BEAUFORT WEST MUNICIPALITY

PROPOSED BUDGET 2021/22



Operational - & Capital Budget 2021/22 Introduction

The 2021/22 Draft Operating and Capital budget was prepared taking into consideration:

- The municipality's Integrated Development Plan (IDP);
- National Treasury guidelines;
- The National, Provincial and Local Economic conditions facing our municipality; and
- Local Economic Development.
- Measures affecting the economy due to COVID-19

Operational - & Capital Budget 2021/22 Assumptions

The following assumptions were made when the budget 2021/22 budget was prepared:

- The forecasted CPIX is estimated at 4.1% for the 2021/22 financial year and 4.4%; 4.5% for the two coming years;
- Employee costs will increase by 4.0%;
- Electricity bulk purchases increase by 14.59%.
- Provision for debt impairment is 6.8% of total rates and service charges.

Operational - & Capital Budget 2021/22 Assumptions

- Although inflation expectations as projected by National Treasury are 4.1%, most expenditure items were increased by more than this percentage due to expected increases in input costs. The effect of the COVID-19 pandemic on the finances of consumers has also been considered.

Proposed Capital Budget 2021/22

A capital budget amounting to R 23,465 million is proposed for 2021/22 (R 27,245 million and R 22,523 million for the two outer years).

- The 2021/22 Capital Budget will be financed as follows:

Funded by:	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands	**R'000**	**R'000**	**R'000**
National Government	19,895	25,587	22,058
Provincial Government	–	–	–
Internally generated funds	3,570	1,658	465
Total Capital Funding	**23,465**	**27,245**	**22,523**

Proposed Capital Budget 2021/22

The following represents a summary of the major capital projects to be undertaken during 2021/22:

Project Name	Budget Year 2021/22	Funding Source
Computer equipment Project	388 500	CRR
Computer equipment Project	50 000	CRR
Furniture and Office Equipment Project	20 000	CRR
20 MVA 22/11 kV Upgrading of Main Substation Phase IV	6 100 000	INEP
Upgrade Sport Stadium - Kwa Mandlenkosi	613 712	MIG
Extention of Goue Akker Cemetery : Beaufort West	4 846 372	MIG
Murraysburg: Construction of Two (2) New Reservoirs	1 690 251	MIG
Murraysburg (Additonal Fund Application; project 328491): Construction of Two (2) New Reservoirs	960 882	MIG
Upgrade Existing Regional Sport Stadium Ph2 : Rustdene	2 059 827	MIG
New High Mast Lighting - Nelspoort	1 357 111	MIG
New High Mast Lighting - Rustdene, Prince Valley, Lande	2 266 795	MIG
Upgrade Sport Stadium - Kwa Mandlenkosi	357 390	CRR
Extention of Goue Akker Cemetery : Beaufort West	1 963 335	CRR
Murraysburg: Construction of Two (2) New Reservoirs	472 551	CRR
New High Mast Lighting - Nelspoort	318 335	CRR
Total Capital Expenditure	**23 465 061**	

Proposed Operational Budget 2021/22

Total revenue amounting to R 357,070 million is projected for 2021/22 (R 383,084 million and R 381,453 million for the two outer years).

The major revenue items are as follows:

MAIN REVENUE ITEMS	Budget Year 2021/22	% of Total Revenue
R thousands	**R'000**	**%**
Property rates	42,948	12.03%
Service charges	143,364	40.15%
Investment revenue	1,271	0.36%
Transfers recognised - operational	81,306	22.77%
Other own revenue	68,286	19.12%
Transfers and subsidies - capital	19,895	5.57%
Total Revenue	**357,070**	**100%**

Proposed Operational Budget 2021/22

The major other own revenue items are as follows:

OTHER REVENUE	2021/22
R THOUSAND	R'000
Rental of facilities and equipment	1,426
Interest earned - outstanding debtors	5,086
Fines	59,141
Licences and Permits	609
Agency Services	1,065
Other sundry income	959
Totale Income	**68,286**

Proposed Operational Budget 2021/22

Total expenditure amounting to R 354,392 million is projected for 2021/22 (R 375,528 million and R 377,723 million for the two outer years).

The major expenditure items are as follows:

Major Expenditure Items	Budget Year 2021/2022	% of total revenue
R THOUSAND	R'000	%
Employee related costs	126,652	35.7%
Remuneration of councillors	6,752	1.9%
Debt impairment	55,312	15.6%
Depreciation & asset impairment	24,739	7.0%
Finance charges	1,464	0.4%
Bulk purchases	81,302	22.9%
Other materials	9,577	2.7%
Contracted services	20,219	5.7%
Transfers and subsidies	550	0.2%
Other expenditure	27,825	7.9%
Total Expenditure	**354,392**	**100.0%**

Proposed Operational Budget 2021/22

- Other general expenditure include the following:

Other General Expenditure	2021/2022
Advertising, Publicity and Marketing	686,700
Bank Charges, Facility and Card Fees	727,240
Communication : Telephone, Fax, Telegraph and Telex, Postage/Stamps/Franking Machines	2,019,853
External Audit Fees	5,545,000
External Computer Service : Software Licences	2,587,000
External Computer Service : Specialised Computer Service	1,241,235
Insurance Underwriting : Premiums	1,260,000
Remuneration to Ward Committees	420,000
Wet Fuel	3,182,700
Levies Paid - Water Resource Management Charges	2,625,000
Professional Bodies; Membership and Subscription	1,431,050
Travel and Subsistence	712,600
Uniform and Protective Clothing	776,925
Skills Development Fund Levy	980,343
Hire Charges	570,000
Printing, Publications and Books	1,183,980
Other Expenditure	1,875,489
Total General Expenditure	**27,825,115**

Proposed Operational Budget 2021/22

The following tariff increases are proposed for the 2021/22 financial year:

- Property rates - 5%
- Water - 6%
- Sewerage - 6%
- Refuse removal - 9%
- Electricity - 17,8%
- Other sundry tariffs - 6%

Effect of the tariff increases on household accounts

The following assumptions were made for a larger household:

Property Valuation: R 681 000 (R 700 000 less R 19 000 rebate)

Average Electricity: 1000 Kwh per month

Average Water: 30 kl per month

Effect of the tariff increases on household accounts

Tariff increases will have the following effect on household service accounts:

Description	Large Households			
	2020/2021	2021/2022	% Increase	
Property Rates	R 1,084.49	R 1,138.75	5.00%	
Electricity : Basic Levy (75 amps)	R 834.25	R 982.75	17.80%	
Electricity Consumption : 1000 kwh	R 1,189.21	R 1,400.89	17.80%	
Water : Basic Levy	R 162.83	R 172.60	6.00%	
Average water consumption : 30 kl	R 315.84	R 334.79	6.00%	
Sanitation : 1 Sewerage Point	R 123.66	R 131.08	6.00%	
Refuse Removal	R 73.93	R 80.58	9.00%	
Sub-total	R 3,784.21	R 4,241.43	12.08%	R 457.22
VAT on Services	R 404.96	R 465.40	15%	
Total	R 4,189.17	R 4,706.84	12.36%	R 517.67
Prepaid water meter : 20 kl	R 511.19	R 541.86	6.00%	R 30.67

Effect of the tariff increases on household accounts

The following assumptions were made for a medium household:

Property Valuation: R 431 000 (R 450 000 less R 19 000 rebate)

Average Electricity: 600 Kwh per month

Average Water: 15 kl per month

Effect of the tariff increases on household accounts

Tariff increases will have the following effect on household service accounts:

Description	Medium Households			
	2020/2021	2021/2022	% Increase	
Property Rates	R 686.37	R 720.70	5.00%	
Electricity : Basic Levy (35 amps)	R 488.63	R 575.61	17.80%	
Electricity Consumption : 600 kwh	R 932.30	R 1,098.25	17.80%	
Water : Basic Levy	R 162.83	R 172.60	6.00%	
Average water consumption : 15 kl	R 233.70	R 247.72	6.00%	
Sanitation : 1 Sewerage Point	R 123.66	R 131.08	6.00%	
Refuse Removal	R 73.93	R 80.58	9.00%	
Sub-total	R 2,701.42	R 3,026.54	12.04%	R 325.12
VAT on Services	R 302.26	R 345.88	14%	
Total	R 3,003.68	R 3,372.42	12.28%	R 368.74
Prepaid water meter : 15 kl	R 397.60	R 421.46	6.00%	R 23.86

Effect of the tariff increases on household accounts

The following assumptions were made for a small household:

Property Valuation: R 11 600 (R 30 600 less R 19 000 rebate)

Average Electricity: 200 Kwh per month

Average Water: 10 kl per month

Effect of the tariff increases on household accounts

Tariff increases will have the following effect on household service accounts:

Description	Small Households			
	2020/2021	2021/2022	% Increase	
Property Rates	R 18.47	R 19.40	5.02%	
Electricity Consumption: 200 units 20 A	R 453.05	R 533.69	17.80%	
Water : Basic Levy	R 162.83	R 172.60	6.00%	
Average water consumption : 10 kl	R 151.62	R 160.72	6.00%	
Sanitation : 1 Sewerage Point	R 123.66	R 131.08	6.00%	
Refuse Removal	R 73.93	R 80.58	9.00%	
Sub-total	R 983.56	R 1,098.07	11.64%	R 114.51
VAT on Services	R 144.76	R 161.80	12%	
Total	R 1,128.32	R 1,259.87	11.66%	R 131.55
Prepaid water meter : 10 kl	R 249.48	R 264.45	6.00%	R 14.97

Free Basic Services
Equitable Share Allocations

An amount of R41.07 million is allocated to the provision of free basic services in terms of council's indigent policy.

The free basic services to all households with an income from R0.00 to R 1,890 is for 50 kWh electricity, 6 kl water per month and 100% subsidy for Sewerage and Refuse per month.

The free basic services to all households with an income from R1,890 to R 3,780 is for 50 kWh electricity, 6 kl water per month and 70% subsidy for Sewerage and Refuse per month.

Free Basic Services
Equitable Share Allocations

Equitable Share Subsidy from 01 July 2021

Group A : Income R 0 - R 1 890 p.m	2020/2021	2021/2022	% Incr	
Prepaid Elek. 50 kWh	R 83.59	R 98.47	17.80%	
Prepaid Water : 6kl	R 135.90	R 144.05	6.00%	
Sanitation	R 123.66	R 131.08	6.00%	
Refuse Removal	R 73.93	R 80.58	9.00%	
Sub-total	**R 417.08**	**R 454.19**	8.90%	R 37.11
VAT on Services	R 62.56	R 68.13	9%	
Total	**R 479.64**	**R 522.31**	8.90%	R 42.67

Free Basic Services
Equitable Share Allocations

Equitable Share Subsidy from 01 July 2021

Group B : Income R 1 891 - R 3 780 p.m	2020/2021	2021/2022	% Incr	
Prepaid Elek. 50kWh	R 83.59	R 98.47	17.80%	
Prepaid Water : 6kl	R 135.90	R 144.05	6.00%	
Sanitation	R 86.56	R 91.76	6.00%	
Refuse	R 51.75	R 56.41	9.00%	
Sub-total	**R 357.80**	**R 390.69**	9.19%	R 32.88
VAT on Services	R 53.67	R 58.60	9.19%	
Total	**R 411.47**	**R 449.29**	9.19%	R 37.82

Free Basic Services
Equitable Share Allocations

Equitable Share Subsidy from 01 July 2021

Prepaid water : 6kl	2020/2021	2021/2022		
Total VAT included	R 156.29	R 165.67	6.00%	R 9.38

Discount granted to Pensioners

Discount granted to Pensioners

A rates rebate shall be granted to owners of properties who meet the following criteria:

- The property must be occupied by the owner;
- The rebate will be available to one property only in cases where more than one property is owned by the applicants;
- The owner must be older than 60 years;
- The rebate shall be granted on properties where the municipal valuation is less than R750,000.

The rebate referred to in the previous paragraph shall be dependent on the monthly household income as follows:

Less than R 1,890 per month	- 30%
R 1,891 to R 3,780	-20%
R 3,781 to R 7,500	- 10%

The first R19,000 of all residential properties shall not be subject to rates.

Thank You

Baie Dankie

Enkosi

