

Executive Summary

Draft Budget 2023/24 MTREF

The budget was prepared on the MSCOA **version 6.7**, in conjunction with the MFMA circulars and other legislations. The budget was prepared on a conservative approach as stipulated in **MFMA circular no 123 for 2023/24 MTREF**, which set the tone during the budget process.

We advertise for inputs on the IDP and held community consultative meetings in the wards. The meetings was well attended and valuable inputs were received from the community.

A. CAPITAL BUDGET. (IDP and linkage to the budget)

A revised budget will be tabled to council during March 2023 and will be published for comments before it could be tabled to Council during the final budget meeting before the end of May 2023.

Communities re-assess their needs which forms part of the revised IDP document. However, all needs cannot be achieved, realized or addressed in one financial year or over one MRTEF period.

Kareeberg Local Municipality total capital budget for the 2023/24 financial year amounts to **R16 033 000**.

Capital Grants	R 15 674 000.
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| • Municipal Infrastructure Grant | R 8 674 000. |
| • INEP | R 7 000 000. |

The registered projects for the **MIG** are the oxidation ponds in Carnarvon and Vosburg.

The **INEP** grant will be utilized for the construction of a 22 kV substation.

Capital Own Funding	R 359 000.
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| • Carpets: Carnarvon office | R 80 000. |
| • Curtains: Council Chambers | R 80 000. |
| • Chairs: Van Wyksvlei | R 50 000. |
| • Electrical Dept | R 149 000 |

Equitable Share	R 35 668 000.
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B. OPERATING BUDGET (Income)

1. Budget Income

- Total expected income from property rates will be R 11 943 094
- The declaration of SKA farms as a Reserve will reduce the income from property rates to R 2 898 392

2. Other levied income from trading services (free basic services deducted)

- Electricity R 11 813 175
- Water R 4 301 562
- Sewerage R 1 978 321
- Refuse removal R 2 226 928

3. Rental of facilities and equipment expected income amounts to R 145 980

- There is no rental income at this stage from the commonage.

4. Income from interest will be R 2 432 165

- Interest from external investments R 2 432 165
- No interest on accounts in arrears
- No interest was charged on outstanding debtors. R 3 100

5. Operating Grants and Subsidies

- Equitable Share R 35 668 000.
- FMG R 2 850 000.
- Library Development Fund R 1 200 000

6. Other budgeted revenue amounts to R 22 384 266

The total budgeted Revenue (income) for the financial year 2023/24 are R113 521 432

C. EXPENDITURE

Salaries and Wages R 27 360 419

- Annual increase of **5,1%** has been budget for as per guideline.
- The total salary package includes the salary of all current personnel and some vacant positions.
- Efficient and effective alignment of staff should be undertaken to ensure overall productivity of staff within the municipality.
- The salary budget needs to be monitored as we must really assess the current staff and positions. The productivity of staff needs to be prioritized as much more work needs to be done in this regard.
- New appointments/filling of vacancies must be considered to relieve the pressure on overtime, bearing in mind the norm of 35% for expenditure on salaries.
- The salary percentage to the operating expenditure amounts to **27,6%** compared to last year **27,97%**. The norm is **35%**.

Council Remuneration

- Amounts to **R 4 747 170**, as the municipality consist now of 11 councillors.

Contracted Services

- The budget for contracted services amounts to **R 10 557 526**. Great effort needs to be employed to reduce the role and dependency on service providers.

Bulk Purchases.

- The budget for electricity amounts to **R19 000 000** .The approved increase by NERSA is **18,7%**.

Other expenditure R 17 018 912

- Insurance, Subsistence and Travelling and Audit fees are the mayor types of expenditure .

The total budget for Expenditure amounts to R 113 521 432.

The realization of revenue impacts on the expenditure management.

D. TARIFF INCREMENTS

The expected increase on tariffs for the 2023/24 financial year are set out below:

1. Rates and Taxes

- Overall the rates and taxes will increase with **6 %** based on residential properties.
- The first **R25 000** valuation of all residential properties will be exempted from rates and taxes.
- Agricultural properties rebate is **55%**.
- Business properties rebate is **40%** as per application, except SKA

2. Electricity

- The basic fee will increase by **18 %**
- Conventional and prepaid electricity tariffs as per NERSA and National Treasury tariff increment guidelines.
- 1-50 kWh increase by **18%**
- 51-350 kWh increase by **18%**
- 351 and more kWh units increase by **18%**

3. Water

- The basic fee will increase by **6 %**
- Water consumption will increase by **6 %** in all blocks.

4. Sewerage and Sanitation

- Tariffs increase by **6 %**
- A monthly levy will be charged on all septic tanks and suction tanks in Carnarvon and Vosburg. The second suction will be charged according to the tariff schedule. (the first suction is free).

5. Refuse Removal

- Tariffs increase by **6 %**

6. All other secondary tariffs.

- Tariff increases as per attachment on the tariff schedule.

E.CONCLUSION

The aim of the 2023/24 budget is to make services affordable to all consumers. It aims to invest in the infrastructure of the municipality, while the developmental agenda of the municipality through its capital projects, is to create jobs and fight poverty.

The inflationary increases of tariffs as outlined in the CPIX and National Treasury guidelines is to focus on affordability and ensure that the revenue that is budgeted for can be collected. Tariff increases can only be softened by the equitable share and the vat income on capital projects. Hence we are relying heavily on grants. The budget assumption is a 100% collection rate, therefore the collection rate needs to improve.

Council's commitment to create a conducive environment for investors in the Kareeberg Local Municipality cannot be under estimated. We need to continue with the National Development Plan of Government

Lastly, to balance the budget with affordable tariffs and still deliver a sustainable service, will remain a challenge.

24 March 2023.