%*	*5,5%*			*6,5%*

Explanatory notes to Table 12 B9 – Asset Management

1. The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected.

   It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

Table 13 (B10 - Basic service delivery measurement)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
Household service targets					
Water:					
Piped water inside dwelling	–	–	–	–	–
Piped water inside yard (but not in dwelling)	–	–	–	–	–
Using public tap (at least min.service level)	–	–	–	–	–
Other water supply (at least min.service level)	–	–	–	–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Using public tap (< min.service level)	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–
No water supply	–	–	–	–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:					
Flush toilet (connected to sewerage)	–	–	–	–	–
Flush toilet (with septic tank)	–	–	–	–	–
Chemical toilet	–	–	–	–	–
Pit toilet (ventilated)	–	–	–	–	–
Other toilet provisions (> min.service level)	–	–	–	–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Bucket toilet	–	–	–	–	–
Other toilet provisions (< min.service level)	–	–	–	–	–
No toilet provisions	–	–	–	–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	**–**	**–**	**–**	**–**	**–**
Energy:					
Electricity (at least min. service level)	–	–	–	–	–
Electricity - prepaid (> min.service level)	–	–	–	–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Electricity (< min.service level)	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–
Other energy sources	–	–	–	–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	–	–	–	–	–

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
Refuse:					
Removed at least once a week (min.service)	–	–	–	–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Removed less frequently than once a week	–	–	–	–	–
Using communal refuse dump	–	–	–	–	–
Using own refuse dump	–	–	–	–	–
Other rubbish disposal	–	–	–	–	–
No rubbish disposal	–	–	–	–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	**–**	**–**	**–**	**–**	**–**
Households receiving Free Basic Service					
Water (6 kilolitres per household per month)	19 498 541	19 498 541	298 649	298 649	19 797 190
Sanitation (free minimum level service)	12 635 128	12 635 128	710 155	710 155	13 345 283
Electricity/other energy (50kwh per household per month)	4 955 229	4 955 229	–	–	4 955 229
Refuse (removed at least once a week)	–	–	–	–	–
Informal Settlements	–	–	–	–	–
Cost of Free Basic Services provided (R'000)					
Water (6 kilolitres per indigent household per month)	19 499	19 499	299	299	19 797
Sanitation (free sanitation service to indigent households)	12 635	12 635	710	710	13 345
Electricity/other energy (50kwh per indigent household per month)	4 955	4 955	–	–	4 955
Refuse (removed once a week for indigent households)	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	–	–	–	–	–
Total cost of FBS provided	37 089	37 089	1 009	1 009	38 098
Highest level of free service provided					
Property rates (R'000 value threshold)	–	–	–	–	–
Water (kilolitres per household per month)	–	–	–	–	–
Sanitation (kilolitres per household per month)	–	–	–	–	–
Sanitation (Rand per household per month)	–	–	–	–	–
Electricity (kw per household per month)	–	–	–	–	–
Refuse (average litres per week)	–	–	–	–	–

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
Revenue cost of free services provided (R'000)					
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	29 261	29 261	(11 468)	(11 468)	17 793
Water (in excess of 6 kilolitres per indigent household per month)	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–
Municipal Housing - rental rebates	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–
Other	–	–	–	–	–
Total revenue cost of subsidised services provided	**29 261**	**29 261**	**(11 468)**	**(11 468)**	**17 793**

Explanatory notes to Table 13 B10 – Basic Service Delivery Measurement

Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

The budget assumptions, which informed the approved 2023/24 Budget, have been maintained.

2.2 Adjustments to Budget Funding

2.2.1 Funding the Adjustments Budget

2.2.1.1 Funding of Operating Expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Table 14 (Revenue by Source)

Description	Current year 2023/24		
R thousands	Original Budget	Adjusted Budget	Variances
Revenue			
Exchange Revenue			
Service charges - Electricity	390 731	352 780	(37 951)
Service charges - Water	101 425	118 603	17 179
Service charges - Waste Water Management	63 314	64 268	954
Service charges - Waste Management	66 396	66 782	386
Sale of Goods and Rendering of Services	7 790	9 000	1 210
Agency services	1 000	4 276	3 276
Interest earned from Receivables	18 595	30 145	11 550
Interest earned from Current and Non-Current Assets	4 598	11 674	7 076
Rental from Fixed Assets	3 295	2 999	(296)
Licence and permits	3 021	2 677	(344)
Operational Revenue	2 174	4 116	1 942
Non-Exchange Revenue			-
Property rates	281 488	281 488	-
Fines, penalties and forfeits	10 334	134 597	124 263
Licences or permits	10 668	11 053	385
Transfer and subsidies - Operational	190 883	194 142	3 258
Interest	3 244	5 223	1 979
Total Revenue (excluding capital transfers and contributions)	**1 158 957**	**1 293 823**	**134 866**

2.2.1.2 Reconciliation showing that operating and capital expenditure is funded in accordance with section 18 of the MFMA.

Table 15 (Cash backed reserves/accumulated surplus reconciliation)

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Cash and investments available					
Cash/cash equivalents at the year end	5 596	5 596	22 308	22 308	27 903
Other current investments > 90 days	–	–			–
Non-current assets - Investments	–	–	–	–	–
Cash and investments available:	**5 596**	**5 596**	**22 308**	**22 308**	**27 903**
Applications of cash and investments					
Unspent conditional transfers	–	–	(0)	(0)	(0)
Unspent borrowing	–	–	–	–	–
Statutory requirements	50 443	50 443	(5 021)	(5 021)	45 422
Other working capital requirements	2 446	2 446	(20 815)	(20 815)	(18 369)
Other provisions	(43 689)	(43 689)	(4 225)	(4 225)	(47 914)
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	**9 200**	**9 200**	(30 061)	**(30 061)**	**(20 861)**
Surplus(shortfall)	**14 795**	**14 795**	**(7 753)**	**(7 753)**	**7 042**

2.2.2 Adjustments to estimated collection levels

The 2023/24 Adjustment Operating Budget debtors' collection rate was adjusted from 95% to 92%.

2.2.3 Adjustments related to allocations and grants to the Municipality.

2.2.3.1 Adjustments related to capital allocations and grants to the Municipality.

Adjustments relating to grant funding, supporting the Municipality's Capital Budget is included in the enclosed annexure "B".

2.2.3.2. Adjustments related to allocations and grants to the Municipality.

Below the adjustments pertaining to operating allocations and grants:

Supporting Table SB7 Adjustments Budget – transfers and grant receipts

Description	Current year 2023/24		
R thousands	Original Budget	Adjusted Budget	Full Year Forecast
RECEIPTS			
Operating			
National Government			
Equitable Share	180 506	180 506	180 506
Expanded Public Works Programme Integrated Grant	2 458	2 458	2 458
Local Government Financial Management Grant	1 720	1 720	1 720
Municipal Infrastructure Grant	1 868	1 868	1 868
Total Operating/National Government	**186 552**	**186 552**	**186 552**
Provincial Government			
Capacity Building and Other	2 050	5 308	5 308
Total Operating/Provincial Government	**2 050**	**5 308**	**5 308**
District Municipalities			
Capacity Building and Other	2 281	2 281	2 281
Total Operating/District Municipalities	**2 281**	**2 281**	**2 281**
Total Operating	**190 883**	**194 142**	**194 142**
Capital			
National Government			
Energy Efficiency and Demand Side Management Grant	4 000	4 000	4 000
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	4 700	6 984	6 984
Municipal Disaster Relief Grant		3 000	3 000
Municipal Infrastructure Grant	35 499	35 499	35 499
Water Services Infrastructure Grant	30 000	30 000	30 000
Total Capital/National Government	**74 199**	**79 483**	**79 483**
Provincial Government			
Human Settlement Grant - Infrastructure		19 841	19 841
Total Capital/Provincial Government	**-**	**19 841**	**19 841**
District Municipalities			
Capacity Building and Other	1 362	1 362	1 362
Total Capital/District Municipalities	**1 362**	**1 362**	**1 362**
Total Capital	**75 561**	**100 686**	**100 686**
TOTAL	**266 444**	**294 827**	**294 827**

Supporting Table SB8 Adjustments Budget – expenditure on transfers and programmes

Description	Current year 2023/24		
R thousands	Original Budget	Adjusted Budget	Full Year Forecast
EXPENDITURE			
Operating			
National Government			
Equitable Share	180 506	180 506	180 506
Expanded Public Works Programme Integrated Grant	2 458	2 458	2 458
Local Government Financial Management Grant	1 720	1 720	1 720
Municipal Infrastructure Grant	1 868	1 868	1 868
Total Operating/National Government	**186 552**	**186 552**	**186 552**
Provincial Government			
Capacity Building and Other	2 050	5 308	5 308
Total Operating/Provincial Government	**2 050**	**5 308**	**5 308**
District Municipalities			
Capacity Building and Other	2 281	2 281	2 281
Total Operating/District Municipalities	**2 281**	**2 281**	**2 281**
Total Operating	**190 883**	**194 142**	**194 142**
Capital			
National Government			
Energy Efficiency and Demand Side Management Grant	4 000	4 000	4 000
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	4 700	6 984	6 984
Municipal Disaster Relief Grant		3 000	3 000
Municipal Infrastructure Grant	35 499	35 499	35 499
Water Services Infrastructure Grant	30 000	30 000	30 000
Total Capital/National Government	**74 199**	**79 483**	**79 483**
Provincial Government			
Human Settlement Grant - Infrastructure		19 841	19 841
Total Capital/Provincial Government	**-**	**19 841**	**19 841**
District Municipalities			
Capacity Building and Other	1 362	1 362	1 362
Total Capital/District Municipalities	**1 362**	**1 362**	**1 362**
Total Capital	**75 561**	**100 686**	**100 686**
TOTAL	**266 444**	**294 827**	**294 827**

2.3 Adjustments to expenditure on allocations and grant programmes

2.3.1 The adjustments made to planned capital expenditure of allocations and grants received.

The adjustments made to planned capital expenditure, including the capital projects in question, are reflected in Annexure "B".

2.4 Adjustments to Councillors and Employee benefits

Below is a summary of the adjustments made to Councillors' Remuneration and Employee Related Costs:

Description	Approved Budget 2023/24	Adjustments Budget 2023/24	Variance
	R	R	R
Employee Related Costs	447 813 268	441 415 039	(6 398 229)
Councillors' Remuneration	15 140 069	15 140 069	-

It must be noted that the variance of R 6,398 million relates to savings materialised from funded vacancies not yet filled.

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, it should be noted that adjustments to the service delivery targets and performance indicators in the 2023/24 SDBIP will be considered, following the approval by Council of the 2023/24 Adjustments Budget.

2.6 Adjustments to Capital Expenditure

Annexure "C" contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

2.7 Municipal Manager's Quality Certification

I, Charl Du Plessis, Municipal Manager of the Kouga Local Municipality, hereby certify that the Adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name __Charl Du Plessis_____

Municipal Manager of Kouga Local Municipality EC108



Signature:…… …… ……..

Date:……15 January 2024……

		ANNEXURE "B"	
PROJECT DESCRIPTION	**Original Budget 2023/24**	**Adjustments**	**Adjusted Budget 2023/24**
DISTRICT SUBSIDY			
Fire vehicles	1 362 277	1 638 000	3 000 277
	1 362 277	**1 638 000**	**3 000 277**
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT			
ENERGY EFFICIENCY PROJECTS	3 478 260	-	3 478 260
	3 478 260	**-**	**3 478 260**
HUMAN SETTLEMENT GRANT			
WATER INFRASTRUCTURE SUPPLY	-	15 330 180	15 330 180
WATER INFRASTRUCTURE SUPPLY - CONSULTANT FEES	-	4 510 553	4 510 553
	-	**19 840 733**	**19 840 733**
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT			
OCEAN VIEW 1250 ELECTRIFICATION	4 086 956	(531 305)	3 555 651
Bulk 66kv Overhead lines	-	1 371 165	1 371 165
Electrification of Oceanview	-	1 146 184	1 146 184
	4 086 956	**1 986 044**	**6 073 000**
MUNICIPAL DISASTER RESPONSE GRANT			
ST FRANCIS CANAL BRIDGE	-	2 608 696	2 608 696
	-	**2 608 696**	**2 608 696**
MUNICIPAL INFRASTRUCTURE GRANT			
DESIGN: UPGRADING WESTON WWTW OUTFALL AND RETICULA	430 645	-	430 645
DESIGN: UGRADING JEFFREYS BAY SEWER PIPE IN OCEANV	304 347	(96 542)	207 805
UPGRADING KWANOMZAMO WWTW	10 632 672	(2 229 040)	8 403 632
DESIGN: LA MER NEW SEWER RISING MAIN	208 695	-	208 695
UPGRADING HANKEY SEWERAGE INFRASTRUCTURE	12 808 470	86 149	12 894 619
UPGRADING KOUGA GRAVEL ROADS	3 339 130	-	3 339 130
UPGRADING LOERIE SPORTS FACILITIES	3 057 474	2 239 431	5 296 905
DESIGN: HIGH MAST LIGHTS	86 957	-	86 957
	30 868 390	**(2)**	**30 868 388**
WATER SERVICES INFRASTRUCTURE GRANT			
PARADISE BEACH WATER TOWER	9 772 639	-	9 772 639
MIMOSA STREET PIPELINE REPLACEMENT	16 314 317	(3 478 261)	12 836 056
Consultants Services Groundwater Development (WSIG)	-	869 565	869 565
New Boreholes St Francis (WSIG)	-	2 608 695	2 608 695
	26 086 956	**(1)**	**26 086 955**
TOTAL	**65 882 839**	**26 073 470**	**91 956 309**

ANNEXURE "C"

DEPARTMENT	FUNDING	PROJECT	Original Budget 2023/24	Adjustments	Adjusted Budget 2023/24
CIVIL & WATER SERVICES					
WATER	Internal	Replace Main Waterline Sout Rivier Bridge Crossing	-	120 733	120 733
WATER	Internal	Replace 250mm Water Main Canal Road St Francis Ba	-	100 687	100 687
SEWERAGE	Internal	New bypass Sewer Rising Main and Pump Stations Jbay	-	323 486	323 486
SEWERAGE	Internal	Piped Reticulation - St Francis Bay	-	122 559	122 559
PROJECT MANAGEMENT UNIT (PMU)	Internal	Upgrading/Improvement of Sport Facilities within Kouga	-	1 919 609	1 919 609
PROJECT MANAGEMENT UNIT (PMU)	Internal	PAVING OF MAIN BEACH	-	1 800 000	1 800 000
ROADS AND STORMWATER	Internal	Machinery and Equipment	-	23 000	23 000
SEWERAGE	Internal	Upgrade Loerie sewer pump station	-	172 265	172 265
WATER	Internal	SEWER RISING MAINS FROM LA MER PUMP STATION TO THE JEFFREYS BAY WASTEWATER TREATMENT WORKS: PHASE 1 - LA MER TO DOLPHIN DRIVE	-	9 700 000	9 700 000
WATER	Internal	Humansdorp Groundwater Supply (Ikono Contractor)	-	2 800 000	2 800 000
WATER	Internal	JILL MARCUS Water Supply	-	3 500 000	3 500 000
SEWERAGE	Internal	KWANOMZAMO SEWERAGE PUMP STATION	-	1 224 891	1 224 891
SEWERAGE	Internal	HANKEY WWTW	-	5 155 634	5 155 634
ROADS AND STORMWATER	Internal	UPGRADING KOUGA GRAVEL ROADS	-	800 000	800 000
ROADS AND STORMWATER	MDRG	ST FRANCIS CANAL BRIDGE	-	2 608 696	2 608 696
SEWERAGE	MIG	DESIGN: UPGRADING WESTON WWTW OUTFALL AND RETICULA	430 645	-	430 645
SEWERAGE	MIG	DESIGN: UGRADING JEFFREYS BAY SEWER PIPE IN OCEANV	304 347	(96 542)	207 805
SEWERAGE	MIG	UPGRADING KWANOMZAMO WWTW	10 632 672	(2 229 040)	8 403 632
SEWERAGE	MIG	DESIGN: LA MER NEW SEWER RISING MAIN	208 695	-	208 695
SEWERAGE	MIG	UPGRADING HANKEY SEWERAGE INFRASTRUCTURE	12 808 470	86 149	12 894 619
ROADS AND STORMWATER	MIG	UPGRADING KOUGA GRAVEL ROADS	3 339 130	-	3 339 130
PROJECT MANAGEMENT UNIT (PMU)	MIG	UPGRADING LOERIE SPORTS FACILITIES	3 057 474	2 239 431	5 296 905
WATER	WSIG	PARADISE BEACH WATER TOWER	9 772 639	-	9 772 639
WATER	WSIG	MIMOSA STREET PIPELINE REPLACEMENT	16 314 317	(3 478 261)	12 836 056
WATER	WSIG	Consultants Services Groundwater Development (WSIG)	-	869 565	869 565
WATER	WSIG	New Boreholes St Francis (WSIG)	-	2 608 695	2 608 695
			56 868 389	**30 371 557**	**87 239 946**

ANNEXURE "C"

DEPARTMENT	FUNDING	PROJECT	Original Budget 2023/24	Adjustments	Adjusted Budget 2023/24
COMMUNITY & SAFETY SERVICES					
DIRECTOR:COMMUNITY SERVICES	Internal	Furniture and Office Equipment	-	9 290	9 290
ENVIRONMENTAL MANAGEMENT	Internal	Skip Bins	-	400 000	400 000
LAW ENFORCEMENT	Internal	KM Control room	-	569 423	569 423
DIRECTOR:COMMUNITY SERVICES	Internal	Computer Equipment	-	20 000	20 000
PARKS AND OPEN SPACES	Internal	Grass Cutter	-	200 000	200 000
WASTE SERVICES	Internal	Skip Truck	-	1 800 000	1 800 000
FIRE SERVICES	DISTRICT	Fire vehicles	1 362 277	1 638 000	3 000 277
			1 362 277	**4 636 713**	**5 998 990**
ELECTRO & MECHANICAL					
METERING & REVENUE	INEP	OCEAN VIEW 1250 ELECTRIFICATION	4 086 956	(531 305)	3 555 651
METERING & REVENUE	INEP	Bulk 66kv Overhead lines	-	1 371 165	1 371 165
METERING & REVENUE	INEP	Electrification of Oceanview	-	1 146 184	1 146 184
METERING & REVENUE	MIG	DESIGN: HIGH MAST LIGHTS	86 957	-	86 957
METERING & REVENUE	Internal	SOLAR ENERGY PROJECT	12 000 000	(12 000 000)	-
METERING & REVENUE	Internal	Furniture and Office Equipment	-	43 565	43 565
METERING & REVENUE	EEDSM	ENERGY EFFICIENCY PROJECTS	3 478 260	-	3 478 260
FLEET AND WORKSHOP	Internal	Generator	-	266 435	266 435
			19 652 173	**- 9 703 956**	**9 948 217**
FINANCE & ECONOMIC DEVELOPMENT					
ASSET MANAGEMENT	Internal	AIR CONDITIONERS-WHOLE OF MUNICIPALITY	-	882 006	882 006
LOCAL ECONOMIC DEVELOPMENT	Internal	Township Economy Support (Agriculture)	100 000	-	100 000
SCM	Internal	Computer Equipment		80 000	80 000
BUDGET AND FINANCIAL REPORTING	Internal	Furniture and Office Equipment		10 000	10 000
REVENUE	Internal	Computer Equipment		170 000	170 000
SCM	Internal	Furniture and Office Equipment		30 000	30 000
ASSET MANAGEMENT	Internal	Furniture and Office Equipment		15 000	15 000
ASSET MANAGEMENT	Internal	Computer Equipment		20 000	20 000
TOURISM	Internal	Furniture and Equipment	600 000	(600 000)	-
			700 000	**607 006**	**1 307 006**

				ANNEXURE "C"	
DEPARTMENT	**FUNDING**	**PROJECT**	**Original Budget 2023/24**	**Adjustments**	**Adjusted Budget 2023/24**
OFFICE OF THE DMM					
INFORMATION TECHNOLOGY	Internal	Computer Equipment	-	1 635 000	1 635 000
WARD COUNCILLORS	Internal	Ward councilors Capital project	750 000	-	750 000
WARD COUNCILLORS	Internal	Furniture and Office Equipment		60 000	60 000
MAYOR	Internal	Furniture and Equipment - Municipal Court	-	219 331	219 331
			750 000	**1 914 331**	**2 664 331**
OFFICE OF THE MM					
MUNICIPAL MANAGER	Internal	Furniture and Equipment	-	37 632	37 632
RISK AND INTERNAL AUDIT	Internal	Furniture and Equipment		55 000	55 000
INTEGRATED DEVELOPMENT	Internal	Furniture and Equipment	10 000	-	10 000
			10 000	**92 632**	**102 632**
PLANNING & DEVELOPMENT					
HUMAN SETTLEMENT	Grant	WATER INFRASTRUCTURE SUPPLY	-	15 330 180	15 330 180
HUMAN SETTLEMENT	Grant	WATER INFRASTRUCTURE SUPPLY - CONSULTANT FEES	-	4 510 553	4 510 553
			-	**19 840 733**	**19 840 733**
			-	-	
		Total	**79 342 839**	**47 759 016**	**127 101 855**