

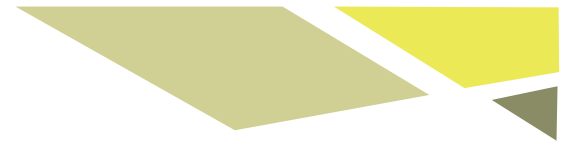


LANGEBERG LOCAL MUNICIPALITY

Long-Term Financial Plan – *Update 2025*



Prepared by
INCA Portfolio Managers
February 2025

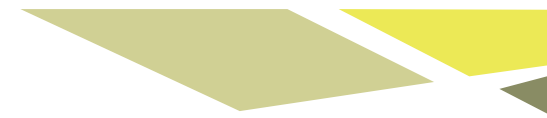


REPORT OVERVIEW – INTRODUCTION AND BACKGROUND

INCA Portfolio Managers (“IPM”) developed a Long-Term Financial Plan (“LTFP”) for Langeberg Local Municipality. The deliverable of that assignment was a report entitled *Langeberg Local Municipality; Long Term Financial Plan: 2015/16– 2024/25*; August 2015. The report was updated in 2019 and again in 2021, 2023 and 2024. This 2025 update aims to update the LTFP based on the latest available information and report on the findings.

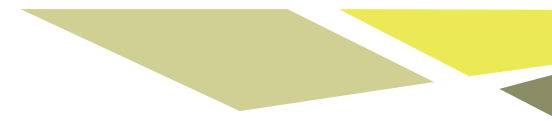
The objective of a Long-Term Financial Plan is to recommend strategies and policies that will maximise the probability of the municipality’s financial sustainability into the future. This is achieved by forecasting future cash flows and affordable capital expenditure based on the municipality’s historic performance and the environment in which it operates.

A summary of the demographic-, economic- and household infrastructure perspective was updated with the latest available information as published by S&P Global Market Intelligence. The historic financial analysis was updated with the information captured in the municipality’s audited financial statements of 30 June 2024. IPM’s Long-Term Financial Model (latest and updated version) was populated and run with this latest information, and the outcome thereof is reflected in this report. The LTFM, as institutionalised in Langeberg LM, was calibrated against the municipality’s audited financial statements as well as the Adjustment Budget for the 3 years from 2024/2025 to 2026/2027.



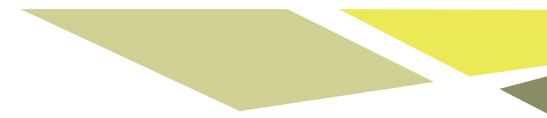
ABBREVIATIONS USED

AFS	Annual Financial Statements
CAPEX	Capital Expenditure
CRR	Capital Replacement Reserve
CPI	Consumer Price Index
FY	Financial Year
FYE	Financial Year Ended
GVA	Gross Value Added
IP	Investment Property
IPM	INCA Portfolio Managers
LM	Local Municipality
LTFM	Long-Term Financial Model
LTFP	Long-Term Financial Plan
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MRRI	Municipal Revenue Risk Indicator
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Energy Regulator of South Africa
NT	National Treasury
OPEX	Operational Expenditure
PPE	Property, Plant and Equipment
R '000	Rand x 1 000
SA	South Africa
S&P	S&P Global Market Intelligence ReX v2434



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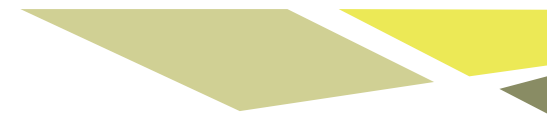


EXECUTIVE SUMMARY

KEY FINDINGS AND CONCLUSIONS DRAWN FROM THE 2025 LTFP UPDATE

HIGHLIGHTS FROM THE AUDITED FY2023/24 FINANCIAL RESULTS

- The liquidity position deteriorated during FY2023/24, evidenced by the liquidity ratio of 1.78:1 (FY2022/23: 2.34:1).
- The collection rate was calculated at 93.2% for FY2023/24 (FY2022/23: 97.8%). This was below the NT recommended norm of 95%. Our calculation methodology mirrors that of NT's Circular 71.
- Financial performance regressed during FY2023/24, with a decrease in the accounting surplus to R49.5 million (FY2022/23: R59.9 million). The municipality moved from an operating surplus of R22.5 million in FY2022/23 to an operating surplus of R6.9 million in FY2023/24.
- Electricity services remained the main revenue stream for the municipality, contributing an average of 55.3% to total revenue over the review period. This is followed by Equitable Share with 10.6%.
- Electricity bulk purchases remained the predominant expenditure item, accounting for 39.9% of operating expenditure in FY2023/24 and averaging 42.1% over the review period. This is followed by staff costs at 26.0% and contracted services at 3.4%. The municipality's employee related expenditure (combination of staff costs and contracted services) profile remains affordable at 27.5% (average: 29.4%) still below the NT norm of 40.0%.
- The debtors age analysis indicates that 52.8% of debtors are older than 90 days.
- Langeberg has increased its capital spending over the review period, with the FY2023/24 capital expenditure amounting to R184.4 million. The total capital outlay over the review period amounted to R697.2 million. This was primarily funded by capital grants (47.8%) , financing (5.0%) and own cash (44.8%).
- The municipality posted a cash surplus in excess of the minimum liquidity requirements of R213.0 million in FY2023/24. Cash surpluses were posted throughout the review period, at an average of R173.9 million p.a.



LONG-TERM FINANCIAL PLAN UPDATE

Langeberg LM has budgeted for operating deficits in excess of R70 million throughout the MTREF period. This is contrary to the historic performance in which operating surpluses were posted in each of the last 6 years under review. Due to this, we are of the view that Langeberg will likely outperform the operating budget. This has been factored into the Base Case assumptions. The municipality's financial performance deteriorated in FY2023/24 with the municipality achieving an operating surplus of R6.9 million, down from an operating surplus of R22.5 million in FY2022/23. Prior to making any adjustments to the Adjustment Budget, an MTREF Case was developed in order to assess the viability of the Budget. The MTREF Case provides an indication of the long-term outcome should the status quo be maintained and the budget be implemented as is. The result thereof was characterised by poor financial performance, cash generation as well as a strained liquidity position. The underlying causes of the unsustainable outcome have been addressed in the Base Case assumptions. To develop a realistic Base Case model, the figures from the Adjustment Budget 2024/25 – 2026/27 were used. The objective of the model is to utilise realistic assumptions to support future financial sustainability. The following are the key assumptions:

1. The collection is assumed to improve to 97% (from 96%) over a period of 3 years.
2. Operating expenditure (Opex) was reduced by 2.5% over the entire planning period. This was driven by the conservative operating budget.
3. Adjustments were made to other revenue due to the perceived understatement of certain revenue items, interest income in particular.
4. Tariff increases were included as put forward in the Adjustment Budget Document FY2024/25.
5. Creditors days were adjusted downwards from 65 days to 30 days over a 10-year period to mitigate the forecast rise in creditors.
6. The Adjustment Budget capital investment programme was adjusted over the MTREF period, as follows:
 - a. FY2024/25: R150.0 million (Budget: R172.6 million)
 - b. FY2025/26: R75.0 million (Budget: R77.3 million)
 - c. FY2026/27: R70.0 million (Budget: R53.9 million)
 - d. FY2027/28: R80.0 million (Budget: R57.2 million)

Assumed growth in capital investment beyond FY2027/28 is 6% p.a.

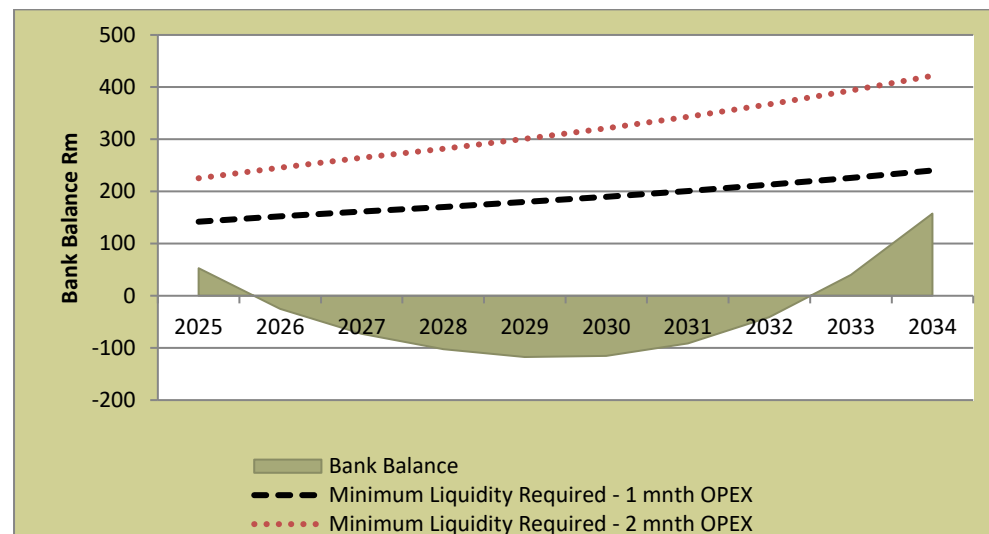
7. The MTREF capital funding mix has been adjusted to accommodate an accelerated borrowing programme. The borrowing in this scenario consists of **13-year** amortising loans at a rate of 5% above forecast CPI in any given year.
The remainder of the MTREF period was adjusted as follows:
 - a. FY2024/25: R75.0 million
 - b. FY2025/26: R50.0 million
 - c. FY2026/27: R40.0 million
 - d. FY2027/28: R35.0 million
8. Repairs and maintenance expenditure was increased to 5% of PPE & IP over a period of 3 years.
9. Electricity losses were maintained at 5.76%, while water distribution losses were reduced to 15.0% (from 18.7%) over a 3-year period.

LONG-TERM FINANCIAL MODEL OUTCOMES

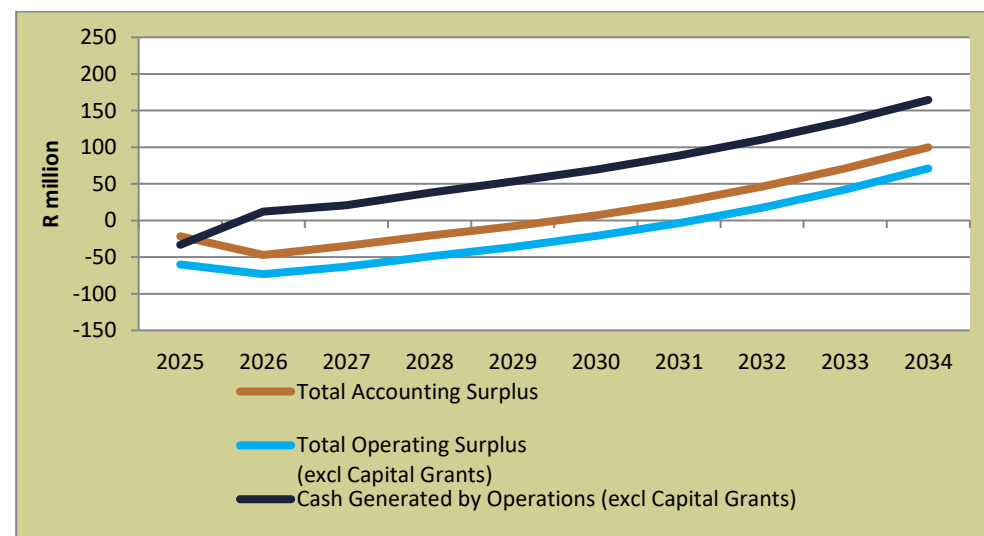
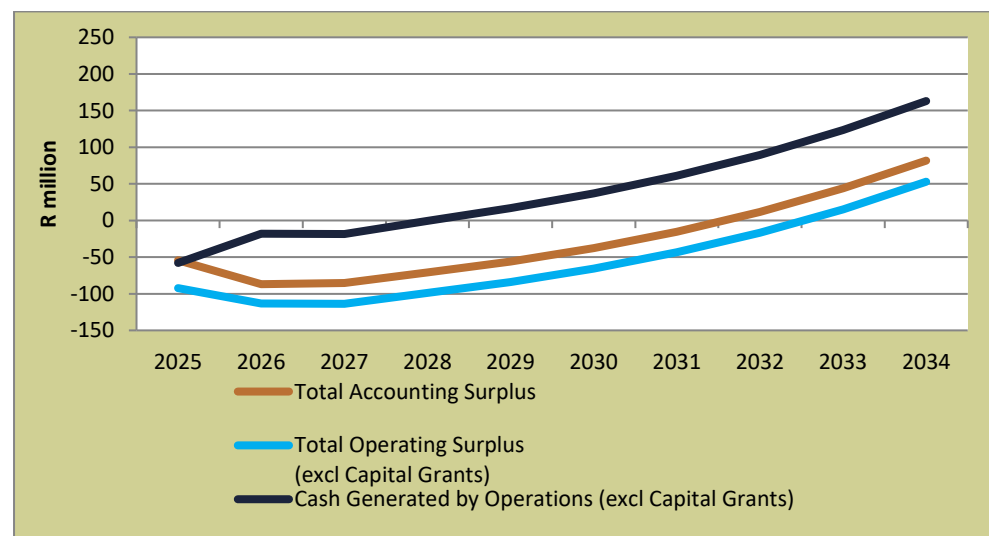
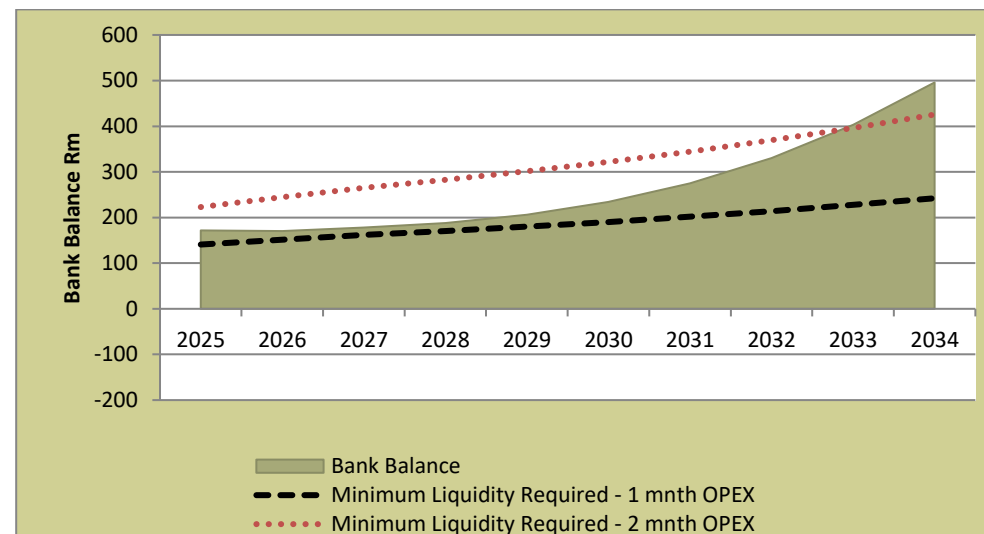
Based on these assumptions, key outcomes for the 10-year planning period are as follows:

Outcome	MTREF Case	Base Case
Average annual % increase in Revenue	8,7%	8,8%
Average annual % increase in Expenditure	8,8%	8,9%
Accounting Surplus accumulated during Planning Period (Rm)	-R 269	R 124
Operating Surplus accumulated during Planning Period (Rm)	-R 561	R 116
Cash generated by Operations during Planning Period (Rm)	R 396	R 659
Average annual increase in Gross Consumer Debtors	19,0%	14,7%
Capital investment programme during Planning Period (Rm)	R 759	R 978
External Loan Financing during Planning Period (Rm)	R 0	R 450
Cash and Cash Equivalents at the end of the Planning Period (Rm)	R 158	R 496
No of Months Cash Cover at the end of the Planning Period (Rm)	0,9	2,7
Liquidity Ratio at the end of the Planning Period	0.7 : 1	2.4 : 1
Gearing at the end of the Planning Period	0,6%	12.5%
Debt Service to Total Expense Ratio at the end of the Planning Period	0,5%	2.8%

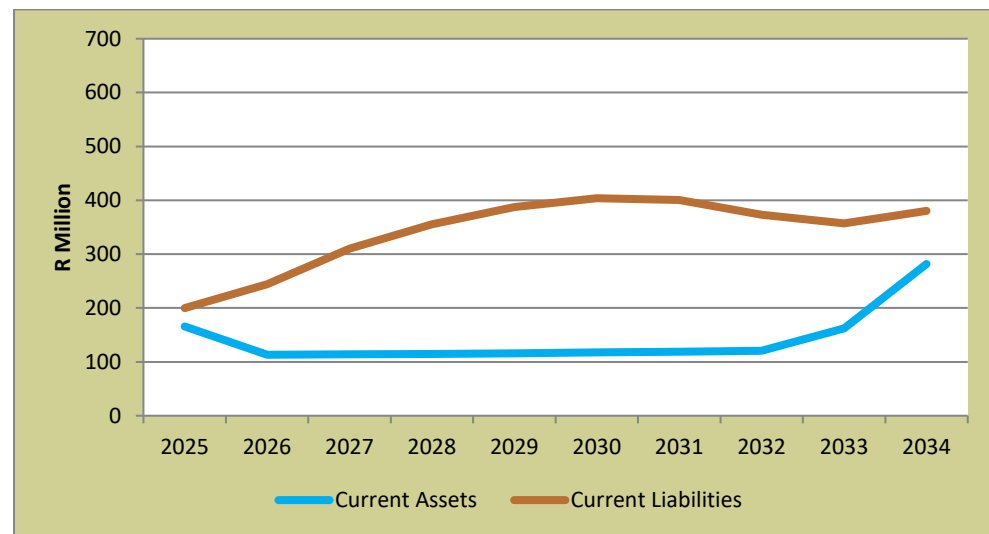
MTREF CASE SCENARIO



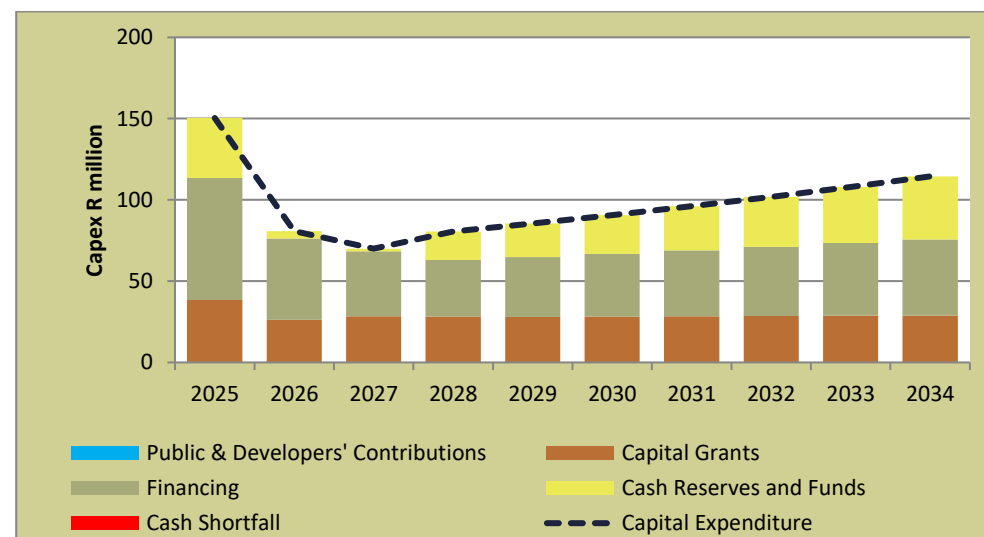
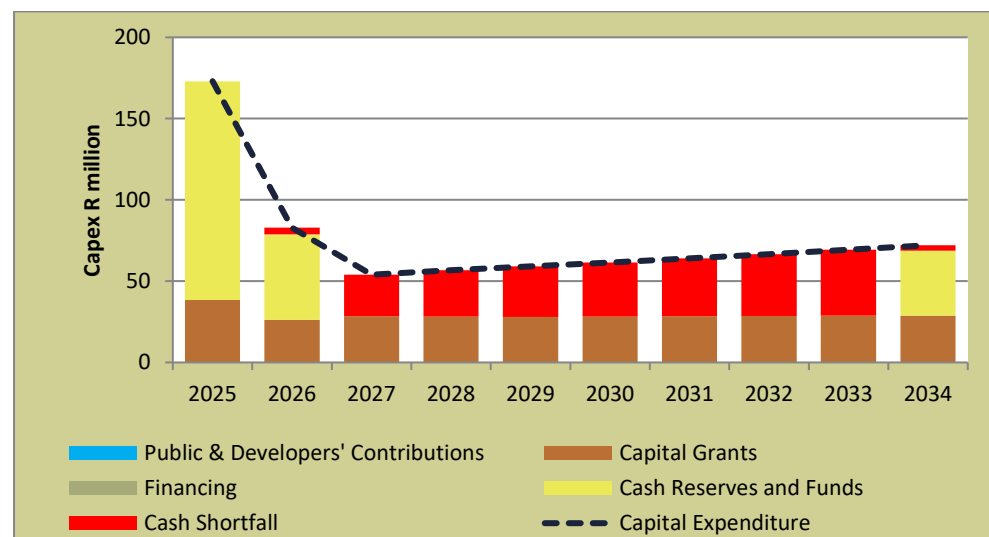
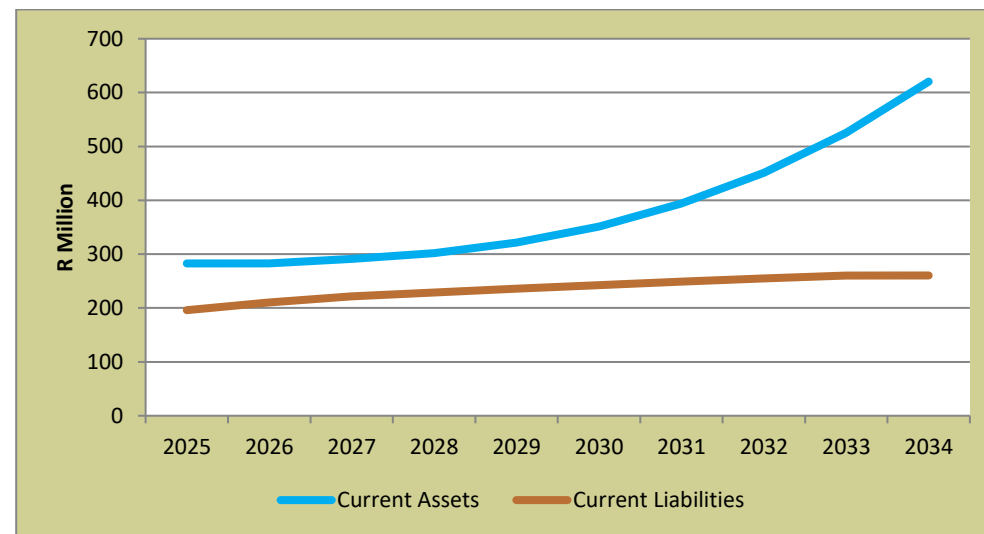
BASE CASE SCENARIO



MTREF CASE SCENARIO



BASE CASE SCENARIO

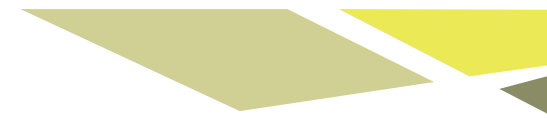




RECOMMENDATIONS

Based on the results of the Long-Term Financial Model, ***it is recommended that*** Langeberg:

1. Strengthen critical repair and maintenance efforts, evaluating cost-effectiveness while emphasising efficiency with the aim of minimising service disruptions.
2. The extent of own cash utilisation in the MTREF Case is forecast to result in a significant deterioration of liquidity. Consider an accelerated capital investment programme aided by an accelerated borrowing programme. Maintain an optimised funding mix that strikes a balance between the utilisation of external borrowings and own cash as a supplement to capital grant funding. This will enable the municipality to maintain an optimised funding mix that strikes a balance between the utilisation of external borrowings and own cash as a supplement to capital grant funding, while unlocking a sustainable acceleration of capital investment.
3. Maintain a balanced approach for the long-term capital investment programme which prioritises investments that contribute to economic growth and revenue generation and prioritise timeous investment in bulk infrastructure. It is recommended that the capital prioritisation programme is informed by the affordable envelope presented in this report.
4. Formalise a capital investment prioritisation and tracking system to optimise management's capital investment decisions and mitigate the risk of underspending on capital projects.
5. Prevent a deterioration of the collection rate through the implementation of measures such as strict credit control, debt collection procedures etc. The Base Case collection rate of 97% must be achieved within the next 3 years, with further improvements targeted thereafter.
6. Institutionalise the utilisation of a sophisticated tariff model to ensure that tariffs reflect the true cost of delivering the service, on an organisation-wide approach (also considering property rates and organisational overheads).
7. Update the long-term financial plan annually with the most recent information to remain a relevant and valuable strategic tool that serves as input to the annual budgeting process. Continue the ongoing utilisation of the long-term financial model to support strategic financial decision-making within the municipality.



DEMOGRAPHIC, ECONOMIC AND HOUSEHOLD INFRASTRUCTURE

- Langeberg has the smallest population in the Cape Winelands District, with a total population of 113 913 people in 2023. The population has grown at an average rate of 0.61% p.a. over the past 5 years, with a population density of 25.2 people per km².
- The municipality has the lowest household formation in the district at 10.1% since 2014. Langeberg largely managed to keep pace with the rate of household formation, evidenced by the Infrastructure Index improving from 0.88 to 0.91 over the review period.
- Langeberg managed to reduce the level of backlogs in the provision of all services over the review period. Despite this, the sanitation and water backlogs remain higher than the district.
- Langeberg LM income per household amounted to R87 620 in 2023.
- The official unemployment rate declined to 9.51% in 2023 (12.52% in 2022), making it the second lowest in the district after Witzenberg. Finance (22.5%), Trade (22.1%) and Community Services (17.5%) remained the predominant providers of employment in Langeberg in 2023.
- The economy has exhibited sluggish growth over the review period, with an annual average growth rate of 0.08% over the last 5 years. This is exceeded by the annual average population growth rate of 0.61% over the same period.
- Langeberg has a Tress Index of 47.8, indicative of a reasonably diversified economy. The predominant contributing sectors in 2023 were namely: Agriculture (23.5%), Manufacturing (18.6%), Community Services (17.8%) and Finance (15.0). Together, these 4 sectors contributed approximately 74.9% of economic output in 2023.
- Tourism spend in the municipality amounted to R931.1 million in 2023 (2022: R885.5 million).



1 Planning Process

2 Updated Perspectives (Demographic, Economic, Household Infrastructure)

3 Updated Historic Financial Assessment

4 Long-Term Financial Model Outcomes

5 Future Revenues

6 Affordable Future Capital Investment

7 Scenario Analysis

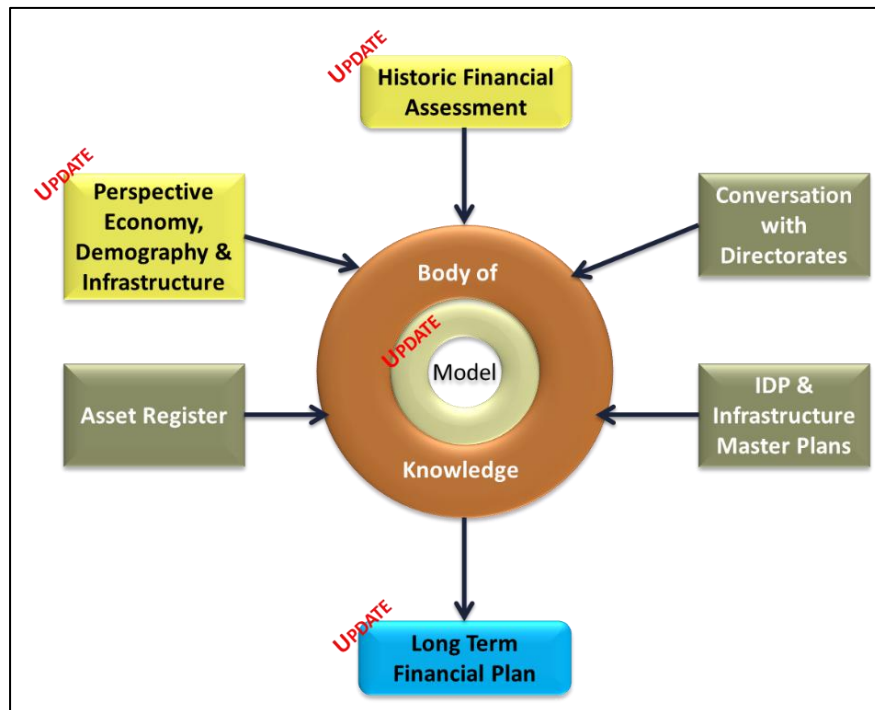
8 Ratio Analysis

9 Conclusions

PLANNING PROCESS

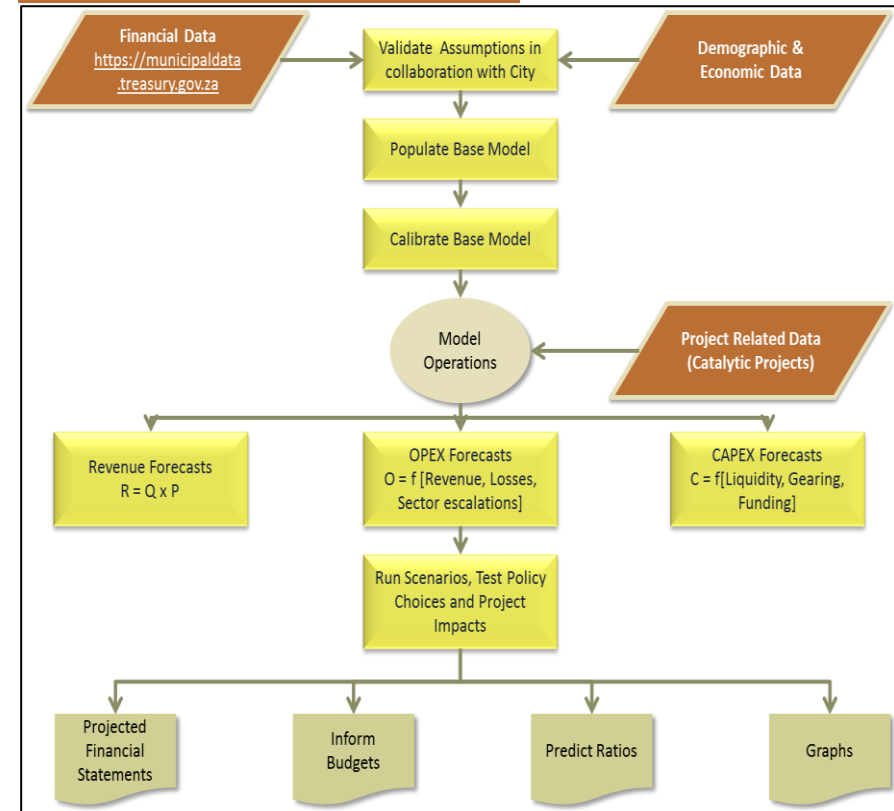
The diagram below illustrates the steps in the process that were followed in drafting the LTFP and the steps taken during this 2025 “LTFP Update”:

FIGURE 1: PLANNING PROCESS



The long-term financial model was populated with the latest information of Langeberg and used to make a base case financial forecast of the future financial performance, financial position, and cash flow of the municipality. The diagram below illustrates the outline of the model.

FIGURE 2: FINANCIAL MODEL FRAMEWORK



The model methodology remains the same and the capital budget as presented in the MTREF was utilised and forecasts of an affordable future capex were made.



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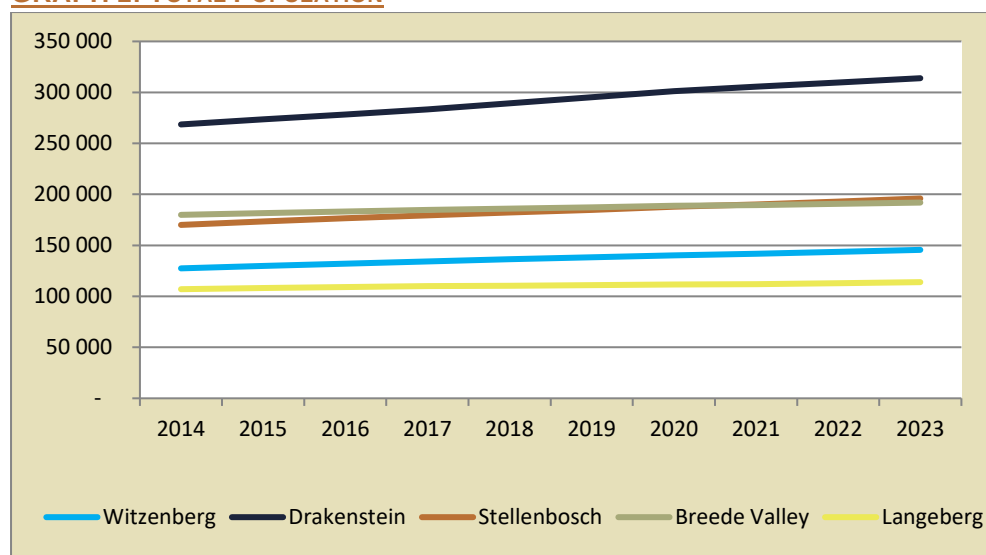
9 Conclusions

UPDATED PERSPECTIVES (DEMOGRAPHIC, ECONOMIC, HOUSEHOLD INFRASTRUCTURE)

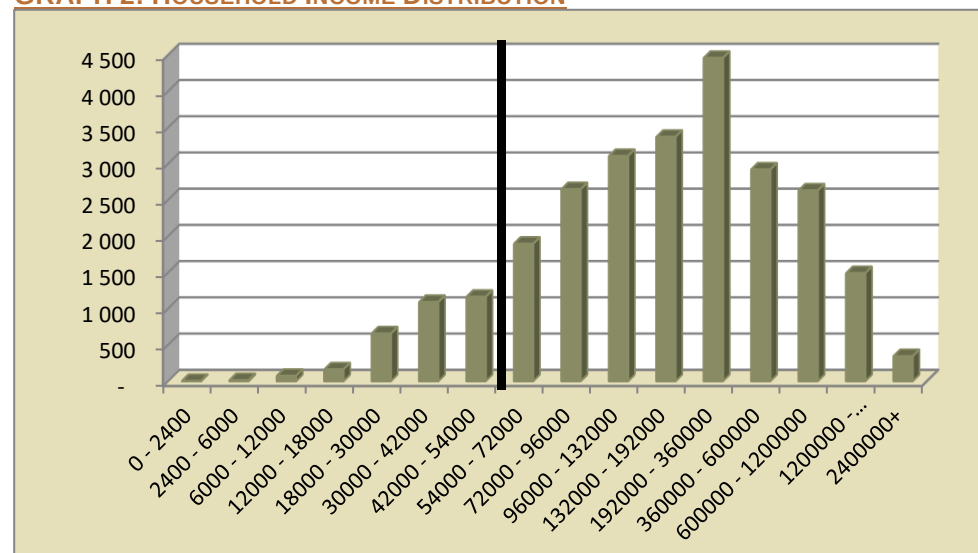
DEMOGRAPHY

Langeberg has a total population of 113 913 people in 2023. This represents approximately 11.9% of the Cape Winelands District's total population of 961 280 people. This makes Langeberg the least populous municipality in the district. The population grew at a rate of 0.9% in 2023. Langeberg has shown the lowest growth in population within the district in 2023. Over the past 5 years the average population growth was 0.61% p.a., this rate is exceeded by the national average of 1.30% p.a. over the same period. Additionally, Langeberg is the second least densely populated municipality in the district, with population density of 25.2 people per km². The low population growth rate, in theory, provides stability and alleviates pressure on service delivery. It may, however, also imply that the low growth within the area may result in lower expectations of future revenue growth within the municipality.

GRAPH 1: TOTAL POPULATION



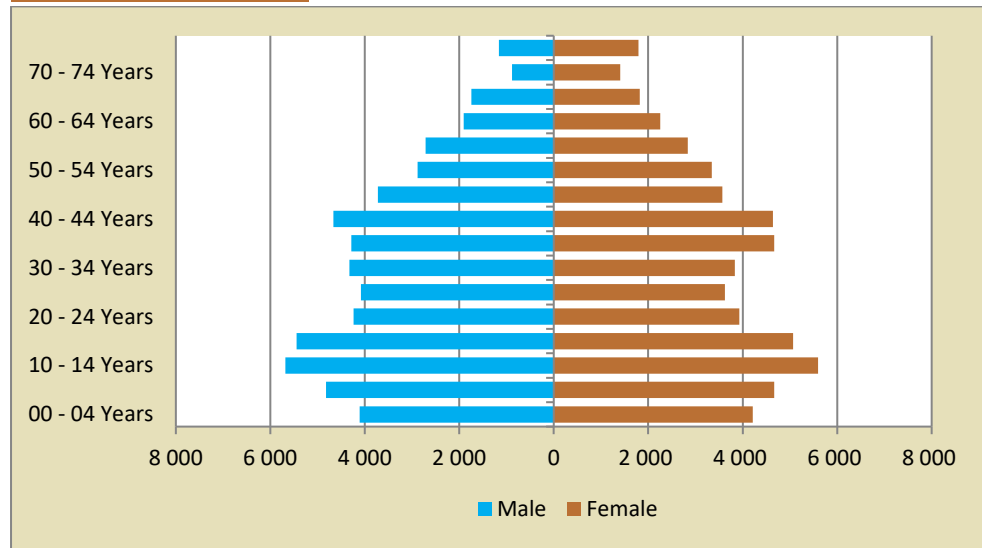
GRAPH 2: HOUSEHOLD INCOME DISTRIBUTION



GRAPH 2 above illustrates the household income distribution of Langeberg LM. Approximately 87.9% of the households in the municipality earn an income above the equitable share bracket of R54 000 p.a. Theoretically, households earning less than R54 000 p.a. are indicative of the number of indigent households in the municipal area and reflect those who qualify for and/or are largely reliant on government grants as a source of income. The provision of RDP level of basic services to these households is theoretically covered by the equitable share and this should compensate the municipality for providing free basic services.

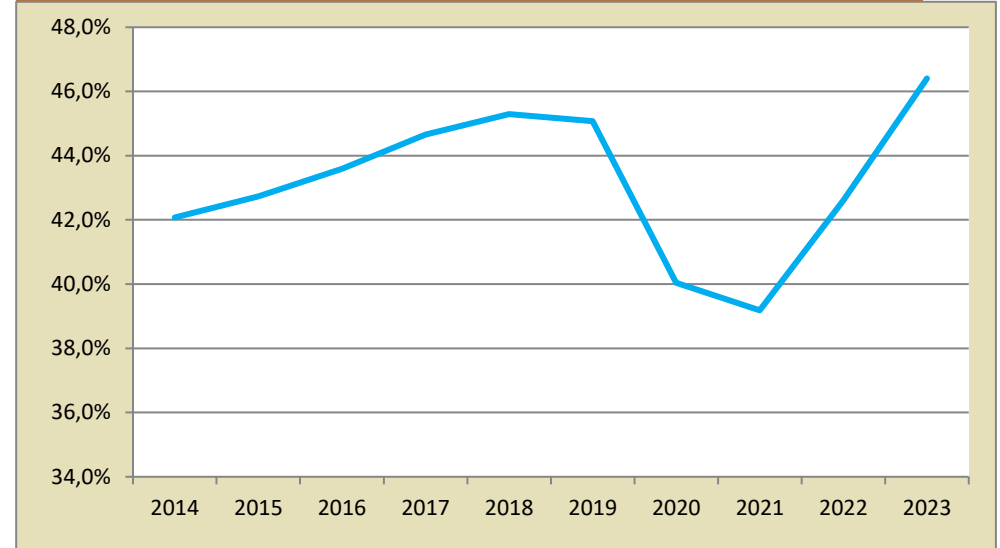
Average household income grew at a rate of 3.5% during 2023. In absolute terms, average household income increased from R313 578.5 p.a. in 2022 to R324 688.9 p.a. in 2023. While this is the second lowest household income in the district, it exceeds the national average of R288 690.8.

GRAPH 3: AGE PROFILE



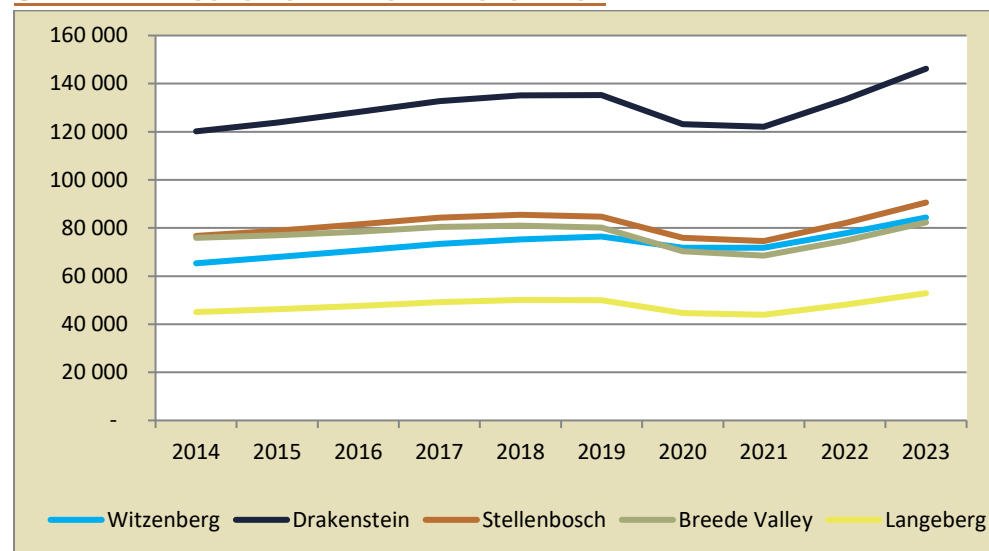
GRAPH 3 above depicts the demographic make-up of Langeberg LM's population, specifically delineating both the gender and age distribution. Notably, the graph above illustrates that the population is predominantly female, with females making up 50.3% of the population. It is evident that Langeberg's age profile is reflective of a fairly developing society that is characterised by a large proportion of the municipality's population (41.9%) falling below the age of 25. People which can be considered to be of working age (25-64) make up 50.3% of the population with just 7.8% of the population above the age of 65 years. The largest age cohort is between the ages of 10-14 years.

GRAPH 4A: ECONOMICALLY ACTIVE PEOPLE AS A % OF TOTAL POPULATION



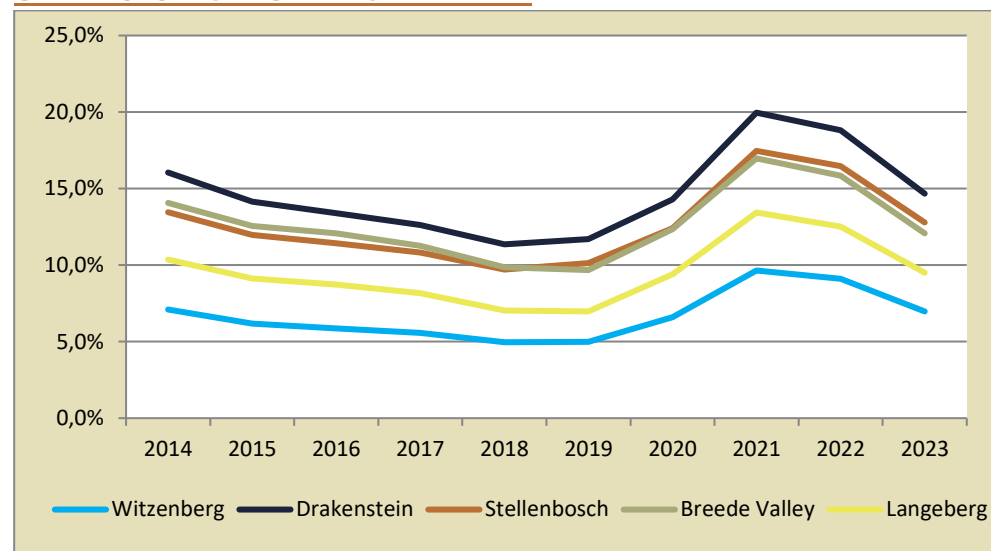
The total number of Economically Active People (EAP), which represents people who are willing and able to work, has seen a relatively upward trend. The figures show that an increase of 9.9% was observed from the previous year's number of 48 100 to 52 862 in the current year. This represents approximately 46.4% of the total population in Langeberg, marking a significant portion of the population actively engaging in economic pursuits. A comparative analysis shows that Langeberg has the second highest EAP as a percentage of the population in the district, falling behind Witzenberg with an EAP of 57.9% as a percentage of its population. Furthermore, the upward trend observed since 2021 suggests that Langeberg is gradually recuperating from the aftermath of the COVID-19 pandemic.

GRAPH 4B: ECONOMICALLY ACTIVE POPULATION



GRAPH 4B above depicts the trend in the number of economically active people in each of the municipalities within the Cape Winelands District over the past 10 years. Drakenstein has the highest economically active population within the district by a considerable margin, while Langeberg has the lowest in the district in absolute terms.

GRAPH 5: OFFICIAL UNEMPLOYMENT RATE



The official unemployment rate within Langeberg has declined to 9.5% in the current year (2023) from 12.5% observed in the previous year. This also suggests a direct relationship between an improving EAP and the employment rate. The decline in the unemployment rate is a positive development, as this is significantly lower than national and provincial averages of 32.7% and 22.3% respectively.

It should be noted that the official unemployment rate employs a narrow definition whereby discouraged workers and those not actively seeking employment are excluded. As such, it is reasonable to assume that should a broader, more realistic definition be utilised, the actual rate would in fact be considerably higher.

ECONOMY

Langeberg's total gross value add (or economic output) (GVA) amounted to R6.6 billion (constant 2015 prices) in 2023. This constitutes 11.3% of the Cape Winelands District GVA of R59.1 billion (constant 2015 prices). Langeberg's economy was heavily impacted by the pandemic, evidenced by the economic contraction of 5.1% in 2020. A recovery was noted in the subsequent years, evidenced by growth of 3.98% and 1.32% in 2021 and 2022, respectively. For 2023 the municipality's economy experienced a contraction of 0.21%. There is concern over the sluggish growth observed in GVA when compared to population growth over the past 5 years. Population growth averaged 0.61% p.a. whereas over the same period the economy expanded by only 0.08% p.a. This in essence leads to a potential deterioration in the wealth and well-being of the population. This is reflected in the reduction of GVA per capita to R58 678 p.a. in 2023 from R59 340 p.a. in the prior year.

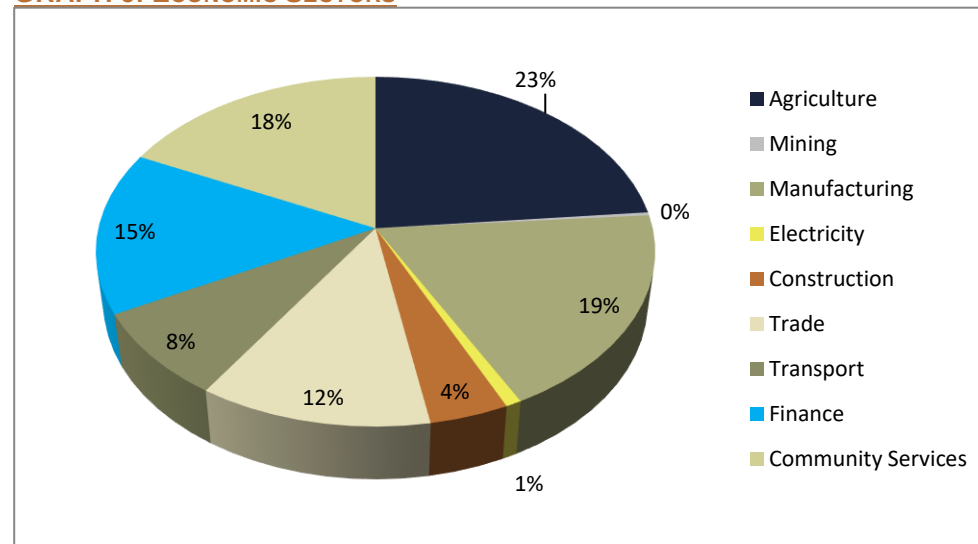
Langeberg's economy is reasonably diversified, as evidenced by the Tress Index of 47.8. A Tress Index of zero represents a totally diversified economy. On the other hand, the higher the index (closer to 100), the more concentrated a region's economy is. The higher the degree of diversification of the economy, the lower the degree of economic risk in the event of adverse economic conditions as the impact is spread over a larger number of economic sectors. In Langeberg the Finance, Community services, Manufacturing and Agriculture are the primary drivers of the of the local economy.

The local economy is heavily tertiary sector driven with approximately 53.7% of economic output in 2023 emanating from tertiary sector activities. The predominant contributing sectors in 2023 were namely: Finance (15.0%) Community Services (17.8%), Manufacturing (18.6%) and Agriculture (23.5%). Together, these 4 sectors contributed approximately 74.9% of economic output in 2023.

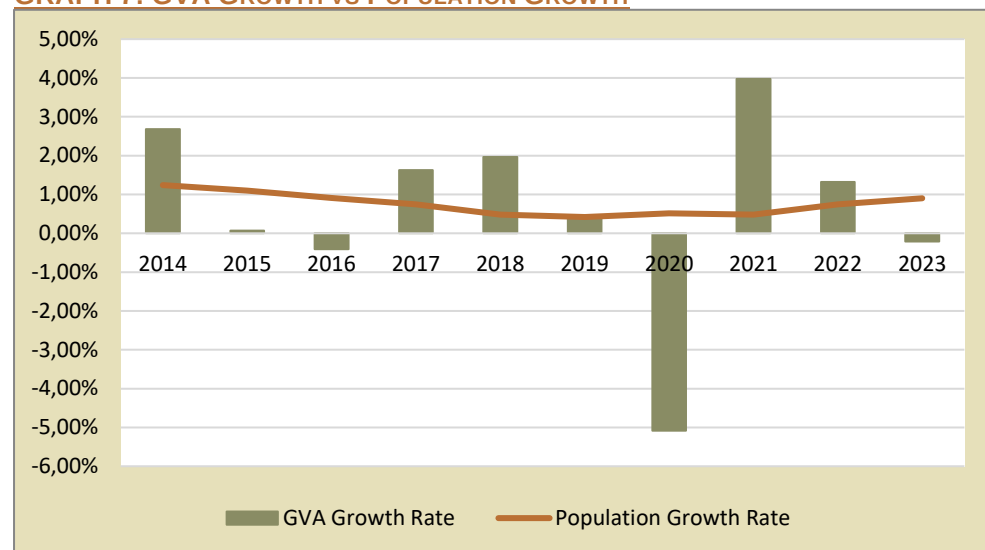
TABLE 1: PROPORTIONAL GROWTH OF ECONOMIC SECTORS

Subsector	2014	2023
Agriculture	21,2%	23,5%
Mining	0,4%	0,3%
Manufacturing	18,5%	18,6%
Electricity	1,0%	0,8%
Construction	6,2%	4,1%
Trade	13,0%	11,9%
Transport	6,9%	8,1%
Finance	15,5%	15,0%
Community Services	17,4%	17,8%

GRAPH 6: ECONOMIC SECTORS

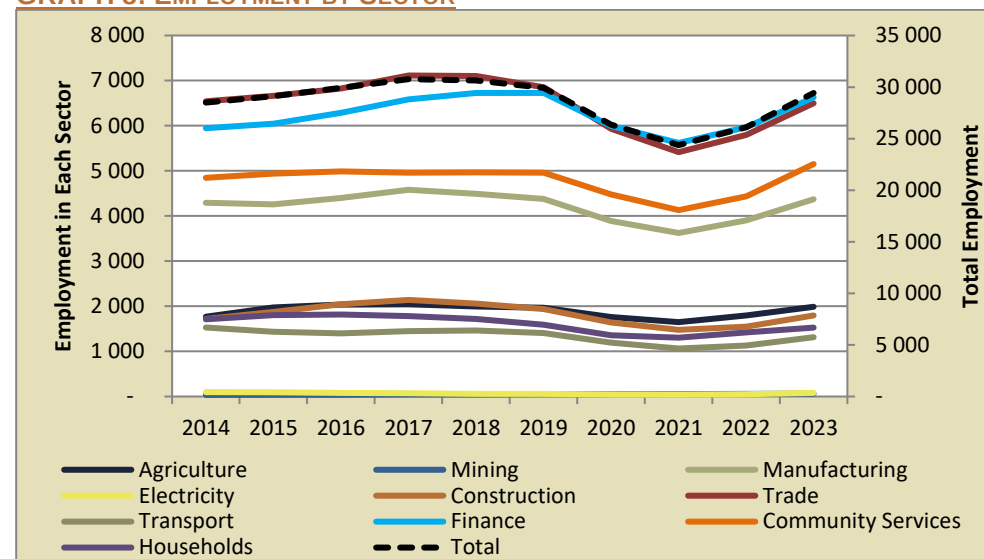


GRAPH 7: GVA GROWTH VS POPULATION GROWTH



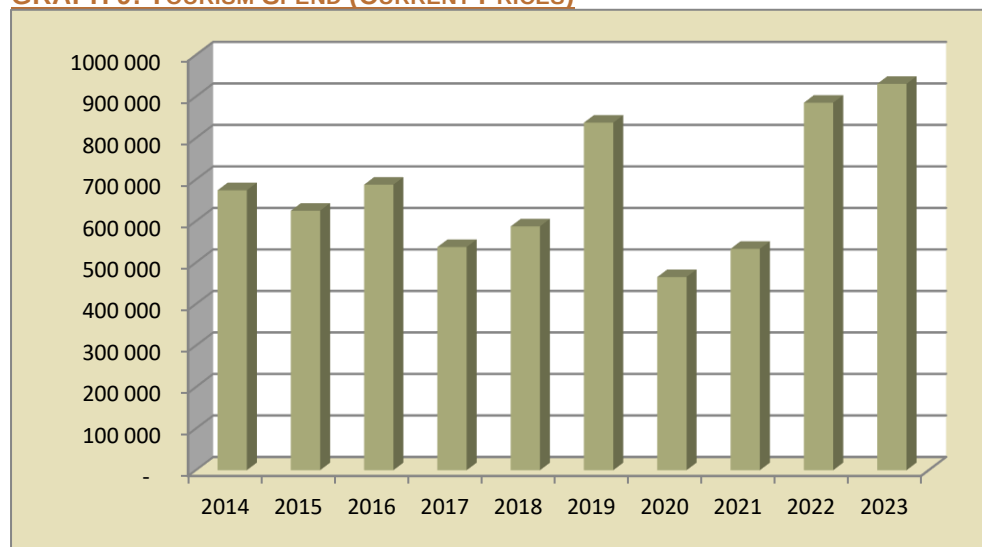
GRAPH 7 above illustrates a comparison between growth of the economy and population over the review period. As mentioned above the sluggish GVA growth is of concern. Economic growth has been exceeded by the population growth for 5 out of the 10 years of the review period, with the exception of 2014, 2017, 2018, 2021 and 2022. The resultant effect overall is that the population growth outpaced economic growth over the review period. The municipality must continue to invest in productive assets that aim to create an enabling environment for economic growth. The municipality is encouraged to utilise its current position of financial strength to increase capital investment in a sustainable manner, with priority given to capital projects that aim to stimulate the economy.

GRAPH 8: EMPLOYMENT BY SECTOR



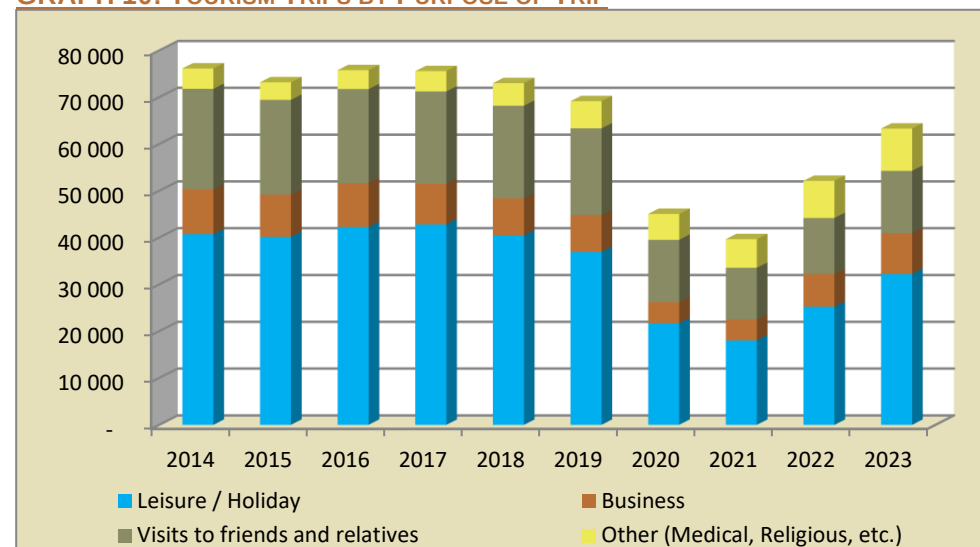
The decline in the unemployment rate of the municipality as stated above, is reflected in a noteworthy increase in employment opportunities within the municipality as evidenced by the figures depicted in **GRAPH 8** above. The overall employment for all sectors increased by 12.6% during 2023, to 29 414 jobs from 26 120 jobs in the previous year. The biggest contributor to the overall number of jobs is the Finance sector accounting for 22.5% (6 623) of total jobs, with the Trade and Community service sectors each contributing 22.1% (6 497) and 17.5% (5 151) jobs respectively.

GRAPH 9: TOURISM SPEND (CURRENT PRICES)



According to the figures provided by S&P Global Market Intelligence, tourism spend in Langeberg increased during 2023, rising from R885.5 million in 2022 to R931.1 million in 2023, for a total increase of 5.14%. The impact of COVID-19 is evident in the severe decline in tourism spend observed in 2020. The recovery since then is complete with the 2022 figure rising above pre-pandemic levels. Tourism spend contributed approximately 13.9% of economic output in 2023. This would suggest that tourism plays an important role in the municipality's economy. As such, it is important for the municipality to maintain a positive perception of Langeberg as an attractive tourist destination. This can be facilitated by the municipality through ensuring adequate service delivery remains the norm, whilst undertaking actions that aim to create an enabling environment for those in the tourism sector to thrive.

GRAPH 10: TOURISM TRIPS BY PURPOSE OF TRIP

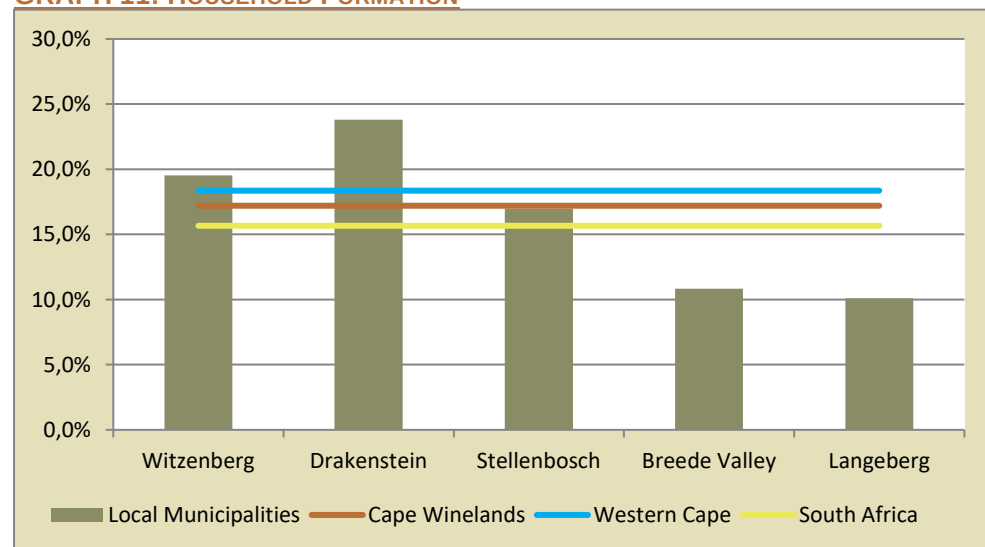


GRAPH 10 depicts the number of trips within the tourism sector in the municipality for 2023 and purpose thereof. The total number of trips increased by 21.4% during 2023. A total of 63 306 trips were taken in the current year. Leisure/Holiday accounted for 50.9% of trips in 2023, remaining the predominant purpose for trips into the municipality. This is followed by trips for visitation of friends and relatives which accounted for 21.1% of trips in 2023.

HOUSEHOLD INFRASTRUCTURE

Household formation in Langeberg since 2014 came in at 10.1%. This translates to an additional 2 818 households in absolute terms. This was the lowest amongst all the municipalities within the district. Langeberg's rate of household formation was below the district (17.2%), and national (15.7%) rates. This slow growth in households will alleviate additional pressure on the municipality to keep up with the increase in demand for infrastructure services, as more households form within the municipality.

GRAPH 11: HOUSEHOLD FORMATION



Langeberg's Infrastructure Index has fluctuated between 0.88 and 0.91 throughout the review period. Langeberg's index in 2023 was 0.91. This exceeded the district, provincial and national indices which were 0.88, 0.88 and 0.77 respectively. It must

be stated that the Infrastructure Index provides an indication as to the level of access to municipal services in a municipality and is not an indication as to the quality and security with which these services are provided.

GRAPH 12: INFRASTRUCTURE INDEX

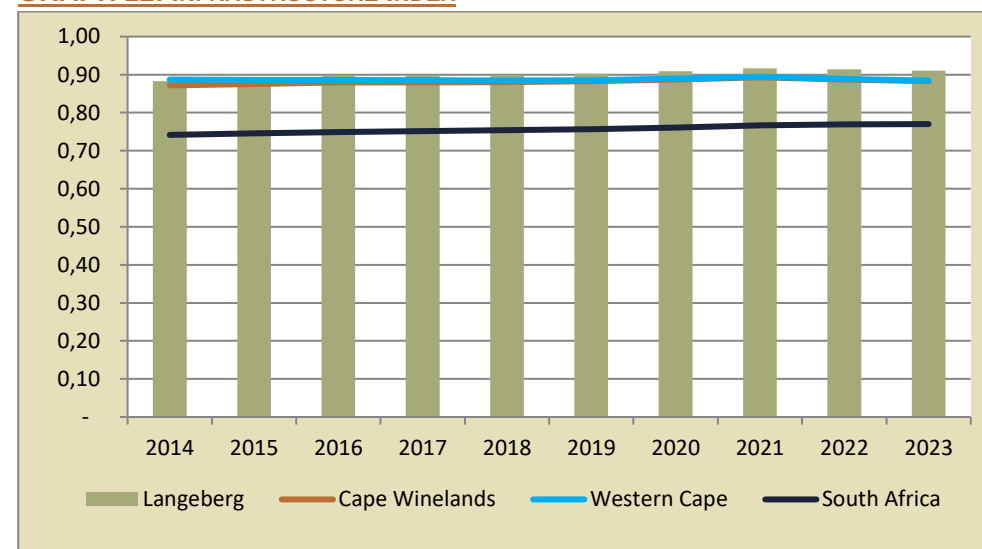


TABLE 2 below provides a comparison between the level of backlogs of Langeberg and the Cape Winelands District. Langeberg has managed to improve access to services in all service categories over the review period. The municipality was marginally outperformed by district in 2 out of 4 categories, namely sanitation & water services. Notwithstanding the improvements, the municipality must continue to invest in critical infrastructure to ensure that backlogs continue to reduce and that the municipality's inhabitants get access to the services they require. The refuse removal services backlog remains reasonably high at 11.7%.


TABLE 2: HOUSEHOLD INFRASTRUCTURE PROVISION

Infrastructure	Cape Winelands		Langeberg	
Above RDP Level				
Sanitation	251 380	97,7%	29 828	97,0%
Water	254 075	98,8%	30 352	98,7%
Electricity	249 873	97,1%	30 157	98,1%
Refuse Removal	218 816	85,1%	27 147	88,3%
Below RDP or None				
Sanitation	5 852	2,3%	913	3,0%
Water	3 157	1,2%	389	1,3%
Electricity	7 359	2,9%	583	1,9%
Refuse Removal	38 415	14,9%	3 594	11,7%
Total Number of Households	257 232	100,0%	30 741	100,0%



1 Planning Process

2 Updated Perspectives (Demographic, Economic, Household Infrastructure)

3 Updated Historic Financial Assessment

4 Long-Term Financial Model Outcomes

5 Future Revenues

6 Affordable Future Capital Investment

7 Scenario Analysis

8 Ratio Analysis

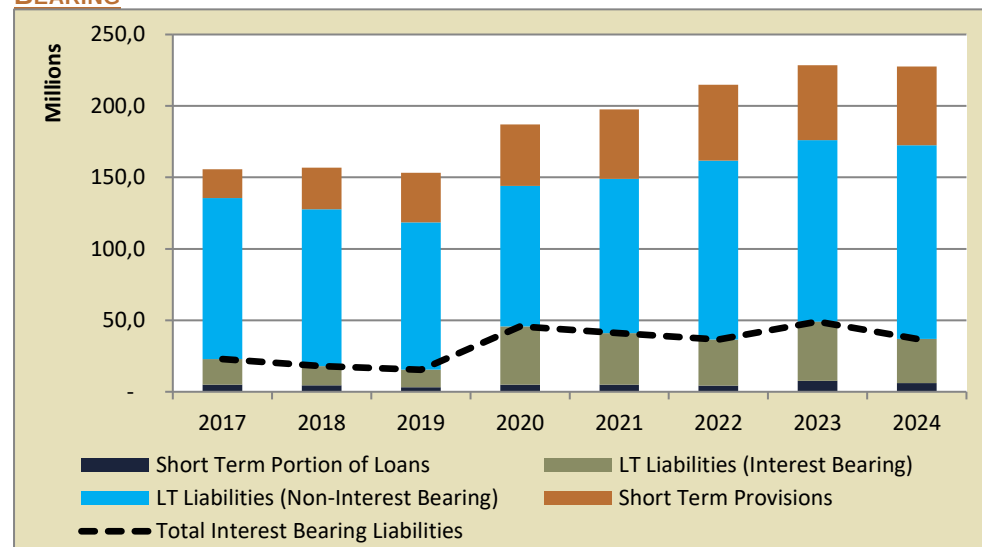
9 Conclusions

UPDATED HISTORIC FINANCIAL ASSESSMENT

FINANCIAL POSITION

As at FYE2023/24 Langeberg's net fixed asset position improved by 13.5%, moving from R925.8 million to R1.1 billion. The accumulated surplus also followed a similar trend improving by 5.2% from R951.9 million in the prior year to R1.0 billion in FY2023/23. Suggesting a reasonably healthy financial situation.

GRAPH 13: LONG-TERM LIABILITIES: INTEREST BEARING VS NON-INTEREST BEARING

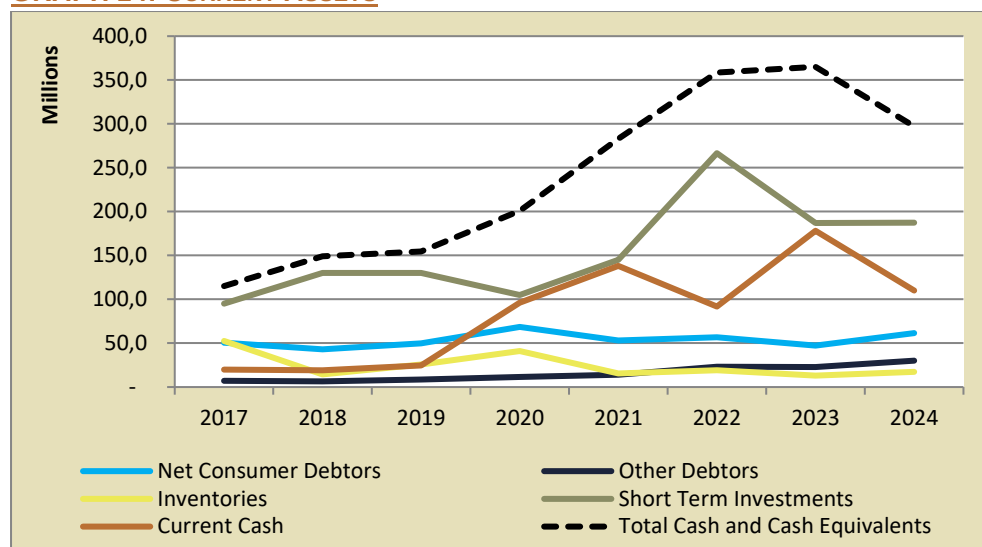


Overall, Langeberg's long-term liabilities decreased by 1.2% to R166.4 million as at FYE2023/24 (FYE2022/23: R168.45 million). Further analysis shows that, interest bearing liabilities significantly decreased by 24.8% to R36.9 million. The biggest contributor to the decline in interest bearing liabilities, was the decrease in the current and non-current portion of loans which saw a substantial decrease. Non-interest-bearing liabilities are mainly comprised of the provision for the rehabilitation of landfill sites as well as employee benefit obligations. These increased by 6.8% to R135.5 million, from R126.9 million in FY2022/23. This increase is primarily linked

to an adjustment made to discount rate for the municipality's provision for the rehabilitation of landfill sites, namely the Bonnievale landfill site.

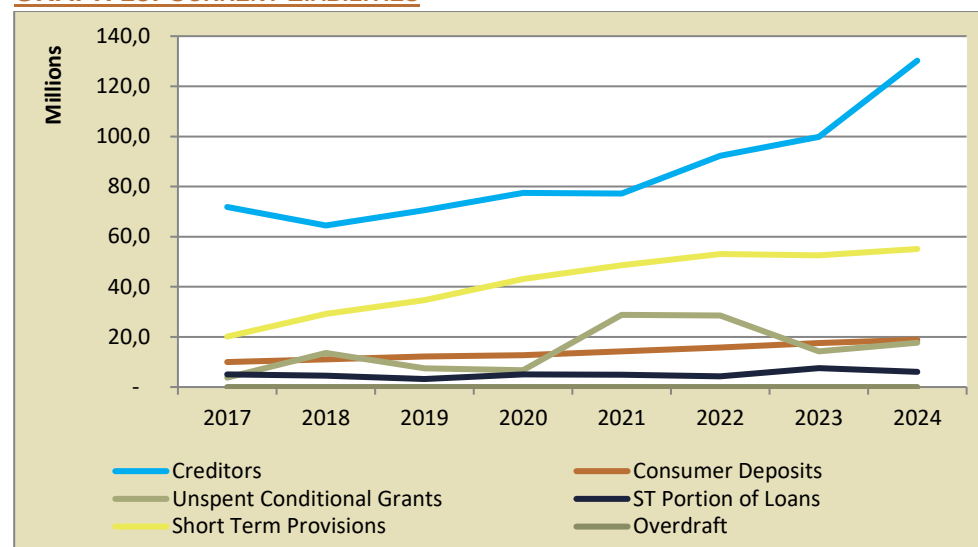
The degree of leverage in the municipality's debt profile reduced during the year, as no additional loans were undertaken. This is reflected in the decrease in the gearing ratio (total debt to total revenue) from 5.4% in the prior year to 3.6% in the current financial year. Throughout the review period, the municipality's gearing ratio remained significantly below the NT norm of 45%, indicating that the municipality still has ample scope to access external financing within affordable parameters, as outlined in Chapter 7 of this report. It is also important to note that most of the municipality's loans are scheduled to be fully paid off by 31 December 2024.

The debt profile is underleveraged. It is recommended that the municipality considers an acceleration of the borrowings programme to make use of the significant scope to increase borrowings to fund capital expenditure. It is noteworthy to mention that Langeberg has not included any borrowings in the budgeted capital funding mix over the MTREF period. The inclusion of borrowings into the funding mix, coupled with the extent of capital grants expected to be received, will unlock a material acceleration of capital investment without hindering the maintenance of a healthy liquidity position. A specific scenario was run to reflect the impact of an inclusion of borrowings into the funding mix. This will be discussed later in this report.

GRAPH 14: CURRENT ASSETS

Current assets decreased by 9.5% during the year to total R405.9 million as at FYE2023/24. This was predominantly driven by decreases in the municipality's Cash and Cash Equivalents. While all other components of current assets increased, the extent of the decrease in cash and cash equivalents resulted in a net decline in current assets. The increase in consumer debtors indicates that some of the municipality's liquid reserves are in the helm of their debtors. This may potentially create a risk for the municipality in the case of non-payment. As it stands just over 52.8% of the municipality's debtors are older than 90 days. Despite this, the municipality's current assets are reasonably liquid with cash and cash equivalents comprising 73% of current assets as at FYE2023/24.

Current liabilities increased by 18.9% during the year from R191.7 million as at FYE2022/23 to R228.0 million at the current year end. This was driven by an increase of 30.5% in Creditors as well as unspent conditional grants which increased by 23.9%. Over the review period the municipality has consistently underutilised its allocated grant funding, with a balance of unspent conditional grants in all 8 years under review. This may indicate potential delays/constraints in the implementation of the capital programme.

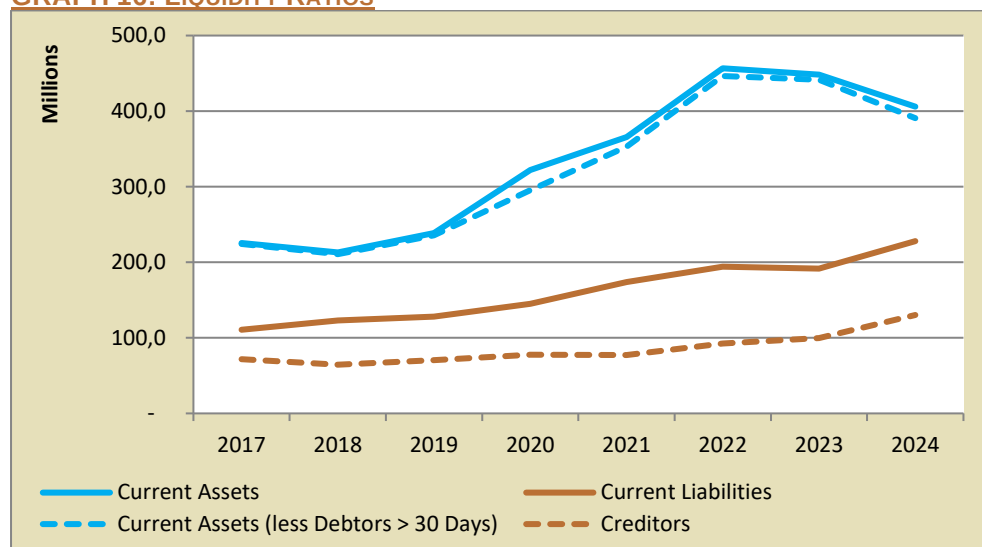
GRAPH 15: CURRENT LIABILITIES

The movements in current assets and current liabilities resulted in a deterioration in the liquidity position. With the decline in current assets and growth in current liabilities, the liquidity ratio moved from 2.34:1 in the prior year to 1.78:1 as at FYE2023/24.

TABLE 3: LIQUIDITY RATIOS

	2017	2018	2019	2020	2021	2022	2023	2024
Current Assets : Current Liabilities	2,04	1,73	1,86	2,22	2,10	2,35	2,34	1,78
Current Assets (less Debtors > 30 Days) : Current Liabilities	2,03	1,71	1,84	2,04	2,03	2,30	2,30	1,71

GRAPH 16: LIQUIDITY RATIOS



Gross consumer debtors increased by 40.7% during FY2023/24 to R137.2 million, up from R97.5 million in the prior year. The provision for bad debts also increased from R50.1 million in the prior year to R75.9 million as at FYE2023/24. Overall, this resulted in an increase in net consumer debtors, which totalled R61.3 million. The municipality's provision for bad debts as a percentage of overdue debtors (older than 90 days) was 104.7%. This suggests that the municipality has provided adequately for the risk of bad debts.

The collection rate was calculated to be 93.2% in FY2023/24, a decline from 97.8% in the prior year. The calculation utilised by IPM follows the same formula as NT's Circular 71. The municipality must prioritise the improvement of the collection rate, with achieving NT's norm of 95% the goal. It is noted that debt collection strategies have been implemented with the aim of improving the collection rate. The effectiveness of these strategies must be analysed, and improvements sought where possible. The maintenance of a high collection rate is a cornerstone of long-term financial sustainability. This has a direct impact on the liquidity position of the municipality.

GRAPH 17: GROSS CONSUMER DEBTORS VS NET CONSUMER DEBTORS

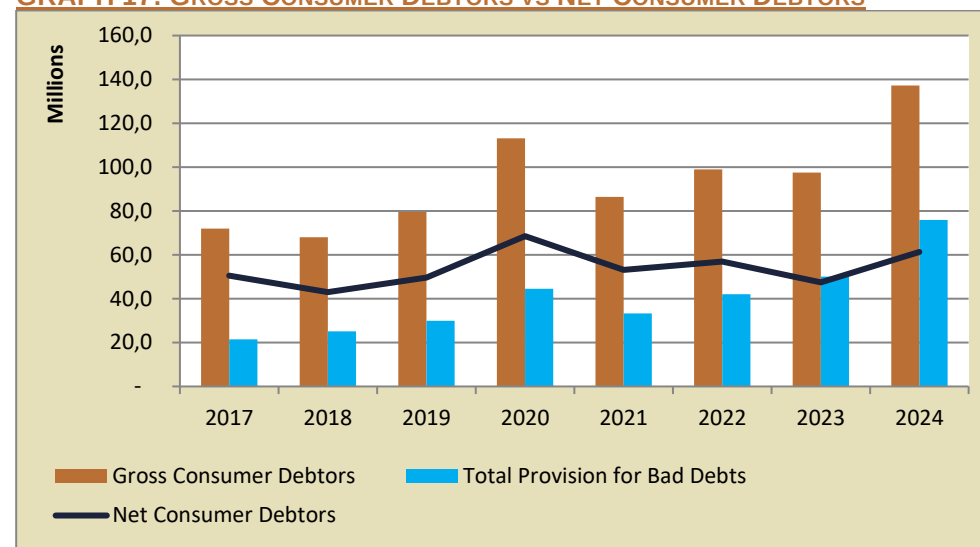
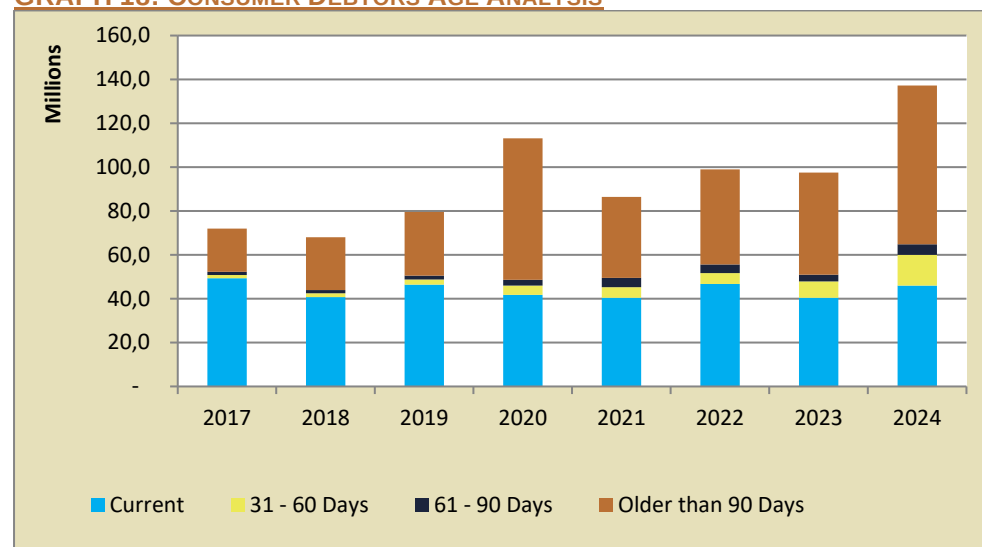


TABLE 4: DEBTORS RATIOS

	2018	2019	2020	2021	2022	2023	2024
Increase in Billed Income p.a. (R'm)	(3)	61	71	34	118	(33)	88
% Increase in Billed Income p.a.	-1%	14%	14%	6%	19%	-4%	13%
Gross Consumer Debtors Growth	-5%	17%	42%	-24%	14%	-1%	41%
Payment Ratio / Collection Rate	100%	95%	94%	103%	95%	98%	93%
Provision for bad debts as a % of consumer debtors greater than 90 days	104%	103%	69%	90%	97%	108%	105%
Bad Debts Written off as a % of the Bad Debt Provision	20%	54%	0%	32%	61%	34%	18%
Net Debtor Days	35	36	43	31	28	25	28

GRAPH 18: CONSUMER DEBTORS AGE ANALYSIS



An analysis of the debtors ageing reveals that debtors older than 90 days formed the largest pool of debtors, accounting for 52.8% of the total consumer debtors at the current year end. These debtors older than 90 days pose the most significant risk of non-payment. The large number of debtors exceeding 90 days further suggests that the municipality may encounter potential threats to their liquidity position, should they be unable to collect these debts. This is influenced by their inability to optimise its cash conversion cycle as it takes the municipality longer than the NT norm of 30 days to convert their debtors into cash.

FINANCIAL PERFORMANCE

The municipality's financial performance showed signs of deterioration during FY2023/24, despite the increase in Total Income. Total Income, including capital grants, grew by 13.1% from R942.6 million in FY2022/23 to R1.1 billion in the current financial year. The municipality's total expenditure, which totalled R1.01 billion in FY2023/24, increased at a relatively higher rate than income, with an effective increase of 15.2%. This had a negative impact on both the accounting and operating surpluses, which decreased by 17.4% and 69.5% respectively. The accounting surplus deteriorated to R49.5 million from R59.9 million in the prior year, while the operating surplus declined from R22.5 million to R6.9 million during FY2023/24. Should the trend of growth in expenditure exceeding that of Income continue, this may result in an unsustainable position for the municipality.

Cash generated by operations (exclusive of capital grants), increased by 7.7%, or R5.9 million, reaching a total of R83.3 million in FY2023/24. This growth is primarily driven by a significant 30.5% rise in the municipality's creditors, which grew from R99.8 million in the previous financial year to R130.2 million in FY2023/24. The increase in creditors reflects improved operational cash flow, but it also highlights a longer payment cycle. Consequently, the municipality's net creditors stood at 65.0 days, which is notably above the National Treasury's recommended norm of 30 days. This indicates a potential strain on liquidity and suggests that the municipality may need to monitor its creditor management practices closely to ensure long-term financial sustainability.

GRAPH 19: ANALYSIS OF SURPLUS

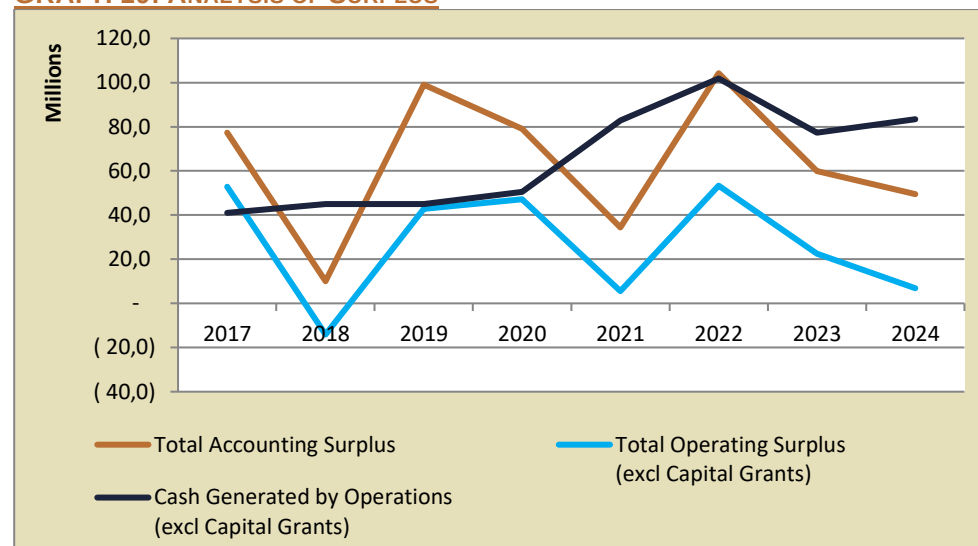
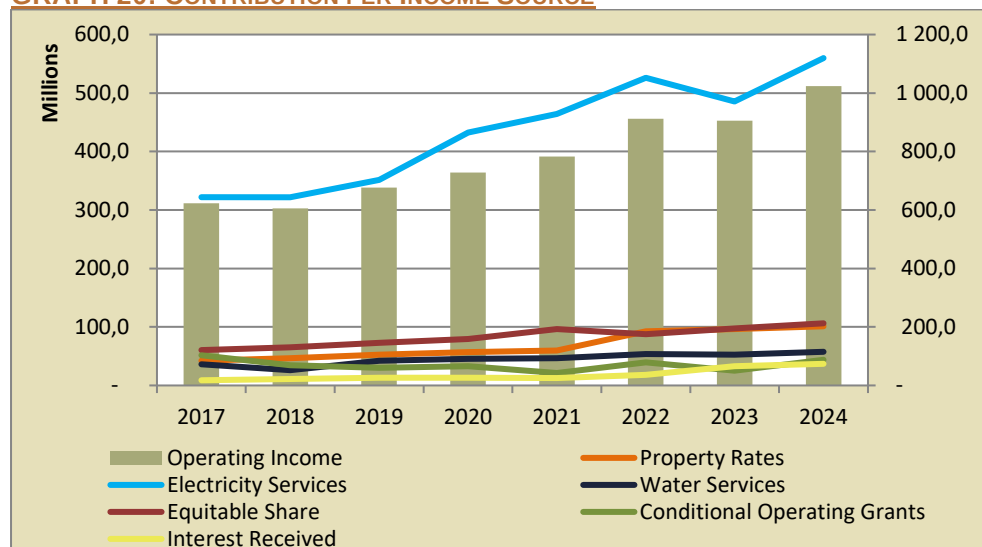


TABLE 5: TOTAL INCOME VS TOTAL EXPENDITURE

	2017	2018	2019	2020	2021	2022	2023	2024
Total Income	647,6	629,9	732,5	760,4	812,0	963,4	942,6	1 066,2
Total Operating Expenditure	570,2	619,8	633,4	681,3	777,7	859,2	882,7	1 016,8
Operating Income (excl Cond Grants)	571,4	571,2	646,0	695,7	761,9	873,2	880,0	980,0

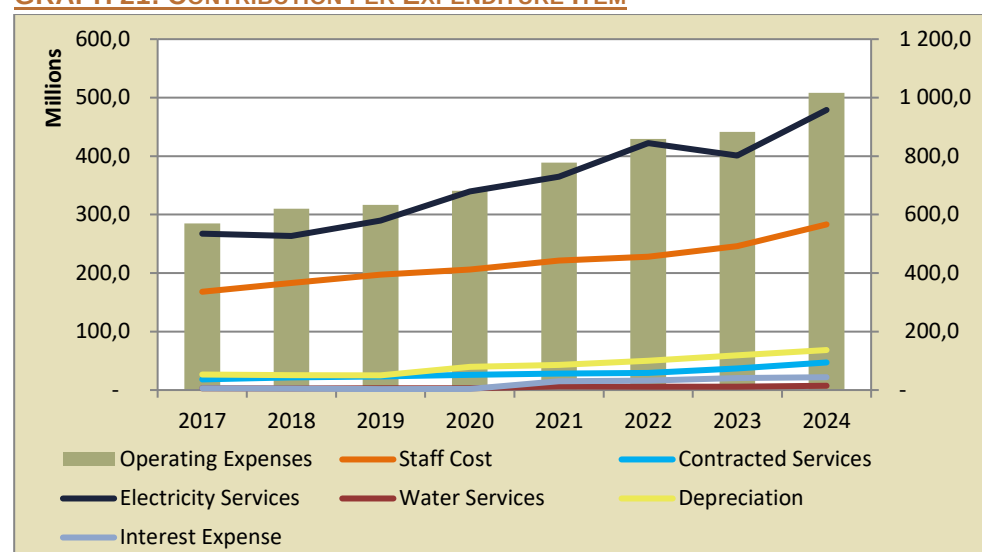
GRAPH 20: CONTRIBUTION PER INCOME SOURCE



GRAPH 20 above shows Langeberg LM's operating income increased during the year, following a decline during FY2022/23. This increase was driven by increases in each of the municipality's income streams. Over the review period, electricity services was the predominant revenue generator for the municipality, accounting for majority of revenue with an average contribution of 55.2%. This was followed by equitable share (10.7%) and property rates (8.5%).

Considering the fact that electricity income is the main source of the municipality's revenue, the looming threat of a return to persistent load shedding poses a significant threat to the municipality's financial sustainability. In order to mitigate this risk, it is recommended that the municipality further promotes alternative revenue sources and employs stringent management over its operational expenditure. Furthermore, it is imperative that the municipality's tariffs reflect the true cost of supply to aid in mitigating the financial risks posed by the energy crisis.

GRAPH 21: CONTRIBUTION PER EXPENDITURE ITEM

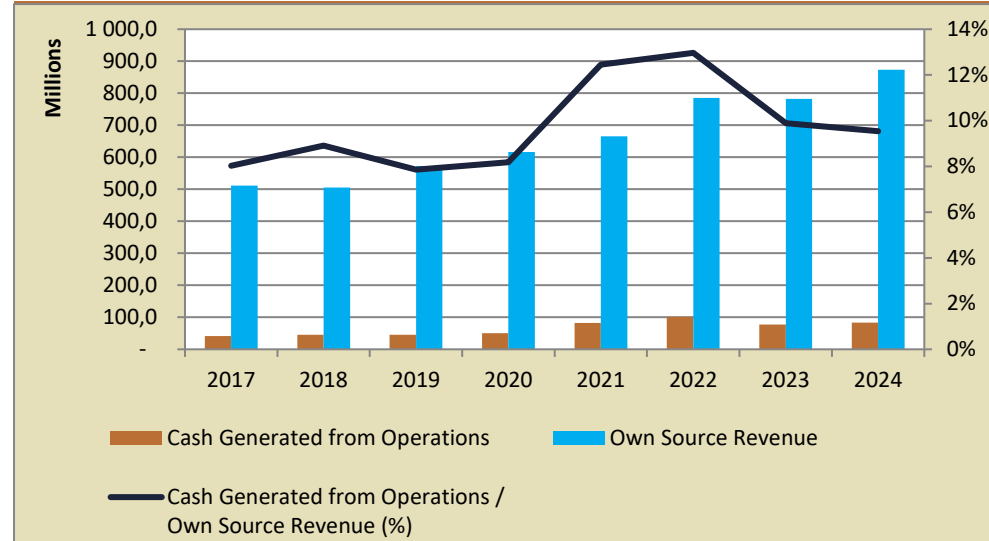


The increase in total operating expenditure was primarily driven by significant increases in contracted services (27.3%), repairs and maintenance (40.0%) and water purchases (23.1%). electricity bulk purchases remained the predominant expenditure item, accounting for approximately 39.8% of operating expenditure in FY2023/24. This is followed by staff costs (23.6%). The combined contribution of employee related expenditure (staff costs and contracted services) averaged 29.4% over the review period. This remains within the NT maximum norm of 40%. However, these should be monitored by the municipality.

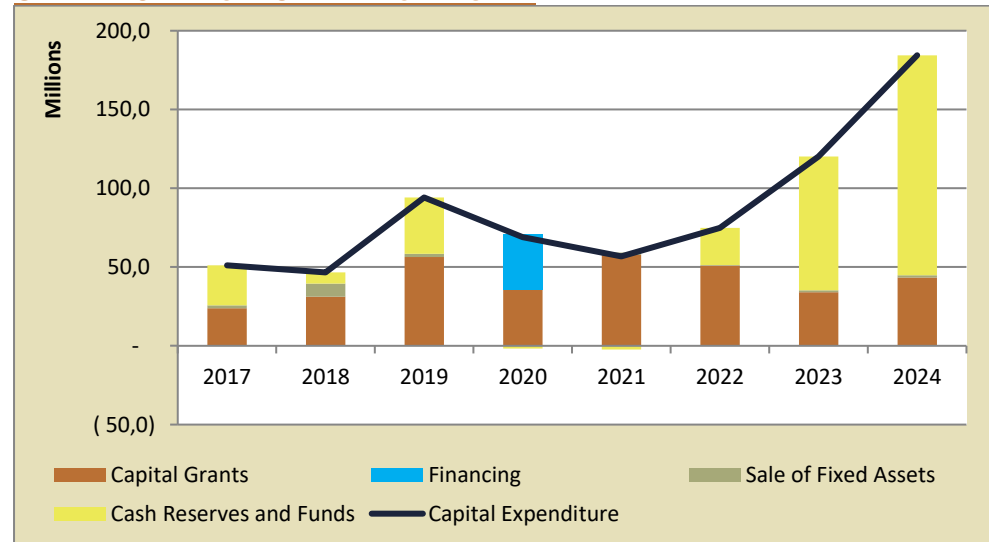
Repairs and maintenance expenditure increased significantly during the year, from R29.8 million in FY2022/23 to R41.7 million in the current year, for an increase of 40.0%. This translates to 3.9% of PPE & IP. This is below the NT norm of 8%. The municipality must continue to allocate sufficient resources to ensuring that it prioritises maintaining the integrity of its asset base through adequate repairs and maintenance expenditure, coupled with a targeted capital investment programme.

CASH FLOW

GRAPH 22: CASH GENERATED FROM OPERATIONS/OWN SOURCE REVENUE

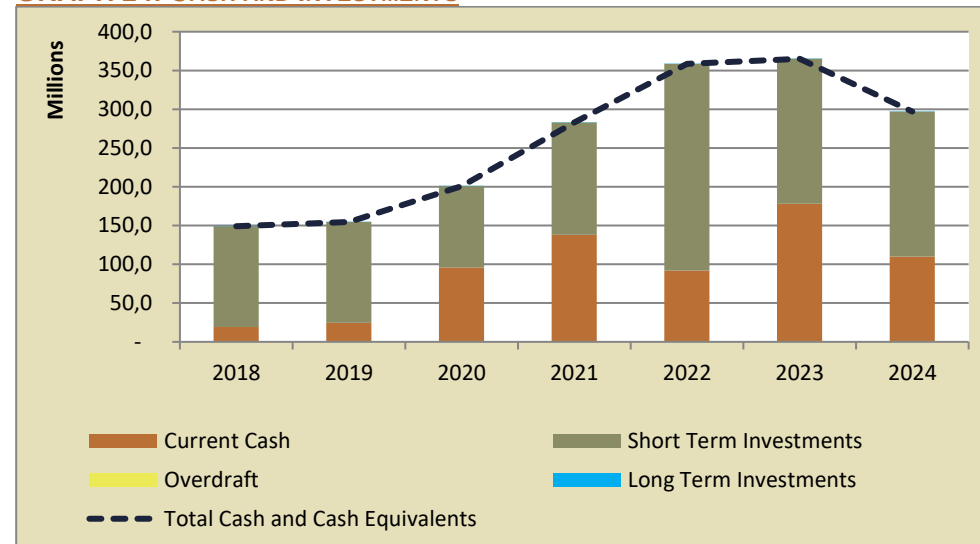


GRAPH 23: ANNUAL CAPITAL FUNDING MIX



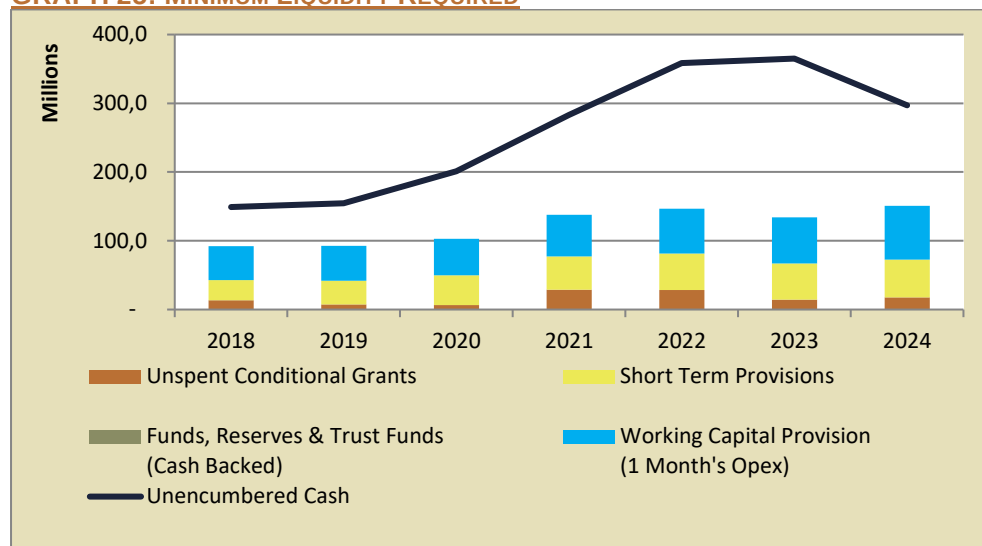
The municipality generated cash from operating activities to the value of R83.3 million in FY2023/24. Langeberg managed to generate cash from operations throughout the review period. This was underpinned by the maintenance of a high collection rate throughout the review period. Capital expenditure fluctuated over the review period, while an acceleration of capital investment has been noted in recent years. Capital investment totalled R184.4 million in FY2023/24. The Capital investment programme has been predominantly funded by a mix of capital grants which accounted for 47.8% and cash reserves with 44.8%. The remaining being funded by the municipality's sale of fixed assets (2.4%) and financing (5.0%).

GRAPH 24: CASH AND INVESTMENTS



Langeberg maintained a stable liquidity position throughout the review period. This is evidenced by the liquidity ratio averaging 2.05:1 over the review period. This is a positive indicator of long-term sustainability; however, this should be monitored as in the current financial year 2023/24, the municipality's liquidity ratio deteriorated. Overall, the municipality's financial position provides a buffer to protect the municipality against any unforeseen financial shocks that may arise. The prudent, disciplined approach to management of the liquidity position must continue.

GRAPH 25: MINIMUM LIQUIDITY REQUIRED



Every municipality is required to maintain sufficient cash reserves which are sufficient to cover the following statutory requirements:

- Unspent conditional grants
- Short-term provisions
- Cash-backed funds and reserves
- A working capital provision including 1-month's operating expenditure

The minimum liquidity requirement for FY2023/24 amounted to R213.0 million. The municipality's cash and cash equivalents of R297.1 million were sufficient to cover the minimum liquidity requirements, with a cash surplus of R84.1 million posted in FY2023/24. As illustrated in [GRAPH 25](#) above, cash surpluses above the minimum liquidity requirements were posted throughout the review period, with the exception of FY2018/19 where a deficit of R0.8 million was observed. The ability to maintain sufficient liquidity to cover the minimum liquidity requirement is a strong indicator of long-term sustainability. The cash coverage ratio (including working capital) declined during the year but remains positive at 1.4:1.

TABLE 6: MINIMUM LIQUIDITY REQUIREMENTS

	2017	2018	2019	2020	2021	2022	2023	2024
Unspent Conditional Grants	3,8	13,7	7,4	6,6	28,8	28,5	14,3	17,7
Short Term Provisions	20,1	29,2	34,7	43,1	48,6	53,1	52,5	55,1
Funds, Reserves & Trust Funds (Cash Backed)	31,4	56,4	62,9	62,9	62,9	62,9	62,9	62,3
Total	55,2	99,3	105,1	112,6	140,3	144,5	129,7	135,1
Unencumbered Cash	115,1	149,1	154,7	201,0	283,1	358,4	365,0	297,1
Cash Coverage Ratio (excl Working Capital)	2,1	1,5	1,5	1,8	2,0	2,5	2,8	2,2
Working Capital Provision (1 Month's Opex)	45,3	49,5	50,5	53,1	60,3	65,3	67,2	77,9
Cash Coverage Ratio (incl Working Capital)	1,1	1,0	1,0	1,2	1,4	1,7	1,9	1,4
Minimum Liquidity Required	100,5	148,8	155,5	165,8	200,6	209,8	196,9	213,0
Cash Surplus/(Shortfall)	14,6	0,3	(0,8)	35,2	82,4	148,6	168,1	84,1

IPM SHADOW CREDIT SCORE

Note: The IPM Shadow Credit Score is based on the latest available information (2024 audited financial statements and previous audit reports)

Langeberg LM was assessed for an IPM shadow credit score to provide information to management and to council as to the current risk rating that the municipality may receive from external lenders, which will determine the municipality's cost of funding. Any improvements to the shadow credit rating over time will result in more affordable lending rates.

The Model calculates a credit score considering the following factors in order of weighting: Finance, Economic, Institutional, Socio Economic and Environmental. Although financial performance outweighs other factors, the other factors are by no means considered of less importance. Institutional strength and stability are as important to the sustainability of the municipality as the financial performance and having a sizeable economic base. The individual credit score of each municipality is calculated through scoring its performance against IPM's own predefined norms to derive a score.

Based on the FY2023/24 performance of Langeberg, the IPM credit model reflects a score of **6.8** which is comparable to a **Low A+ to A-** on a national ratings scale. This credit score is relatively high compared to other municipalities, and it is at **Investment Grade** level - which means that Langeberg should be successful in accessing external borrowing at competitive rates.

The results obtained from the assessment, per module, are presented below:

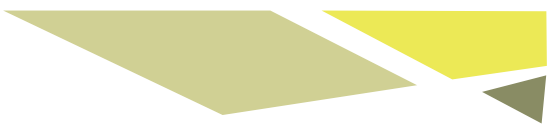
TABLE 7: IPM CREDIT MODEL OUTCOMES

Modules	2023 (5)
Financial	3.5
Institutional	4.2
Socio-Economic	2.3
Infrastructure	3.1
Environmental	3.7

The assessment indicates that the socio-economic module is the municipality's main impediment to achieving higher credit scores. This could be linked to slow economic growth within the municipal area. Investment in productive assets that aim to create an enabling environment for economic growth may assist in improving this score over time. The municipality performed well in the infrastructure module. This is linked to the maintenance of a high infrastructure index of 0.91, indicative of the ability to keep up with the rate of household formation. Langeberg has been able to consistently provide access to quality services throughout the review period.

The high score achieved under institutional capacity module had a positive impact on the credit score. Strong governance and prudent financial management remain the key factors to be considered. The municipality must maintain the clean audit report received from the Auditor General.

The high score achieved in the financial module is driven by a sustained healthy liquidity position, a strong collection rate and solid financial performance. Through implementing the recommendations included as part of this LTFP Update report, maintaining financial discipline and continuing to make wise financial decisions, the municipality will be able to improve this score further over time.



1 Planning Process

2 Updated Perspectives (Demographic, Economic, Household Infrastructure)

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LONG-TERM FINANCIAL MODEL OUTCOMES

MTREF CASE SCENARIO

This MTREF Case is designed to show the outcomes of the Long-Term Financial Model (LTFM) before making any adjustments to the current MTREF. For this, we assumed a 96% collection rate throughout the forecast period and did not make any changes to the capital investment program or funding mix. We also assumed that capital expenditure will grow by 4% per year after the MTREF period. Additionally, distribution losses were kept at the same levels as in FY2023/24.

The results of this scenario, shown in [TABLE 8](#), indicate a forecast decline in the municipality's financial performance. This poor financial outlook is mainly due to the assumptions made during the MTREF period as well as the recent downward trend in the municipality's financial performance. The Adjustment Budget suggests that capital expenditure will slow down, while no borrowings expected included over the MTREF period. According to [TABLE 8](#), the municipality's Gearing and Debt Service levels are expected to remain very low as the municipality did not budget to incur any borrowings over the period.

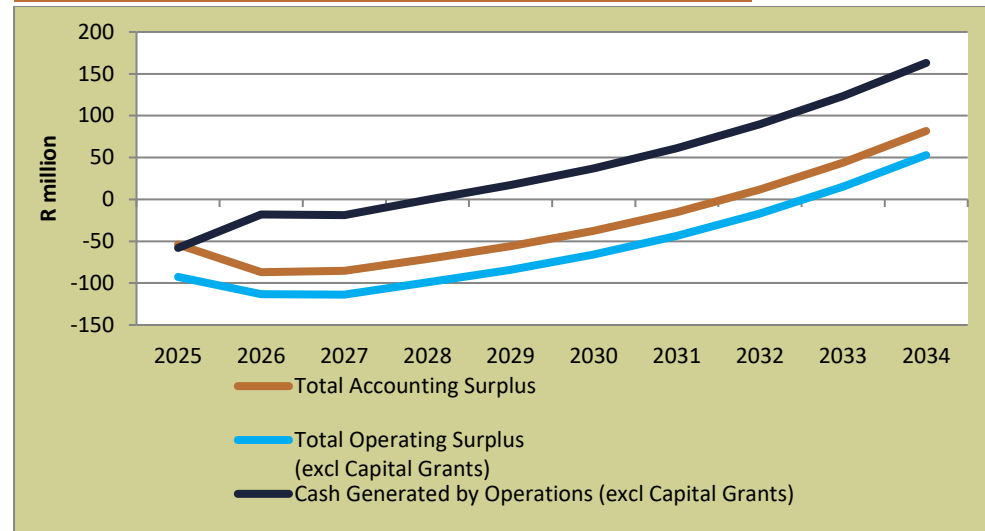
The cash position is expected to deteriorate, with an overdraft position forecast between FY2025/26 & FY2031/32. This will translate into a strained liquidity position, with the liquidity ratio forecast below 1:1 for most of the period. This is caused by ongoing operating deficits, a lack of cash flow from operations, and an expected rise in creditors. The liquidity ratio at the end of the planning period is forecast at 0.7:1, which is unsustainable.

Overall, the MTREF Case scenario reflects poor financial performance and a strained liquidity position. The driving factors of the poor financial performance and the strained liquidity position have been addressed in arriving at the Base Case.

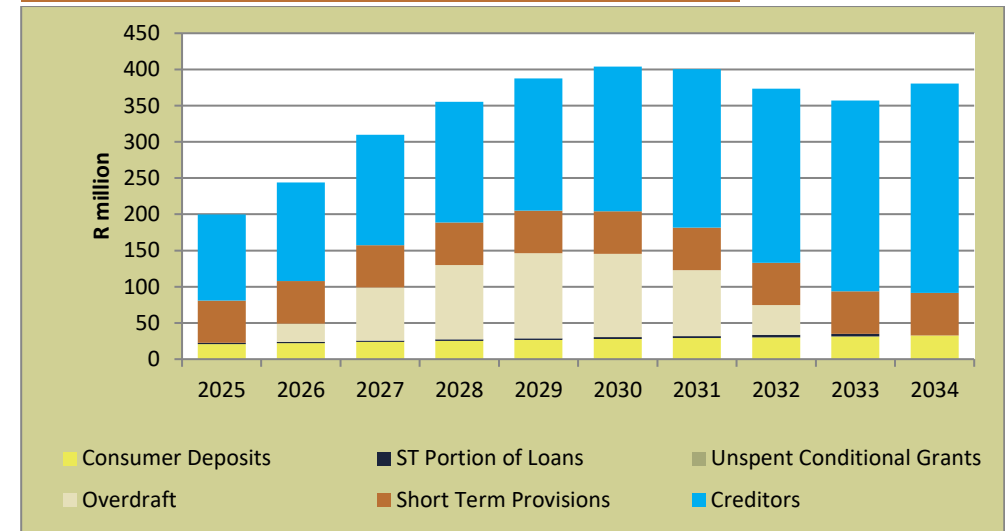
TABLE 8: MTREF CASE OUTCOMES

Outcome	MTREF Case
Average annual % increase in Revenue	8,7%
Average annual % increase in Expenditure	8,8%
Accounting Surplus accumulated during Planning Period (Rm)	-R 269
Operating Surplus accumulated during Planning Period (Rm)	-R 561
Cash generated by Operations during Planning Period (Rm)	R 396
Average annual increase in Gross Consumer Debtors	19,0%
Capital investment programme during Planning Period (Rm)	R 759
External Loan Financing during Planning Period (Rm)	R 0
Cash and Cash Equivalents at the end of the Planning Period (Rm)	R 158
No of Months Cash Cover at the end of the Planning Period (Rm)	0,9
Liquidity Ratio at the end of the Planning Period	0.7 : 1
Gearing at the end of the Planning Period	0,6%
Debt Service to Total Expense Ratio at the end of the Planning Period	0,5%

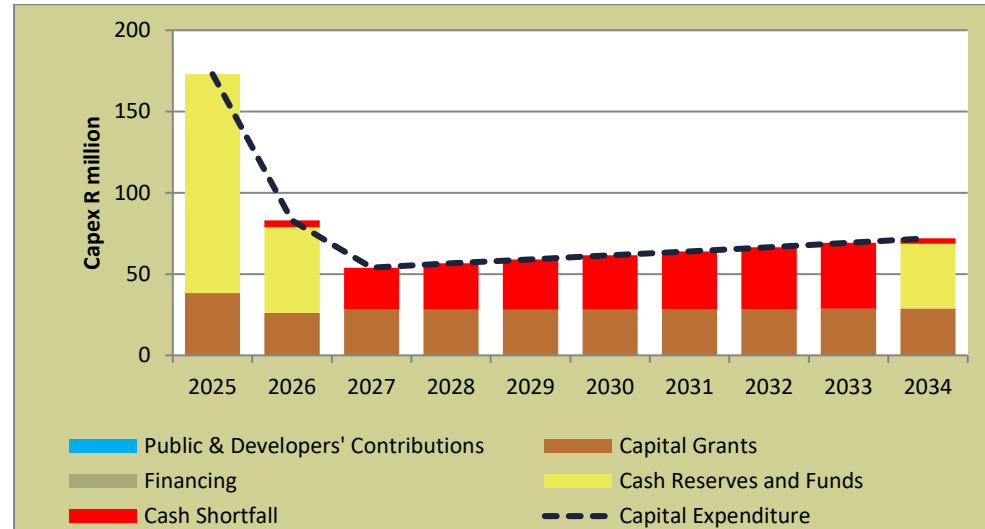
GRAPH 26: MTREF CASE SCENARIO: ANALYSIS OF SURPLUS



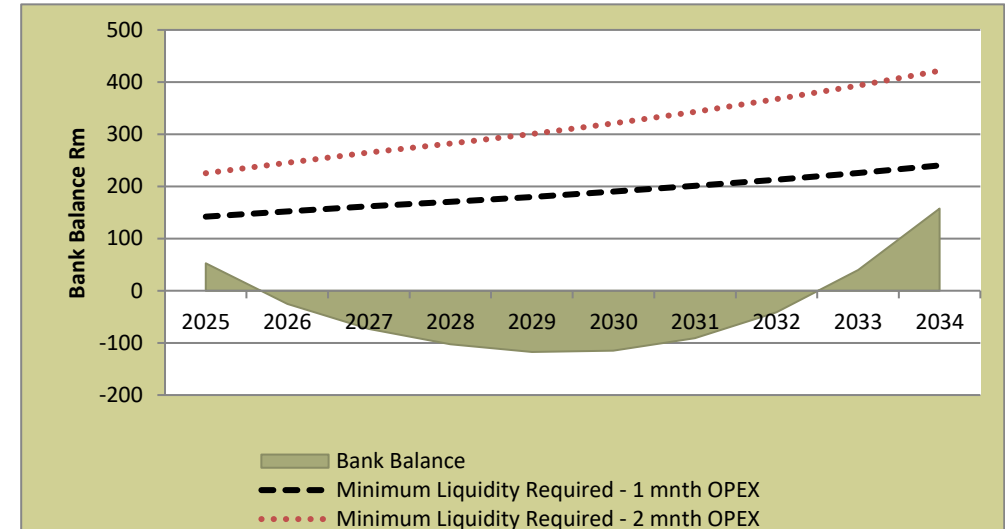
GRAPH 28: MTREF CASE SCENARIO: CURRENT LIABILITIES



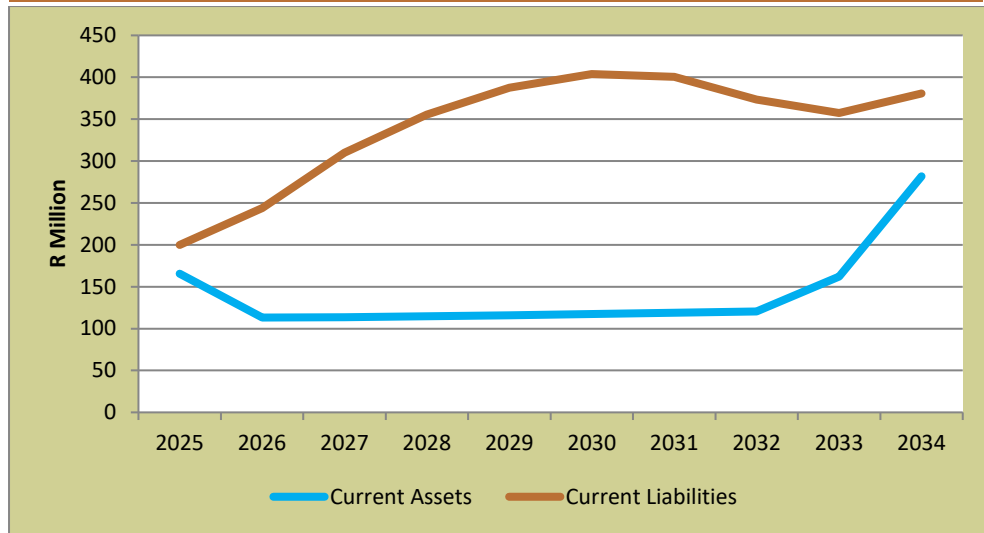
GRAPH 27: MTREF CASE: CAPITAL FUNDING MIX



GRAPH 29: MTREF CASE SCENARIO: BANK BALANCE VS MINIMUM LIQUIDITY



GRAPH 30: MTREF CASE SCENARIO: CURRENT ASSETS VS CURRENT LIABILITIES



BASE CASE SCENARIO

Langeberg LM has budgeted for operating deficits in excess of R70 million throughout the MTREF period. This is contrary to the historic performance in which operating surpluses were posted in each of the last 6 years under review. Due to this, we are of the view that Langeberg will likely outperform the operating budget. This has been factored into the Base Case assumptions. The municipality's financial performance deteriorated in FY2023/24 with the municipality achieving an operating surplus of R6.9 million, down from an operating surplus of R22.5 million in FY2022/23. Prior to making any adjustments to the Adjustment Budget, an MTREF Case was developed in order to assess the viability of the Budget. The MTREF Case provides an indication of the long-term outcome should the status quo be maintained and the budget be implemented as is. The result thereof was characterised by poor financial performance, cash generation as well as a strained liquidity position. The underlying causes of the unsustainable outcome have been addressed in the Base Case assumptions.

To develop a realistic Base Case model, the figures from the Adjustment Budget 2024/25 – 2026/27 were used. The objective of the model is to utilise realistic assumptions to support future financial sustainability. The following are the key assumptions:

1. The collection is assumed to improve to 97% (from 96%) over a period of 3 years.
2. Operating expenditure (Opex) was reduced by 2.5% over the entire planning period. This was driven by the conservative operating budget.
3. Adjustments were made to other revenue due to the perceived understatement of certain revenue items, interest income in particular.
4. Tariff increases were included as put forward in the Adjustment Budget Document FY2024/25.
5. Creditors days were adjusted downwards from 65 days to 30 days over a 10-year period to mitigate the forecast rise in creditors.
6. The Adjustment Budget capital investment programme was adjusted over the MTREF period, as follows:
 - a. FY2024/25: R150.0 million (Budget: R172.6 million)
 - b. FY2025/26: R75.0 million (Budget: R77.3 million)
 - c. FY2026/27: R70.0 million (Budget: R53.9 million)
 - d. FY2027/28: R80.0 million (Budget: R57.2 million)

Assumed growth in capital investment beyond FY2027/28 is 6% p.a.

7. The MTREF capital funding mix has been adjusted to accommodate an accelerated borrowing programme. The borrowing in this scenario consists of **13-year** amortising loans at a rate of 5% above forecast CPI in any given year.
8. The remainder of the MTREF period was adjusted as follows:
 - a. FY2024/25: R75.0 million
 - b. FY2025/26: R50.0 million
 - c. FY2026/27: R40.0 million
 - d. FY2027/28: R35.0 million
9. Repairs and maintenance expenditure was increased to 5% of PPE & IP over a period of 3 years.
10. Electricity losses were maintained at 5.76%, while water distribution losses were reduced to 15.0% (from 18.7%) over a 3-year period.

The outcomes of the Base Case are presented below:

The assumptions and recommendations provided in the Base Case aim to improve the municipality's financial performance, with a specific focus on moving towards the consistent achievement of accounting and operating surpluses. Financial performance is forecast to remain reasonably poor over the MTREF period, however, year-on-year improvements are forecast from FY2027/28 onwards. Langeberg is forecast to post its first operating surplus of the planning period in FY2031/32. The conservative operating budget, coupled with the deterioration in financial performance in FY2023/24 remain the main reasons for the forecast trajectory in the municipality's financial performance. Compared to the MTREF Case, the Base Case presents a more realistic long-term outcome considering the historic performance. The impact of an improved collection rate is observed in the forecast financial performance, which begins to trend upwards from FY2025/26 onwards, despite the municipality still having both accounting and operating deficits, as seen in **GRAPH 31** below.

TABLE 9: BASE CASE OUTCOMES

Outcome	Base Case
Average annual % increase in Revenue	8,8%
Average annual % increase in Expenditure	8,9%
Accounting Surplus accumulated during Planning Period (Rm)	R 116
Operating Surplus accumulated during Planning Period (Rm)	-R 175
Cash generated by Operations during Planning Period (Rm)	R 659
Average annual increase in Gross Consumer Debtors	14,7%
Capital investment programme during Planning Period (Rm)	R 978
External Loan Financing during Planning Period (Rm)	R 450
Cash and Cash Equivalents at the end of the Planning Period (Rm)	R 496
No of Months Cash Cover at the end of the Planning Period (Rm)	2,7
Liquidity Ratio at the end of the Planning Period	2.4 : 1
Gearing at the end of the Planning Period	12,5%
Debt Service to Total Expense Ratio at the end of the Planning Period	2,8%

Cash is forecast to be generated by operations from FY2025/26 onwards. Year-on-year improvements are forecast thereafter. This is driven by the forecast improvement in financial performance as well as the assumed improvement in the collection rate. The municipality is forecast to generate cash to the value of R659.0 million over the planning period. This improved cash position is further reflected in the forecast bank balance, which is expected to improve gradually over the planning period, culminating in a bank balance of R496.0 million as at FYE2033/34. It is noteworthy to mention that this improvement in the cash position comes with the

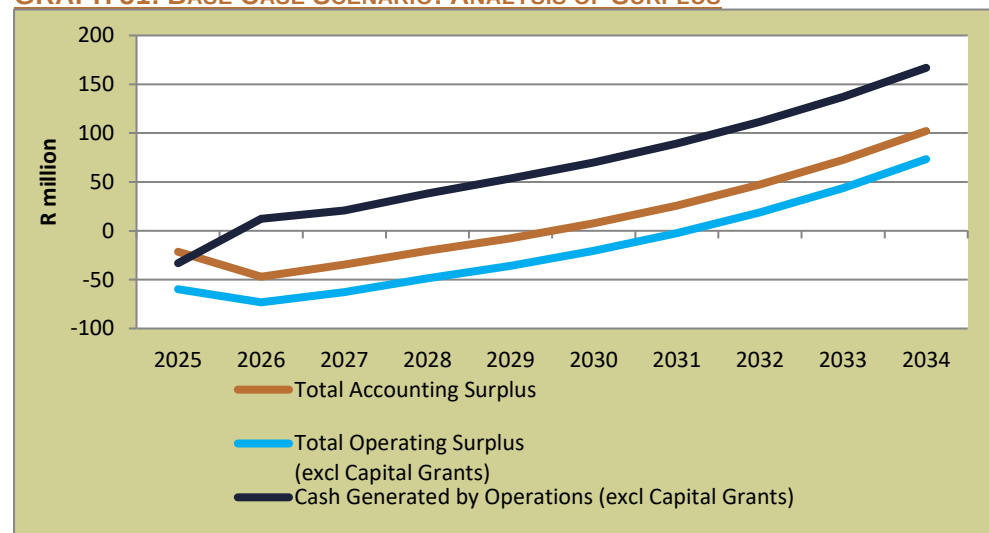
municipality consistently servicing their current creditors accounts, as illustrated in [GRAPH 35](#) below.

The Base Case presents an adjusted capital investment programme from the Adjustment Budget. Capital investment is accelerated through the introduction of borrowings into the funding mix. This reduces the need to utilise own cash reserves to fund capital investment. This approach allows the municipality to build a stronger financial foundation before committing to larger investments in infrastructure and other capital projects. The strategy aims to strike a balance between managing forecast financial constraints and ensuring that the municipality takes full advantage of available resources as its financial situation improves. [GRAPH 32](#) illustrates the funding mix for this adjusted capital investment program, highlighting an initial reduction in capital investment in FY2024/25 in order to preserve liquidity. Thereafter, capital investment is accelerated for the remainder of the planning period. This change reflects the municipality's growing ability to generate cash flow, which is able to be directed toward capital projects. An introduction of borrowing into the funding mix will enable capital investment to remain closer to budgeted levels without excessively depleting cash reserves. The Base Case capital investment programme will be discussed further in Section 6 of this report. It must be stated that in order for affordable borrowing to become a viable funding option, the municipality will need to maintain its standing with financial institutions through the continued improvement of its financial position and maintenance of unqualified audit outcomes.

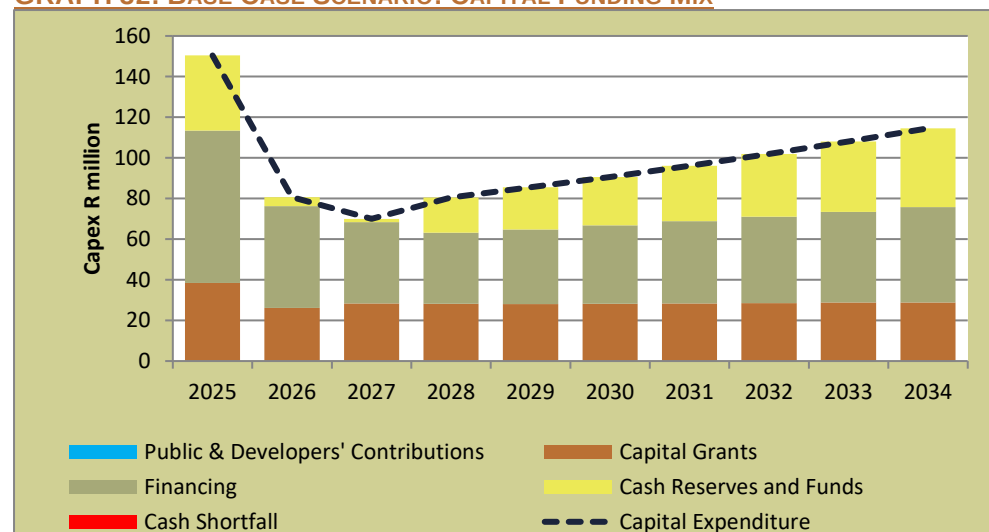
The municipality's liquidity position is forecast to come under strain over the MTREF period. This is predominantly a product of the poor forecast for financial performance. This justifies the reduction of own cash utilisation for capital investment in FY2024/25. This enables the municipality to maintain a positive liquidity ratio throughout 10-year planning period. Notable year-on-year improvements are forecast from FY2027/28 onwards, with the planning period end liquidity ratio forecast to reach 2.4:1. The bank balance, as depicted in [GRAPH 33](#) below shows growth forecast from FY2027/28 onwards. The minimum liquidity requirement of 1-month's operating expenditure is forecast to be met for the entire planning period. This is underpinned by the reduction of own cash utilisation to fund capital investment, courtesy of the introduction of borrowings into the funding mix. This is a key indicator of long-term sustainability. It must be stated that the forecast improvement in the bank balance and liquidity position is dependent on the Base Case assumptions being met.

The Base Case assumptions are seen as realistic and achievable outcomes and can be seen as recommendations for the municipality to follow to ensure long-term financial sustainability.

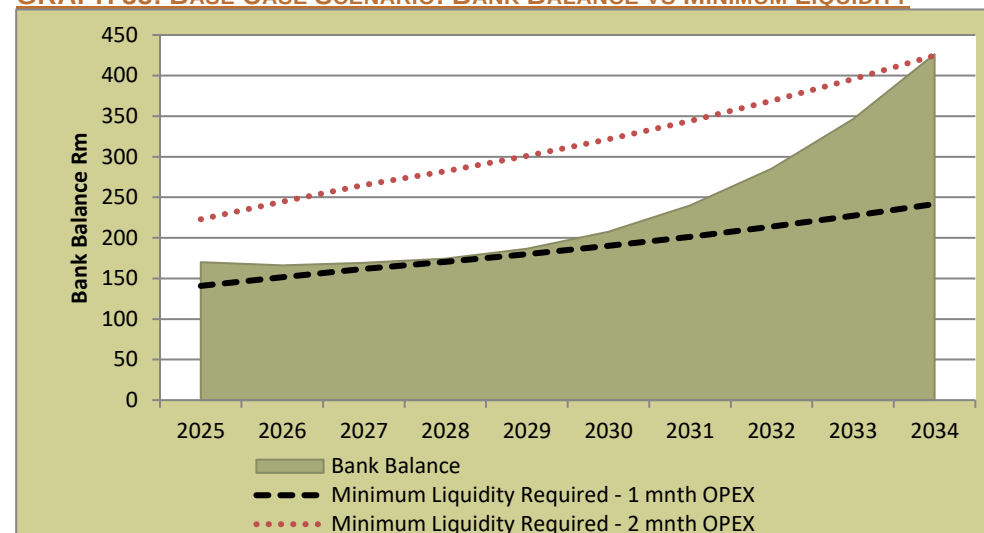
GRAPH 31: BASE CASE SCENARIO: ANALYSIS OF SURPLUS



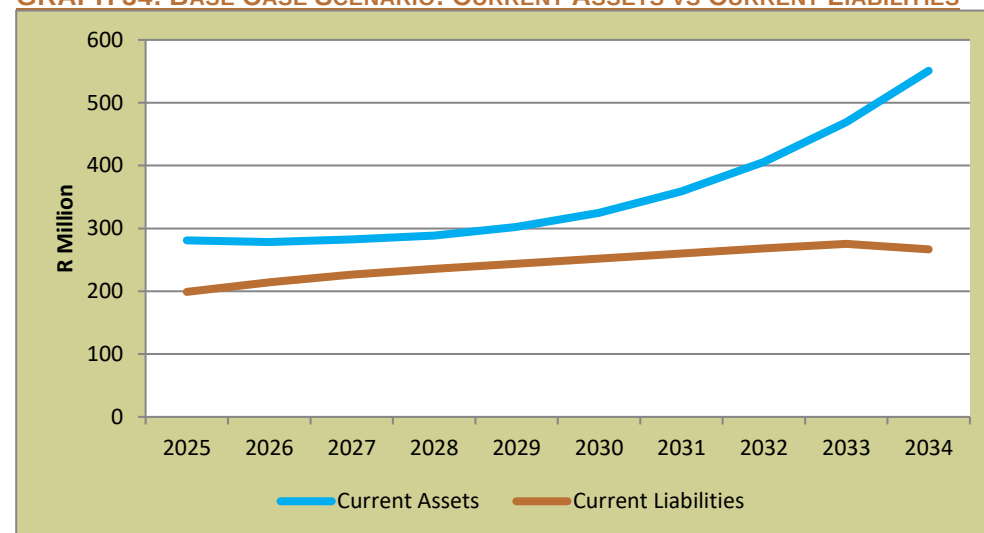
GRAPH 32: BASE CASE SCENARIO: CAPITAL FUNDING MIX



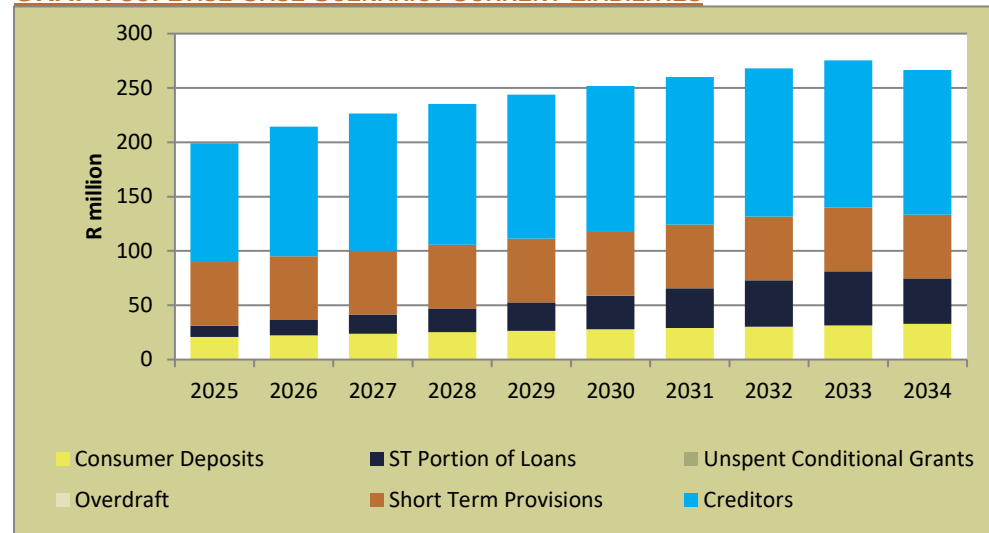
GRAPH 33: BASE CASE SCENARIO: BANK BALANCE VS MINIMUM LIQUIDITY



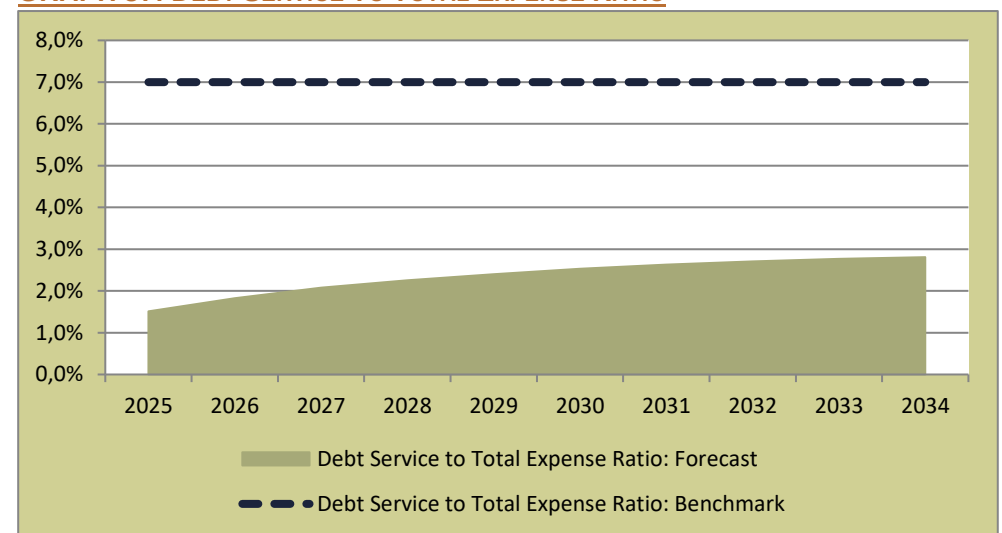
GRAPH 34: BASE CASE SCENARIO: CURRENT ASSETS VS CURRENT LIABILITIES



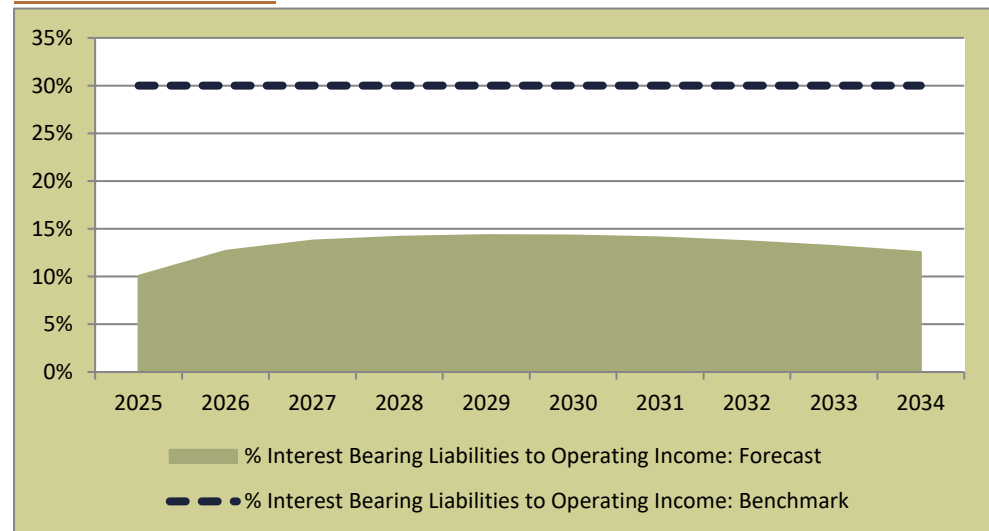
GRAPH 35: BASE CASE SCENARIO: CURRENT LIABILITIES

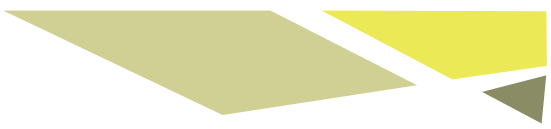


GRAPH 37: DEBT SERVICE TO TOTAL EXPENSE RATIO



GRAPH 36: GEARING





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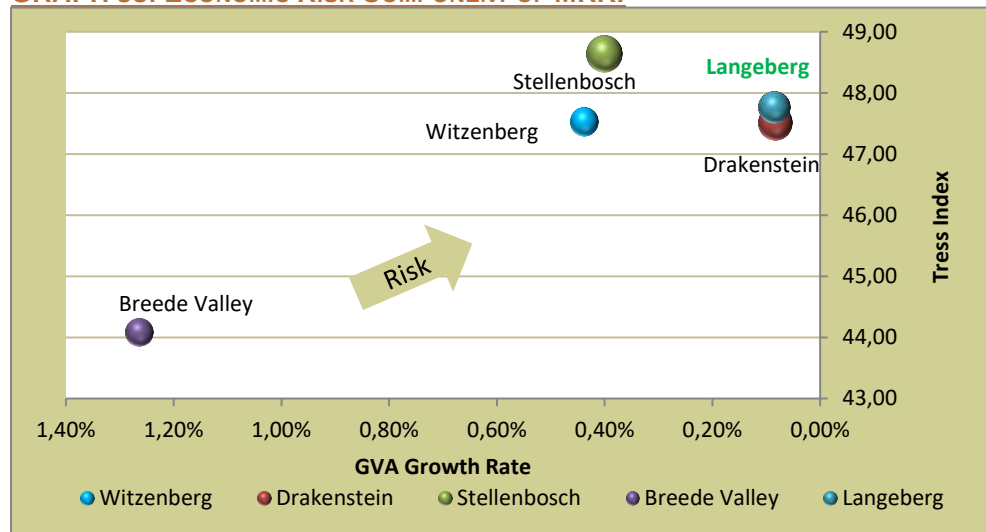
8 Ratio Analysis

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FUTURE REVENUES

MUNICIPAL REVENUE RISK INDICATOR (MRRI) = “MEDIUM-TO-HIGH”

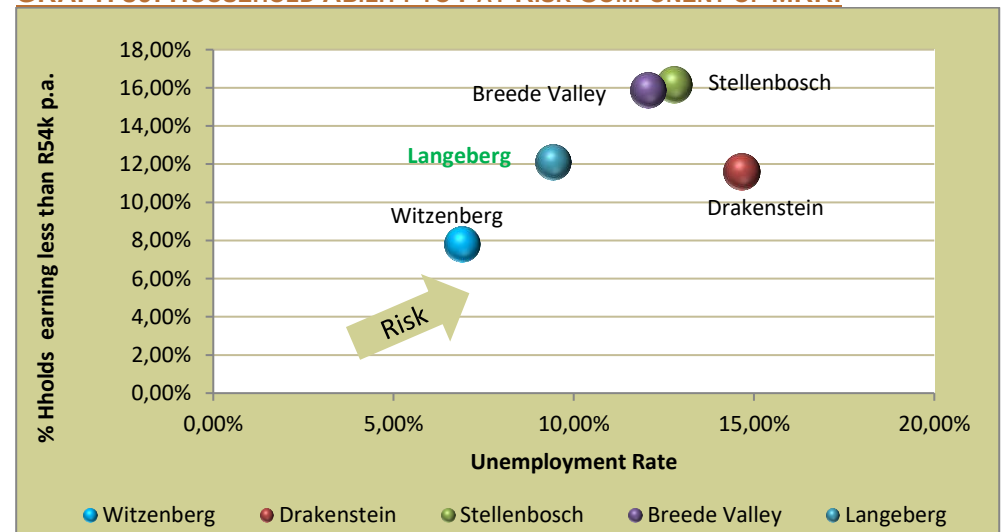
GRAPH 38: ECONOMIC RISK COMPONENT OF MRRI



The Municipal Revenue Risk Indicator (MRRI) measures the risk of the municipality's ability to generate its own revenues. This is a function of the economy (size of the economy as measured by GVA per capita, GVA growth rate and Tress Index); and the household ability to pay (measured by percentage of households with income below R54 000 p.a., unemployment rate and human development index).

Langeberg has exhibited sluggish economic growth in recent years, as evidenced by the 5-year annual average GVA growth rate of 0.08%. This is well exceeded by the annual average population growth rate of 0.61% over the same period. GVA per capita of R58 971 p.a. in 2023, as well as the reasonable degree of diversification of Langeberg's economy as evidenced by a Tress Index of 47.7, all contribute to the “**Medium**” rating on the economic risk component of the MRRI.

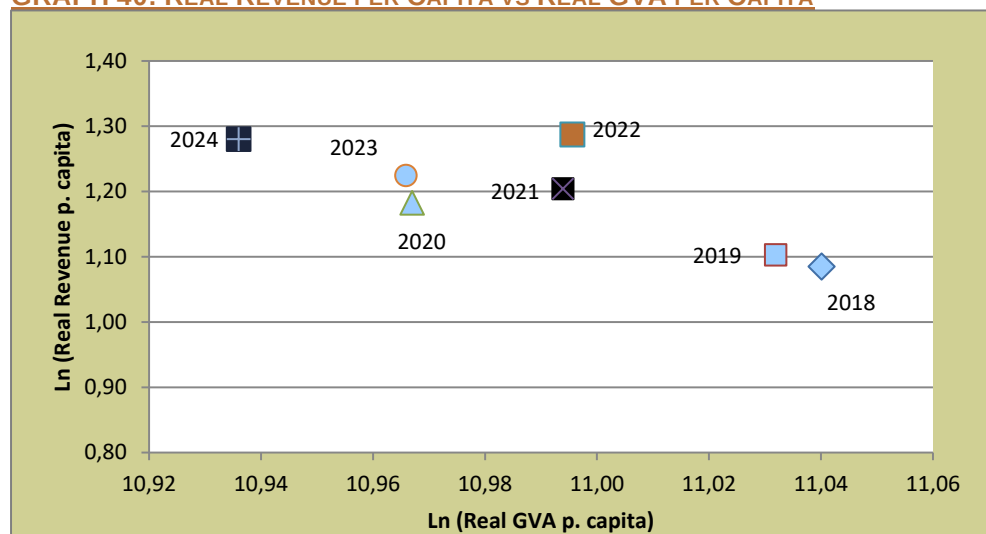
GRAPH 39: HOUSEHOLD ABILITY TO PAY RISK COMPONENT OF MRRI



The percentage of indigent households reliant on support of 12.1%, the official unemployment rate of 9.4% and the human development index of 0.69 resulted in a “**Medium to low**” rating on the household ability to pay risk component of MRRI. The driving force behind this rating is the high rate of unemployment.

As a result, Langeberg has a “**Medium**” risk rating on the MRRI indicator scale - i.e., there is a medium to high risk that the municipality will not be able to generate the forecast cash revenue expected in future.

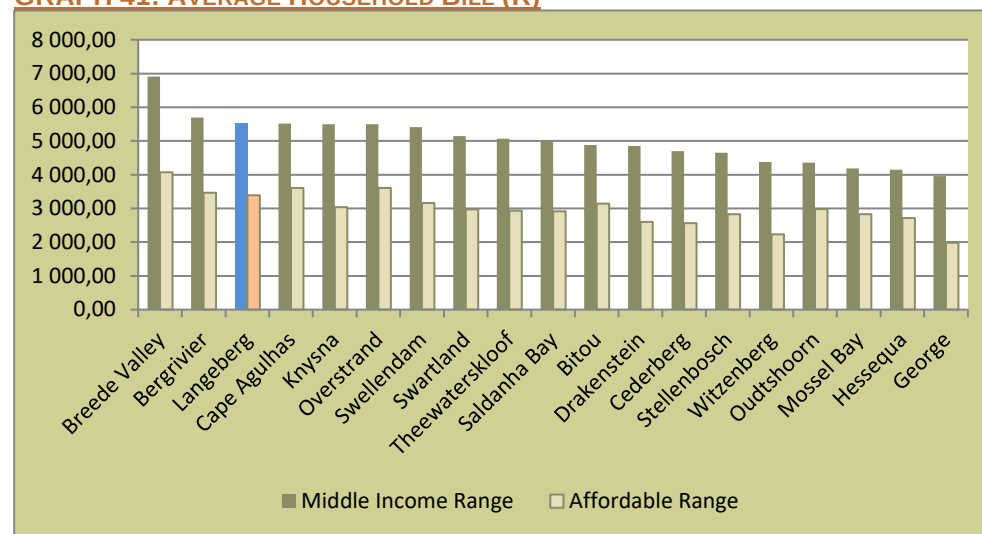
GRAPH 40: REAL REVENUE PER CAPITA VS REAL GVA PER CAPITA



Real municipal revenue (excluding capital transfers) per capita fluctuated considerably during the review period. A significant increase was observed from 2018 until 2022, before a marginal reduction in 2023. This has since recovered in 2024. GVA per capita has declined year-on-year over the review period, except for 2021 & 2022, a period of recovery following the COVID-19 impacted 2020.

It is the municipality's responsibility to ensure that it does its part in facilitating an economic growth environment. This will assist in alleviating pressure on households to service their municipal bill, thus providing additional security to the municipality's future revenue prospects. A prolonged period of sluggish economic growth will place further strain on the municipality's revenue base as households struggle to service their municipal bill.

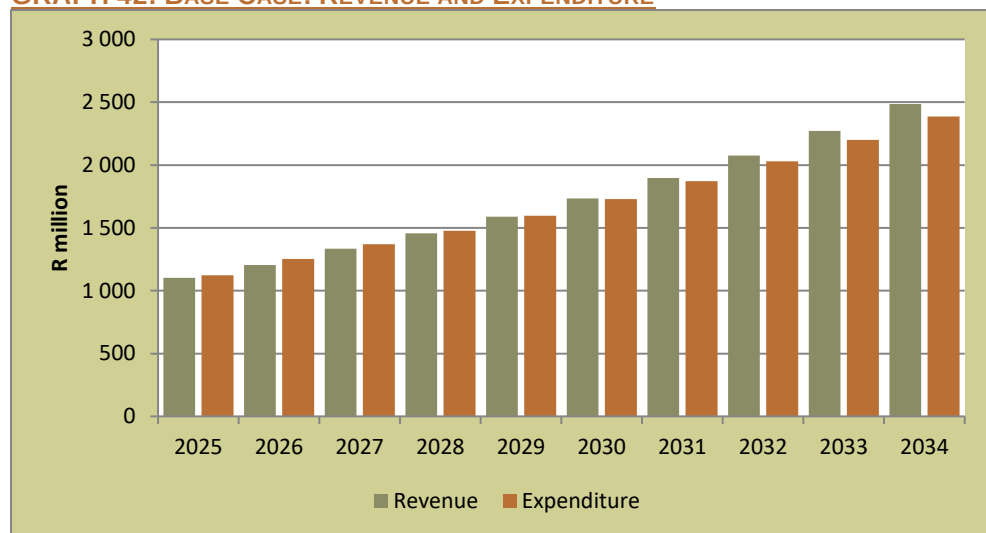
GRAPH 41: AVERAGE HOUSEHOLD BILL (R)



A comparison of the average household bill for the middle income and affordable income range of a selected number of municipalities in the Western Cape based on the 2024/25 tariffs, reveals that Langeberg LM features above the average range. Considering the level of service provided by Langeberg LM and the size of the municipality, the current household bill is reasonable compared to other municipalities. The scope of the tariff increases is, however, limited by household's ability to pay for services.

MUNICIPAL REVENUES

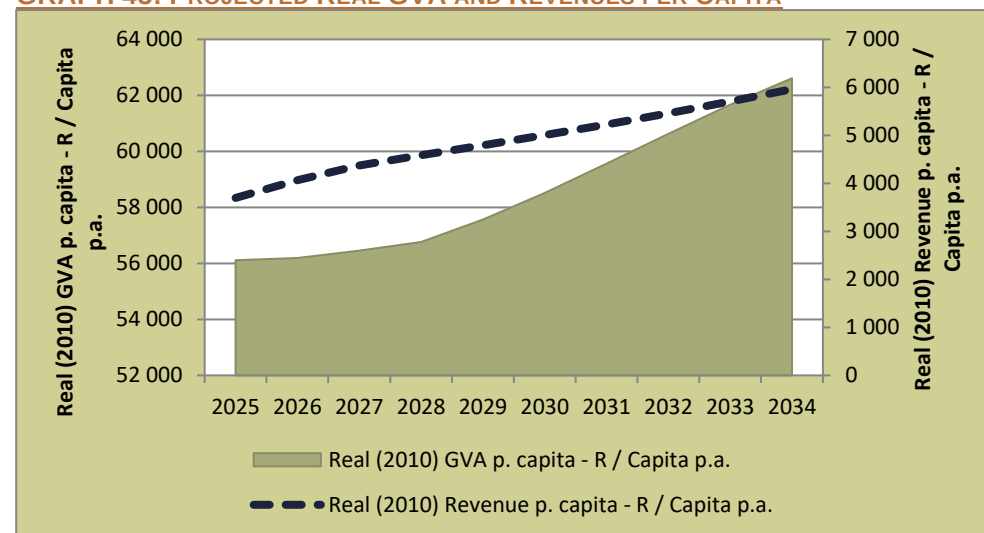
GRAPH 42: BASE CASE: REVENUE AND EXPENDITURE



The Base Case estimates that, over the planning period, future nominal revenue (including capital grants) will grow at an average rate of 8.8% p.a. This growth in revenue includes: (i) tariff increases, (ii) increased sales and (iii) additional revenue sources. Future nominal expenditure is estimated to grow at an equivalent rate of 8.8% over the same period.

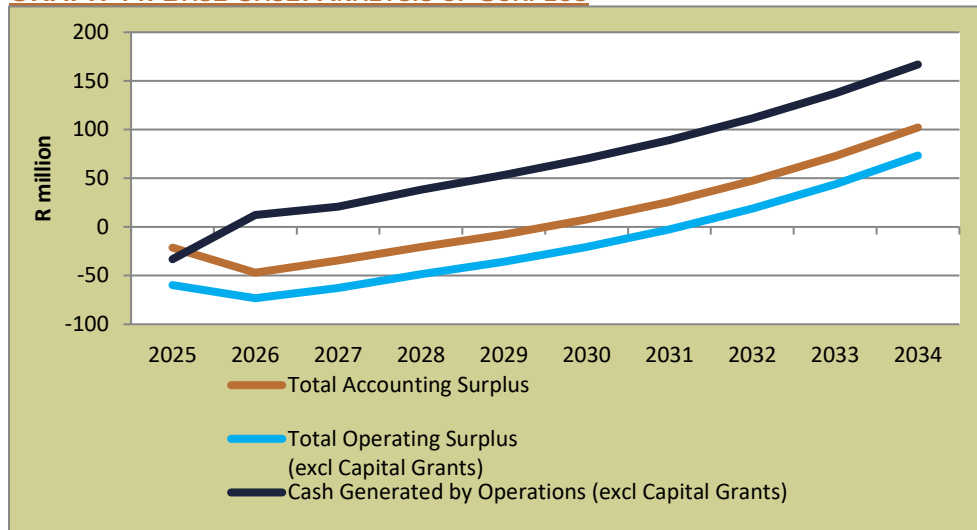
Electricity services are forecast to remain the predominant revenue generator for the municipality with an annual average contribution of 66.5%. This is followed by equitable share with an annual average contribution of 9.4%. On the expenditure side, electricity bulk purchases are forecast to remain the predominant expenditure item with an annual average contribution of 52.0%. Employee related expenditure, inclusive of staff costs and contracted services, are forecast to contribute a combined 26.9% p.a. on average over the planning period, indicative of an affordable employee related expenditure profile.

GRAPH 43: PROJECTED REAL GVA AND REVENUES PER CAPITA

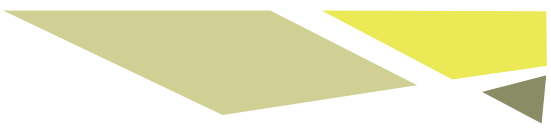


Real GVA per capita is forecast to increase gradually over the planning period, from R56 114 p.a. in 2025 to R62 613 in 2034, for an increase of 11.6%. Real revenue per capita on the other hand, is forecast to increase at a comparatively higher rate of 57.7% from R3 782 p.a. in 2025 to R5 963 p.a. in 2034. Growth of the local economy is crucial to the municipality as it has a direct impact on the municipality's ability to generate revenue (MRRI). Growth of the local economy will result in an expansion of the municipality's revenue base, which will enable growth and an acceleration of the capital investment programme. This is particularly necessary to keep up with the growing population and associated increased demand for municipal services.

GRAPH 44: BASE CASE: ANALYSIS OF SURPLUS



The municipality is forecast to generate cash from operations from FY2025/26 onwards, with considerable year-on-year growth forecast thereafter. A total of R835.0 million in cash is forecast to be generated by operations over the planning period. This is underpinned by the forecast improvements to financial performance as well as the assumed improvement in the collection rate.



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AFFORDABLE FUTURE CAPITAL INVESTMENT

CAPEX AFFORDABILITY AND FUNDING

The 10-year affordable capital envelope is calculated at R978.3 million.

TABLE 10: CAPEX AFFORDABILITY

Total 10-year CAPEX Affordability:	=	R978.3 million
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MTREF CAPITAL FUNDING MIX

Langeberg's Adjustment Budget FY2024/25 to FY2026/27 expects a capital budget amounting to R310.0 million, funded as follows :

TABLE 11: MTREF CASE 3-YEAR MTREF FUNDING MIX R'M

R'm	Total	2024/25	2025/26	2026/27
Public & Developers Contributions	0	0	0	0
Capital Grants	93	38.4	26.2	28.4
Financing	0	0	0	0
Cash Reserves and Funds	187.2	134.6	52.6	0
Cash Shortfall	29.8	0	4.2	25.6
Total	310	173	83	54

10-YEAR CAPITAL FUNDING MIX

The capital funding mix for the 10-year planning period is forecast to be as follows:

TABLE 12: BASE CASE 10-YEAR CAPITAL FUNDING MIX

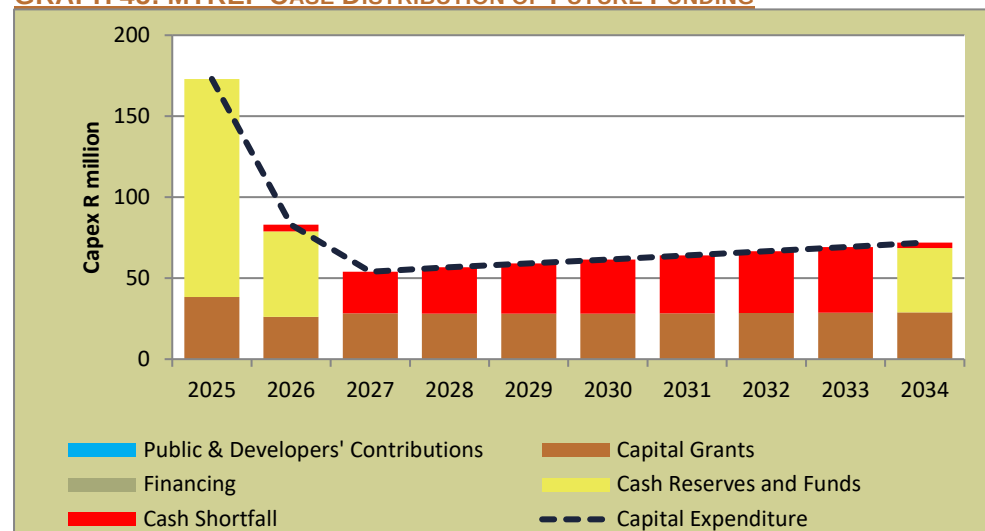
Source	Rm	%
Public & Developers' Contributions	0	0 %
Capital Grants	291.8	29.8 %
Financing	449.9	46.0 %
Cash Reserves and Funds	236.6	24.2 %
Cash Shortfall	0	0 %
Capital Expenditure	978.3	100 %

Langeberg's historic capital funding mix was a combination of capital grants, which accounted for 47.8% and cash reserves with 44.8%, amounting to 92.6% of total funding over the review period. The remainder was funded through the sale of fixed assets (2.4%) and financing (5.0%). While the municipality has placed reliance on grant funding, a notable increase in the utilisation of own cash reserves was observed in recent years. Overutilisation of own cash to fund capital expenditure may begin to corrode the municipality's liquidity position. Given the current financial trajectory of Langeberg LM, excessive use of own cash will be to the detriment of the municipality. The Base Case initially prioritises the improvement of the liquidity position, before utilising the municipality's cash reserves to accelerate capital investment as the municipality's financial position improves.

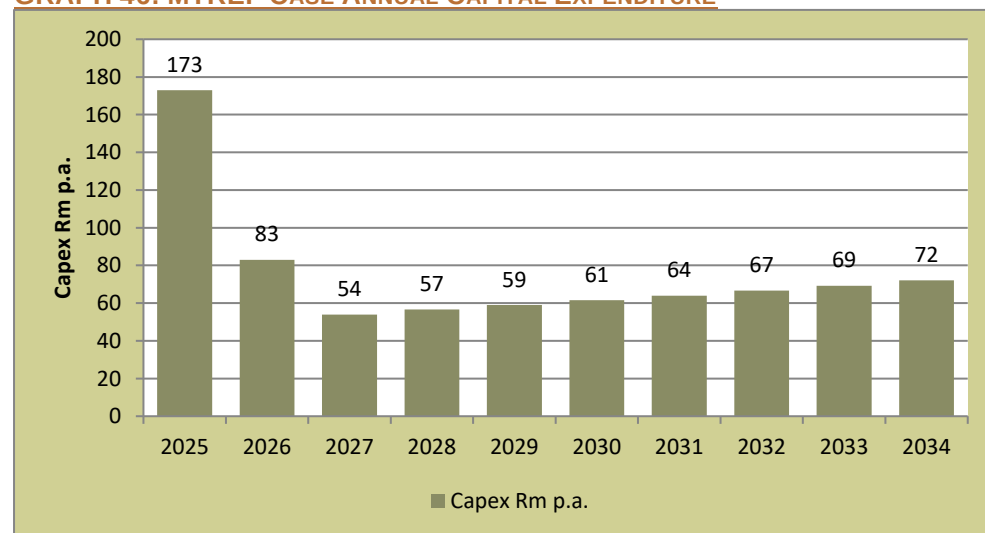
The Adjustment Capital Budget reflects substantial cash utilisation in FY2024/25, before the level of capital investment reduces in the outer years of the MTREF period. As illustrated in **GRAPH 45** below, cash shortfalls are forecast from FY2025/26 until the end of the planning period in the MTREF Case capital investment programme. Contrastingly, the Base Case presents an accelerated capital investment programme which, as indicated in the graphs below, is forecast to remain affordable. This underpins the need for the municipality to meet the Base Case assumptions, particularly pertaining to the improved collection rate.

The MTREF Case's funding mix and annual borrowings are presented in the graphs below:

GRAPH 45: MTREF CASE DISTRIBUTION OF FUTURE FUNDING

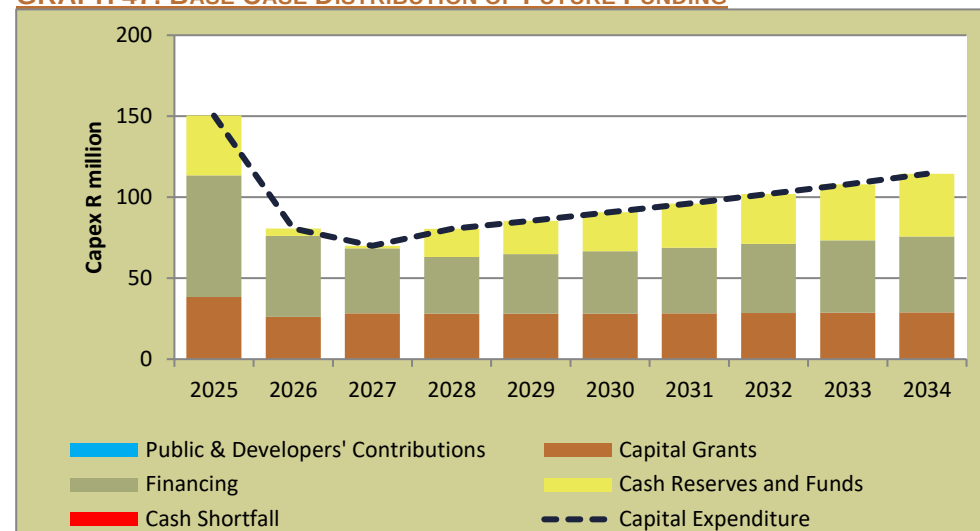


GRAPH 46: MTREF CASE ANNUAL CAPITAL EXPENDITURE



The Base Case's funding mix and annual borrowings are presented in the graphs below:

GRAPH 47: BASE CASE DISTRIBUTION OF FUTURE FUNDING



GRAPH 48: BASE CASE ANNUAL CAPITAL EXPENDITURE

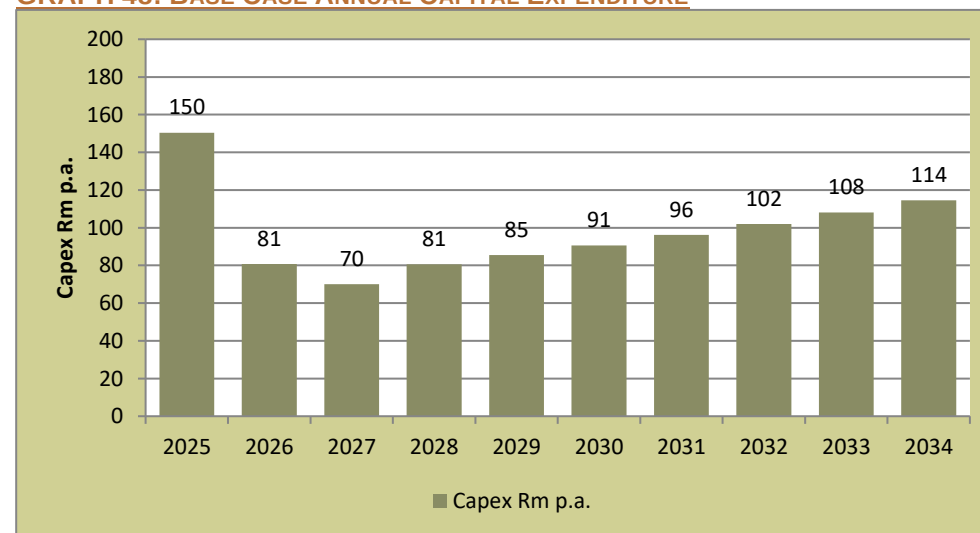


TABLE 13: MTREF CASE DISTRIBUTION OF FUTURE CAPITAL FUNDING (R'm)

R'm	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public & Developers' Contributions	0	0	0	0	0	0	0	0	0	0	0
Capital Grants	292	38	26	28	28	28	28	28	29	29	29
Financing	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves and Funds	227	135	53	0	0	0	0	0	0	0	40
Cash Shortfall	240	0	4	26	29	31	33	36	38	41	3
Capital Expenditure	759	173	83	54	57	59	61	64	67	69	72

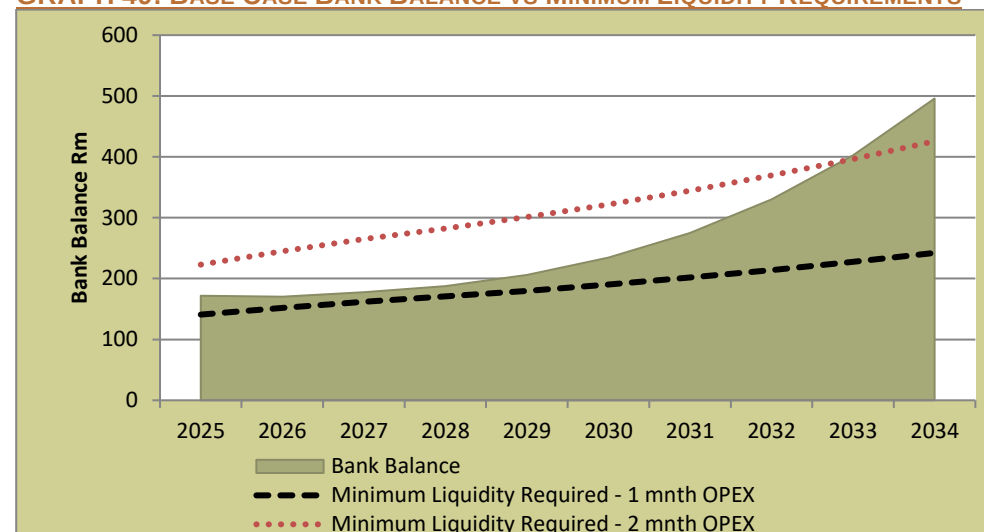
TABLE 14: BASE CASE DISTRIBUTION OF FUTURE CAPITAL FUNDING (R'm)

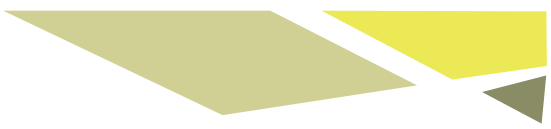
R'm	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public & Developers' Contributions	0	0	0	0	0	0	0	0	0	0	0
Capital Grants	292	38	26	28	28	28	28	28	29	29	29
Financing	450	75	50	40	35	37	39	41	43	45	47
Cash Reserves and Funds	237	37	5	2	17	21	24	27	31	35	39
Cash Shortfall	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	978	150	81	70	81	85	91	96	102	108	114

LIQUIDITY AND CAPITAL REPLACEMENT RESERVE

The minimum liquidity levels cater for unspent conditional grants, cash-backed reserves, short-term provisions and 1-month's working capital (operating expenditure). Liquidity is forecast to be sufficient to cover 1-month's operating expenditure for the entire planning period, highlighting how the Base Case is moving the municipality towards long-term sustainability. This is despite a portion of the capital outlay being funded through own cash reserves over the planning period. It would be prudent to continue to build liquidity levels to allow for the Capital Replacement Reserve to be built up to fund future capital expenditure. It is recommended that the annual depreciation charges be utilised as a guide to determine the extent of the funds to be set aside for future capital investment.

Langeberg's current financial situation is characterised by very low gearing and a minimal debt-to-service cost, making them well positioned to consider borrowing as part of their funding mix. Their liquidity remains strong, with a ratio above 1.5:1, and they hold significant cash and cash equivalents, which further enhances their ability to manage debt repayments comfortably. Given this financial stability, Langeberg is likely to attain favourable lending rates, particularly as their risk profile is low. Including borrowings could provide an opportunity to accelerate capital investment and diversify their capital structure without placing undue stress on their financial position. The Base Case of incorporates borrowings to further illustrate this approach.

GRAPH 49: BASE CASE BANK BALANCE VS MINIMUM LIQUIDITY REQUIREMENTS



GEARING

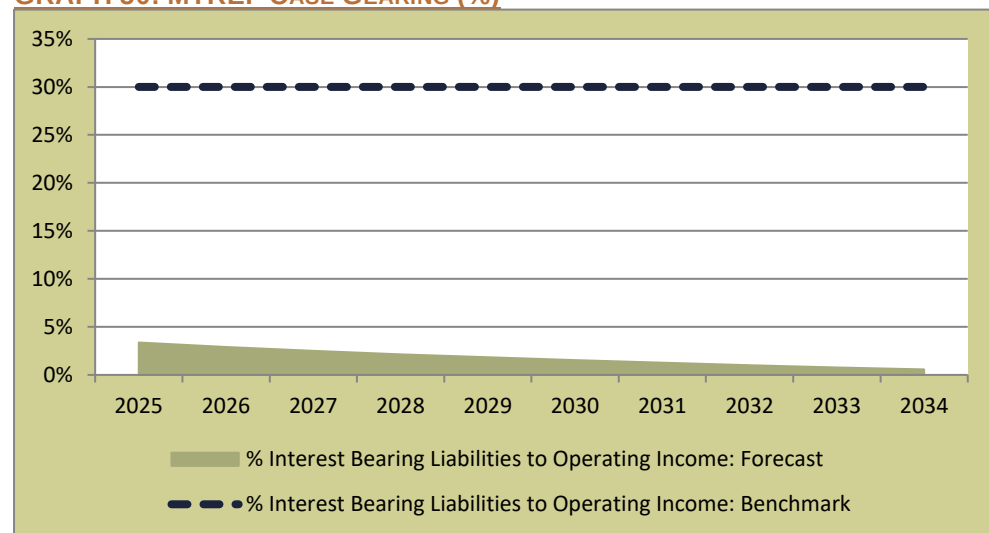
The MTREF Case does not include any borrowings throughout the planning period, which results in the debt indicators showing year-on-year decreases from the FYE2023/24 levels. Specifically, the gearing ratio is expected to decrease to 0.6%, and the debt service to total expense ratio is projected to reach 0.5% by the end of the planning period (FY2033/34).

For the Base Case scenario, adjustments were made to the Adjustment Budget's capital budget. These adjustments include an accelerated capital investment plan supported by the introduction of borrowings over the planning period. A total of R450.0 million in borrowings is considered appropriate for the planning period. In introducing these borrowings, the municipality can fast-track its capital investment program, while also ensuring that a healthy liquidity position is maintained. The borrowings in this scenario are structured with **13-year** loan tenors, which provides a manageable repayment schedule and enables greater flexibility in managing the municipality's finances.

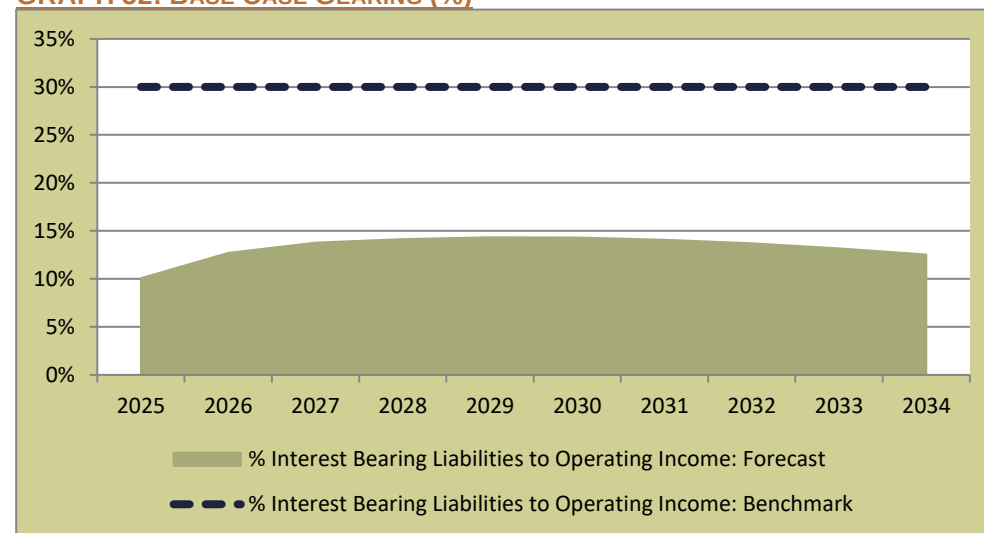
Even with the increased borrowing, the debt indicators suggest that the borrowing program remains sustainable. The gearing ratio is forecast to peak at 14.3% in FY2028/29 and then decrease to 12.5% by the end of the planning period. Regarding debt servicing, the debt service to total expense ratio is projected to peak at 2.8% in FY2033/34. These figures remain well below the municipality's internal policy limits, with the gearing ratio capped at 30% and the debt service to total expense ratio at 7%.

The low gearing and debt service to total expense ratios indicate that the municipality's borrowing levels are manageable and sustainable. Together, these low ratios suggest that the municipality will remain in a strong financial position to meet its debt obligations without significant risk. Scope remains to further accelerate the borrowings programme without overleveraging the debt profile and hindering the healthy liquidity position.

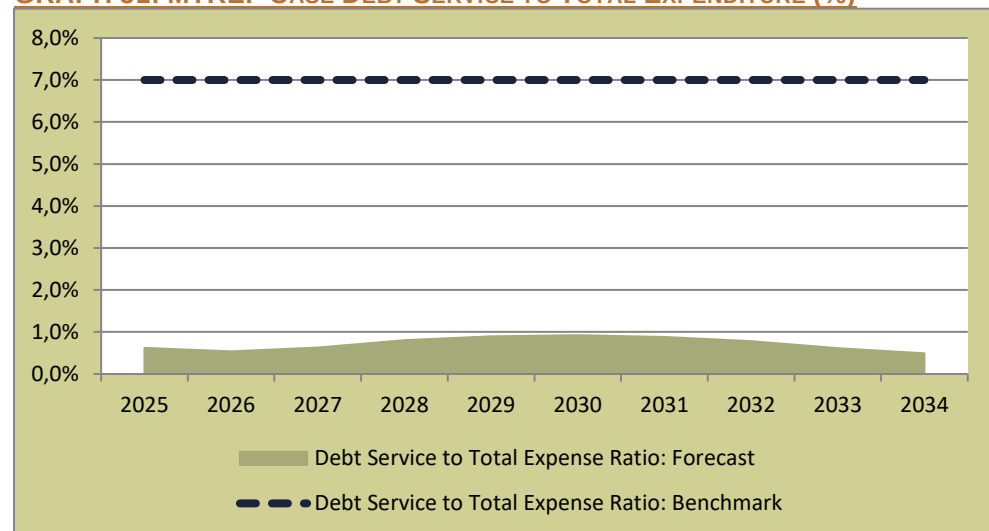
GRAPH 50: MTREF CASE GEARING (%)



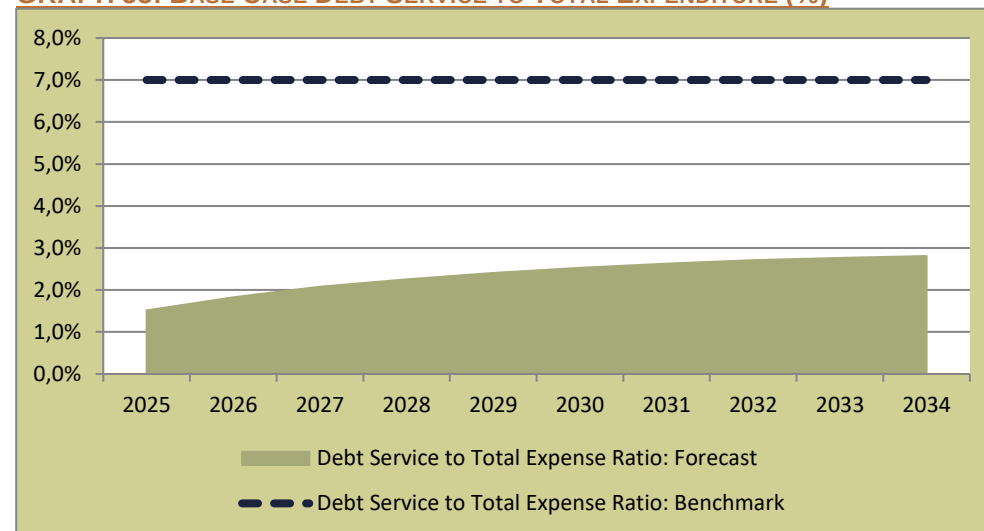
GRAPH 52: BASE CASE GEARING (%)

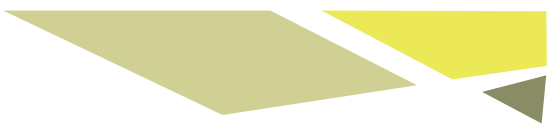


GRAPH 51: MTREF CASE DEBT SERVICE TO TOTAL EXPENDITURE (%)



GRAPH 53: BASE CASE DEBT SERVICE TO TOTAL EXPENDITURE (%)





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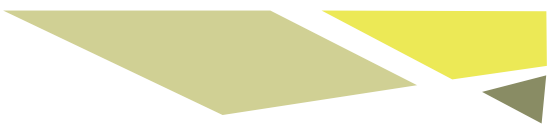
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SCENARIOS ANALYSIS

Considering our analysis of the Adjustment Budget and the risks identified as part of this update, the following scenarios were run to indicate the potential outcomes. The main purpose of these scenarios is to assist the municipality in its strategic decision making and to serve as an input to the budget for FY2025/26. Unless otherwise stated, all other input variables are assumed to be consistent with the Base Case.

1. To indicate the collection rate sensitivity on long-term financial sustainability:

- 1.1. A negative scenario, reflecting the impact of the municipality failing to improve the current collection rate of 96%.

2. To indicate the financial impact of an improvement in financial performance on long-term financial sustainability:

- 2.1. A negative scenario reflecting the impact of no reduction in the Opex of the municipality.
- 2.2. A positive scenario reflecting the impact of a reduction in operating expenditure of 2% from the Base Case, i.e. a further 2% reduction. This means a total reduction of 4.5%.

SCENARIO 1: SENSITIVITY ANALYSIS ON THE COLLECTION RATE

1. COLLECTION RATE MAINTAINED AT 96%

Should the municipality's income base erode further, and pressure on households to pay municipal bills continue to rise, a decline in the collection rate is feasible. To assess the impact of these adverse conditions on the municipality's financial situation, the model was adjusted by assuming the collection rate of 96%, as presented in the budget, will be maintained throughout the planning period. All other input variables and assumptions remain constant as per the Base Case.

The results forecast a significant deterioration in the municipality's financial performance, reflected in an accumulated operating deficit of R60.0 million over the planning period. Moreover, a noticeable decline in the municipality's cash balance is expected with the bank balance forecast to amount to R320.0 million as at FYE2033/34, down from R496.0 million in the Base Case. This decline impacts the municipality's liquidity position, putting the municipality at risk of failing to meet its minimum liquidity requirements. The bank balance graph below shows that should the collection rate drop, Langeberg LM will only be able to meet the 1-month opex requirement from FY2031/32 until the end of the planning period.

If the collection rate is not improved, the municipality will face severe cash flow issues, which will hinder its ability to pay creditors on time. The lack of sufficient cash resources would also impact the municipality's capital investment program. With limited liquidity, the municipality would be forced to reduce its capital expenditure plans, potentially halting or delaying important infrastructure projects that could have long-term economic benefits for the community.

This scenario highlights the critical need to increase the collection rate above the current level of 96%. Without this improvement and the application of stricter credit control measures, cash flow will continue to

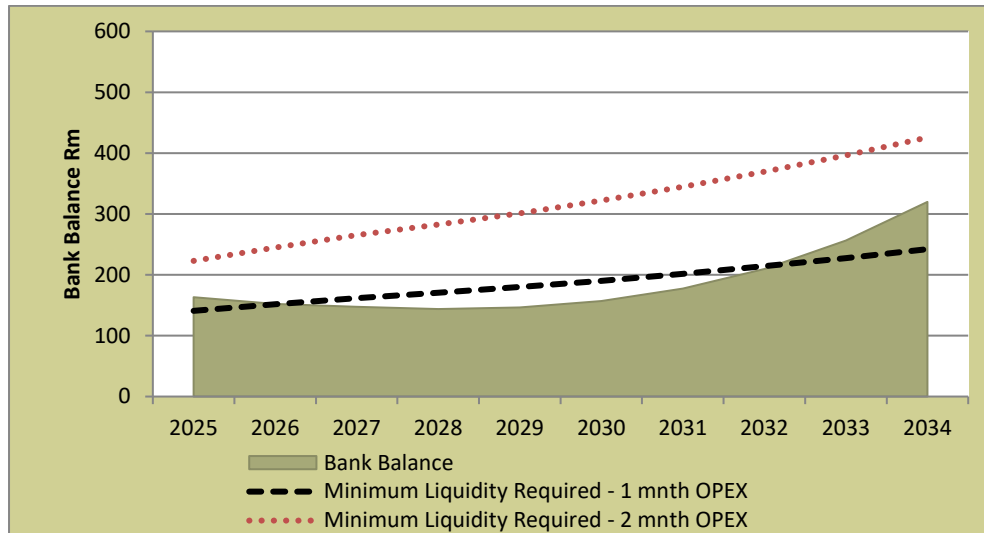
deteriorate, further jeopardising the municipality's financial stability and its ability to invest in future growth.

TABLE 15: COLLECTION RATE SENSITIVITY

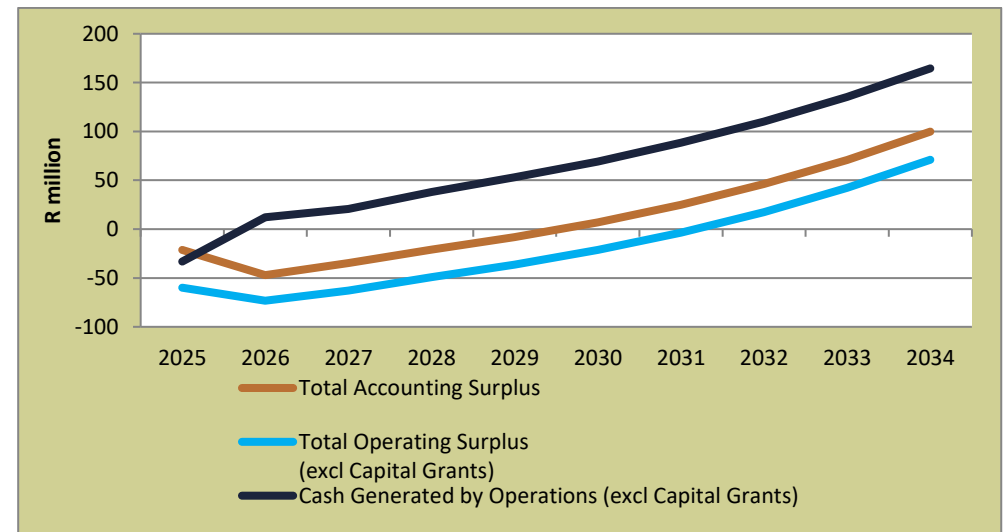
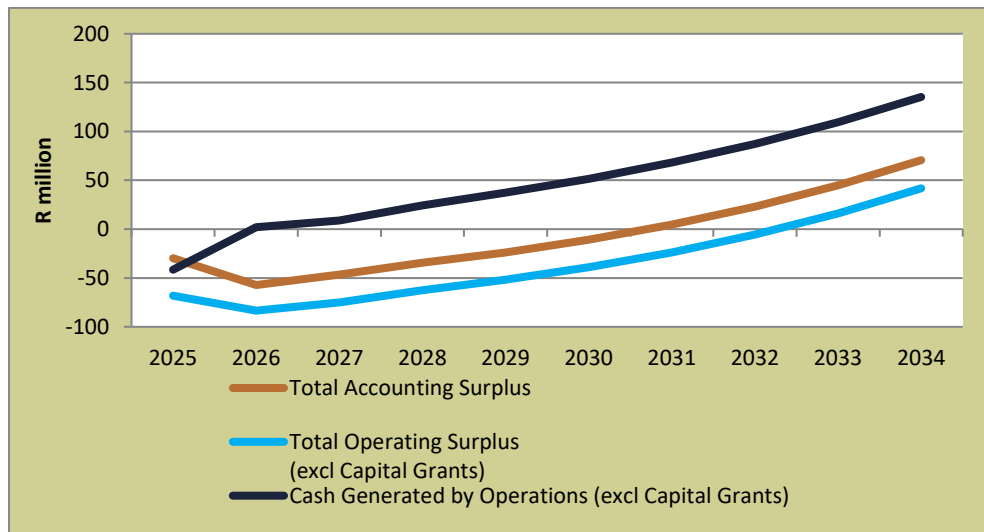
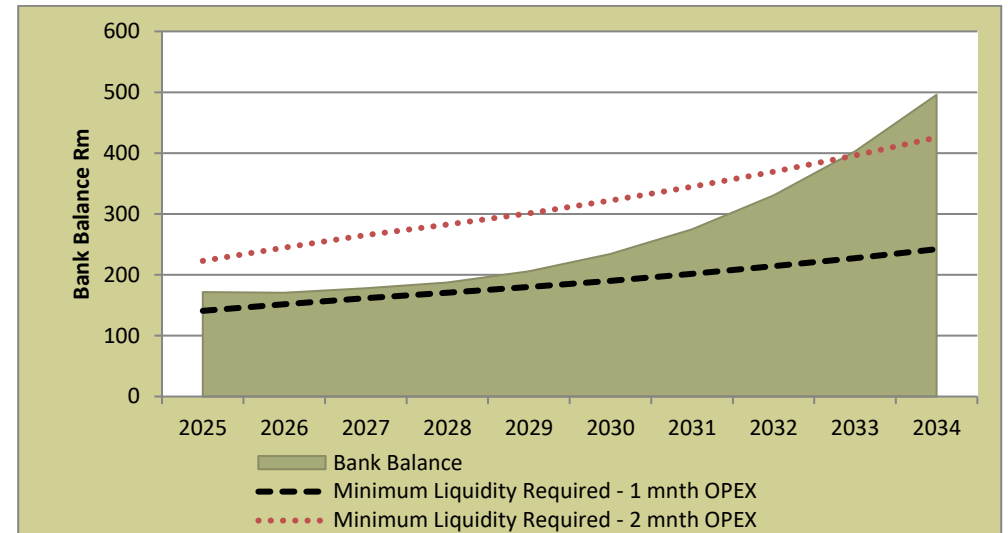
Outcome	Base Case	Collection Rate 96%
Average annual % increase in Revenue	8,8%	8,8%
Average annual % increase in Expenditure	8,9%	9,0%
Accounting Surplus accumulated during Planning Period (Rm)	R 116	-R 60
Operating Surplus accumulated during Planning Period (Rm)	-R 175	-R 351
Cash generated by Operations during Planning Period (Rm)	R 659	R 483
Average annual increase in Gross Consumer Debtors	14,7%	17,3%
Capital investment programme during Planning Period (Rm)	R 978	R 978
External Loan Financing during Planning Period (Rm)	R 450	R 450
Cash and Cash Equivalents at the end of the Planning Period (Rm)	R 496	R 320
No of Months Cash Cover at the end of the Planning Period (Rm)	2,7	1,7
Liquidity Ratio at the end of the Planning Period	2,4 : 1	1,7: 1
Gearing at the end of the Planning Period	12,5%	12,6%
Debt Service to Total Expense Ratio at the end of the Planning Period	2,8%	2,8%

SCENARIO 1: SENSITIVITY ANALYSIS ON THE COLLECTION RATE

96% COLLECTION RATE



BASE CASE SCENARIO



SCENARIO 2: SENSITIVITY ANALYSIS ON OPERATING EXPENDITURE

1. NO EXPENDITURE CUTS TO THE BASE CASE

Should the economic circumstances remain as volatile as they are currently, one can reasonably expect an increase in the operating expenditure of the municipality.

The Base Case assumes a reduction in operating expenditure of 2.5%. To assess the impact of failing to achieve the desired reduction of opex, the model was adjusted by assuming the municipality will achieve no cut of operating expenditure. All other input variables and assumptions remain constant.

The results forecast a significant deterioration in financial performance, with the accumulated Operating Deficit of R437.0 million a significant deterioration from the Base Case. The cash balance drops by 65.9% to a position where the municipality will not be able to meet the minimum liquidity requirements at any point in the planning period, thus likely to struggle to pay its creditors on time and sustain its capital investment programme. This highlights the significance of maintaining strict oversight over operational expenditure.

2. DECREASING OPERATING EXPENDITURE 2% LOWER THAN THE BASE CASE

To assess the impact on the finances of the municipality, the model was adjusted by decreasing the Base Case scenario operating expenditure by 2 percentage points while keeping all the other input assumptions constant. This is an additional 2% cut from the Base Case, meaning a total opex cut of 4.5%.

The results indicate a significant improvement in the cash balance to a position where the municipality will be able to meet the minimum liquidity requirement of 1-month's opex for the entire planning period and 2-month's opex from FY2028/29 onwards. This is driven by improved

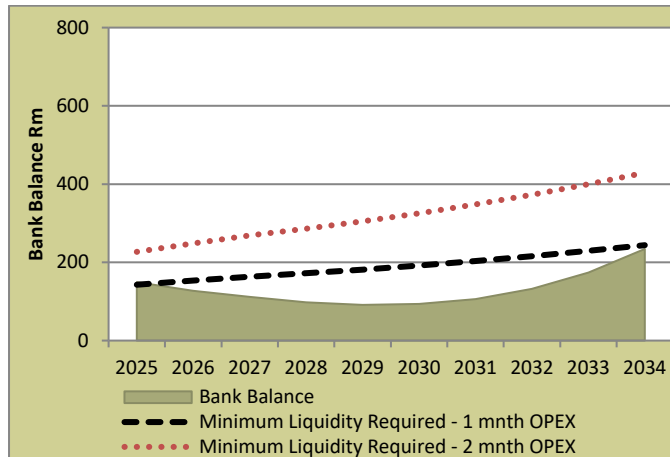
financial Performance, with the municipality expected to achieve an accumulated Operating Surplus of R35.0 million over the planning period. Other potential benefits include the ability to pay its obligations when they fall due and sustain an accelerated capital investment programme.

TABLE 16: OPEX SENSITIVITY

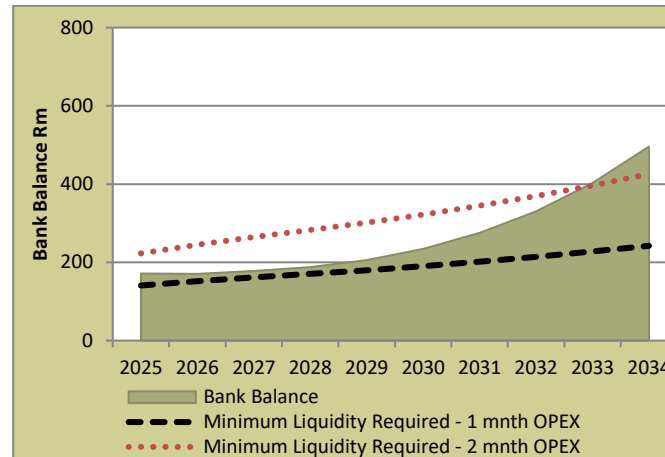
Outcome	No OPEX cut%	Base Case	OPEX -2%
Average annual % increase in Revenue	8,8%	8,8%	8,9%
Average annual % increase in Expenditure	8,8%	8,9%	8,8%
Accounting Surplus accumulated during Planning Period (Rm)	-R 145	R 116	R 327
Operating Surplus accumulated during Planning Period (Rm)	-R 437	-R 175	R 35
Cash generated by Operations during Planning Period (Rm)	R 397	R 659	R 869
Average annual increase in Gross Consumer Debtors	14,7%	14,7%	14,7%
Capital investment programme during Planning Period (Rm)	R 978	R 978	R 978
External Loan Financing during Planning Period (Rm)	R 450	R 450	R 450
Cash and Cash Equivalents at the end of the Planning Period (Rm)	R 174	R 496	R 706
No of Months Cash Cover at the end of the Planning Period (Rm)	1,3	2,7	3,9
Liquidity Ratio at the end of the Planning Period	1.4 : 1	2.4 : 1	3.2 : 1
Gearing at the end of the Planning Period	12,6%	12,5%	12,5%
Debt Service to Total Expense Ratio at the end of the Planning Period	2,8%	2,8%	2,0%

SCENARIO 2: SENSITIVITY ANALYSIS ON OPERATING EXPENDITURE

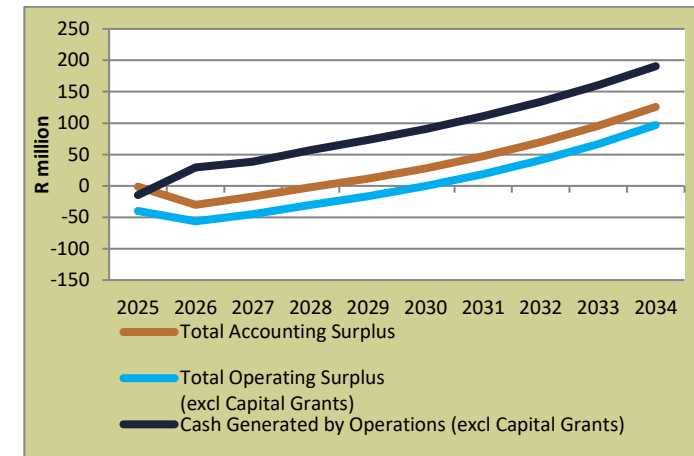
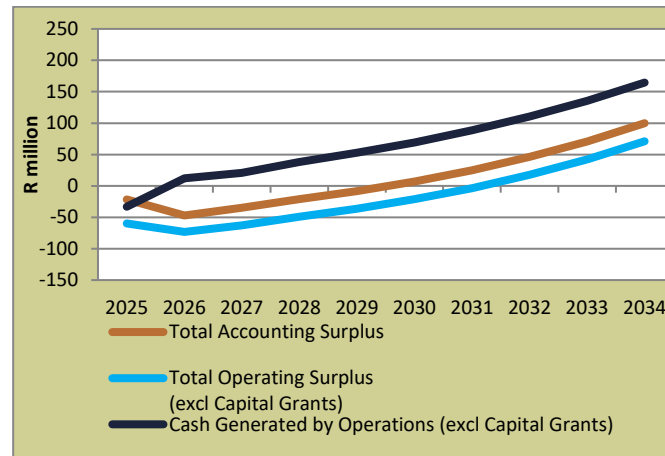
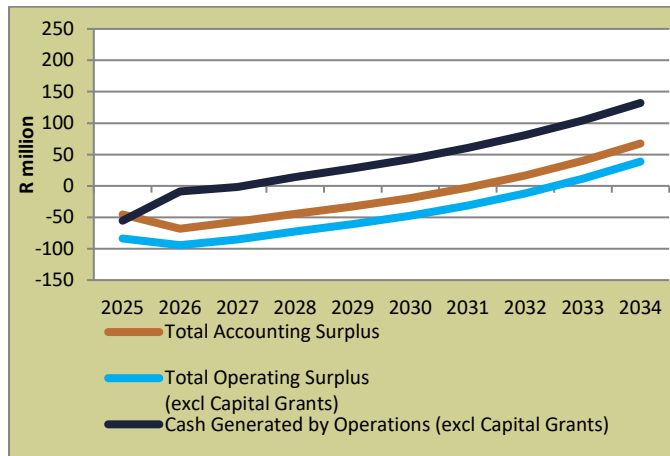
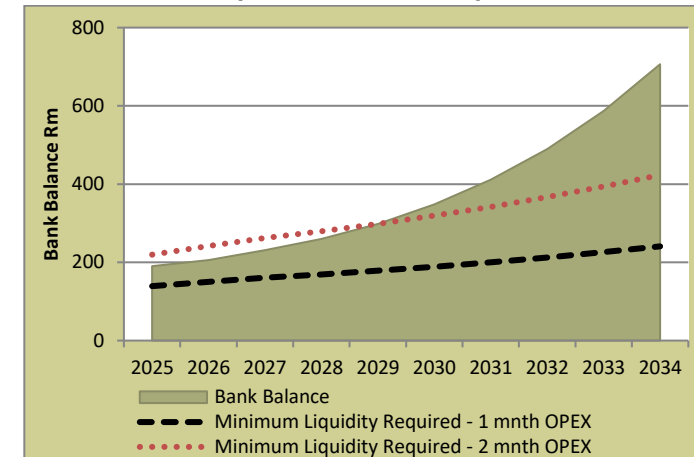
NO OPEX CUT

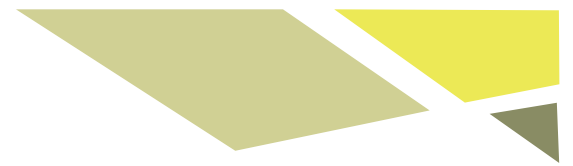


BASE CASE SCENARIO



DECREASED OPEX (ADDITIONAL 2% CUT)





1 Planning Process

2 Updated Perspectives (Demographic, Economic, Household Infrastructure)

3 Updated Historic Financial Assessment

4 Long-Term Financial Model Outcomes

5 Future Revenues

6 Affordable Future Capital Investment

7 Scenario Analysis

8 Ratio Analysis

9 Conclusions

FORECAST RATIOS

The Base Case forecast ratios are presented below. Although the model is not programmed to measure the ratios as required by National Treasury in all instances, it does provide comfort that the municipality is sustainable in future – on condition that it operates within the assumed benchmarks set in the financial plan.

		<u>N.T. NORM</u>	<u>2025</u>	<u>2027</u>	<u>2029</u>	<u>2031</u>	<u>2033</u>	<u>2034</u>	<u>COMMENTS</u>
FINANCIAL POSITION									
ASSET MANAGEMENT									
R29	Capital Expenditure / Total Expenditure	10% - 20%	11,8%	4,9%	5,1%	4,9%	4,7%	4,6%	CAPEX as a % of Total Expenditure will remain below the recommended range for the entire planning period.
R27	Repairs and Maintenance as % of PPE and Investment Property	8%	4,3%	5,0%	5,0%	5,0%	5,0%	5,0%	Repairs and maintenance as a percentage of PPE and IP will increase to 5%.
DEBTORS MANAGEMENT									
R4	Gross Consumer Debtors Growth		31,7%	13,1%	12,3%	11,7%	11,4%	11,2%	The Collection Rate is assumed to reach 97% over a period of 3 years.
R5	Payment Ratio / Collection Rate	95%	94,5%	97,0%	97,0%	97,0%	97,0%	97,0%	
LIQUIDITY MANAGEMENT									
R49	Cash Coverage Ratio (excl Working Capital)		2.9 : 1	3 : 1	3.2 : 1	4.7 : 1	6.9 : 1	8.4 : 1	The bank balance will meet the minimum liquidity requirement from FY2023/31 to the end of the planning period. The liquidity ratio will rise to 2.4:1 by the end of the planning period.
R50	Cash Coverage Ratio (incl Working Capital)		1.2 : 1	1.1 : 1	1.1 : 1	1.4 : 1	1.8 : 1	2.1 : 1	
R51	Cash Surplus / Shortfall on Minimum Liquidity Requirements		R 29,5 m	R 14,5 m	R 24,3 m	R 71,4 m	R 173,1 m	R 251,2 m	
R1	Liquidity Ratio (Current Assets: Current Liabilities)	1:1.5 - 1:2.1	1.4 : 1	1.3 : 1	1.4 : 1	1.6 : 1	2 : 1	2.4 : 1	
LIABILITY MANAGEMENT									
R45	Debt Service as % of Total Operating Expenditure	6% - 8%	1,5%	2,1%	2,4%	2,6%	2,8%	2,8%	The external financing programme is forecast to remain within the recommended benchmarks, due to the lack of borrowing over the planning period.
R6	Total Debt (Borrowings) / Operating Revenue	45%	10,1%	13,8%	14,3%	14,1%	13,2%	12,5%	
R7	Repayment Capacity Ratio		-15,32	5,86	3,87	2,96	2,22	1,92	
R46	Debt Service Cover Ratio (Cash Generated by Operations / Debt Service)		0.3 : 1	1.7 : 1	2.1 : 1	2.4 : 1	2.7 : 1	2.9 : 1	

		<u>N.T. NORM</u>	<u>2025</u>	<u>2027</u>	<u>2029</u>	<u>2031</u>	<u>2033</u>	<u>2034</u>	<u>COMMENTS</u>
SUSTAINABILITY									
	Net Financial Liabilities Ratio	< 60%	13,2%	17,3%	16,8%	13,7%	8,2%	4,6%	Net Financial Liabilities are below the benchmark, but the Operating Surplus Ratio remains below the recommended lower benchmark until FY2031/32 of the planning period. Asset Sustainability is not calculated but entered as an assumption in the model. The municipality must ensure that a greater proportion of CAPEX is spent on asset replacement should it be required.
	Operating Surplus Ratio	0% - 10%	-5,6%	-4,8%	-2,3%	-0,2%	1,9%	2,9%	
	Asset Sustainability Ratio	> 90%	36,4%	19,4%	21,4%	23,4%	25,6%	26,7%	
FINANCIAL PERFORMANCE									
EFFICIENCY									
R42	Net Operating Surplus / Total Operating Revenue	>= 0%	-5,6%	-4,8%	-2,3%	-0,2%	1,9%	2,9%	The net operating surplus is below 0% for the MTREF period and improves to 2.9% by 2034, an indication that the municipality should endeavour to improve financial performance by managing expenditure and maintaining the high-water surplus margins.
R43	Electricity Surplus / Total Electricity Revenue		16,2%	15,9%	17,1%	17,9%	18,6%	19,0%	
R44	Water Surplus / Total Water Revenue		87,5%	88,1%	88,1%	88,1%	88,1%	88,1%	
REVENUE MANAGEMENT									
R8	Increase in Billed Income p.a. (R'm)		R 52,3 m	R 123,2 m	R 119,4 m	R 145,9 m	R 177,5 m	R 195,1 m	Billed Revenue and Operating Revenue Growth is, for the most part, above forecast CPI over the planning period. Cash generated from operations is expected improve throughout the planning period.
R9	% Increase in Billed Income p.a.	CPI	6,6%	12,6%	9,8%	9,9%	10,0%	10,0%	
R12	Operating Revenue Growth %	CPI	3,9%	10,7%	9,3%	9,5%	9,6%	9,6%	
R47	Cash Generated by Operations / Own Revenue		0,6%	4,3%	5,8%	7,0%	8,1%	8,7%	
R48	Cash Generated by Operations / Total Operating Revenue		0,5%	3,8%	5,2%	6,2%	7,3%	7,9%	

		N.T. NORM	2025	2027	2029	2031	2033	2034	COMMENTS	
EXPENDITURE MANAGEMENT										
	Creditors Payment Period	30	52	56	51	44	38	34	Creditors' payment period is higher than the NT benchmark but will reduce over the planning period reaching 34 days, a substantial improvement from the municipality's current 65 days.	
R30	Contribution per Expenditure Item: Staff Cost (Salaries, Wages and Allowances)	25% - 40%	23,7%	23,4%	22,1%	21,0%	19,9%	19,3%		
	Contribution per expenditure item: Contracted Services	2% - 5%								Staff costs as a percentage of total expenditure is forecast to remain within the recommended benchmark throughout the planning period. Contracted services to total expenditure, however, is forecast to exceed the recommended benchmark.
			5,5%	5,0%	4,7%	4,4%	4,1%	4,0%		
GRANT DEPENDENCY										
R10	Total Grants / Total Revenue		18,7%	13,6%	12,6%	11,7%	10,8%	10,4%	The municipality can generate funds from its own sources and without being overly reliant on capital grants. This reliance should be reduced as the tightening of the national fiscus will result in a declining reliance on transfers from other spheres of government.	
R11	Own Source Revenue to Total Operating Revenue		84,3%	88,3%	89,0%	89,6%	90,3%	90,7%		
	Capital Grants to Total Capital Expenditure		25,5%	40,5%	32,8%	29,5%	26,6%	25,2%		



1 Planning Process
2 Updated Perspectives (Demographic, Economic, Household Infrastructure)
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CONCLUSION

OUTCOME OF THE INDEPENDENT FINANCIAL ASSESSMENT

Langeberg's financial performance worsened during FY2023/24. This is evidenced by decrease in accounting and operating surpluses of R49.5 million (FY2022/23: R59.9 million) and R6.9 million (FY2022/23: R22.5 million) respectively. Cash generated by operations (excluding capital grants) improved marginally, from R77.4 million in the prior year to R83.3 million in FY2023/24. Electricity services remained the predominant revenue item in FY2023/24, followed by equitable share revenue.

Looking at expenditure, bulk electricity purchases account for the majority of the expenditure making up 39.8% in FY2023/24, followed by staff costs. Staff costs constituted 23.6% of operating expenditure in FY2023/24. This reflects a decrease as in the prior year the contribution amounted to 24.5% of operating expenditure. Over the review period, staff costs remained the second largest portion of expenses accounting for an annual average of 26.0% of operating expenditure. The combined contribution of staff costs & contracted services of 29.4% remains well within the NT recommended maximum of 40%. This is indicative of an affordable employee related expenditure profile.

The collection rate was calculated at 93.2% for FY2023/24. The liquidity position regressed as shown by a liquidity ratio of 1.78:1 as at FYE2023/24 (FYE2023/24: 2.34:1). Further to this, the municipality posted a cash surplus of R213.0 million above the minimum liquidity requirements during FY2023/24. The municipality posted only cash surpluses throughout the review period., with the exception of FY2018/19 where a deficit of R0.8 million was observed This is a key indicator of long-term financial sustainability.

An acceleration of the capital investment programme has been observed in recent years of the review period. The total capital outlay over the review period amounted to R697.2 million. Capital expenditure in FY2023/24 amounted to R184.4 million. The funding mix over the review period was predominantly a combination of cash and capital grants. Capital grants accounted for 47.8% of funding and cash reserves accounted for 44.8%. The municipality did not undertake substantial borrowings over the review period. This aversion to borrowing has resulted in a reasonably low gearing ratio of 3.6% as at FYE2023/24, indicative of an underleveraged debt profile.

STRENGTHS

- Low grant dependency.
- Consistent posting of operating surpluses (7/8 years under review).
- Healthy liquidity position of 1.78:1 in FY2023/24.
- Ability to generate cash from operations.
- Consistent cash surpluses above minimum liquidity requirements.

WEAKNESSES

- Collection Rate of 92.3% is lower than the prior year 97.8% and below NT norm of 95%.
- High Reliance on electricity revenue.
- Underleveraged debt profile.

OUTCOME OF THE FUTURE FORECASTS

Langeberg LM has budgeted for operating deficits in excess of R70 million throughout the MTREF period. This is contrary to the historic performance in which operating surpluses were posted in each of the last 6 years under review. Due to this, we are of the view that Langeberg will likely outperform the operating budget. This has been factored into the Base Case assumptions. The municipality's financial performance deteriorated in FY2023/24 with the municipality achieving an operating surplus of R6.9 million, down from an operating surplus of R22.5 million in FY2022/23. Prior to making any adjustments to the Adjustment Budget, an MTREF Case was developed in order to assess the viability of the Budget. The MTREF Case provides an indication of the long-term outcome should the status quo be maintained and the budget be implemented as is. The result thereof was characterised by poor financial performance, cash generation as well as a strained liquidity position. The underlying causes of the unsustainable outcome have been addressed in the Base Case assumptions. To develop a realistic Base Case model, the figures from the Adjustment Budget 2024/25 – 2026/27 were used. The objective of the model is to utilise realistic assumptions to support future financial sustainability. The following are the key assumptions:

1. The collection is assumed to improve to 97% (from 96%) over a period of 3 years.
2. Operating expenditure (Opex) was reduced by 2.5% over the entire planning period. This was driven by the conservative operating budget.
3. Adjustments were made to other revenue due to the perceived understatement of certain revenue items, interest income in particular.
4. Tariff increases were included as put forward in the Adjustment Budget Document FY2024/25.
5. Creditors days were adjusted downwards from 65 days to 30 days over a 10-year period to mitigate the forecast rise in creditors.
6. The Adjustment Budget capital investment programme was adjusted over the MTREF period, as follows:
 - a. FY2024/25: R150.0 million (Budget: R172.6 million)
 - b. FY2025/26: R75.0 million (Budget: R77.3 million)
 - c. FY2026/27: R70.0 million (Budget: R53.9 million)
 - d. FY2027/28: R80.0 million (Budget: R57.2 million)

Assumed growth in capital investment beyond FY2027/28 is 6% p.a.

7. The MTREF capital funding mix has been adjusted to accommodate an accelerated borrowing programme. The borrowing in this scenario consists of **13-year** amortising loans at a rate of 5% above forecast CPI in any given year.

The remainder of the MTREF period was adjusted as follows:

- a. FY2024/25: R75.0 million
 - b. FY2025/26: R50.0 million
 - c. FY2026/27: R40.0 million
 - d. FY2027/28: R35.0 million
8. Repairs and maintenance expenditure was increased to 5% of PPE & IP over a period of 3 years.
 9. Electricity losses were maintained at 5.76%, while water distribution losses were reduced to 15.0% (from 18.7%) over a 3-year period.

The Base Case presents a sustainable outcome that reflects an affordable capital investment programme, improved financial performance and a healthy liquidity position. An additional 2 scenarios were run to assess the potential impact of changes to certain assumptions, whilst holding all other variables constant, unless otherwise stated. The outcomes of these scenarios are summarised below.

SENSITIVITY ANALYSIS ON THE COLLECTION RATE

A negative scenario which assesses the impact of the municipality maintaining a collection rate of 96% throughout the planning period, as opposed to the Base Case collection rate of 97%, was run. The outcomes revealed a significant deterioration in the municipality's financial performance, as well as poor cash generation. This translates into a significantly reduced liquidity ratio of 1.7:1, compared to 2.4:1 in the Base Case.

The outcomes of this scenario highlight the critical nature of maintaining a high collection rate and aims to emphasise that the municipality must aim to constantly improve its collection rate. It is crucial for the municipality to ensure that the Base Case collection rate of 97% is achieved, with further improvements targeted thereafter.



SENSITIVITY ANALYSIS ON OPERATING EXPENDITURE

A sensitivity analysis on the municipality's operating expenditure was run by assessing the impact of an increase and decrease in opex. Operating expenditure was reduced by a further 2 percentage points from the Base Case, meaning a total reduction of 4.5%. Financial performance is forecast to improve, which will translate into a healthy liquidity ratio of 3.2:1 at the end of the planning period. Further, the results indicate a significant improvement in the cash balance to a position where the municipality will be able to meet double its minimum liquidity requirements from FY2028/29.

Another scenario was run where no operating expenditure cuts were made. Financial performance and cash generation deteriorated significantly with the municipality not being able to meet its liquidity requirements of 1-months opex.

Prudent financial management is of utmost importance for Langeberg as these are important factors that can have a distinct effect on the municipality and its households. The benefits derived from improved financial management and performance are vast and unlock potential for further growth and development.

CONCLUSION

In conclusion, this report provides a roadmap for the municipality to foster and preserve an environment of financial sustainability and resilience. It is the municipality's responsibility to consider the guidelines and recommendations in this report with the aim of continuously improving its financial position, unlocking accelerated capital investment whilst remaining financially sustainable and resilient in a harsh economic environment littered with challenges and the potential for financial shocks that could impact the municipality. The above will allow for further investment in projects that create an enabling environment for economic growth and development, which in turn will aim to reduce unemployment and cater for investment in infrastructure that will improve the lives of the municipality's inhabitants. Langeberg is encouraged to adopt the Base Case developed as part of this report, with a particular focus on improving the collection rate, reducing operating expenditure as far as possible and presenting a sustainable capital investment programme. Should Langeberg be successful in this regard, there will be a clear pathway towards the municipality's continued financial sustainability and resilience.

ANNEXURE 1: PROJECTED FINANCIAL STATEMENTS

Municipal Financial Model - Langeberg Local Municipality

Statement of Financial Performance

Model year

Financial year (30 June)

R thousands

	0	1	2	3	4	5	6	7	8	9	10
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Revenue											
Property rates	101 163	100 675	106 866	113 587	119 685	126 349	133 750	141 817	150 459	159 568	169 014
Service Charges	683 660	736 330	869 113	985 361	1 091 684	1 204 084	1 327 470	1 464 927	1 617 299	1 785 337	1 970 564
Service charges - electricity	561 443	608 906	733 074	840 152	937 921	1 042 753	1 158 009	1 286 788	1 429 987	1 588 419	1 763 635
Service charges - water	58 764	65 537	69 632	73 962	78 002	82 277	86 937	91 960	97 328	103 022	109 013
Service charges - waste water management	31 240	31 038	32 995	35 068	36 933	38 540	40 232	42 016	43 872	45 781	47 742
Service charges - waste management	32 213	30 849	33 412	36 179	38 828	40 514	42 291	44 163	46 112	48 116	50 174
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental from fixed assets	3 787	3 928	4 163	4 413	4 736	5 036	5 357	5 700	6 065	6 449	6 852
Interest	36 975	15 616	7 825	8 267	9 036	9 864	11 080	12 764	15 026	17 942	21 558
Interest earned from receivables	6 210	6 176	6 537	6 918	5 002	5 597	6 197	6 805	7 410	8 001	8 566
Dividends	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	11 386	1 313	1 392	1 476	1 583	1 684	1 791	1 906	2 028	2 156	2 291
Licences and permits	2 238	692	733	777	830	892	962	1 040	1 125	1 215	1 311
Agency services	15 120	7 129	7 556	8 010	8 596	9 140	9 722	10 345	11 007	11 704	12 437
Transfer and subsidies - Operational	149 865	167 356	152 043	153 083	162 745	172 294	182 498	193 391	204 913	216 989	229 622
Other revenue	13 138	21 930	22 940	24 033	25 378	26 689	28 092	29 589	31 170	32 822	34 543
Gains on disposal of Assets	-	2 358	-	-	-	-	-	-	-	-	-
Total revenue before Capital Grants	1 023 541	1 063 502	1 179 170	1 305 926	1 429 275	1 561 628	1 706 919	1 868 284	2 046 502	2 242 183	2 456 757
Transfers and subsidies - capital (monetary allocations)	42 611	38 424	26 197	28 350	28 137	28 045	28 141	28 347	28 576	28 749	28 808
Public & developers contributions	-	-	-	-	-	-	-	-	-	-	-
Total Revenue after Capital Grants	1 066 152	1 101 926	1 205 367	1 334 277	1 457 412	1 589 673	1 735 060	1 896 630	2 075 078	2 270 933	2 485 565
Operating expenditure											
Employee related costs	271 390	289 472	304 313	322 245	338 604	356 389	375 542	395 980	417 596	440 256	463 790
Remuneration of councillors	11 830	12 939	13 716	14 539	15 059	15 624	16 229	16 869	17 537	18 225	18 926
Debt impairment	13 850	48 862	44 354	35 863	39 426	43 179	47 297	51 870	56 920	62 466	68 548
Depreciation and amortisation	68 435	71 801	76 474	77 512	78 175	79 192	80 201	81 249	82 374	83 611	84 987
Interest	21 937	12 235	15 360	18 464	20 928	23 258	25 510	27 635	29 595	31 335	32 794
Bulk purchases - electricity	478 985	510 154	614 078	706 190	781 503	864 748	955 797	1 057 081	1 169 177	1 292 588	1 428 398
Inventory Consumed	56 836	53 243	58 460	61 261	64 831	68 944	73 812	79 426	85 730	92 636	100 038
Contracted services	47 150	70 122	68 061	72 367	75 702	78 999	82 595	86 509	90 721	95 205	99 972
Transfers and subsidies	3 335	5 240	6 135	6 433	6 810	7 172	7 556	7 964	8 392	8 839	9 302
Other expenditure	42 799	49 245	51 503	54 067	57 259	60 349	63 656	67 194	70 940	74 866	78 977
Losses on disposal of Assets	120	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1 016 666	1 123 314	1 252 454	1 368 941	1 478 296	1 597 854	1 728 195	1 871 775	2 028 983	2 200 026	2 385 733
Suplus/ (Shortfall) for the year	49 486	(21 387)	(47 087)	(34 664)	(20 884)	(8 181)	6 865	24 855	46 094	70 906	99 833

Municipal Financial Model - Langeberg Local Municipality
Statement of Financial Position

Model year

Financial year (30 June)

R thousands

	0	1	2	3	4	5	6	7	8	9	10
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Non-current assets:	1 052 743	1 183 693	1 190 763	1 186 629	1 188 987	1 195 273	1 205 729	1 220 612	1 240 154	1 264 573	1 294 073
Property, plant and equipment	1 019 107	1 097 306	1 095 832	1 088 320	1 090 146	1 095 754	1 105 440	1 119 473	1 138 096	1 161 543	1 190 037
Intangible assets	3 936	4 329	10 045	10 045	10 578	11 256	12 026	12 876	13 794	14 766	15 772
Investment properties	27 972	27 969	28 113	28 109	28 109	28 109	28 109	28 109	28 109	28 109	28 109
Investments	155	137	137	137	137	137	137	137	137	137	137
Long-term receivables	1 298	53 677	56 360	59 742	59 742	59 742	59 742	59 742	59 742	59 742	59 742
Other non-current assets	275	275	275	275	275	275	275	275	275	275	275
Current assets:	405 914	282 732	282 817	291 056	302 019	321 661	351 439	393 757	450 909	525 425	620 390
Inventories	17 420	17 924	19 237	20 181	21 371	22 638	24 076	25 687	27 455	29 362	31 389
Trade and other receivables	91 399	93 089	93 089	93 089	93 089	93 089	93 089	93 089	93 089	93 089	93 089
Cash & Short term investments	297 095	171 719	170 491	177 785	187 559	205 933	234 274	274 981	330 365	402 974	495 912
TOTAL ASSETS	1 458 657	1 466 425	1 473 580	1 477 684	1 491 006	1 516 934	1 557 168	1 614 369	1 691 063	1 789 997	1 914 463
Municipal Funds:	1 064 345	1 042 957	995 870	961 206	940 323	932 142	939 006	963 862	1 009 956	1 080 862	1 385 488
Housing development fund & Other Cash Backed Reserves	–	–	–	–	–	–	–	–	–	–	–
Reserves (Not Cash Backed)	62 921	–	–	–	–	–	–	–	–	–	–
Accumulated surplus	1 001 424	1 042 957	995 870	961 206	940 323	932 142	939 006	963 862	1 009 956	1 080 862	1 180 695
Non-current liabilities:	166 357	227 485	267 512	295 092	321 736	348 899	375 684	401 666	426 350	449 159	473 341
Long-term liabilities (Interest Bearing)	30 879	99 700	139 726	167 306	187 168	205 705	222 705	237 871	250 869	261 317	272 699
Non-current provisions	135 478	127 786	127 786	127 786	134 568	143 194	152 979	163 794	175 481	187 842	200 642
Current liabilities:	227 956	195 982	210 198	221 386	228 948	235 893	242 478	248 841	254 757	259 976	260 427
Consumer deposits	18 863	20 778	22 230	23 747	25 380	26 560	27 741	28 964	30 225	31 521	32 897
Provisions	55 092	58 691	58 691	58 691	58 691	58 691	58 691	58 691	58 691	58 691	58 691
Trade payables	111 748	109 025	119 303	126 528	129 739	132 430	134 458	135 836	136 296	135 542	133 316
Unspent conditional grants	36 183	–	–	–	–	–	–	–	–	–	–
Bank overdraft	–	–	–	–	–	–	–	–	–	–	–
Current portion of interest bearing liabilities	6 071	7 488	9 974	12 420	15 138	18 213	21 588	25 350	29 545	34 222	35 522
TOTAL MUNICIPAL FUNDS AND LIABILITIES	1 458 657	1 466 425	1 473 580	1 477 684	1 491 006	1 516 934	1 557 168	1 614 369	1 691 063	1 789 997	2 119 255

Municipal Financial Model - Langeberg Local Municipality

Cash Flow Statement

Model year

Financial year (30 June)

R thousands

Cash flows from Operating Activities

Suplus/Deficit for the year including Capital Grants

Suplus/Deficit for the year excluding Capital Grants & Contributions

Capital Grants & Contributions

Adjustments for non-cash items:

Depreciation, amortisation and impairment loss

Revaluation on investment property (gain) / loss

Increase / (Release from) current provisions & non-interest bearing liabilities

Increase / (Release from) other non-current provisions & non-interest bearing liabilities

(Increase) / Release from non-current interest bearing assets

Capitalised interest

Operating surplus before working capital changes:

Change in W/C Investment

(Increase)/decrease in inventories

(Increase)/decrease accounts receivable

Increase/(decrease) in trade payables

Increase/(decrease) in unspent grants

Net cash flow from Operating activities

Cash flows from Investing Activities

Capital expenditure

Decrease/(Increase) in non-current receivables

(Additions) / Disposals of investment property

Net cash flow from Investing activities

Cash flows from Financing Activities

New loans raised

Loans repaid

(Decrease) / Increase in consumer deposits

Net cash flow from Financing activities

Change in Cash

Cash/(Overdraft), Beginning

Cash/(Overdraft), Ending

	0	1	2	3	4	5	6	7	8	9	10
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Suplus/Deficit for the year <u>including</u> Capital Grants	49 486	(21 387)	(47 087)	(34 664)	(20 884)	(8 181)	6 865	24 855	46 094	70 906	99 833
Suplus/Deficit for the year <u>excluding</u> Capital Grants & Contributions		(59 811)	(73 284)	(63 015)	(49 020)	(36 226)	(21 276)	(3 491)	17 518	42 157	71 025
Capital Grants & Contributions		38 424	26 197	28 350	28 137	28 045	28 141	28 347	28 576	28 749	28 808
Adjustments for non-cash items:											
Depreciation, amortisation and impairment loss	68 435	71 801	76 474	77 512	78 175	79 192	80 201	81 249	82 374	83 611	84 987
Revaluation on investment property (gain) / loss	–	–	–	–	–	–	–	–	–	–	–
Increase / (Release from) current provisions & non-interest bearing liabilities	–	3 599	–	–	–	–	–	–	–	–	–
Increase / (Release from) other non-current provisions & non-interest bearing liabilities	–	(7 692)	0	–	6 782	8 626	9 785	10 815	11 686	12 361	12 800
(Increase) / Release from non-current interest bearing assets	–	17	–	–	–	–	–	–	–	–	–
Capitalised interest	–	–	–	–	–	–	–	–	–	–	–
Operating surplus before working capital changes:	117 921	46 338	29 388	42 848	64 073	79 637	96 851	116 920	140 155	166 879	197 620
Change in W/C Investment	–	(41 099)	8 965	6 281	2 021	1 423	590	(232)	(1 309)	(2 660)	(4 253)
(Increase)/decrease in inventories	–	(504)	(1 313)	(944)	(1 189)	(1 267)	(1 438)	(1 610)	(1 769)	(1 906)	(2 027)
(Increase)/decrease accounts receivable	–	(1 690)	–	–	–	–	–	–	(0)	0	0
Increase/(decrease) in trade payables	–	(2 723)	10 278	7 226	3 211	2 691	2 028	1 378	460	(754)	(2 226)
Increase/(decrease) in unspent grants	–	(36 183)	–	–	–	–	–	–	–	–	–
Net cash flow from Operating activities	117 921	5 239	38 352	49 129	66 094	81 060	97 441	116 687	138 846	164 219	193 367
Cash flows from Investing Activities											
Capital expenditure	–	(150 392)	(80 716)	(70 000)	(80 533)	(85 478)	(90 657)	(96 131)	(101 917)	(108 030)	(114 488)
Decrease/(Increase) in non-current receivables	–	(52 379)	(2 684)	(3 382)	–	–	–	–	–	–	–
(Additions) / Disposals of investment property	–	3	(144)	4	–	–	–	–	–	–	–
Net cash flow from Investing activities	–	(202 768)	(83 544)	(73 377)	(80 533)	(85 478)	(90 657)	(96 131)	(101 917)	(108 030)	(114 488)
Cash flows from Financing Activities											
New loans raised	–	75 000	50 000	40 000	35 000	36 750	38 588	40 517	42 543	44 670	46 903
Loans repaid	–	(4 762)	(7 488)	(9 974)	(12 420)	(15 138)	(18 213)	(21 588)	(25 350)	(29 545)	(34 222)
(Decrease) / Increase in consumer deposits	–	1 916	1 452	1 516	1 633	1 180	1 181	1 223	1 261	1 296	1 377
Net cash flow from Financing activities	–	72 153	43 964	31 543	24 213	22 792	21 556	20 152	18 454	16 421	14 058
Change in Cash	117 921	(125 376)	(1 228)	7 294	9 774	18 374	28 340	40 708	55 383	72 609	92 938
Cash/(Overdraft), Beginning		297 095	171 719	170 491	177 785	187 559	205 933	234 274	274 981	330 365	402 974
Cash/(Overdraft), Ending	297 095	171 719	170 491	177 785	187 559	205 933	234 274	274 981	330 365	402 974	495 912

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