8.4	MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2023/2024-2025/2026

Collaborator No:
IDP KPA Ref No: Good Governance and Compliance
Meeting Date: 22 March 2023 & 29 March 2023

1. SUBJECT: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2023/2024-2025/2026

2. PURPOSE

The purpose of this report is as follows:

a) The Executive Mayor to table the Medium-Term Revenue and Expenditure Framework (inclusive of property rates charges and taxes, tariffs and service charges), annexures and proposed amendments to the budget related policies and other policies to Council for approval in terms of Section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003).

b) That Council specifically note and consider the need to take up external loans to fund critically needed refurbishment of infrastructure to the amount of R560 million of which over the MTREF R200 million will be required in year one, R200 million in year two and R160 million in year three (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirms draft approval of same in order for the Chief Financial Officer to attend to the necessary legislative requirements.

3. DELEGATED AUTHORITY

FOR APPROVAL BY MUNICIPAL COUNCIL

EXECUTIVE SUMMARY

BUDGET

Attached as **APPENDIX 1** is an executive summary by the Accounting Officer.

4. RECOMMENDATIONS

(a) that the Draft High Level Budget Summary, as set out in APPENDIX 1 – PART 1 – SECTION C; be approved for public release;

(b) that the Draft Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in **APPENDIX 1** – PART 1 – SECTION D, be approved for public release;

(c) that the proposed Grants-In-Aid allocations as set out in **APPENDIX 1** – PART 2 – SECTION J, be approved for public release;

(d) that the three-year Capital Budget for 2023/2024, 2024/2025 and 2025/2026, as set out in **APPENDIX 1** – PART 2 – SECTION N, be approved for public release;

(e) that the proposed draft rates on properties in WCO24, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in **APPENDIX 3**, be approved for public release;

(f) that the proposed amendments to existing budget related policies and other policies as set out in **APPENDICES 5 - 34**, be approved for public release.

(g) that Council specifically note and consider the need to take up an external loan, needed for investment in income generating infrastructure to the amount of R560 millions of which R200 million will be required in year one, R200 million in year two and R160 million in year three (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirm approval of same;

(h) that Council specifically take note of the fact that the proposed electricity charges and tariff structure is subject to NERSA approval that could change materially; and

(i) that Council takes note of MFMA circulars 122 and 123 that was published to guide the MTREF for 2023/2024 to 2025/2026 as set out in APPENDICES 35 – 36.

5. DISCUSSION / CONTENTS

5.1 Background/ Legislative Framework

Section 16 of the MFMA states that:

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

Furthermore, section 17 of the MFMA states that:

(1) An annual budget of a municipality must be a schedule in the prescribed format-

a) setting out realistically anticipated revenue for the budget year from each revenue source;

b) appropriating expenditure for the budget year under the different votes of the municipality;

c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;

d) setting out-

i. estimated revenue and expenditure by vote for the current year;

ii. actual revenue and expenditure by vote for the financial year preceding the current year.

5.2 Discussion

This MTREF budget is being tabled during a difficult domestic and global economic environment. Domestically, load-shedding has become more persistent and prolonged, impacting on service delivery and threatening the survival of many businesses. Households are under pressure from the rising cost of living, and unemployment remains stubbornly high.

The Finance Minister, in the *Medium-Term Budget Policy Statement* (MTBPS), indicated South Africa is prioritising stable and clear policies that promote economic growth and fiscal health in the midst of an uncertain outlook.

The pursuit of higher growth remains anchored on the following three pillars:

- Firstly, ensuring a stable macroeconomic framework to create a conducive environment for savings, investment and growth.
- Secondly, implementing growth-enhancing reforms in key sectors, particularly in energy and transport.
- And thirdly, strengthening the capacity of the state to deliver quality public services, invest in infrastructure and fight crime and corruption.

Fiscal Strategy

The 2023 Medium Term Budget Policy Statement (MTBPS) sets the course for a fiscal consolidation strategy consisting of the following measures:

- Reduction in fiscal deficit without resorting to tax increases or further cuts in the social wage and infrastructure;
- Achieving a primary fiscal surplus in the current financial year, and maintaining it over the medium term;
- Considering a consolidated position, which includes debt-service costs.
- The consolidated fiscal deficit is projected at 4.2 per cent of GDP for 2022/23, and this will reach 3.2 per cent in 2025/26. (These figures include the impact of the partial take-over of Eskom debt amounting to R254 billion)
- Due to this Eskom debt relief, government debt will stabilise at a higher level of 73.6 per cent of GDP and in 2025/26.
- Government debt is high and as such the debt-service costs as a per cent of main budget revenue will increase from 18 per cent in 2022/23 to 19.8per cent in 2025/26. The gross debt stock is projected to increase from R4.73 trillion in 2022/23 to R5.84 trillion in 2025/26. Debt-service costs are projected to average R366.8 billion annually over the medium term, reaching R397.1 billion in 2025/26.

The risks to the fiscal outlook include a worsening of the economic outlook, a further weakening of the finances of state-owned companies, and an unaffordable public-service wage agreement. Difficult budgeting trade-offs must therefore be made as government continues exercising fiscal restraint.

Accordingly, government non-interest spending will be kept below the level of revenue into the future and will continue targeting the stabilisation of debt.

Economic Growth & Domestic Outlook

Since the 2022 Budget, global growth estimates for 2023 have been revised lower.

The International Monetary Fund projects global growth to slow from an estimated 3.4 per cent in 2022 to 2.9 per cent in 2023.

South Africa is expected to register better-than-expected GDP growth of 2.5 per cent in 2022, largely due to higher-than-expected agriculture and services sector growth in the third quarter.

Real GDP growth is now projected to average 1.4 per cent from 2023 to 2025, compared with 1.6 per cent in the 2022 MTBPS, as a result of persistent structural constraints especially power cuts, and a less supportive global environment.

Although output has recovered to pre-pandemic levels, the persistent scarring impact of the pandemic on employment and investment decisions continues to weigh on the recovery.

Risks to the global outlook include:

- Weaker-than-expected global growth, including the effects of monetary policy tightening in major economies.
- Further disruptions to global supply chains, renewed inflationary pressures, and constrained food and energy supplies stemming from the war in Ukraine.
- A sustained period of lower growth and elevated borrowing costs, which poses a threat to highly indebted countries.

The domestic outlook faces a range of risks, and include:

- Continued power cuts and a deterioration in port and rail infrastructure.
- Slow implementation of structural reforms could lower business confidence and deter new investment.
- Widespread criminal activity poses a threat to economic growth and national security.
- A deterioration of the fiscal outlook due to unfunded spending pressures or the materialisation of contingent liabilities could increase borrowing costs, and crowd out both private and public investment.

The key focus areas outlined in the Medium-Term Budget Policy Statement (MTBPS) is to enhance economic growth are as follows:

- Higher economic growth and a durable recovery in economic activity require a stable macroeconomic framework, complemented by rapid implementation of economic reforms and improved state capability;
- Government continues to provide a stable macroeconomic policy framework, underpinned by a flexible exchange rate, inflation targeting and sustainable fiscal policy, to encourage investment;
- Numerous reforms under way through Operation Vulindlela and the economic recovery plan. However, the most pressing reforms are required in electricity and freight rail
- Implementing urgent measures to reduce load shedding in the short term and transform the sector through market reforms to achieve long term energy security National Energy Crisis Committee (NECOM) interventions include:
  - Improving Eskom's plant performance
  - Clearing regulatory obstacles by establishing a one stop shop to bring electricity onto the grid more rapidly. This will be supported by the Energy Security Bill, which removes regulatory impediments for independent power producers
  - Supporting the rollout of rooftop solar for households and businesses, including through tax incentives
  - Implementing a wheeling framework and grid capacity rules to provide certainty to private producers investing in energy projects.

- Several reforms are underway to support recovery in the transport sector, arrest the decline and increase the volume of freight rail. These include:

  - The Economic Regulation of Transport Bill, which will establish the transport regulator, has been tabled in Parliament and is now with the National Council of Provinces.
  - Software upgrades to increase efficiency through better signalling.
  - Steps to prevent theft and vandalism and resolving legal challenges in relation to locomotive procurement.
  - Granting third-party access to the rail network.
  - To facilitate competition and improve pricing, the operations and infrastructure management functions of Transnet Freight Rail are due to be separated by October 2023.

- The 2023 Budget makes allocations towards infrastructure as well as crime and corruption, to ensure that public resources are used to lay the foundation for a more resilient economy.

The President of South Africa, in his State of the Nation Address (SONA), on the 9th February 2023 spoke about how our country has, for many months, endured a debilitating electricity shortage that has caused immense damage to our economy.

And for two years before that, our society was devastated by the COVID-19 pandemic that caused great loss of life and much hardship.

The pandemic worsened a situation of deep unemployment, as the country lost two million jobs. The pandemic negatively affected livelihoods and increased poverty. Now, persistent load-shedding is impeding our recovery from the effects of these events.

The most immediate task on the agenda for the year ahead is to drastically reduce the severity of loadshedding in the coming months, and ultimately end loadshedding altogether.

The President spoke about the issues concerning South Africa most is:

- Loadshedding;
- Unemployment;
- Poverty and rising cost of living; and
- Crime and corruption

The following focus areas were also highlighted, amongst others, during the State of Nation Address:

- National State of Disaster due to the electricity crises and its effects;
- Extreme weather events (drought, floods and wild fires);
- Climate change;
- Just Energy Transition Investment Plan (R1.5 trillion invested over 5-years into projects such as renewable energy, green hydrogen and electric vehicles);
- Major investments and developments in renewable energy which will create jobs and stimulate local economies;
- To conclude a social compact and work on a framework to enable joint action in key areas such as energy, transport and logistics, employment creation and skills development, investment and localization, social protection, crime and corruption;

- Covid-19 vaccinations;
- Initiatives like the Solidarity Fund being mobilized to end gender-based violence and femicide, and to respond to the effects of climate change;
- Develop master plans in sectors such as automotive, clothing and textiles, poultry, sugar, agriculture and global business services;
- Reliable water supply (Department of Water and Sanitation is in the process of investing in major infrastructure projects);
- Efficient transport and road infrastructure system;
- National Rail policy to guide the modernization and reform of the rail sector, providing for third-party access to our rail network;
- Challenges in the transportation of commuters on passenger rail;
- A comprehensive turnaround plan is being implemented to streamline the process for water use license applications;
- Building bridges;
- Roll-out of 5G mobile networs an will reduce the cost of data;
- Mobilising greater levels of investments;
- Investment conference on 13 April 2023;
- Unlocking investment in the hemp and cannabis sector;
- Bounce-back loan scheme for companies that need finance to recover from the effects of the pandemic;
- Employment Tax incentives has been expanded to address the challenge of youth unemployment;
- Finalizing amendments to the business Act, 1991 (Act 71 of 1991) to reduce regulatory impediments for small, medium and micro enterprises (SMMEs) and co-operatives
- Presidential Employment Stimulus in providing work and livelihood opportunities;
- Rising cost of living that is deepening poverty and inequality;
- Extension of the Social Relief of Distress (SRD) Grant;
- Focus on eradicating the backlog in the processing of title deeds;
- Strengthening the SAPS, improving the capacity of the NPA and courts to ensure perpetrators are brought to justice.

The President stated that poor performance of many local governments remain an area of concern. There are 163 out of 257 municipalities that are dysfunctional or in distress due to poor governance, ineffective and sometimes corrupt financial and administrative management and poor service delivery.

Government is implementing a number of interventions to address failures at local government level and improve basic service delivery.

Government interventions include:

- Enhancing the capacity of public representatives and officials;
- Maintaining and upgrading local infrastructure;
- Invoking the powers of national government to intervene where municipalities fail to meet their responsibilities;

- Integrity assessments will become a mandatory requirement for recruitment to the public service and entry exams will be introduced;
- Legislation will be amended to strengthen the role of the Public Service Commission to ensure that qualified people are appointed to senior management positions.

The Western Cape Premier in his State of the Province address, on 16th February 2023, reiterated the following sentiments highlighted during the State of the Nation Address, including but not limited to, the new National State of Disaster, the president to address the energy crises, establishing an oversight committee to monitor government expenditure related to the energy crises, economic growth recovery initiatives, unemployment / job creation (especially youth interventions), sustainable infrastructure development, educational infrastructure, health infrastructure, provision of housing (dignified living), agriculture, crime and safety, as well as campaigns against gender-based violence and femicide.

The Premiers' speech focused, amongst others, on the following areas:

- The new National State of Disaster due to the energy crises;
- Ensuring the citizens basic needs are protected (Water, Wifi and health);
- Renewable energy / green economy push
  - ➢ Drive to increase energy resilience, mitigate effects of loadshedding and potential of the power generation sector to stimulate growth and create employment opportunities.
- Municipal Energy Resilience plan
  - ➢ A local government-level programme that develops, supports and builds capacity at municipalities across our province to implement renewable energy projects.
  - ➢ Stellenbosch is working towards procuring energy from Independent Power Producers.
- Establishment of the Infrastructure Department
  - ➢ Aimed to further prioritise the importance of developing and maintaining critical infrastructure in the Western Cape
- Rapid School Build Programme (Education Infrastructure)
- Provision of housing opportunities
- Health infrastructure
- "Our Growth for Jobs" strategy
  - ➢ Radical drive to reduce unemployment
- Youth interventions
- Agriculture
- Crime & Safety
- SAPS Devolution
- Campaigns against Gender-based violence and femicide

Provincial treasury reiterated most of the challenges and focus areas highlighted in the Premier's State of the Province address, the SONA and the 2023 Budget Review.

National Treasury encourages municipalities to maintain tariff increases and adopt a tariff setting methodology at levels that reflects an appropriate balance between the affordability to poorer households and other customers, while ensuring the financial sustainability of the municipality. Municipalities must ensure that their budgets are funded from realistically anticipated revenues. This means that the municipality must refrain from assuming collection rates that are unrealistic and unattainable. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. The municipalities must therefore generate sufficient revenue to fully recover their costs, deliver services to customers sustainably and invest in the infrastructure that promises local economic development.

The municipality's revenue is determined by setting a package of tariffs that is not only considered to be affordable to its ratepayers and the users of it services but deemed to be at fair and realistic levels.

Tariff increases by Eskom and Water Boards is above inflation and should be considered as such while determining cost reflective tariffs. In the instance of bulk tariff increases for electricity, municipalities are encouraged to apply for electricity tariff increases that reflect the total cost of providing the service, to ensure that they are working towards achieving fully cost-reflective tariffs that will assist them to achieve financial sustainability. Municipalities should consider the following facts during the tariff setting process, namely, the costs of bulk purchases and the fluctuation in the seasonal cost thereof; the consumption patterns to enable better demand planning and management; and in the event that municipalities have been under recovering costs, embark on a process to correct their tariff structures over a reasonable time period so that cost reflective tariffs are achieved, which in turn will result in financial sustainability.

Local government confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving their own revenue collections, working more efficiently and implementing cost-containment measures. In order to maintain a funded budget, municipalities need to not only focus on tariff increases, but also focus on how to eliminate expenditure that is unnecessary. The Cost Containment Regulations were issued on 07 June 2019, as well as the municipality's Cost Containment Policy is embedded in the municipality's operations that assists in driving down costs, ensuring that value for money is achieved and resources of the municipality is used effectively, efficiently and economically.

Municipalities are required to consider the following during the compilation of the 2023/2024 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulation read with MFMA Circular No.82;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;
- Not taking on unfunded mandates;
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
- Priorities the filling of critical vacant posts, especially linked to the delivery of basic services; and
- Curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

The aforementioned were taking into account during the compilation of the municipality's budget.

The application of sound financial management principles for the compilation of the Stellenbosch's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The municipality's business and service delivery priorities were reviewed as part of this year's planning, through the Integrated Development Plan (IDP), and the annual budget process.

Funds were shifted from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken on non-core and 'nice to have' items with regards to expenditure. The municipality has embarked on developing a revenue enhancement strategy to optimize revenue, including the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The main challenges experienced during the compilation of the 2023/2024 MTREF can be summarized as follows:

- The on-going difficulties in the national and local economy;
- National State of Disaster – Electricity crises / Load shedding;
- Aging infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope;
- The increased cost of bulk electricity and procuring water inventory, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Attracting economic investment;

  Water Conservation;
- Reductions in allocations of some of the National and Provincial grants due to a worsening fiscal outlook;
- Limited resources to deal with all key priorities;
- Decline in reserves available to fund capital programmes.

The following budget principles and guidelines directly informed the compilation of the 2023/2024 MTREF:

- Integrated Development Plan was used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be as affordable as possible and should ideally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. However, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- National, provincial and local priorities;
- Headline inflation forecasts; and
- Funding choices and modelling.

The Integrated Development Plan (IDP) were used as a guiding strategic document to inform the budget compilation. The challenge however is still to deliver services more efficiently and effectively with the tight financial envelope.

Stellenbosch municipality's revenue strategy was based on the following fundamentals, namely, tariff policies of the municipality, economic outlook and development for Stellenbosch and surrounding areas, National Treasury's guidelines and macroeconomic policy, National, Provincial and Regional fiscal growth rates and electricity tariffs as approved by National Electricity Regulator of South Africa (NERSA).

The financial resources to fund the Operational Budget will and must consist of realistically anticipated revenue generated from property taxes, service charges and other income. The municipality were mindful of the estimated headline inflation for 2023/2024 of between 3% to 6% forming the basis of the extensive income modelling exercise, but also taking into account the principles of economical services that are cost reflective, trading services generating surpluses, the effect of escalating salary costs and bulk purchases. Inflation is forecast to fluctuate around 5.2% over the medium term in line with moderating inflation expectations.

The national budget focuses on fiscal consolidation. This means that we as municipalities must ensure that we do not borrow beyond our ability to repay and we do not spend money we do not have, until we ignite growth and generate revenue, we have to be tough on ourselves.

It is expected that fuel prices will increase substantially in the next financial year and this will be provided for in the budget.

The total budget quantum for the 2023/2024 year is R2 777 816 062 of which R2 276 266 197 (82%), is allocated to the operating budget and R501 549 865 (18%) to capital investment.

Budget documentation in line with the budget and reporting regulations is attached as **APPENDIX 1 – PART 1**. The report serves as an overview of the budget as a whole, budget assumptions used to compile the budget, funding sources used to fund the capital budget, different income categories to fund priorities of the municipalities, as well as the different expenditure items, including non-cash items.

DRAFT CAPITAL BUDGET 2023/2024 – 2025/2026

The draft capital budget is infrastructure orientated and addresses the huge backlog and urgent need to upgrade/refurbish Council's infrastructure as addressed by the different master plans. It is directed by the IDP (Integrated Development Plan) and the needs of the community. It's also aligned to the strategic priority in the State of the Nation Address of Infrastructure investment and the "back to basics" approach. Council's attention is however drawn to the fact that not all needs identified by the community can realistically be funded by the municipality. Critical and committed programmes/projects were the focal point for the capital budget.

The main capital projects that the municipality will be investing in, include:

- Expansion of the landfill site (New cells)
- Landfill Gas To Energy
- Alternative Energy
- Bien don 66/11kV substation new
- Electricity Network: Pniel
- Electrification INEP
- General Systems Improvements - Stellenbosch
- Kayamandi(Costa grounds)new substation 11 kV switching station
- Laterra Substation

- Bulk Water Supply Pipe and Reservoir: Kayamandi
- Bulk Water Supply Pipeline & Reservoir – Jamestown
- New Reservoir & Pipeline: Vlottenburg
- Upgrade of WWTW Wemmershoek
- Upgrade of WWTW: Klapmuts
- Lanquedoc Access road and Bridge
- Khayamandi Pedestrian Bridge (R304, River and Railway Line)
- Bird Street Dualling - Adam Tas to Kayamandi
- Main Road Intersection Improvements: Franschhoek
- Adam Tas - Technopark Link Road

The detailed draft capital budgets for 2023/2024, 2024/2025 and 2025/2026 are attached as **APPENDIX 1.**

DRAFT OPERATING BUDGET 2023/2024 – 2025/2026

The basis of the operating budget is aligned to the principle of total potential income from all our services as well as a projection of total direct income. The extent, to which tariffs and levies are proposed to increase, is in the main influenced by:

- The increase in bulk purchases (electricity)
- Employee related costs, as per SALGBC wage agreement
- Councillor remuneration, as per SALGA upper limits
- Service delivery challenges
- Repairs and maintenance
- Operational projects impacting job creation and economic development
- Contractual commitments
- Day to day operational costs (fuel & oil, telephones, bank costs, etc)
- Finance costs, influenced by level of borrowing

Taking all of these issues into consideration and to ensure the sustainability of our operations from realistically anticipated income flows, the following tariff and property tax increases are proposed for 2023/2024:

Electricity	**17.61%**
Sanitation	**6.50%**
Refuse removal	**9.10%**
Water	**5.50%**
Rates	**7.50%**

The impact of the proposed tariff increases on the monthly services account for the various consumer categories is summarized in **APPENDIX 2.**

HIGH LEVEL CAPITAL AND OPERATING BUDGET FOR 2023/2024 – 2025/2026

The draft high level budget depicting the total budget is attached as **APPENDIX 1 – PART 1 – SECTION C.**

TARIFFS

Council's attention is further drawn to the fact that the Tariff List attached as **APPENDIX 3** includes Sundry Tariffs as a basket of services and charges, i.e. Land Use Management Fees, Development contributions, Technical Charges, etc. In this regard, the proposed tariff list must be consulted for the detail.

BUDGET RELATED POLICIES & BY-LAWS

A summary of changes to budget related policies is attached as **APPENDIX 4**

The following budget related policies are new:

Infrastructure Asset Unbundling Policy 2023-2024 **(APPENDIX 5)**

Pool Vehicle Policy 2023-2024 **(APPENDIX 6)**

The following budget related policies and by-laws were revised:

Borrowing, Funds and Reserves Policy **(APPENDIX 7)**

Budget Implementation and Monitoring Policy **(APPENDIX 8)**

Cash Management and Investment Policy **(APPENDIX 9)**

Credit Control and Debt Collection Policy **(APPENDIX 10)**

Development Charges Policy **(APPENDIX 11)**

Grants-In-Aid Policy **(APPENDIX 12)**

Indigent Policy **(APPENDIX 13)**

Irrecoverable Debt Policy **(APPENDIX 14)**

Rates Policy **(APPENDIX 15)**

Supply Chain Management Policy **(APPENDIX 16)**

Travel and Subsistency Policy **(APPENDIX 17)**

Virementation Policy **(APPENDIX 18)**

Ward Allocation Policy **(APPENDIX 19)**

Unchanged Policies

Accounting Policy **(APPENDIX 20)**

Asset Management Policy **(APPENDIX 21)**

Cost Containment Policy **(APPENDIX 22)**

Inventory Management Policy **(APPENDIX 23)**

Liquidity Policy **(APPENDIX 24)**

Preferential Procurement Policy **(APPENDIX 25)**

Petty Cash Policy **(APPENDIX 26)**

Credit Control and Debt Collection By- Law **(APPENDIX 27)**

Special Ratings Area Policy **(APPENDIX 28)**

Special Ratings By-law **(APPENDIX 29)**

Tariff By-law **(APPENDIX 30)**

Tariff Policy **(APPENDIX 31)**

Rates By-Law **(APPENDIX 32)**

Financing of External Bodies performing municipal functions Policy **(APPENDIX 33)**

Wayleave Policy **(APPENDIX 34)**

OTHER SUPPORTING DOCUMENTATION

The additional information as prescribed by the budget and reporting regulations are attached as **APPENDIX 1 – PART 2 – SECTION P.**

5.3 Financial Implications

Financial impact already discussed above.

5.4 External Loan for 2023/2024

That Council specifically note and consider the need to take up external loans to fund critically needed refurbishment of infrastructure to the amount of R560 million of which over the MTREF R200 million will be required in year one, R200 million in year two and R160 million in year three (refer to Section G: High Level Budget Overview and Table A1 Budget Summary).

5.5 Legal Implications

Legal Services

The item at my disposal is compliant with the relevant legislative framework.

5.6 Staff Implications

None

5.7 Previous / Relevant Council Resolutions:

5.8 Risk Implications

None

6. Comments from Senior Management:

6.1 Director: Infrastructure Services

Noted

6.2 *Director: Planning and Development Services*

Noted

6.3 Director: Community and Protection Services:

Noted

6.4 Director: Corporate Services:

Noted

6.5 Chief Financial Officer:

Noted

6.6 *Municipal Manager:*

Noted.

RECOMMENDATIONS FROM THE EXECUTIVE MAYOR, IN CONSULTATION WITH THE EXECUTIVE MAYORAL COMMITTEE, TO COUNCIL: 2023-03-22: ITEM 6.4

(a) that the Draft High Level Budget Summary, as set out in APPENDIX 1 – PART 1 – SECTION C; be approved for public release;

(b) that the Draft Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in **APPENDIX 1** – PART 1 – SECTION D, be approved for public release;

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(e) that the proposed draft rates on properties in WCO24, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in **APPENDIX 3**, be approved for public release;

(f) that the proposed amendments to existing budget related policies and other policies as set out in **APPENDICES 5 - 34**, be approved for public release.

(g) that Council specifically note and consider the need to take up an external loan, needed for investment in income generating infrastructure to the amount of R560 millions of which R200 million will be required in year one, R200 million in year two and R160 million in year three (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirm approval of same;

(h) that Council specifically take note of the fact that the proposed electricity charges and tariff structure is subject to NERSA approval that could change materially; and

(i) that Council takes note of MFMA circulars 122 and 123 that was published to guide the MTREF for 2023/2024 to 2025/2026 as set out in APPENDICES 35 – 36.

FOR FURTHER DETAILS CONTACT:

NAME	**KEVIN CAROLUS**
POSITION	***DIRECTOR: FINANCIAL SERVICES***
DIRECTORATE	***FINANCIAL SERVICES***
CONTACT NUMBERS	***021 808 8528***
E-MAIL ADDRESS	***kevin.carolus@stellenbosch.gov.za***
REPORT DATE	***14 March 2023***

APPENDIX 1

STELLENBOSCH MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIOD 2023/2024 TO 2025/2026