



MUNICIPAL BUDGET 2023/ 24

It is our vision that a well-run, forward-thinking, caring, safe, inclusive and opportunity-rich George City will be reflected and unfolded within our capital and operational budget. We strive to be a well-run city that delivers quality basic services to all of its residents on time and within budget.

George Municipality is respected for providing a high standard of service delivery with good response times for faults, which it strives to maintain and continuously improve on. These services include ensuring that we continue caring for the needs of our citizens through supporting soup kitchens, vegetable gardens, sporting activities, community safety, keeping our streets and verges clean, clearing illegal dumping sites, etc.

To achieve this, we have therefore adopted an approach to keep operational expense increases to a minimum, whilst ensuring that the municipal budget is realistic, funded, and sustainable, as endorsed by both Provincial and National Treasury for the 2023/24 Medium Term Revenue and Expenditure Framework (MTREF).

The preparation of the municipal budget for the 2023/24 period was a very challenging task given the current Eskom loadshedding crisis and the significant negative impact, estimated to cause a R250m shortfall on the municipality's budget. Various legislations and National Treasury guidelines govern the municipal budgeting process. Amongst other requirements, a municipality must table a funded, credible, and sustainable budget over the MTREF Period.

The 2023/24 MTREF budget was informed by some of the following factors but not limited to this:

- ◆ Operating expenditure was reduced and limited to keep the costs as low as possible, without lowering the levels of service delivery.
- ◆ NERSA approved a 18,49% tariff increase for the bulk purchase of electricity from Eskom with municipalities only permitted to increase their tariffs by 15,1% to customers. Council have agreed to limit the increase to 14,75%. This equates to a subsidy of R2.8m.
- ◆ The budget is focused on the social needs of indigent households and the need to protect these households against exorbitant cost increases beyond the control of the municipality.

- ◆ R12.8m was ringfenced as a subsidy to allow indigent households to be able to select a higher capacity on their prepaid electricity meter.

- ◆ George Municipality offers 70 Free Basic Units of electricity (FBE) to indigent households, which is 20 more than the prescribed norm.

- ◆ The 2023/24 MTREF budget responds to the need to not only maintain, but also expand the existing infrastructure capacity. Besides the grant funding provided by Treasury, the municipality also borrows external funding and supplements this with its own cash reserves to fund capital projects.

- ◆ Loadshedding has increased costs in various areas: overtime costs; maintenance of electrical infrastructure; dealing with cable theft; and the costs of acquiring generators and diesel to operate infrastructure during periods of loadshedding.

- ◆ Loadshedding has dramatically altered the funding model for municipalities, thereby requiring alterations to future sources of funding to ensure that essential services could still be provided at the present standard.

- ◆ Municipal tariffs must be cost-reflective. Various tariff models are used and resulted in revenue from tariffs for water, refuse and other services being increased by 11%, 7% and 6% respectively.

- ◆ The tariff for sanitation has been increased by 8%. In their assessments of the budget, both of Provincial Treasury and National Treasury have advised the municipality that this tariff increase is not considered to be cost-reflective and will be addressed in future budget periods.

- ◆ In relation to Expenditure, Employee Related Costs are budgeted to increase by 2% which implies that some vacant posts will not be filled; 6% less kilowatt-hours of Electricity will be purchased; with fixed and operational expenses being reduced by 2%.

- ◆ To balance the budget and to avoid cutbacks in services, revenue from property Rates has been increased by an additional R23m mainly from higher-valued properties. A reduced tariff or "rate in the Rand" was calculated for property rates.

MUNISIPALE BEGROTING 2023 /24

Dit is ons visie dat 'n goed bestuurde, vooruitdenkende, sorgsame, veilige, inklusieve en geleentheidryke George stad weerspieël en ontvou sal word binne ons kapitaal- en bedryfsbegroting. Ons streef daarna om 'n goed bestuurde stad te wees wat gehalte basiese dienste betyds en binne begroting aan al sy inwoners lewer.

George Municipaaliteit word gerespekteer vir die verskaffing van 'n hoë standaard van dienslewering met goeie reaksietye vir foute. Daar word gestreef om infrastruktuur in stand te hou en voortdurend te verbeter. Hierdie dienste sluit in om te verseker dat ons voortgaan om na die behoeftes van ons burgers om te sien deur die ondersteuning van sopkom-buise, groentetuine, sportaktiwiteite, gemeenskapsveiligheid, om ons strate en sypaadtjies skoon te hou, onwettige stortingsterreine skoon te maak, ens.

Om dit te bereik, het ons dus 'n benadering aanvaar om verhogings in bedryfsuitgawes tot 'n minimum te beperk, terwyl ons verseker dat die municipale begroting realisties, befonds en volhoubaar is, soos onderskryf deur beide die Provinciale en Nasionale Tesourie vir die 2023/24 Mediumtermyn-inkomste en Uitgawesraamwerk (MTREF).

Die voorbereiding van die municipale begroting vir die 2023/24 tydperk was 'n baie uitdagende taak gegewe die huidige Eskom-beurtkragkrisis en die beduidende negatiewe impak wat na raming 'n R250 miljoen tekort op die municipaliteit se begroting sal veroorsaak. Verskeie wetgewing en Nasionale Tesourie-riglyne beheer die municipale begrotingsproses. Van die vereistes is onder meer dat 'n municipaliteit 'n befondsde, geloofwaardige en volhoubare begroting oor die MTREF-tydperk ter tafel lê.

Die 2023/24 MTREF-begroting is deur sommige van die volgende faktore ingelig, maar nie daartoe beperk nie:

- ♦ Bedryfsuitgawes is verminder en beperk om die koste so laag as moontlik te hou, sonder om die vlakke van dienslewering te verlaag.
- ♦ NERSA het 'n tariefverhoging van 18,49% vir die grootmaataankoop van elektrisiteit by Eskom goedgekeur, met municipaliteite wat slegs toegelaat is om hul tariewe met 15,1% aan kliënte te verhoog. Die Raad het ingestem om die verhoging tot 14,75% te beperk. Dit kom neer op 'n subsidie van R2,8 miljoen.
- ♦ Die begroting is gefokus op die maatskaplike behoeftes van deernis huishoudings en die behoefte om hierdie huishoudings te beskerm teen buitensporige kostestygings buite die beheer van die municipaliteit.

- ♦ R12,8 miljoen is omhein as 'n subsidie om deernis huishoudings in staat te stel om 'n hoër kapasiteit op hul voorafbetaalde elektrisiteitsmeter te kies.
- ♦ George municipaliteit bied 70 gratis basiese eenhede elektrisiteit (FBE) aan deernis huishoudings, wat 20 meer is as die voorgeskrewe norm.
- ♦ Die 2023/24 MTREF-begroting is 'n reaksie op die behoefte om nie net die bestaande infrastruktuurkapasiteit in stand te hou nie, maar ook uit te brei. Benewens die toelae wat deur die Tesourie verskaf word, leen die municipaliteit ook eksterne befondsing en vul dit aan met sy eie kontantreserwes om kapitaalprojekte te finansier.
- ♦ Beurtkrag het koste op verskeie gebiede verhoog: oortydkoste; instandhouding van elektriese infrastruktuur; hantering van kabelfieftal; en die koste van die verkryging van kragopwekkers en diesel om infrastruktuur te bedryf gedurende periodes van beurtkrag.
- ♦ Beurtkrag het die befondingsmodel vir municipaliteite dramaties verander, waardeur veranderings aan toekomstige bronne van befondsing vereis word om te verseker dat noodsaaklike dienste steeds op die huidige standaard gelewer kan word.
- ♦ Municipale tariewe moet koste reflektief wees. Verskeie tariefmodelle word gebruik en het daartoe gelei dat inkomste uit tariewe vir water, vullis en ander dienste met onderskeidelik 11%, 7% en 6% verhoog is.
- ♦ Die tarief vir sanitasie is met 8% verhoog. Beide die Provinciale Tesourie en Nasionale Tesourie het die municipaliteit in hul evaluerings van die begroting in kennis gestel dat hierdie tariefverhoging nie as kostereflektief beskou word nie en in toekomstige begrotingsperiodes aangespreek sal word.
- ♦ Met betrekking tot uitgawes, word werknemerverwantekostes begroot om met 2% te styg, wat impliseer dat sommige vakante poste nie gevul sal word nie; 6% minder kilowatt-ure se elektrisiteit sal aangekoop word; met vaste en bedryfsuitgawes wat met 2% verminder word.
- ♦ Om die begroting te balanseer en om besnoeiings in dienste te vermy, is inkomste uit eiendomsbelasting met 'n bykomende R23m verhoog, hoofsaklik uit hoërwaarde eiendomme. 'n Verlaagde tarief of "koers in die Rand" is vir eiendomsbelasting bereken.

CAPITAL BUDGET / KAPITALE BEGROTING 2023/24—2025/26

For 2023/24 projects to be funded from the Capital Replacement Reserve (CRR) were capped at R248.8 million and R374.1 million for projects linked to external funding (EFF).

Full provision was made for grant-funded projects as contained in the Division of Revenue Act. An amount of R397.6 million is budgeted for grants.

The Capital budget reflects the following allocation to the various departments and the strategic priorities outlined in the IDP.

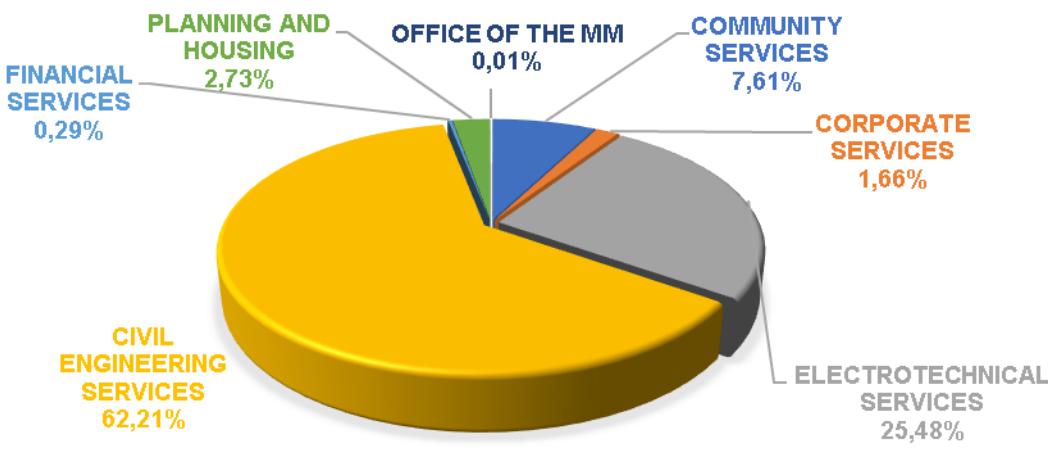
Die 2023/24-projekte wat uit die Kapitaalvervangingsreserwe (CRR) befonds word, is beperk tot R248.8 miljoen en R374.1 miljoen vir projekte wat aan eksterne befondsing (EFF) gekoppel is.

Volledige voorsiening is gemaak vir toekenningsbefondsde projekte soos vervat in die Wet op Verdeling van Inkomste. 'n Bedrag van R397,6 miljoen word vir toelaes begroot.

Die Kapitaalbegroting weerspieël die volgende begrotingstoewysing aan die verskillende departemente en weerspieël die strategiese prioriteite wat in die GOP uiteengesit is.

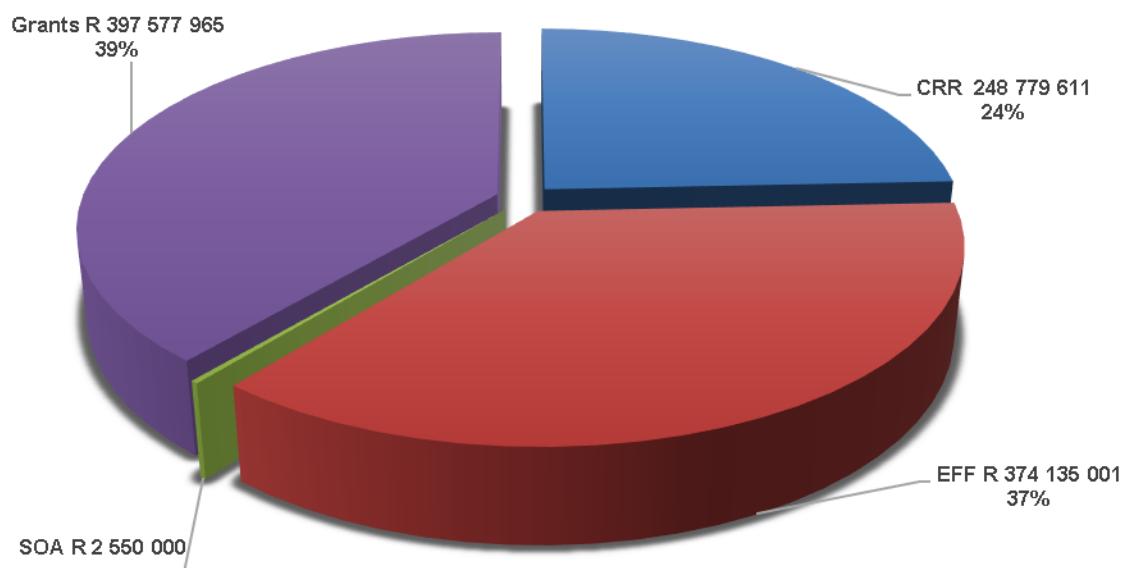
DIRECTORATE	2023/24	2024/25	2025/26
Municipal Manager	110 000	140 000	25 000
Financial Services	2 987 000	2 490 500	2 425 000
Corporate Services	16 978 000	6 473 000	3 545 000
Human Settlements, Planning & Development & Property Management	27 890 500	39 984 000	8 845 000
Civil Engineering Services	636 472 033	549 102 816	282 903 289
Electro-Technical Services	260 705 761	225 469 826	115 225 326
Community Services	77 899 282	60 938 810	40 330 000
TOTAL	1 023 042 577	884 598 952	453 298 615

Proposed Capital Budget per Directorate /
Voorgestelde kapitaalbegroting per Direktoraat



CAPITAL FUNDING	2023/24	2024/25	2025/26
Capital Replacement Reserve	248 779 611	222 633 052	188 678 289
External Financing Fund	374 135 001	344 645 000	204 307 500
Grants and Subsidies	397 577 965	287 565 900	50 347 826
Separate Operating Account	2 550 000	29 755 000	9 965 000
Total	1 023 042 577	884 598 952	453 298 615

2023/2024 CAPITAL FUNDING



TOP 10 CAPITAL PROJECTS FOR 2023/2024

N R	DESCRIPTION	FUNDING	Grant Type	2023/24
1	EXTENSION OF WATERWORKS 20ML - RBIG	GRANTS	RBIG	R116 692 278
2	RENEWABLE ENERGY PROJECT: 9 MW	EFF		R42 000 000
3	PACALTSDROP PUMPST & 14.5 MI RESERVOIR (RBIG)	GRANTS	RBIG	R35 196 000
5	GRD: REHABILITATION OF PIPEWORK (RBIG)	GRANTS	RBIG	R21 478 750
	GRD: REHABILITATION OF PIPEWORK (EFF)	EFF		R5 000 000
4	NEW 20MVA TRANSFORMERS - GLENWOOD (EFF)	EFF		R25 000 000
6	FILTER SAND AT WATERWORKS (RBIG)	GRANTS	RBIG	R21 118 757
7	INSTALLATION OF SMART METERS	EFF		R20 000 000
8	PACALTSDROP (EAST) RESERVOIR, TOWER AND PUMPSTATION (RBIG)	GRANTS	RBIG	R19 000 000
9	THEMBALETHU (EAST) RESERVOIR, TOWER AND PUMPSTATION (RBIG)	GRANTS	RBIG	R18 000 000
10	FEASIBILITY STUDY - RENEWABLE ENERGY PROJECTS	CRR		R18 000 000

OPERATING REVENUE / BEDRYFSINKOMSTE 2023/24

To have a funded budget the following average increases in municipal revenue from tariffs will come into effect from 1 July 2023 / Die volgende gemiddelde verhogings in munisipale inkomste uit tariewe sal vanaf 1 Julie 2023 in werking tree om sodoende 'n befondsde begroting te hê.

Property Rates/ Eiendomstariewe	12.50% (Valuation dependent / Waardasie afhanklik)
Water:	11.00% (Consumption dependent / Verbruik afhanklik)
Sanitation / Sanitasie	8.00%
Electricity / Elektrisiteit	14.75% (Final NERSA approval REQUIRED / Finale NERSA goedkeuring word vereis)
Refuse / Vullisverwydering	7.00%
Other Services / Ander dienste	6.00%

Category of property	Cent amount in the Rand Rate determined for the property category
Residential property	1: 0.005846
Business and Commercial property	1: 0.011691
Industrial property	1: 0.011691
Mining property	1: 0.011691
Agricultural property	1: 0.001461
Public Service Infrastructure property (PSI)	1: 0.001461
Public Benefit Organisation property (PBO)	1: 0.001461
Public Service Purpose property	1: 0.011691
Residential Vacant properties	1: 0.011691

FINAL RESOLUTION LEVYING PROPERTY RATES FOR THE FINANCIAL YEAR 1 JULY 2023 TO 30 JUNE 2024

Notice is hereby given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004, that at its meeting of 29 May 2023, the Council resolved by way of Council resolution number 4.2, to levy the rates on properties reflected in the schedule below with effect from 1 July 2023.

FINALE BESLUIT VIR DIE HEFFING VAN EIENDOMSBELASTING VIR DIE BOEKJAAR 1 JULIE 2023 TOT 30 JUNIE 2024

Kennis geskied hiermee ingevolge artikel 14 (1) en (2) van die Plaaslike Regering: Wet op Munisipale Eiendomsbelasting 2004, dat tydens die vergadering van 29 Mei 2023, die Raad die besluit geneem het soos per Raadsitem nommer 4.2, om belasting op eiendomme te hef volgens die onderstaande skedule met ingang van 1 Julie 2023.

MUNICIPAL VALUATION THRESHOLD – INCREASED

The non-rateable threshold on qualifying residential properties has been increased from R150 000 to R230 000.

This is a 53% increase in the rebate offered for residential property taxes and is aimed at providing relief to lower-income households and the poor.

LOW-INCOME OWNERS/PENSIONERS

All owners of residential properties, used for residential purposes, are entitled to:

- a. A rebate of **40%** on the property rates on such properties, if their total income as defined in the Municipality's Property Rates Policy is less than **R120 000** per annum (33% increase in rebate); or
- b. A rebate of **20%** on the property rates on such properties, if their total income as defined in the Municipality's Property Rates Policy is **R120 000** or more per annum but less than **R135 000** per annum, provided that they apply in writing for such rebates on or before 15 July 2023 (30% increase in rebate).
- c. A rebate of **15%** of property rates will be applicable to Pensioners earning up to **R276 000,00** per annum on the first one-million-rand valuation of the property. This will apply to persons over the age of **65 years** for their single primary residence.

INDIGENT SUPPORT AND HOUSEHOLD BILLS

The budget is focused on the social needs of indigent households and the need to protect these households against exorbitant cost increases beyond the control of the municipality such as the NERSA-approved increases granted to Eskom.

R12.8m was ringfenced as a subsidy to allow indigent households to be able to select a higher capacity on their prepaid electricity meter. This will fund the fixed cost component of a selection of 30 Amp or above per indigent household. However, the indigent household will need to pay the capacity charge for selections of 30 Amp or above, if selected.

Indigent households will therefore have a range of options available to them for managing their pre-paid electricity cost, with 20 Amp being the most affordable option to them. Indigents that choose a higher level of supply will not lose their indigent status and will contribute to the cost of supply at a subsidised rate.

George Municipality offers 70 Free Basic Units of electricity (FBE) to indigent households, which is 20 kWh more than the nationally prescribed norm.

Indigent households with a property value less than R230 000 are therefore exempted from paying property rates.

MUNISIPALE WAARDASIE-DREMPEL – VERHOOG

Die nie-belasbare drempel op kwalifiserende residensiële eiendomme is van R150 000 tot R230 000 verhoog. Dit is 'n 53%-verhoging in die korting wat residensiële eiendomsbelasting aangebied word en is daarop gemik om verligting te bied aan laer inkomste huishoudings en die armes.

LAE-INKOMSTE EIENAARS/PENSIOENARISSE

Alle eienaars van residensiële eiendomme wat sodanige eiendomme bewoon en beheer en finansiël vir die betaling van eiendomsbelasting op sodanige eiendomme verantwoordelik is, is geregtig op:

- a. 'n korting van **40%** op die eiendomsbelasting op sodanige eiendomme, indien hul totale inkomste soos omskryf in die Munisipaliteit se Eiendomsbelastingbeleid minder as **R120 000** per jaar is (33% verhoging in korting); of
- b. 'n korting van **20%** op die eiendomsbelasting op sodanige eiendomme, indien hul totale inkomste soos omskryf in die Munisipaliteit se Eiendomsbelastingbeleid **R120 000** of meer per jaar maar **minder as R135 000** per jaar, op voorwaarde dat hulle voor of op 15 Julie 2023 skriftelik vir sodanige kortings aansoek doen.
- c. 'n Korting van **15%** van eiendomsbelasting sal van toepassing wees vir pensioenarisse met 'n inkomste van **R276 000** per jaar op die eerste **een miljoen rand waardasie** van die eiendom. Hierdie is van toepassing slegs vir persone **ouer as 65 jaar** vir hul enkel primere wooneenheid.

DEERNISHULP EN HUISHOUDELIKE REKENINGE

Die begroting is gefokus op die maatskaplike behoeftes van deernis huishoudings en om hierdie huishoudings te beskerm teen buitensporige kostestygings buite die beheer van die munisipaliteit soos deur NERSA se goedgekeurde verhogings wat aan Eskom toegestaan is.

R12,8 miljoen is omhein as 'n subsidie om deernis huishoudings in staat te stel om 'n hoër kapasiteit op hul voorafbetaalde elektrisiteitsmeter te kies. Dit sal die vastekoste-komponent van 'n seleksie op 30 Amp of hoër per deernis huishouding befonds. Die deernis huishouding sal egter die kapasiteitsheffing moet betaal vir keuses op 30 Amp of hoër, indien gekies. Deernis huishoudings sal 'n reeks opsies beskikbaar hê om hul voorafbetaalde elektrisiteitskoste te bestuur, met 20 Amp wat vir hulle die mees bekostigbare opsie is. Deernis huishoudings wat 'n hoër vlak van amperies kies, sal nie hul deernisstatus verloor nie en sal bydra tot die koste van voorsiening teen 'n gesubsidieerde koers.

George Municipality bied 70 gratis basiese eenhede elektrisiteit (FBE) aan deernis huishoudings, wat 20 kWh meer is as die nasionale voorgeskrewe norm. Deernis huishoudings met 'n eiendomswardasie minder as R230 000 word kwytgeskeid ten opsigte van eiendomsbelasting.