

Langeberg Municipality's 2018- 2019 budget which amounts to R768, 134 million, was approved on the 29th May 2018 at a council meeting in Robertson.

The approved budget is comprised of the following:

Capital budget of R88,111 million

Operating budget of R680,022 million

The primary operating budget revenue and expenditure categories reflect the following year-on-year budget value increases (estimated 2018-2019 vs adjusted 2017-2018 budget):

Revenue/tariff increases

- The tariff for property rates will increase by 8% in the rand for residential properties and by 10% in the rand for business properties.
- Electricity 6,84%
- Water 8%
- Solid Waste/Refuse removal 13%
- Sanitation 8,5%

The Langeberg Municipality amended the tariffs for water, electricity, sewerage, refuse removal, sundry items and property rates per Council Resolution A3627. The amended tariffs will be applied as from 1 July 2018.

The projected increase results from a combination of factors such as (relatively low) generic growth to core tariff based services, operational efficiencies and revenue-related policies aimed at optimising and sustaining all revenue sources.

Expenditure category increases

- Salaries and wages (including increments and social contributions): 7,50%
- Other expenses including repairs and maintenance: -13,89% (Result of Municipal Standard Charts of Accounts (MSCOA) alignment expenditure items moved to contracted services)
- Capital Costs: 26,65% Bulk Purchases, comprising the following:
  - Water: 5,30%; and
  - Electricity: 7,32%

The following property rates will be levied from 1 July 2018:

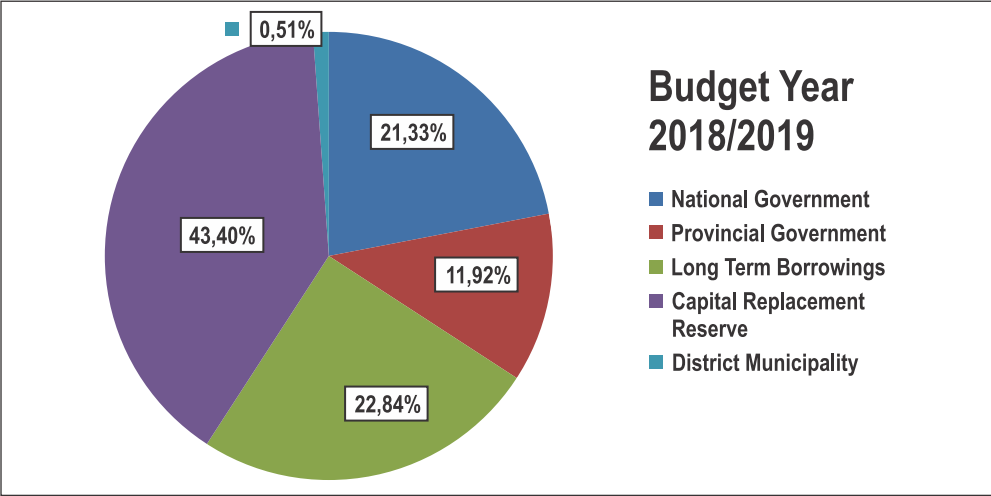
- Businesses, industrial and government: 0,0089 cent/Rand
- "Bona Fide" farmers: 0,0012 cent/Rand
- Residential properties: 0,0060 cent/Rand
- Public benefit organizations: 0,0012 cent/Rand

Full details of the council resolution, rebates on property rates and particulars of the determined tariffs are available for inspection on the municipal website ([www.langeberg.gov.za](http://www.langeberg.gov.za)) and at all public libraries and municipal offices in the municipal area.

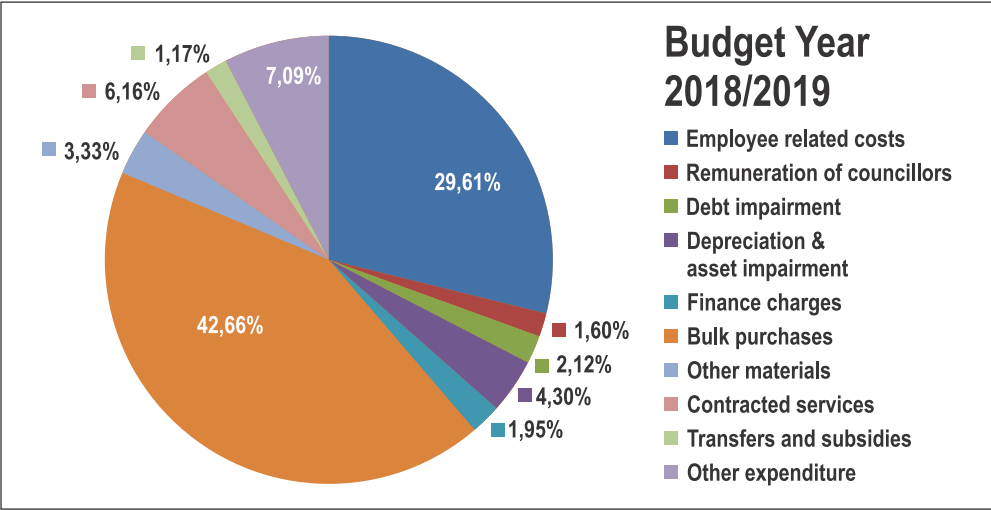
The MTREF Capital Budget will be funded as follow:

Vote Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1							
<b>Funded by:</b> National Government Provincial Government District Municipality Other transfers and grants		33 598	20440	20 440	20 440	18 793	21 342	22 790
		-	8 805	8 805	8 805	10 500	-	-
		-	50	50	50	450	-	-
		-	-	-	-	-	-	-
Transfers recognised - capital	4	33 598	29 295	29 295	29 295	29 743	21 342	22 790
Public contributions & donations	5	-	-	-	-	-	-	-
Borrowing	6	20 124	-	-	-	20 124	14 876	-
Internally generated funds	7	22 286	24 526	24 526	24 526	38 244	27 324	8 850
Total Capital Funding	7	76 008	53 821	53 821	53 821	88 111	63 541	31 640

The graph below shows the capital expenditure for 2018/2019 per funding source expressed as a %:



Expenditure by Type: The graph below shows how the 2018/2019 budget will be spent per expenditure type expressed as %



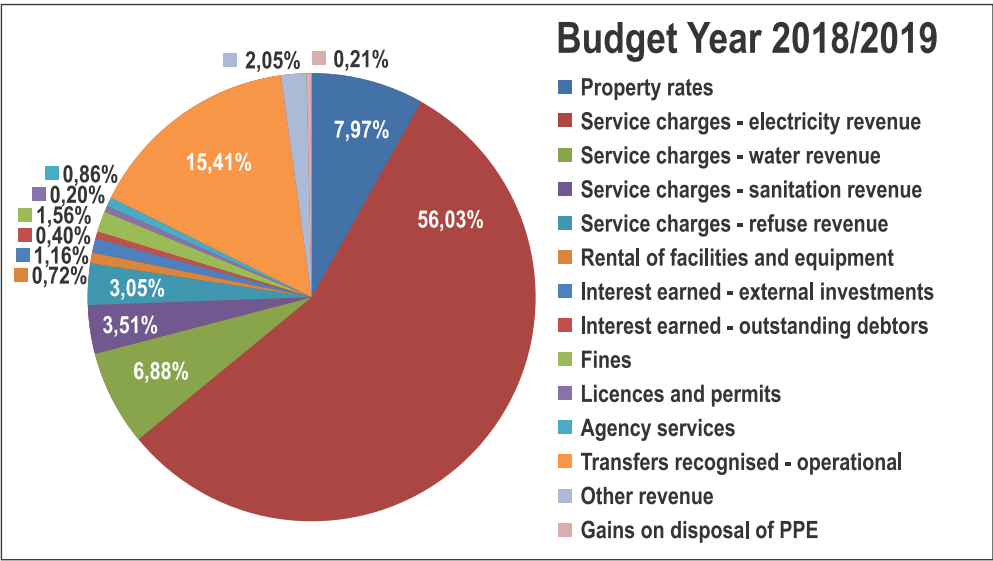
ELECTRICITY			
	ELECTRICITY PURCHASE BLOCKS (Prepaid meter: Single phase connection<=60 AMP) Price (cent/kI)*	Single conventional Metering (<=60 AMP) Price (cent/kWh)* Monthly levy of R173 /month are applicable to the following tariffs:	Electricity Purchase Blocks Indigent Tariff Income =<R3 500 /month) Price (cent/kWh)*
Block 1 (0 - 50 kWh)	R0,9080 c/kWh	R0,9080 c/kWh	R0 c/kWh
Block 2 (51 - 350 kWh)	R1.1750 c/kWh	R1.1110 c/kWh	R1.1110 c/kWh
Block 3 (351 - 600 kWh)	R1.6410 c/kWh	R1.5870 c/kWh	R1.5870 c/kWh
Block 4 (Above 600 kWh)	R1.8840 c/kWh	R1.7580 c/kWh	R1.7580 c/kWh

WATER BLOCK RESIDENTIAL TARIFF PRICE (cent/kI)*			
Residential Basic per month (<=22mm connection)	Residential Basic per month (>22<=25mm connection)	Residential Basic per month (>40<=50mm connection)	Water Block Indigent Tariff (Income =< 3500 /month) Price (cent/kI*)
Monthly levy = R78,59	Monthly levy = R123,74	Monthly levy = R508,34	Monthly levy = R80,17
Block 1 (0 - 6 kI) R2,40 p/I	Block 1 (0 - 6 kI) R2,40 p/I	Block 1 (0 - 6 kI) R2,40 p/I	Block 1 (0 - 6 kI) R0 p/I
Block 2 (6 - 15 kI) R5,62 p/I	Block 2 (6 - 15 kI) R5,62 p/I	Block 2 (6 - 15 kI) R5,62 p/I	Block 2 (> 6 kI) R6,09 p/I
Block 3 (15 - 30 kI) R5,92 p/I	Block 3 (15 - 30 kI) R5,92 p/I	Block 3 (15 - 30 kI) R5,92 p/I	
Block 4 (30 - 40 kI) R6,26 p/I	Block 4 (30 - 40 kI) R6,26 p/I	Block 4 (30 - 40 kI) R6,26 p/I	
Block 5 (40 - 60 kI) R8,08 p/I	Block 5 (40 - 60 kI) R8,08 p/I	Block 5 (40 - 60 kI) R8,08 p/I	
Block 5 (> 60 kI) R8,51 p/I	Block 5 (> 60 kI) R8,51 p/I	Block 5 (> 60 kI) R8,51 p/I	

Budget Summary – Operating

Description	2018/19 Medium term Revenue & Expenditure Framework		
R thousand	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source			
Property rates	52 862 690	57 658 810	62 895 320
Service charges - electricity revenue	371 654 170	397 075 370	424 235 380
Service charges - water revenue	45 611 950	48 348 700	51 249 660
Service charges - sanitation revenue	23 306 830	25 287 930	27 437 420
Service charges - refuse revenue	20 209 600	22 836 850	25 805 650
Service charges - other	-	-	-
Rental of facilities and equipment	4 748 100	5 104 370	5 487 350
Interest earned - external investments	7 712 110	8 290 540	8 912 360
Interest earned - outstanding debtors	2 668 120	2 868 270	3 083 430
Dividends received	-	-	-
Fines, penalties and forfeits	10 317 280	11 091 090	11 922 940
Licences and permits	1 327 530	1 427 120	1 534 180
Agency services	5 680 100	6 106 130	6 564 130
Transfers and subsidies	102 256 000	114 830 300	120 061 480
Other revenue	13 615 910	14 637 410	15 735 480
Gains on disposal of PPE	1 394 740	1 499 400	1 611 910
Total Revenue (excluding capital transfer and contributions)	663 365 130	717 062 290	766 536 690
Expenditure By Type			
Employee related costs	201 198 530	215 723 470	231 405 900
Remuneration of councillors	10 871 240	11 414 870	11 985 670
Debt impairment	14 425 630	15 435 450	16 515 970
Depreciation & asset impairment	29 194 390	29 383 740	30 428 900
Finance charges	13 227 600	12 926 730	13 202 680
Bulk purchases	289 862 540	310 990 380	333 660 000
Other materials	22 638 750	24 107 000	25 795 980
Contracted services	41 860 670	54 662 130	54 585 740
Transfers and subsidies	7 983 140	5 758 780	5 401 550
Other expenditure	48 182 400	50 762 350	54 334 420
Loss on disposal of PPE	577 980	618 490	661 840
Total Expenditure	680 022 870	731 783 390	777 978 650
Surplus/(Deficit)	-16 657 740	-14 721 100	-11 441 960
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	29 743 040	21 341 740	22 789 570
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	13 085 300	6 620 640	11 347 610
Taxation			
Surplus/(Deficit) after taxation	13 085 300	6 620 640	11 347 610
Attributable to minorities			
Surplus/(Deficit) attributable to municipality	13 085 300	6 620 640	11 347 610
Share of surplus/ (deficit) of associate			
Surplus/(Deficit) for the year	13 085 300	6 620 640	11 347 610

Revenue by Source: The graph below shows the funding of the 2018/2019 budget per revenue source expressed as a %.



ELECTRICITY AND WATER BLOCK TARIFFS

In an attempt to mitigate the impacts of such increases on the electricity and water accounts of poor households, Inclining Block Tariffs (IBTs) have been implemented in the Langeberg Municipality.

Block tariffs work as a stepped pricing mechanism applied to residential electricity and water consumers.

Charges per unit of electricity or water consumed, increase as the level of consumption increases. This means that people who use less electricity and water, pay lower rates. The primary objective of this tariff structure is to make electricity and water affordable to the poor and to promote energy and water saving.

Understanding Block Tariffs

The price of water and electricity is divided into several blocks or costs. The first block tariff for electricity (50 kWh) and water (6kl) is at the lowest price. As the customer use or purchase more electricity or water during the month, they will eventually move into block two, which is a bit more expensive. This process of moving into a higher tariff block happens automatically as the customer use/purchase more electricity or water. At the end of the month, the history is reset and the customer will again start the next month from block 1.

Electricity block tariffs

For conventional customers the process to move from the one block to the next is automatic and depends only on the amount of electricity acquired by the customer.

If you are using prepaid electricity, it is important that you only buy enough electricity for one month. Buying electricity in bulk will mean you end up paying more for electricity. The movement to the next block is not at all affected by whether the purchases are spread over many transactions, or if all the electricity is part of one transaction. So only buy the amount of electricity you need for the month. Then wait until the next month to buy again at the lower price.

Who will receive Incline Block Tariffs on electricity?

The Incline Block Tariffs have been implemented for all single phase connection electricity (60AMP).

This includes households and it means prepayment and conventional customers will have the same block tariffs and pay the same price for electricity.

Water Block Tariffs

The prescribed charges for water supplied to a customer through a water meter, shall include a volumetric water tariff charged per kilolitre of the measured volume of water supplied to consumer.

**Note:** Inclining water block tariffs are applicable to all residential tariffs and not dependent on the size of the water connection. Only property used exclusively for residential property qualifies for residential tariffs.