

Ubuntu Municipality



*menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage*

ANNUAL BUDGET FOR 2022/2023 MTREF

2022/23 to 2024/25

**Medium Term Revenue and Expenditure
Framework (MTREF)**

Table of Contents

Glossary	4
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PART 1 – FINAL ANNUAL BUDGET

Section 1 – Mayor’s Budget Speech	7
Section 2 – Budget Related Resolutions	11
Section 3 – Executive Summary	13
Section 4 – Annual Budget Tables	38

List of Tables

Table 1 Consolidated Overview of the 2022-2025 MTREF	16
Table 2 Summary of revenue classified by main revenue source	17
Table 3 Operating Transfers and Grant Receipts	18

MTREF 2022/2023 – 2024/2025

Table 4 Comparison of 2021/2022 levied to proposed rates for 2022/23	21
Table 5 Proposed Water Tariffs	23
Table 6 Comparison current vs. new electricity charges.....	25
Table 7 Comparison between current sanitation charges and increases	27
Table 8 Comparison between current waste removal fees and increases	28
Table 9 Summary of operating expenditure by standard classification item.....	30
Table 10 Repair and Maintenance by asset classification	34
Table 11 Medium term capital budget per vote	35
Table 12 - Budgeted Summary	42
Table 13 - Budgeted Financial Performance (by functional classification)	40
Table 14 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	43
Table 15 - Budgeted Financial Performance (revenue and expenditure)	45
Table 16 - Budgeted Capital Expenditure by vote, standard classification	47
Table 17 – Budgeted Financial Position	50
Table 18 - Budgeted Cash Flows	51
Table 19 - Cash backed reserves/accumulated deficit reconciliation	51
Table 20 - Asset Management	52
Table 21 - Basic service delivery measurement	58
Table 22 – Salaries, allowance and benefits (political office bearers/councillor/senior managers.....	70
Table 23 – Budgeted monthly revenue and expenditure	73
Table 24 – Budget monthly revenue and expenditure (municipal votes)	74
Table 25 – Budgeted monthly revenue and expenditure (functional classification)	76
Table 26 – Budgeted monthly capital expenditure (municipal vote)	77
Table 27 – Budgeted monthly cashflow	78

SUPPORTING DOCUMENTS

Overview of the annual budget process	
Overview of alignment of annual budget with IDP	
Measurable performance objectives and indicators	
Overview of budget related policies	
Overview of budget assumption	
Overview of budget funding	
Annual budget and SDBIP	
Legislation compliance status	
Other supporting documents.....	

Annexures

Annexure 1 - Main Budget Tables version 6.6.1	
Annexure 2 – Supporting budget tables version 6.6.1	
Annexure 3 - Three prior years outcome and current year	
Annexure 4 – circular and guidelines	
Annexure 5 – Tariffs for 2022/2023	

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

AFS- Annual Financial Statements

Assessment Rates - Local Government tax based on the assessed value of a property.

To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of

Financial Performance.

CRR – Capital Replacement Reserve. A cash reserve set aside for future capital expenditure.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

CFO - Chief Financial Officer

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

EPWP – Expanded Public Works Programme.

FFC – Financial and Fiscal Commission.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GIS – Geographic Information System.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GGP – Gross Geographic Product

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

ISDF – Integrated Strategic Development Framework - The 20-year framework linking technical, financial and economic planning.

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MEC – Minister in Executive Committee (Province).

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

MPAC – Municipal Public Accounts Committee.

MSCOA – Municipal Standard Chart of Accounts

NERSA – National Electricity Regulator of South Africa.

NT – National Treasury.

NDPG – Neighbourhood Development Partnership Grant.

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or

Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

R&M – Repairs and maintenance on property, plant and equipment.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP.

Budgeted spending must contribute towards the achievement of the strategic objectives.

SCM – Supply Chain Management.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by

Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In Ubuntu Local Municipality this means at directorate level.

**THE SPEECH OF THE MAYOR ON THE OCASSION OF THE APPROVAL OF
THE ANNUAL BUDGET FOR 2022/23 MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK,
BUDGET POLICIES AND PROPOSED TARIFF INCREASES FOR 2022/23**

Honourable councillors

Municipal Manager

Senior Managers reporting to the municipal manager

Municipal Staff

Members of the public, Ladies and Gentleman

Today we embark on our first budget of our term, the beginning of our newly developed IDP that speaks to the vision that we, as a collective, have for the people of Ubuntu Local Municipality. It is with great pride that I stand before you to deliver my first budget speech, which stemmed from vigorous public engagement, a successful strategic session and constant engagement with management, to ensure we realise our vision. The preparation of the adoption of the Budget as per Chapter 4, Section 16 (1) & 24 (1) of the Local Government Municipal Finance Management Act (MFMA) 56 of 2003 stipulates that it be developed before the start of a new financial year.

Our biggest challenge as council is our municipality's survival, our municipality is in dire financial distress, this stems from a history of a poor payment culture from our customers, instability in management and council and a high unemployment rate in our boundaries due to lack of opportunities. It is our responsibility as a collective to ensure that the municipality is financially viable and stable. Contrary to popular believe, the mandate of the municipality is not to create jobs, it is to create a conducive environment that will enable economic growth which leads to job creation. It is our responsibility as an institution to encourage our community to look at creating jobs through entrepreneurship and supporting these SMMEs to strive. The following are just a few of the major milestones we wish to achieve as a collective:

- Financial viability of the municipality
- Stabilizing the political and administration operation
- Appointing competent senior manager, who carry out our vision
- Procure municipal fleet to ensure service delivery is done timeously
- Review our SDF and land use scheme, so that we can plan for the development our town
- Pay off our Eskom debt
- Ensure master plans are in place to plan for the development of our towns

It is with noting that the past few budgets that were adopted were unfunded, which is in contravention with treasury regulations. We as council are committed to change this narrative, we

will ensure that we adopt a funded budget. This will only be achieved if the municipality puts in place a number of interventions to curb this. When a budget is unfunded it simply means that we are budgeting to have more expenditure than revenue, which does not make financial sense and will not ensure that we become financially stable. We first have to start with cost containment, this is a very unpopular method, however, it is necessary. We need to reduce our expenses, the nice to have, without compromising service delivery. Whenever procurement is made, we need to ask ourselves one question, how will this procurement aid us in achieving our goal and how is it linked to service delivery.

Protecting our revenue resource is of paramount importance, the poor payment culture, from those that can afford to pay but are not paying is crippling the municipality. This more evident in areas where Eskom is supplying electricity directly to our customers, meaning the municipality is limited in implementing credit control for the other services it is providing in those areas. The Inter-Ministerial Task Team (IMTT) of the 5th administration appointed a panel to investigate the electricity function to better understand what is causing the non-payment to Eskom. Cabinet subsequently endorsed the panel's recommendation that a smart prepaid solution for all municipalities must be explored. Municipalities are advised that the National Treasury, through the Office of the Chief Procurement Officer (OCPO), will soon facilitate a transversal contract to standardise prepaid smart meter solutions for electricity that align to minimum and critical technical specifications for local government.

The following steps have become necessary to ensure we become financially viable:

- Adoption of a cost containment policy
- Reinstate traffic cameras on the N1 and N12
- Ensuring accurate billing of accounts
- Install prepaid water meters in areas where Eskom is supplying electricity
- Installing prepaid meters for our IOT customers to assist them in managing their accounts
- Ensure that all qualifying indigents are registered
- Appoint debt collectors for accounts where disconnection of services is impractical

It is our mandate as council to create a better life for our community and provide quality services, this we strive to constantly achieve. We need the community to bring their part in paying for their municipal accounts. The Budget for the 2022/23 – 2024/25 MTREF is credible, realistic and funded with risks of cash flow sustainability, however, there is an opposing view that the budget is unfunded due to the Eskom debt being classified as short-term liability instead of long-term liability. It is impossible for the municipality to commit to settling the Eskom and Auditor General debt within 12 months based on our current financial position. In the spirit of having a realistic budget, the municipality will classify the debt as long-term, the municipality has already written to Eskom and Auditor General to request to enter into a payment arrangement.

In 2022/23 the institution will be focusing on loss reduction, revenue enhancement and increasing our collection rate, to ensure that we become financially stable and adhere to the payment

arrangements we have in place. To this end, we are attending to this in three angles, loss reduction, revenue enhancement and cost containment.

It is unfortunate that the municipality does not have the necessary cash reserves to not implement increases on the services they are providing to the municipality. However, the increases as guided by National Treasury are minimal excluding electricity which is guided by NERSA.

Tariff will be increasing as follows:

- Increase Rates and taxes by 4.8%
- Increase Water by 4,8%
- Increase Sanitation by 4,8%
- Increase Refuse removal 4,8%
- Increase Electricity 7.47%

Honorable councilors the following are projects in the planning phase as per the IDP 2022/2023 Financial Year

PROJECTS IN PLANNING PHASE 2022/2023 FY

- Bulk water augmentation in Victoria West funded by the Municipal Infrastructure Grant
- Replacement of asbestos pipes in Victoria West and Richmond funded by the Water Services Infrastructure Grant.
- Upgrading of the Victoria West substation funded by the Integrated National Electrification Programme.
- Electrification of households in the Loxton, Richmond and Victoria West area funded by Energy Efficiency and Demand Management grant
- Clearing of illegal dumping sites in the Ubuntu Local Municipality area to address the non-compliance with our green drop through the Expanded Public Works Program.

Due to our financial situation, it becomes difficult for the municipality to roll out projects that are internally funded. We are heavily dependent on grants provided by National Treasury. Council is committed in ensuring that the people of Ubuntu Local Municipality benefit from these projects in terms of unskilled and skilled work where it's possible. Subcontracting of our local SMMEs remains crucial in the development of our SMMEs.

We must be creative, engage broadly and ensure that we benefit as a municipality and the community of Ubuntu. We expect you to take us in confidence as you engage and provide continuous feedback through the portfolio committees of the Municipality.

I therefore present the Annual Budget for 2022/23 Medium Term Revenue Expenditure Framework; the proposed tariffs increase and the attached Budget Policies. I Thank You.

1. COUNCIL RESOLUTIONS

1. The Council of Ubuntu Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1 The annual budget of the municipality for the financial year 2022/23 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position

1.2.2. Budgeted Cash Flows

1.2.3. Cash backed reserves and accumulated surplus reconciliation

1.2.4. Asset management

1.2.5. Basic service delivery measurement

2. The Council of Ubuntu Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2022:

2.1. the tariffs for property rates

2.2. the tariffs for electricity

2.3. the tariffs for the supply of water

2.4. the tariffs for sanitation services

2.5. the tariffs for solid waste services

3. The Council of Ubuntu Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2022 the tariffs for other services, as set out in to respectively.

4. To give proper effect to the municipality's annual budget, the Council of Ubuntu Local Municipality approves:

- 4.1 That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

The following budget principles and guidelines directly informed the compilation of the

- The 2021/22 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2022/23 draft annual budget; where appropriate a zero-base approached has been to some extent used.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of refuse removal and the continued escalation in the fuel price. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Circular 82 of National Treasury's guidelines on cost containment, the following cost saving measures were applied:
 - Restructuring of the personnel structure to decrease consultant fees and overtime costs.
 - Integrating position to decrease employee related costs
 - No borrowing initiatives taken;
 - Subsistence and travel cost
 - Catering and entertainment

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2022/2023 MTREF

	Adjustment Budget year 2021/22	Budget year 2022/2023	Budget year +1 2023/2024	Budget year +2 2024/2025
Total Operating Revenue	R150 600 153	R165 527 581	R177 043 459	R191 991 485
Total Operating Expenditure	R152 875 821	R164 666 586	R173 619 161	R191 187 421
Surplus	-R2 275 668	R 860 995	R 3 424 298	R 804 064
Total Capital Expenditure	R21 845 000	R29 735 000	R27 460 000	R29 419 000

Total operating revenue has grown by 10% from the 2020/21 financial year's total revenue, from R 150,660 million for the 2020/21 financial year to R 168,268 million when compared to the 2022/2023. For the two outer years, operational revenue will increase by 6% for both years, equating to a total revenue growth of R 38,465 million over the MTREF when compared to the 2021/22 financial year adjusted budget.

Total operating expenditure for the 2022/23 financial year has been appropriated at R166,382 million and translates into a budgeted surplus of R 1,884 million before taking into consideration capital transfers. When compared to the 2020/22 Adjustment Budget, operational expenditure has grown by 8% in the 2022/23 budget. This is 2% less than the anticipated revenue growth. The surplus will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The total budget for Ubuntu Local Municipality is projected at R 198,003 million. This constitutes of R 29,735 million for capital expenditure and R 168,268 million for operating revenue.

4. OPERATING REVENUE FRAMEWORK

For Ubuntu Local Municipality to continue improving the quality of life of its communities through the delivery of quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly charged and secondly adequately collected. This will ensure that we correct any incorrect data on our system. The prevailing economic circumstances are adding to the difficulties in collecting the revenue due to the municipality and additional cost saving initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality. The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenue.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure 75% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Budgeting for a moderate surplus to ensure availability of cash reserves to back statutory funds and provisions.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); Increased pressure to deliver and maintain services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality

The following table is a summary of the 2022/23 MTREF (classified by main revenue source).

Table 2 Summary of revenue classified by main revenue source

Budget Items	Adjusted Budget 2021/2022	Budget 2022/2023	Budget 2023/2024	Budget 2024/2025
Property rates	20 673 681	25 198 752	26 584 684	29 046 843
Service charges - electricity revenue	18 281 813	23 109 911	24 496 508	26 966 300
Service charges - water revenue	15 102 174	17 065 081	18 088 988	20 157 585
Service charges - sanitation revenue	4 825 184	3 979 920	4 218 707	5 471 831
Service charges - refuse revenue	4 175 389	3 320 976	3 520 233	4 731 446
Rental of facilities and equipment	1 003 070	763 260	997 509	1 051 374
Interest earned - external investment	296 373	345 576	431 964	475 161
Interest earned - outstanding debt	11 628 359	12 515 064	15 624 926	17 198 286
Fines, penalties and forfeits	37 528 509	26 442 156	27 842 753	27 993 743
Licences and permits	-	118 734	136 544	163 853
Agency services	428 896	375 852	432 234	518 681
Transfers and subsidies	35 741 000	51 490 000	53 670 000	57 082 000
Other revenue	915 705	802 299	998 409	1 134 382
Gains on disposal of PPE	-	-	-	-
TOTAL	150 600 153	165 527 581	177 043 459	191 991 485

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. The increase in revenue of 10% represents the tariff increase for rates, water, sanitation and refuses and electricity. Rates and service charge revenues comprise 44% of the total operating revenue mix. In the 2022/2023 financial year, revenue from rates and services charges totalled R 72,675 million which is an increase from 2021/22 financial year's R 63,058 million. The municipality is in a process of doing an in-depth data cleansing exercise before it migrates to the new financial system under Nzalo System Enterprise. A number of discoveries were made including properties with incorrect property rates tariffs and those that were not billed services.

The second largest source is operational grants from national and provincial government, after service charges, property rates is the third largest revenue source which has shown growth over the MTREF, mainly grants for capital expenditure. Conditional grants such as the Finance Management Grant, Equitable share and Library grant have been a great contributor to the municipality's cashflow over the years and cannot survive without these grants. The Equitable Share is used to subsidise indigents and municipal running costs.

There has been a drastic growth in the number of indigents in the 2021/2022 financial year which was fuelled by the effects of the national lockdown on the livelihood of many South Africans. The municipality has left the indigent registration open throughout the year as circumstance may change.

NC071 Ubuntu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Revenue By Source											
Property rates	2	9 260	21 211	22 140	24 518	20 674	20 674	20 674	25 199	26 585	29 047
Service charges - electricity revenue	2	13 320	13 657	16 126	19 234	18 282	18 282	18 612	23 110	24 497	26 966
Service charges - water revenue	2	9 517	10 571	5 501	5 561	15 102	15 102	16 034	17 065	18 089	20 158
Service charges - sanitation revenue	2	1 462	3 506	3 091	4 230	4 825	4 825	4 825	3 980	4 219	5 472
Service charges - refuse revenue	2	1 361	3 690	3 047	4 556	4 175	4 175	5 925	3 321	3 520	4 731
Rental of facilities and equipment		140	299	407	293	1 003	1 003	1 003	763	998	1 051
Interest earned - external investments		436	450	360	409	296	296	296	346	432	475
Interest earned - outstanding debtors		9 053	8 463	11 153	3 776	11 628	11 628	11 628	12 515	15 625	17 198
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		11 533	9 836	1	37 531	37 529	37 529	37 529	26 442	27 843	27 994
Licences and permits		533	379	581	–	–	–	–	119	137	164
Agency services		–	–	–	393	429	429	429	376	432	519
Transfers and subsidies		41 247	40 597	49 734	43 041	35 741	35 741	35 741	51 490	53 670	57 082
Other revenue	2	396	221	(400)	817	916	916	916	802	998	1 134
Gains		992	1 259	1 149	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		99 249	114 139	112 890	144 360	150 600	150 600	153 612	165 528	177 043	191 991
Expenditure By Type											
Employee related costs	2	34 252	37 178	37 442	44 447	44 447	44 447	44 447	49 266	52 042	55 007
Remuneration of councillors		2 766	2 998	2 842	3 002	3 002	3 002	3 002	3 917	4 130	4 130
Debt impairment	3	20 030	26 133	18 440	26 133	26 133	26 133	26 133	18 440	14 752	10 326
Depreciation & asset impairment	2	31 509	24 957	29 576	24 870	24 870	24 870	24 870	24 894	26 512	29 037
Finance charges		7 544	10 473	4 910	4 000	2 820	2 820	2 820	2 607	2 531	1 874
Bulk purchases - electricity	2	18 251	19 665	20 940	20 269	22 874	22 874	22 874	25 850	31 020	42 734
Inventory consumed	8	186	301	458	1 732	1 732	1 732	1 732	1 956	2 090	2 246
Contracted services		5 929	6 801	4 457	8 740	9 612	9 612	9 612	21 050	23 931	27 475
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	15 572	20 015	26 237	14 192	17 386	17 386	17 386	16 687	16 612	18 358
Losses		–	–	–	–	–	–	–	–	–	–
Total Expenditure		136 039	148 521	145 301	147 384	152 876	152 876	152 876	164 667	173 619	191 187
Surplus/(Deficit)		(36 790)	(34 382)	(32 411)	(3 024)	(2 276)	(2 276)	736	861	3 424	804
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 110	17 868	19 348	24 274	24 274	24 274	24 274	29 735	32 185	32 735

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 – Operational and Capital grants

The table below illustrates the capital and operational grants the municipality will be receiving as per the DORA for 2022/2023.

DORA ALLOCATION 2022 - 2025	2022/2023	2023/2024	2024/2025
Operational Grants			
Equitable Share	46 240 000,00	49 370 000,00	52 782 000,00
Special Support for Council Remunerations	-	-	-
Financial Management Grant	2 900 000,00	2 900 000,00	2 900 000,00
Library	1 400 000,00	1 400 000,00	1 400 000,00
Expanded Public Works Programme Integrated Grant	950 000,00	-	-
Sub-Total Operational Grants	51 490 000,00	53 670 000,00	57 082 000,00
Capital Grant			
Municipal Infrastructure Grant	10 735 000	11 010 000	11 030 000
Energy Efficiency & Demand Side Management Grant	4 500 000	-	1 200 000
Integrated National Electrification Programme Grant	5 500 000	7 000 000	7 314 000
Regional Bulk Infrastructure Grant			
Water Services Infrastructure Grant	9 000 000	9 450 000	9 875 000
Sub-Total Infrastructure Grant			
Total Operational & Capital	29 735 000	27 460 000,00	29 419 000,00

The municipality's infrastructure projects are all grant funded, the municipality's main source of funding for capital assets is through government grants, the municipality is committed in ensuring that it spends its allocation in full, to avoid funds being withheld by National Treasury, as this has a detrimental impact on service delivery. The funding will be used to improve and create new infrastructure assets and sustain our natural water resource.

Due to the effects of the COVID-19 pandemic and the lockdown, the municipality realised an increase in the interest on outstanding debtors as the collection rate dropped and households no longer were able to pay for municipal services as before. This has resulted in an increase in outstanding debtors. A proposed decrease in the interest rate which was prime plus 1 to only 7% is made in the budget to assist both the municipality and consumers. This will reduce the growing debtor's book which is growing based on the interest charged. Furthermore, interest will be waived for consumers that enter into a payment arrangement and actually stick to the payment arrangement.

Lastly 'other revenue' which consists of various items such as income received from rental fees, permits and licenses, sale of land, connection fees, advertisement fees etc. Departments delivering these services have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Tariff Setting and Tariff Implications of the Annual Budget

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges within CPI. Municipalities should justify in their budget documentation all increases in excess of the CPI upper boundary of the South African Reserve Bank's inflation target. Circular 72 stated that, if municipalities continue to act in this manner that increase tariff above inflation, the National Treasury will have no other option but to set upper limits of tariff increases for property rates and service charges to which municipalities will have to conform.

Excessive increases are likely to be counterproductive to economic growth and development, resulting in higher levels of non-payment. The 4,8 percent increases in the average for services and property rates and electricity is at 7.47%.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase which is above upper boundary, the excessive increase in the price of petrol and diesel as well as chemicals, spares and other materials that collectively contribute to the extent that tariffs need to be increased annually.

4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. In the 2018/19 financial year, the municipality implemented the first year of the general valuation roll. The municipality will be implementing its another supplementary roll from this general valuation roll during the financial year. All property that was built from the 1st July 2018 until the date of the supplementary contribute to the increase in the property rates and the correction and omission of property values. The supplementary roll includes newly build properties, new improvements made and changes as per the act the Municipal Property Rates Act.

As per the Municipal Property Rates Act, the municipality phased in the increase in the rates to cushion the shock to the property owners.

During the abovementioned project, it became evident that there is a high number of land use transgressions and building violations without any action taken, even when there is a transgression fine on the tariff list.

The following stipulations in the Property Rates Policy are highlighted:

- An additional R 10 000 rebate will be granted to registered indigents in terms of the Indigent Policy, based on the maximum usage as contained in the policy.
- The Municipality may also award a 100% rebate on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work organizations as defined in the property rates policy of the municipality.
- Exclusion of 'State owned properties' and "government properties' from the property rates tariff and the valuation roll. Which brings rise to inclusion of a tariff for 'public service use'. These are properties such as state-owned hospitals, schools, etc. A reduced tariff is introduced to this financial year on the category.
- Inclusion of property rates for a category for multiple use, for properties that are used for more than one use. This is normally properties that are residential and business.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2022/23 financial year to be implemented the 1st July 2022 is contained below.

Table 4 Comparison of 2021/2022 levied to proposed rates for 2022/23

CATEGORY		Approved	Approved	Proposed
		2020/2021	2021/2022	2022/2023
1	Property rates			
	8(2)(a) Residential Properties	0,01289	0,01366	0,01432
	8(2)(c) Business and Commercial	0,02287	0,02733	0,02864
	Farm properties used for:			
	8(2)(d) Agricultural properties	0,00040	0,00342	0,00358
	8(2)(d) Residential			0,01432
	8(2)(d) Business and commercial purposes			0,02864
	8(2)(f) Properties owned by State and used for public service purpose	0,14210	0,15063	0,07532
	8(2)(g) Public Service Infrastructure Properties	0,00531	0,00342	0,00358
	8(2)(h) Properties owned by public benefit organisations and used for specific public benefit activities	0,00531	0,00342	0,00358
	8(2)(r) Multi Purpose			0,02148
	8(3) Vacant Land		0,02733	0,02864
	Municipal Properties			0
	Place of worship			0

4.2 Sale of Water and Impact of Tariff Increases

Ubuntu Local Municipality has been fortunate to have a natural supply of water that it can extract to provide water to the community. However, over the years a need to augment our bulk water arose, which we have started, with the MIG grant. Parts of South Africa has been declared disaster areas due to drought, with water being a scarce resource, Ubuntu Local Municipality was no exception, the need to preserve our water resource became imperative. We are also faced with a new challenge which is losses of water in our distribution network, we are committed to curb water losses and ensuring there is sufficient water supply for its residence. With the replacement of asbestos pipes with PVC will ensure that we reduce these losses, to ensure that the price of water is fair and provide access to all.

Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective, which Ubuntu Local Municipality is working towards. Maintenance of infrastructure and cost-reflective tariffs will ensure that the supply is managed in future to ensure sustainability. This has also prompted the municipality look implement prepaid meters. With the introduction of prepaid meters, community members will be more aware of their water usage and reduce excessive water usage and losses. The municipality has not started with creating cost reflective tariffs exercise as yet.

Proposed tariff increases as from 1 July 2022 are indicated in Table 5. The 6 kl free water per 30-day period has since 2014 only been granted to registered indigents. Our informal settlement making use of communal taps.

A summary of the proposed tariffs for households (residential) are as follows:

Table 5 Proposed Water Tariffs for the 2022/2023 financial year

CATEGORY		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
3	WATER			
	(a) Domestic households			
	- Basies	59,54	63,11	66,14
	Consumption			
	- 0 tot 6 kl (indigents only)			
	- 0 tot 6 kl	6,11	6,47	6,78
	- 7 tot 15 kl	7,01	7,43	7,78
	- 16 tot 30 kl	8,61	9,12	9,56
	- 30+ kl	10,63	11,27	11,81
		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
	(b) Business and commercial			
	- Basic charge	526,15	557,72	584,49
	Construction usage (Per Litre)	1,00	1,20	1,26
	Business and commercial			
	- 0 tot 30 kl	8,09	8,57	8,98
	- 31 tot 60 kl	8,59	9,10	9,54
	- 61 tot 100 kl	9,09	9,64	10,10
	- 100+ kl	9,64	10,21	10,70

The tariff structure of the 2022/23 financial year has not been changed. In the fight to assist our indigents to better manage their accounts, the municipality will be rolling out a conversion of conventional water meters to prepaid water meters. Due to the cost of these prepaid meters, the municipality had to phase it out over a number of years. Indigents will not be disadvantaged by the prepaid water meter as the tap will not run dry at any point. Based on the success of the prepaid meter in other municipalities and the sense of control one gets with having a prepaid water meter, the municipality has received a number of requests to have the project rolled out to non-indigent households at a fee per installation of prepaid meters.

Prepaid meters will also be installed in areas where Eskom is providing electricity directly to the community. Currently the payment of services in these areas are almost non-existent. Due to the inability to implement credit control in these areas, all services are provided and not paid for. Selling prepaid water will ensure that the customer pays for the water they use.

Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure, with Eskom being awarded an increase of 8.61% for 2022/23 financial year. The NERSA guideline framework for municipalities to levy to consumers was used to determine the increase of 7.47% on electricity tariff for the budget for implementation on the 1st July 2022. The municipality is currently rendering the service at a loss due to the cost of bulk purchases, the increase awarded to Eskom by NERSA will further place immense pressure on the budget and the affordability of the service for the consumers and the municipality. The increase in the wage bill, general expenditure and increased maintenance and losses incurred due to theft and the aging infrastructure in the department.

We are further faced with a challenge where Eskom charges the municipality KVA which cannot be transferred to the customer.

The municipality will be vigorous in performing inspections on low and zero purchasing households to reduce losses. The municipality adopted a zero tolerance to policy for tampering of electricity boxes, a fine and criminal case will be levied. Tempering of electricity meter boxes has been one of the major contributors to our electricity losses. A total of 265 households received electricity connections which was funded through the INEP grant. This is new connections that addressed the backlog the municipality had, notwithstanding the increase in demand for electricity especially in the informal settlements that have mushroomed over the years.

The following table shows the impact of the proposed increases in electricity tariffs for domestic consumers:

Table 6 Comparison between current electricity charges and increases

Domestic tariffs for prepaid and conventional

Tariff Blocks	2021/2022	2022/2023
<i>Block 1 (0-50 kWh)</i>	125.85	135.25
<i>Block 2 (51-350 kWh)</i>	161.80	173.89
<i>Block 3 (351-700 kWh)</i>	227.75	244.76
<i>Block 4 (701-1000 kWh)</i>	268.20	288.23

Commercial tariff – single phase

Tariff Blocks	2021/2022	2022/2023
<i>Block 1 (2000 kWh)</i>	257.70	276.95
<i>Block 2 (3000 kWh)</i>	251.70	270.50
<i>Block 3 (7000 kWh)</i>	223.24	239.92

Commercial tariff – three phases

Tariff Blocks	2021/2022	2022/2023
<i>Block 1 (98 550 kWh)</i>	248.71	267.29
<i>Block 2 (730 000 kWh)</i>	224.73	241.52

The tariff structure which is a block tariff structure for households remains unchanged.

Sanitation and Impact of Tariff Increases

A tariff increases of 4.8% for sanitation is proposed from 1st July 2022.

This is based on tariff increases related to inflation increases as mentioned above. A new tariff structure is needed as the current structure is not fair, the following factors are being considered in developing a cost reflective tariff:

- The percentage water discharged during the process;
- Differential tariff that will ensure that our tariff is favourable and fair to all consumers

Free sanitation will be applicable to registered indigents, a small number of them are using septic tanks. There is an average of 30 households that are using pit toilets in the jurisdiction of the municipality that needs to be connected to the main line and provided proper sanitation services.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

CATEGORY		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
4	SANITATION			
	<i>(a) Buckets - per month</i>	86,69	91,89	96,30
	<i>(b) Suction</i>			
	-All other suction services within municipal area	229,06	242,80	254,45
	- Large Businesses per load			
	- by load	139,68	148,06	155,17
	- Extraterritorial requests and emanated areas			
	This provision is depending on distance and fuel prices as prescribed by the Minister of Transport monthly			
	Sundries			
		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
	<i>(c) Flush - per month</i>			
	- Household.	139,68	148,06	155,16
	- Businesses	152,64	161,80	169,56
	- State Departments	3 544,38	3 757,04	3 937,38

Waste Removal and Impact of Tariff Increases

Services relevant to refuse removal, refuse dumps and solid waste disposal mechanisms must comply with stringent legislative requirements such as the National Environmental Management: Waste Act, No 59 of 2008. This service will receive further revision of the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The municipality does not have a license for the current landfill site in use.

An increase of 4.8% in the waste removal tariff is proposed from 1 July 2022.

Changes are proposed for the new financial year which resulted in a split tariff for businesses between low capacity (small businesses with low waste output) and high capacity (grocery stores that have a high waste output).

The management of the landfill site is still outsourced until the municipality builds adequate capacity to render that service itself after the new landfill site is established.

The following table compares current and proposed amounts payable from 1 July 2022:

Table 8 Comparison between current waste removal fees and increases

CATEGORY		Approved 2020/2021	Approved 2021/2022	Proposed 2022/2023
5	REFUSE			
	<i>(a) Domestic refuse per month</i>	139,69	148,07	156,95
	<i>(b) Businesses refuse per month</i>			
	- General	578,16	612,85	649,62
	Business is inclusive, Guesthouse, both large and small businesses)			
	<i>(c) Government Departments of Refuse per month</i>	583,61	618,63	655,75
	<i>(d) Garden litter by load</i>	231,20	245,07	259,77
	<i>(e) Building debris per load by applicant himself loading</i>	385,42	408,54	433,05

5. OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2022/23 budget and MTREF is informed by the following:

- Balanced budget constraint (cash operating expenditure should not exceed cash operating revenue) unless there are sound reasons for utilising existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;
- Implementing operational gains and efficiencies;
- Strict adherences to the principle of 'no project plan no budget'. If there is no business plan no funding allocation will be made; and
- Taking cognisance of cost containment guidelines and assessing the status of current measures included in the Cost Containment Strategy of the municipality.

The following table is a high-level summary of the 2022/23 budget and MTREF (classified per main type of operating expenditure).

Table 9 Summary of operating expenditure by functional classification item

Budget Items	Adjusted Budget 2021/2022	Budget 2022/2023	Budget 2023/2024	Budget 2024/2025
Total Operating Expenditure				
Employee related costs	44 446 875	49 265 738	52 042 439	55 007 332
Remuneration of councillors	3 002 280	3 916 763	4 129 760	4 129 760
Debt impairment	26 133 389	18 439 704	14 751 765	10 326 235
Depreciation & asset impairment	24 869 627	24 894 086	26 511 649	29 037 209
Finance charges	2 820 000	2 606 820	2 530 695	1 873 628
Bulk purchases	22 874 186	25 849 992	31 020 000	42 734 000
Other material	1 731 583	1 956 000	2 089 600	2 246 210
Contracted services	9 612 301	21 050 328	23 931 394	27 475 416
Transfers and subsidies	-	-	-	-
Other expenditure	17 385 580	16 687 155	16 611 859	18 357 631
Loss on disposal of PPE	-	-	-	-
TOTAL	152 875 821	164 666 586	173 619 161	191 187 421

municipality meet them half way as most of the debt has reached this stage due to lack of credit control in the past. This has also given rise to the amendment of the Write Off Policy and the Indigent Policy in relation to the write off that will be permitted limited to the amount budgeted for.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R 24,894 million for the 2022/23 financial year and equates to 15% of the total anticipated expenditure.

The budget includes a total of R 2.606 million in relation to finance charges for the 2022/2023 financial year which is the interest charged on the Eskom and Auditor General account accounts. The municipality has remained committed to paying Eskom account and reducing the arrears on the account. The historical debt is over R 70,00 million which the municipality is unable to settle in one financial year. A payment arrangement will be entered into with Eskom to ensure we avoid disconnection of the service.

Bulk purchases equate to 16% of the total expenditure and are directly informed by the purchase of electricity from Eskom and the increase on bulk supply based on the guideline for NERSA increases. The expenditures accounts for the 8.6% increase Eskom received and distribution losses which is currently within the norm.

Contracted services also include expenditure relating to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately developed. One of the major contributors to consultant fees is the financial system change and the upgrading of the internet connectivity. Contracted services comprise mainly of accounting services for the implementation of the financial system which went live in the 2022/2023 financial year and the cost to ensure enough training is provided for the remainder of the modules that need implementation. Also included under accounting services and consultancy is the Immovable Infrastructure portion of the asset register and the supplementary valuation roll.

Contracted services will only made when there is no alternative inhouse to perform the function. With the current financial situation, the municipality plans to reinstate the traffic camera system and ensure debt collectors are appointed to ensure that all funds owed to the municipality are paid over.

Others contracted services include the purchase of materials and spares for maintenance and actual repair and maintenance done by a service provider. In line with Ubuntu Local Municipality's repairs and maintenance priorities this group of expenditure has been prioritized to ensure sustainability of Ubuntu Local Municipality's infrastructure. Sewerage section remains the highest contributor to repair and maintenance expenditure, with the upgrading of the sewerage network this should decrease the cost of repairs and maintenance in that section.

For the 2022/23 financial year a prepaid meter audit project is budgeted for to ensure that the meters are functioning properly, not tempered and adjusted for the new token changes that will be effective from 2023.

Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis. Contracted services have been identified as an area for the municipality to implement efficiencies. As part of the compilation of the 2022/23 MTREF this group of expenditure was critically evaluated and operational efficiencies are being enforced. In the 2022/23 financial year, this group of expenditure is budgeted at a total of R 21, 050 million, which equate to 13% of total operating budget, which is a 54% increase as compared to the previous financial year. This is based on the following:

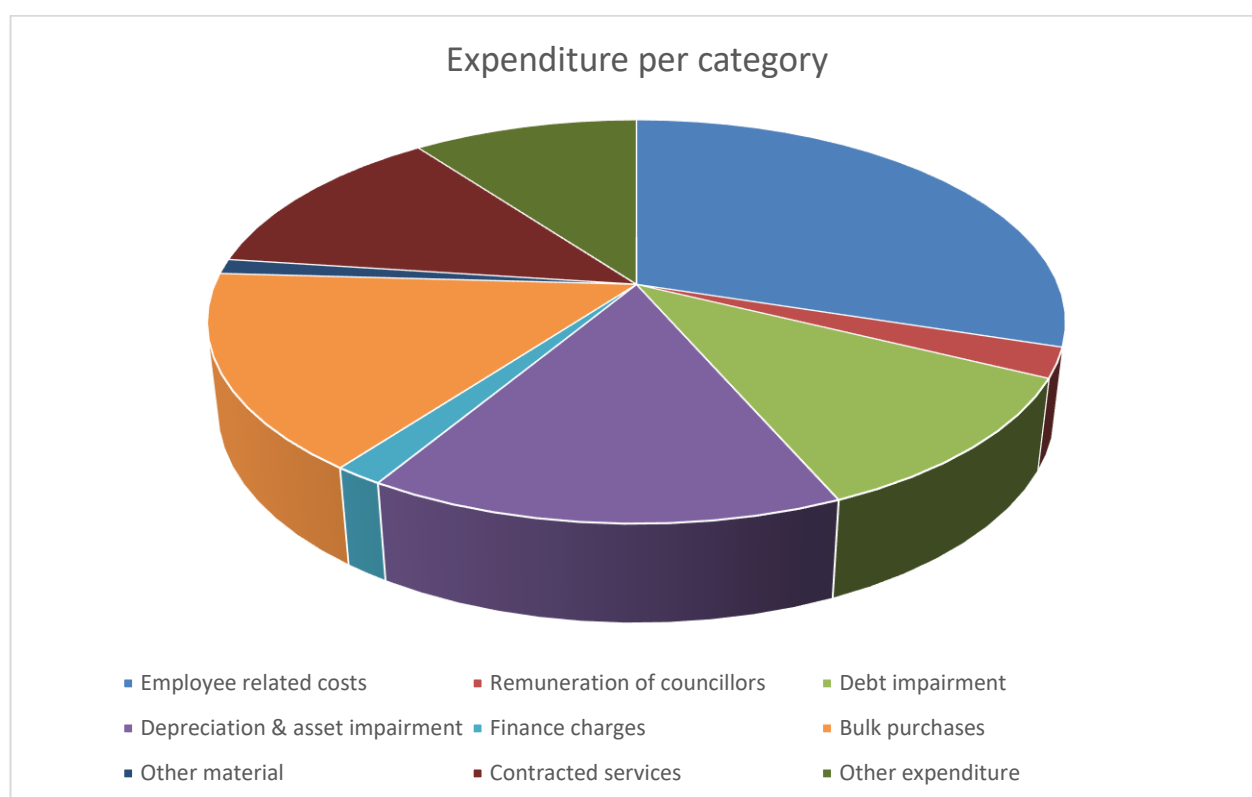
- Correction of expenditure classification
- Traffic department speed cameras
- Implementation of smart electricity meters
- Security service due to the increase in municipal infrastructure theft and vandalism
- Rolling out of prepaid water meters
- Rolling out of TID and prepaid electricity meter audit
- Repairs and Maintenance of municipal assets
- Eradicating manual meter reading, replacing it with digital devices

Of the R 21.050 million under contracted services, R 11,036 million relates to repairs and maintenance work, which is 7% of the total anticipated expenditure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Other material has decreased from R 1,956 million to R 720 000, is mainly due to reclassification of expenditure items which we listed as other material instead of contracted services. These inventory store items are mainly used for service delivery. Included is the provision for the Roads and Stormwater departments needs to ensure the department operates effectively and yields the desired objective. As repairs and maintenance is included under contracted services.

The following graph gives a breakdown of the main expenditure categories for the 2022/23 financial year.



2.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2022/23 budget and MTREF provide for continuing in the area of asset maintenance, as informed by the asset maintenance strategy and repairs and maintenance plan of the Municipality.

Regular and scheduled maintenance will reduce our repair work and damage to our infrastructure. Due to the municipality's overreliance on grant funding to renew, refurbish and restore assets, it becomes important to protect and ensure we utilise our assets longer.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance. Since the implementation of mSCOA, expenditure is recorded through its nature and not function. Repairs and maintenance form part of contracted services and general expenditure.

2.2 Free Basic Services: Basic Social Services Package

The social package assists households that are indigent/poor or face other circumstances that limit their ability to pay for services. To receive these free/subsidised services the households are required to register in terms of the Municipality's Indigent Policy. The budgeted indigent households for 2022/23 remains at an estimate of 1236 and will be reviewed monthly.

The cost of the social package of the registered indigent households is fully covered by the local government equitable share received in terms of the annual Division of Revenue Act and that portion relating to a specific service has been apportioned as revenue to that specific service.

For the indigents that do not have electrification, paraffin and candles are procured for them and distributed on a monthly basis within the cost of the 50kw that they get as part of the National Framework.

The following is an extract from NT Budget Circular 85:

“The change in the treatment of cost of free basic services indicates that municipalities must not disclose the support to indigents on table SA21 “Transfers and grants.”

6. CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote and functional area:

Table 11 2022/23 Medium-term capital budget per vote

DORA ALLOCATION 2022 - 2025	2022/2023	2023/2024	2024/2025
Capital Grant			
Municipal Infrastructure Grant	10 735 000	11 010 000	11 030 000
Energy Efficiency & Demand Side Management Grant	4 500 000	-	1 200 000
Integrated National Electrification Programme Grant	5 500 000	7 000 000	7 314 000
Regional Bulk Infrastructure Grant			
Water Services Infrastructure Grant	9 000 000	9 450 000	9 875 000
Sub-Total Infrastructure Grant			
Total Operational & Capital	29 735 000	27 460 000,00	29 419 000,00

For 2022/23 an amount of R 29,735 million has been appropriated for the development of infrastructure by various grants. In the outer years this amount totals R 27,460 million and R 29,419 million, respectively for each of the outer financial years.

SA34a, b, c & e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Our internally funded project are as follows

1. Furniture – R 100 000
2. Fleet – R 4 180 000
3. IT equipment – R 910 000

3.2 Future operational cost of new infrastructure

Furthermore, a long-term financial plan implementation policy has been developed to encompass costs over the long term. It needs to be noted that as part of the 2022/2023 MTREF, this expenditure has been factored into the two outer years of the operational budget.

ANNUAL BUDGET TABLES

The following twenty pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 annual budget and MTREF to be approved and/or noted by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 12 MBRR Table A1 - Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Financial Performance										
Property rates	9 260	21 211	22 140	24 518	20 674	20 674	20 674	25 199	26 585	29 047
Service charges	25 659	31 424	27 764	33 581	42 385	42 385	45 396	47 476	50 324	57 327
Investment revenue	436	450	360	409	296	296	296	346	432	475
Transfers recognised - operational	41 247	40 597	49 734	43 041	35 741	35 741	35 741	51 490	53 670	57 082
Other own revenue	22 647	20 457	12 890	42 811	51 505	51 505	51 505	41 017	46 032	48 060
Total Revenue (excluding capital transfers and contributions)	99 249	114 139	112 890	144 360	150 600	150 600	153 612	165 528	177 043	191 991
Employee costs	34 252	37 178	37 442	44 447	44 447	44 447	44 447	49 266	52 042	55 007
Remuneration of councillors	2 766	2 998	2 842	3 002	3 002	3 002	3 002	3 917	4 130	4 130
Depreciation & asset impairment	31 509	24 957	29 576	24 870	24 870	24 870	24 870	24 894	26 512	29 037
Finance charges	7 544	10 473	4 910	4 000	2 820	2 820	2 820	2 607	2 531	1 874
Inventory consumed and bulk purchases	18 437	19 966	21 398	22 001	24 606	24 606	24 606	27 806	33 110	44 980
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other	41 531	52 949	49 133	49 065	53 131	53 131	53 131	56 177	55 295	56 159
Expenditure Total	136 039	148 521	145 301	147 384	152 876	152 876	152 876	164 667	173 619	191 187
Expenditure	(36 790)	(34 382)	(32 411)	(3 024)	(2 276)	(2 276)	736	861	3 424	804
Surplus/(Deficit)	9 110	17 868		24 274	24 274		24 274	29 735	32 185	32 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			19 348			24 274				
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	7 320	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(27 680)	(16 514)		21 250	21 998	21 998	25 010	30 596	35 609	33 539
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(27 680)	(16 514)	-	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Capital expenditure & funds sources										
Capital expenditure	8 406	-	-	24 274	24 274	24 274	24 274	33 225	29 445	32 432
Transfers recognised - capital	8 043	-	-	24 274	24 274	24 274	24 274	28 735	445 999	432 146
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	363	-	-	-	-	-	-	4 490	3 446	286
Total sources of capital funds	8 406	-	-	24 274	24 274	24 274	24 274	33 225	29 445	32 432
Financial position										
Total current assets	25 855	46 426	52 360	29 103	11 182	11 182	11 182	62 516	100 080	100 881
Total non current assets	616 060	585 067	600 613	585 233	585 233	585 233	585 233	613 034	609 254	612 241
Total current liabilities	81 262	115 533	116 854	73 426	17 558	17 558	17 558	77 558	82 230	82 230
Total non current liabilities	19 928	17 152	21 332	17 558	505 431	505 431	505 431	558 580	558 609	558 613
Community wealth/Equity	540 264	498 703	514 788	523 162				292 546		334

Cash flows										
Net cash from (used) operating	5 914	–	(71)	33 731	15 811	15 811	15 811	47 831	48 046	28 339
Net cash from (used) investing	(8 412)	–	–	(24 274)	(24 274)	(24 274)	(24 274)	(29 735)	(27 460)	(29 692)
Net cash from (used) financing	(816)	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	1 860	4 744	12 512	11 346	(6 575)	(6 575)	(6 575)	24 671	45 257	43 903
Cash backing/surplus reconciliation										
Cash and investments available	1 860	4 744	12 583	11 346	(6 575)	(6 575)	(6 575)	24	45	43
Application of cash and investments	68 750	110 653	112 047	62 903	64 054	64 054	64 272	671	257	903
Balance - surplus (shortfall)	(66 890)	(105 909)	(99 465)	(51 557)	(70 629)	(70 629)	(70 629)	53	47	47
								222	652	239
								(28 551)	(2 395)	(3 335)
Asset management										
Asset register summary (WDV)	616 060	585 067	600 613	585 233	585 233	585 233	585 233	613 034	609 254	612
Depreciation	31 509	24 706	28 421	24 706	24 706	24 706	24 706	24 894	26 512	241
Renewal and Upgrading of Existing Assets	–	–	–	10 274	10 274	10 274	10 274	10 735	10 274	29
Repairs and Maintenance	–	–	–	4 423	1 993	1 993	1 993	8 904	9 807	037
										10
										735
										12
										419
Free services										
Cost of Free Basic Services provided	3 198	(2 362)	3 506	736	3 012	3 012	4 224	4 224	4 477	4 762
Revenue cost of free services provided	3 272	1 579	1 657	1 761	1 761	1 761	1 770	1 770	1 877	1 989
Households below minimum service level	–	–	–	–	–	–	–	–	–	–
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's service delivery and commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's

cash flow remains positive and stable indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that the cash increases over the MTREF.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification) Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification) - mSCOA – Function/Sub Function

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
Governance and administration		65 082	70 568	89 490	71 244	68 621	68 621	96 504	104 171	112 413
Executive and council		1 000	568	(524)	2	2	2	950	-	-
Finance and administration		64 082	70 000	90 014	71 243	68 619	68 619	95 554	104 171	112 413
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		687	695	948	1 534	1 566	1 566	1 453	1 463	1 474
Community and social services		687	695	943	1 521	1 548	1 548	1 453	1 463	1 474
Sport and recreation		0	-	6	12	19	19	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		12 096	19 097	8 194	38 033	38 062	38 062	26 782	28 173	28 291
Planning and development		14	8 864	7 608	89	85	85	-	-	-
Road transport		12 082	10 233	585	37 945	37 976	37 976	26 782	28 173	28 291
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		30 495	41 647	40 926	57 823	66 626	66 626	70 524	75 421	82 549
Energy sources		17 355	18 687	21 679	29 201	28 248	28 248	31 285	34 287	37 191
Water management		9 816	15 755	13 107	15 835	25 376	25 376	22 938	23 945	25 704
Waste water management	4	1 462	3 544	3 171	8 230	8 825	8 825	12 980	13 669	14 922
Waste management		1 861	3 660	2 968	4 557	4 176	4 176	3 321	3 520	4 731
Other		-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	108 360	132 007	139 558	168 634	174 874	174 874	195 263	209 228	224 727
Expenditure - Functional										
Governance and administration		52 768	60 799	49 603	53 476	57 339	57 339	65 588	64 758	63 320
Executive and council		5 719	14 736	5 996	5 409	5 459	5 459	8 594	9 314	9 934
Finance and administration		47 049	46 063	43 607	48 067	51 880	51 880	56 994	55 444	53 386
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 792	3 205	2 351	10 006	10 006	10 006	6 961	7 545	8 597
Community and social services		1 724	1 703	1 698	7 890	7 890	7 890	6 961	7 545	8 597
Sport and recreation		67	1 502	654	2 104	2 104	2 104	-	-	-
Public safety		-	-	-	13	13	13	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-

Economic and environmental services		30 354	14 277	31 963	25 731	26 060	26 060	26 444	28 003	29 199
Planning and development		24 647	9 638	22 332	6 787	7 056	7 056	5 529	5 819	5 931
Road transport		5 707	4 639	9 631	18 943	19 003	19 003	20 915	22 184	23 268
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		51 126	70 240	61 383	58 171	59 471	59 471	65 674	73 314	90 072
Energy sources		36 038	21 114	33 237	30 337	31 040	31 040	34 631	40 488	54 800
Water management		3 701	20 077	12 201	5 845	6 240	6 240	7 864	8 483	9 175
Waste water management	4	5 404	18 272	4 735	12 762	12 631	12 631	16 263	17 348	18 549
Waste management		5 984	10 776	11 210	9 226	9 560	9 560	6 916	6 995	7 549
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	136 039	148 521	145 301	147 384	152 876	152 876	164 667	173 619	191 187
Surplus/(Deficit) for the year		(27 679)	(16 514)	(5 743)	21 250	21 998	21 998	30 596	35 609	33 539

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification. The modified GFS functional classification, now Function/Sub Function, divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised: capital) and so does not balance to the operating revenue shown on Table A4.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		1 000	567	(640)	-	-	-	-	-	-
Vote 2 - Financial Services Directorate		63 907	48 737	67 841	70 828	67 534	67 534	92 966	101 239	109 311
Vote 3 - Corporate & Community Services		14 819	10 963	1 566	39 634	39 658	39 658	29 185	29 636	29 765
Vote 4 - Infrastructure & Planning		28 633	71 722	70 791	58 173	67 682	67 682	73 112	78 353	85 651
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	(18)	-	-	-	-	-	-
Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	108 360	131 989	139 540	168 634	174 874	174 874	195 263	209 228	224 727
Expenditure by Vote to be appropriated	1									
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services Directorate		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate & Community Services		-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure & Planning		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-

Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2	108 360	131 989	139 540	168 634	174 874	174 874	195 263	209 228	224 727

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) – mSCOA – Own Segment

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per own segment: municipal vote (directorate). This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
R thousand	1										
Revenue By Source											
Property rates	2	9 260	21 211	22 140	24 518	20 674	20 674	20 674	25 199	26 585	29 047
Service charges - electricity revenue	2	13 320	13 657	16 126	19 234	18 282	18 282	18 612	23 110	24 497	26 966
Service charges - water revenue	2	9 517	10 571	5 501	5 561	15 102	15 102	16 034	17 065	18 089	20 158
Service charges - sanitation revenue	2	1 462	3 506	3 091	4 230	4 825	4 825	4 825	3 980	4 219	5 472
Service charges - refuse revenue	2	1 361	3 690	3 047	4 556	4 175	4 175	5 925	3 321	3 520	4 731
Rental of facilities and equipment		140	299	407	293	1 003	1 003	1 003	763	998	1 051
Interest earned - external investments		436	450	360	409	296	296	296	346	432	475
Interest earned - outstanding debtors		9 053	8 463	11 153	3 776	11 628	11 628	11 628	12 515	15 625	17 198
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		11 533	9 836	1	37 531	37 529	37 529	37 529	26 442	27 843	27 994
Licences and permits		533	379	581	-	-	-	-	119	137	164
Agency services		-	-	-	393	429	429	429	376	432	519
Transfers and subsidies		41 247	40 597	49 734	43 041	35 741	35 741	35 741	51 490	53 670	57 082
Other revenue	2	396	221	(400)	817	916	916	916	802	998	1 134
Gains		992	1 259	1 149	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		99 249	114 139	112 890	144 360	150 600	150 600	153 612	165 528	177 043	191 991
Expenditure By Type											
Employee related costs	2	34 252	37 178	37 442	44 447	44 447	44 447	44 447	49 266	52 042	55 007
Remuneration of councillors	2	2	2	2	3	3	3	3	3	4	4
Debt impairment	3	766	998	842	002	002	002	002	91	13	13
Depreciation & asset	2	31 509	24 957	29 576	24 870	24 870	24 870	24 870	24 894	26 512	29 037
		7 544	10 473	4 910	4 000	2 820	2 820	2 820	2 607	2 531	1 874

impairmentFinance		18 251	19 665	20 940	20 269	22 874	22 874	22 874	25 850	31 020	42 734
charges	2	186	301	458	1 732	1 732	1 732	1 732	1 956	2 090	2 246
Bulk purchases -	8	5 929	6 801	4 457	8 740	9 612	9 612	9 612	21 050	23 931	27 475
electricityInventory		-	-	-	-	-	-	-	-	-	-
consumed		15 572	20 015	26 237	14 192	17 386	17 386	17 386	16 687	16 612	18 358
Contracted services	4, 5	-	-	-	-	-	-	-	-	-	-
Total Expenditure		136 039	148 521	145	147 384	152 876	152 876	152 876	164 667	173 619	191 187
Surplus/(Deficit)		(36)	(34)	(32)	(3)	(2)	(2)	736	861	3	804
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 110	17 868	19 348	24 274	24 274	24 274	24 274	29 735	32 185	32 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Enterprises, Public Corporations, Higher Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	7 320	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue was R 165 528 million in 2022/2023 and indicates an increase to R 177,043 million in 2023/24.
2. Revenue to be generated from property rates is R 25,198 million in the 2022/23 financial year and increases to R 26,584 million by 2023/24 which represents 5% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. The new General Valuation roll was implemented in the 2019/20 financial year.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 47,476 million for the 2022/23 financial year and indicates an increase to R 50,324 million by 2023/24. This is also a result of the change in budget presentation for free basic services, explained in this report. For the 2022/23 financial year services charges amount to 44% of the operating revenue base.
4. Transfers recognised – operating grants includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have slightly increased over the years period escalating from R 25,849 million to R 31,020 million.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification

Vote Description R thousand	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	750	-	-
Vote 2 - Financial Services Directorate		8 406	-	-	-	-	-	-	330	40	-
Vote 3 - Corporate & Community Services		-	-	-	-	-	-	-	460	230	-
Vote 4 - Infrastructure & Planning		-	-	-	24 274	24 274	24 274	24 274	30 425	27 759	32 376
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	8 406	-	-	24 274	24 274	24 274	24 274	31 965	28 029	32 376
Single-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	60	-	56
Vote 2 - Financial Services Directorate		-	-	-	-	-	-	-	-	0	0
Vote 3 - Corporate & Community Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure & Planning		-	-	-	-	-	-	-	1 200	1 416	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	1 260	1 416	56
Total Capital Expenditure - Vote		8 406	-	-	24 274	24 274	24 274	24 274	33 225	29 445	32 432
Capital Expenditure - Functional											
Governance and administration		8 043	-	-	-	-	-	-	1 140	40	56
Executive and council		-	-	-	-	-	-	-	810	-	56
Finance and administration		8 043	-	-	-	-	-	-	330	40	0
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	460	230	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	460	230	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	24 274	24 274	24 274	24 274	31 625	29 175	32 376
Energy sources		-	-	-	10 000	10 000	10 000	10 000	9 230	13 255	11 961
Water management		-	-	-	14 274	14 274	14 274	14 274	19 965	14 504	20 415
Waste water management		-	-	-	-	-	-	-	1 430	1 416	-
Waste management		-	-	-	-	-	-	-	1 000	-	-

Other		363	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	8 406	-	-	24 274	24 274	24 274	24 274	33 225	29 445	32 432
Funded by:											
National Government		8 043	-	-	24 274	24 274	24 274	24 274	28 735	25 999	32 146
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	8 043	-	-	24 274	24 274	24 274	24 274	28 735	25 999	32 146
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		363	-	-	-	-	-	-	4 490	3 446	286

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by functional classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

1. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital expenditure amounts to R 29,735 million in 2022/23. Due to our MIG allocation which normally less than the project value, our projects are commonly multi-year projects.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
3. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from previous year surpluses.

Table 17 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audit ed Outco me	Audit ed Outco me	Audit ed Outco me	Origin al Budg et	Adjust ed Budg et	Full Year Foreca st	Pre-audit outco me	Budget Year 2022/ 23	Budget Year +1 2023/ 24	Budget Year +2 2024/ 25
ASSETS											
Current assets											
Cash		1 860	308	325	11 346	(6 575)	(6 575)	(6 575)	24 671	45 257	43 903
Call investment deposits	1	-	4 436	12 257	-	-	-	-	-	0	0
Consumer debtors	1	9 268	22 208	19 712	10 838	10 838	10 838	10 838	30 926	47 904	50 058
Other debtors		13 917	18 454	19 124	6 838	6 838	6 838	6 838	6 838	6 838	6 838

Current portion of long-term receivables		698	938	900	-	-	-	-	-	-	-
Inventory	2	112	81	41	81	81	81	81	81	81	81
Total current assets		25 855	46 426	52 360	29 103	11 182	11 182	11 182	62 516	100 080	100 881
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	(0)	(0)
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		29 638	47 391	65 021	47 391	47 391	47 391	47 391	47 391	47 391	47 391
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	586 395	537 655	535 568	537 792	537 792	537 792	537 792	565 590	561 810	564 797
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		27	22	24	51	51	51	51	53	53	53
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		616 060	585 067	600 613	585 233	585 233	585 233	585 233	613 034	609 254	612 241
TOTAL ASSETS		641 915	631 494	652 973	614 336	596 415	596 415	596 415	675 551	709 335	713 122
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	(617)	231	107	231	231	231	231	231	231	231
Consumer deposits		192	199	206	200	200	200	200	200	200	200
Trade and other payables	4	77 817	110 653	112 047	72 563	72 563	72 563	72 563	76 837	81 367	81 367
Provisions		3 870	4 450	4 493	433	433	433	433	433	433	433
Total current liabilities		81 262	115 533	116 854	73 426	73 426	73 426	73 426	77 700	82 230	82 230
Non current liabilities											
Borrowing		9 114	-	-	107	107	107	107	107	107	107
Provisions		10 814	17 152	21 332	17 452	17 452	17 452	17 452	17 452	17 452	17 452
Total non current liabilities		19 928	17 152	21 332	17 558	17 558	17 558	17 558	17 558	17 558	17 558
TOTAL LIABILITIES		101 190	132 684	138 185	90 984	90 984	90 984	90 984	95 258	99 788	99 788
NET ASSETS	5	540 725	498 809	514 788	523 352	505 431	505 431	505 431	580 292	609 546	613 334
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		540 264	498 703	514 788	523 162	505 431	505 431	505 431	580 292	609 546	613 334
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	540 264	498 703	514 788	523 162	505 431	505 431	505 431	580 292	609 546	613 334

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is largely aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 19 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		5 867	–	–	15 594	15 594	15 594	15 594	16 379	17 444	18 578
Service charges		16 257	–	–	26 856	26 856	26 856	26 856	34 376	36 611	38 991
Other revenue	1	–	–	–	12 699	12 699	12 699	12 699	20 340	21 662	23 070
Transfers and Subsidies -		40 137	–	–	43 041	35 741	35 741	35 741	51 490	54 620	58 032
Operational	1	9 110	–	–	24 274	24 274	24 274	24 274	29 735	32 185	32 735
Transfers and Subsidies - Capital Interest		9 489	–	–	2 520	2 520	2 520	2 520	12 926	13 750	14 627
Dividends		–	–	–	–	–	–	–	–	–	–
Payments		(68 195)	–	(71)	(87 252)	(99 053)	(99 053)	(99 053)	(114 809)	(125 695)	(155 821)
Suppliers and employees		(6 751)	–	–	(4 000)	(2 820)	(2 820)	(2 820)	(2 607)	(2 531)	(1 874)
Finance charges	1	–	–	–	–	–	–	–	–	–	–
Transfers and Grants		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		5 914	–	(71)	33 731	15 811	15 811	15 811	47 831	48 046	28 339
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(8 412)	–	–	(24 274)	(24 274)	(24 274)	(24 274)	(29 735)	(27 460)	(29 692)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(8 412)	–	–	(24 274)	(24 274)	(24 274)	(24 274)	(29 735)	(27 460)	(29 692)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(816)	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(816)	–	–	–	–	–	–	–	–	–

NET INCREASE/ (DECREASE) IN CASH HELD		(3 315)	-	(71)	9 457	(8 463)	(8 463)	(8 463)	18	20	(1
Cash/cash equivalents at the year	2	5 175	4 744	12 583	1 888	1 888	1 888	1 888	09	58	35
begin:Cash/cash equivalents at	2	1 860	4 744	12 512	11 346	(6 575)	(6 575)	(6 575)	6	6	3)
the year end:									6	24	45
									5	67	25
									7	1	7
									5	45	43
									24	25	90
									67	7	3
									1		

Table 19 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audit ed Outco me	Audit ed Outco me	Audit ed Outco me	Origin al Budg et	Adjust ed Budg et	Full Year Foreca st	Pre- audit outco me	Budget Year 2022/ 23	Budget Year +1 2023/ 24	Budget Year +2 2024/ 25
Cash and investments available											
Cash/cash equivalents at the year end	1	1 860	4 744	12 512	11 346	(6 575)	(6 575)	(6 575)	24 671	45 257	43 903
Other current investments > 90 days		(0)	-	71	0	(0)	(0)	(0)	-	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		1 860	4 744	12 583	11 346	(6 575)	(6 575)	(6 575)	24 671	45 257	43 903
Application of cash and investments											
Unspent conditional transfers		2 541	2 930	8 894	-	0	0	0	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	66 209	107 723	103 154	62 903	64 054	64 054	64 272	53 222	47 652	47 239
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		68 750	110 653	112 047	62 903	64 054	64 054	64 272	53 222	47 652	47 239
Surplus(shortfall)		(66 890)	(105 909)	(99 465)	(51 557)	(70 629)	(70 629)	(70 847)	(28 551)	(2 395)	(3 335)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The 2022/23 financial year budget is unfunded with R 28,551 million, due to the Eskom account being treated as a short-term liability. A financial recovery plan will be submitted with the budget to council to address the unfunded figure.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 20 MBRR Table A9 - Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	8 406	-	-	14 000	14 000	14 000	22 490	19 171	21 697
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		8 043	-	-	10 000	10 000	10 000	9 000	11 725	11 961
Water Supply Infrastructure		-	-	-	4 000	4 000	4 000	9 000	4 000	9 450
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		8 043	-	-	14 000	14 000	14 000	18 000	15 725	21 411
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	210	40	56
Furniture and Office Equipment		363	-	-	-	-	-	100	-	-
Machinery and Equipment		-	-	-	-	-	-	-	1 300	-
Transport Assets		-	-	-	-	-	-	4 180	2 106	230
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	10 274	10 274	10 274	10 735	10 274	10 735
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	10 274	10 274	10 274	10 735	10 274	10 735
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	10 274	10 274	10 274	10 735	10 274	10 735
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets		6	-	-	-	-	-	-	-	0

Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	0	0
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	8 406	-	-	24 274	24 274	24 274	33 225	29 32
								44	432
								5	
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	8 043	-	-	-	10 000	10 000	10 000	9 000	11 11
								72	961
								5	
Water Supply Infrastructure	-	-	-	-	14 274	14 274	14 274	19 735	14 20
								27	185
								4	
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	8 043	-	-	-	24 274	24 274	24 274	28 735	25 32
								99	146
								9	
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	210	40 56
								30	
Furniture and Office Equipment	363	-	-	-	-	-	-	100	-
								1	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
								30	0
Transport Assets	-	-	-	-	-	-	-	4 180	2 23
								10	0
								6	
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	8 406	-	-	-	24 274	24 274	24 274	33 225	29 32
								44	432
								5	

ASSET REGISTER SUMMARY - PPE (WDV)	5	616 060	585 067	600 613	585 233	585 233	585 233	613 034	609 254	612 241
Roads Infrastructure		–	–	–	78 126	78 126	78 126	84 376	84 376	84 376
Storm water Infrastructure		–	–	–	11 017	11 017	11 017	11 899	11 899	11 899
Electrical Infrastructure		421 962	382 248	383 012	24 932	24 932	24 932	24 846	27 571	27 808
Water Supply Infrastructure		13 458	115 163	115 138	75 639	75 639	75 639	76 537	71 076	76 987
Sanitation Infrastructure		(649)	(651)	(874)	156 318	156 318	156 318	156 318	156 318	156 318
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		434 771	496 760	497 276	346 032	346 032	346 032	353 976	351 240	357 388
Community Assets		134 973	26 153	23 341	145 771	145 771	145 771	157 433	157 433	157 433
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		29 638	47 391	65 021	47 391	47 391	47 391	47 391	47 391	47 391
Other Assets		(42 837)	(42 679)	(43 806)	29 218	29 218	29 218	31 555	31 555	31 555
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		27	22	24	51	51	51	53	53	53
Computer Equipment		–	–	–	456	456	456	703	533	549
Furniture and Office Equipment		2 047	2 090	3 490	276	276	276	422	322	322
Machinery and Equipment		–	–	–	311	311	311	336	1 636	336
Transport Assets		1 108	1 294	1 294	1 192	1 192	1 192	5 467	3 394	1 518
Land		56 332	54 037	53 974	14 535	14 535	14 535	15 698	15 698	15 698
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	616 060	585 067	600 613	585 233	585 233	585 233	613 034	609 254	612 241
EXPENDITURE OTHER ITEMS		31 509	24 706	28 421	29 129	26 699	26 699	33 798	36 319	41 456
<u>Depreciation</u>	7	31 509	24 706	28 421	24 706	24 706	24 706	24 894	26 512	29 037
<u>Repairs and Maintenance by Asset Class</u>	3	–	–	–	4 423	1 993	1 993	8 904	9 807	12 419
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	2 500	500	500	4 000	4 400	6 600
Water Supply Infrastructure		–	–	–	500	700	700	1 150	1 380	1 559
Sanitation Infrastructure		–	–	–	500	150	150	1 116	1 171	1 206
Solid Waste Infrastructure		–	–	–	100	100	100	187	206	259
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	3 600	1 450	1 450	6 452	7 157	9 625
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	780	440	440	2 151	2 300	2 401
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	780	440	440	2 151	2 300	2 401
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	43	103	103	100	105	116
Machinery and Equipment		–	–	–	–	–	–	200	245	278
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		31 509	24 706	28 421	29 129	26 699	26 699	33 798	36 319	41 456
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	42.3%	42.3%	42.3%	32.3%	34.9%	33.1%
Renewal and upgrading of Existing Assets as % of deprec R&M as a % of PPE		0.0%	0.0%	0.0%	41.6%	41.6%	41.6%	43.1%	38.8%	37.0%
Renewal and upgrading of R&M as a % of PPE		0.0%	0.0%	0.0%	0.8%	0.4%	0.4%	1.6%	1.7%	2.2%
Renewal and upgrading of R&M as a % of PPE		0.0%	0.0%	0.0%	3.0%	2.0%	2.0%	3.0%	3.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal/upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
(free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		382	963	1 102	201	932	932	1 579	1 674	1 791
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		430	364	388	142	330	330	350	371	393
Refuse (removed once a week for indigent households)		2 386	(3 690)	2 016	393	1 750	1 750	2 294	2 432	2 578
Cost of Free Basic Services provided - Informal Formal Settlements (R'000) Total cost of FBS provided		3 198	(2 362)	3 506	736	3 012	3 012	4 224	4 477	4 762
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									

Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)									
Water (in excess of 6 kilolitres per indigent household per month)	961	–	–	1 454	1 454	1 454	–	–	–
Sanitation (in excess of free sanitation service to indigent households) Electricity/other energy (in excess of 50 kwh per indigent household per month) Refuse (in excess of one removal a week for indigent households)	2 310	1 579	1 657	308	308	308	1 770	1 877	1 989
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies Other	–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	6								
	3 272	1 579	1 657	1 761	1 761	1 761	1 770	1 877	1 989

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- Good progress is being made with the eradication of current services backlogs. Housing remains a challenge.
 - Electricity services – the current backlog has provisionally been eliminated.
- The budget provides for 1 263 households to be registered as indigent in 2021/22, and therefore entitled to receiving Free Basic Services. The number is set to increase over the MTREF, especially by poor people seeking economic opportunities.
- In addition to the Free Basic Services, other rates rebate also applies to households.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Full-time Councillors, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial, a time schedule that sets out the process to prepare the IDP and prepare the budget.

Key dates applicable to the process were:

No	Activity	Purpose	Responsibility	Time Frame
1	Conduct consultative meetings	Consult communities on developmental needs and priorities Communities to participate in the drafting of the IDP	Council	February 2022
2	Finalize the Draft Budget related policies for next financial year	Guide budget	Budget and Treasury Office	March 2022
3	Table draft IDP and draft budget	Consolidate plans for delivery of services and attainment of the development trajectory of the municipality	Executive Mayor	March 2022
4	Advertise and publish draft IDP and Budget for public comment for at least 21 days. Submit to National and Provincial Treasury and others as prescribed. Advertise draft tariffs	Facilitate community and stakeholder participation and consultation into the Draft IDP and Budget	Municipal Manager	April 2022
5	Approve IDP and Budget, including tariffs, policies and performance indicators and targets	To ensure implementation of community service delivery needs and development aspirations	Council	By end of May 2022

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP will be taken into a business and financial planning process leading up to the 2022/23 MTREF, based on the approved 2021/2022 MTREF, mid-year review and adjustments budget. The business planning process was subsequently refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2022/23 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2021/2022 Departmental Service Delivery and Budget. Implementation Plan Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2022/23 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2022/23 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate (trends, inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2021/2022 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 91 were taken into consideration in the planning and prioritisation process.

Community Consultation on the Final Budget

The Final 2022/23 MTREF, will be tabled in Council in June 2022 and will be made available to the community as follows:

Copies of the document can be viewed:

- At the offices of all Area Managers
- All public libraries within the municipality
- Municipal website

All documents in the appropriate format (electronic and printed) will be provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for comment.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at

involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with

National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities. The aim of this new five-year IDP cycle is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2015 Vision;
- National Spatial Development Perspective (NSDP);
- The National Priority Outcomes; and
- National Development Plan

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP.

The following table highlights the IDP's five strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

National KPA 1: Basic Service Delivery and Infrastructure Development

STRATEGIC OBJECTIVES:

1. Provision Of Sustainable Basic Services

- a. Sanitation Infrastructure Construction and Maintenance
- b. Water Services Infrastructure Construction and Maintenance
- c. Electricity Infrastructure Construction and Maintenance
- d. Roads Infrastructure Construction and Maintenance
- e. Solid Waste Management Infrastructure Construction and Maintenance

2. SPATIAL PLANNING EXCELLENCE

- a. Spatial Development Framework & Land Use Management System
- b. Developmental Bulk Infrastructure Optimisation

3. SPATIAL DEVELOPMENT BULK INFRASTRUCTURE OPTIMISATION

- a. Spatial Development Bulk Infrastructure Assessment

NATIONAL KPA 2: Local Economic Development

STRATEGIC OBJECTIVES:

Investment Acceleration & Attraction

- a. Private Sector Investment Upliftment & Acceleration
- b. Public Sector Investment Upliftment & Acceleration

- c. Tourism Upliftment & Acceleration
- d. Agriculture & Agri-processing Upliftment & Acceleration
- e. Industry Upliftment & Acceleration
- f. Commerce Upliftment & Acceleration
- g. SMME Upliftment & Acceleration
- h. Industrial & Commercial Economic Zone Establishment

NATIONAL KPA 3:

MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY

Strategic Objectives:

- 1. Sound Financial Viability and Management
 - a. Financial Governance Excellence
 - b. Budget Management Excellence
 - c. Financial Reporting Excellence
 - d. AFS Compilation & Assets Management Excellence
 - e. Supply Chain Management Excellence
 - f. Municipal Revenue Management Excellence (Income & Expenditure)
 - g. Conditional Grants Reporting Excellence

NATIONAL KPA 4:

MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

Strategic Objectives:

1. MUNICIPAL TRANSFORMATION

- a. Comprehensive Organogram Review

2. INSTITUTIONAL DEVELOPMENT EXCELLENCE

- a. Recruitment & Selection Excellence
- b. Skills Development Excellence

3. INSTITUTIONAL INTEGRITY EXCELLENCE

- a. Staff/Public Interface Excellence

(Code of Conduct, Batho Pele, Anti-corruption)

4. INSTITUTIONAL RESPONSIVENESS EXCELLENCE

- a. Customer Care Excellence

(Compliments/Enquiries/Complaints/Mpimpa)

5. INSTITUTIONAL PERFORMANCE EXCELLENCE

- a. Organisational & Individual Performance Management

NATIONAL KPA 5:

GOOD GOVERNANCE & PUBLIC PARTICIPATION

Strategic Objectives:

1. INSTITUTIONAL GOVERNANCE EXCELLENCE

- a. Functional Council & Audit Oversight Excellence
- b. Community Participation Excellence

(Ward Committees, Rapid Response Team, Community Meetings)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;

- Provide roads and storm water;
- Provide municipality planning services; and
- Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour-intensive approaches in the delivery of services and the building of infrastructure.

Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Extending waste removal services and ensuring effective municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure maintenance strategy and the repairs and maintenance plan

Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organisational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is

constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly at each quarter, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

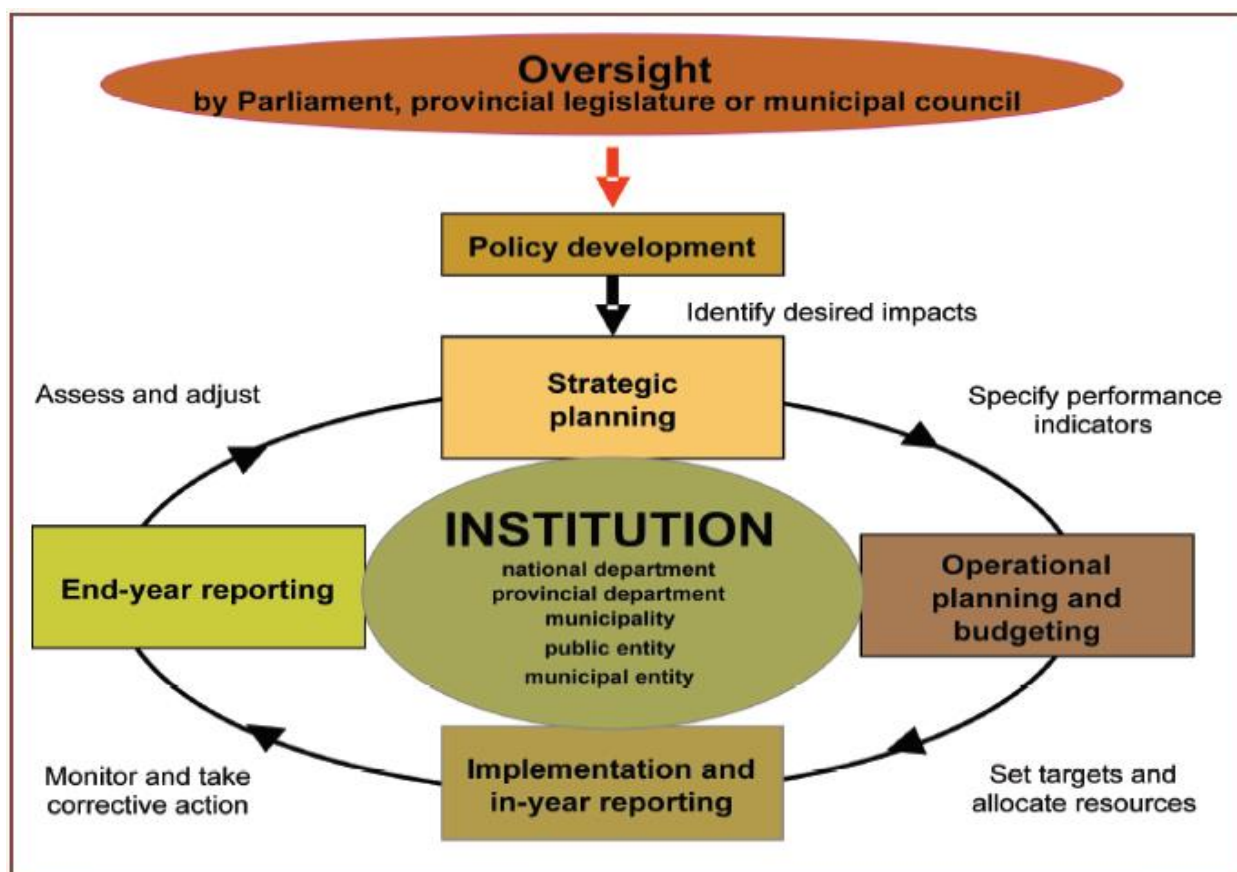


Figure 5 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations.

The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrate performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

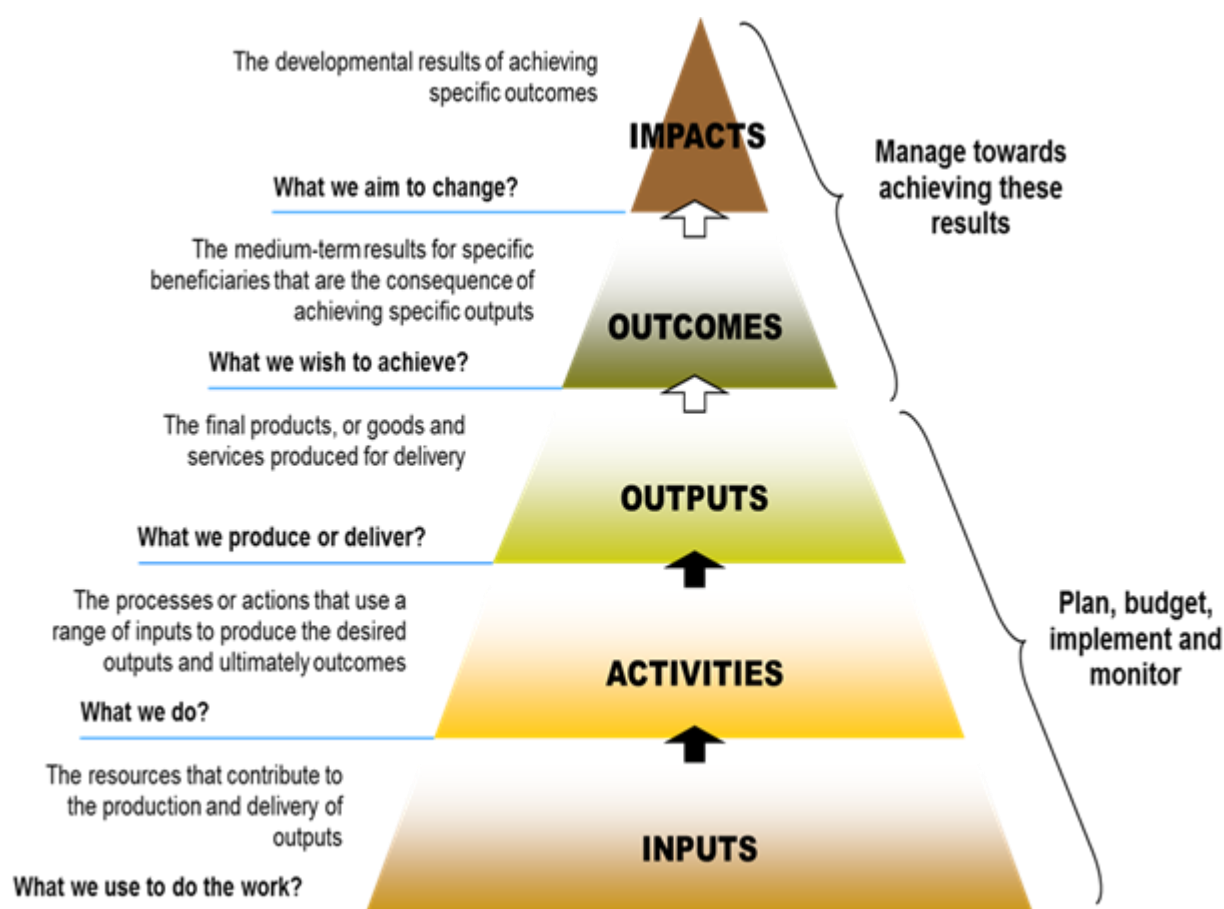


Figure 6 Definition of performance information concepts

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Ubuntu's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans.

For the 2022/2023 financial year the municipality has no intension of entering into any long-term borrowings' due affordability. The municipality also does not have any current long-term loans that need to be serviced.

The following financial performance indicators have formed part of the compilation of the 2022/23 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing remains steady. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality.

Indicators and ratios

The key financial indicators and ratios mentioned below are disclosed in 'Supporting Table SA8: Performance indicators and benchmarks':

Description of financial indicator	Basis of calculation	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	6.1%	7.1%	3.4%	2.7%	1.8%	1.8%	1.8%	1.6%	1.5%	1.0%

Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	14.4%	14.2%	7.8%	3.9%	2.5%	2.5%	2.4%	2.3%	2.1%	1.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.3	0.4	0.4	0.4	0.2	0.2	0.2	0.8	1.2	1.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.3	0.4	0.4	0.4	0.2	0.2	0.2	0.8	1.2	1.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.1	0.2	(0.1)	(0.1)	(0.1)	0.3	0.6	0.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		63.4%	0.0%	0.0%	73.1%	67.3%	67.3%	64.2%	69.8%	70.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		63.4%	0.0%	0.0%	73.1%	67.3%	67.3%	64.2%	69.8%	70.3%	66.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.1%	36.4%	35.2%	12.2%	11.7%	11.7%	11.5%	22.8%	30.9%	29.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		4046.8%	2220.4%	804.5%	639.6%	-1103.6%	-1103.6%	-1103.6%	311.4%	179.8%	185.3%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.5%	32.6%	33.2%	30.8%	29.5%	29.5%	28.9%	29.8%	29.4%	28.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.3%	35.2%	35.7%	32.9%	31.5%	31.5%		32.1%	31.7%	30.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	3.1%	1.3%	1.3%		5.4%	5.5%	6.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	39.3%	31.0%	30.5%	20.0%	18.4%	18.4%	18.0%	16.6%	16.4%	16.1%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	25.1	40.2	40.2	40.2	9.1	8.3	8.4	9.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	68.1%	78.6%	79.0%	30.3%	27.6%	27.6%	26.4%	51.4%	70.3%	65.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.2	0.5	1.5	1.2	(0.7)	(0.7)	(0.7)	2.3	4.0	3.5

- Borrowing management
- Safety of capital
- Liquidity
- Debtors' and creditors' management
- Mix of expenditure types
- Mix of revenue sources
- Unaccounted for losses in respect of services rendered

Funding measure ratios are disclosed in 'Supporting Table SA10: Funding measurement'.

Description	MFM A section	Ref	2018/19 Audited Outcome	2019/20 Audited Outcome	2020/21 Audited Outcome	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
						Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 860	4 744	12 512	11 346	(6 575)	(6 575)	(6 575)	24 671	45 257	43 903
Cash + investments at the yr end less applications - R'000	18(1)b	2	(66 890)	(105 909)	(99 465)	(51 557)	(70 629)	(70 629)	(70 629)	(28 551)	(2 395)	(3 335)
Cash year end/monthly employee/supplier payments	18(1)b	3	0.2	0.5	1.5	1.2	(0.7)	(0.7)	(0.7)	2.3	4.0	3.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Service charge rev % change - macro CPIX target exclusive	18(1)a	5	N.A.	44.7%	(11.2%)	10.4%	2.5%	(6.0%)	(1.2%)	9.3%	(0.2%)	6.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a	6	39.1%	0.0%	0.0%	54.7%	48.1%	48.1%	46.9%	62.5%	61.6%	60.0%
Debt impairment expense as a % of total billable revenue	18(1)a	7	57.4%	49.7%	36.9%	45.0%	41.4%	41.4%	39.6%	25.4%	19.2%	12.0%
Capital payments % of capital expenditure	18(1)c	8	100.1%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	89.5%	93.3%	91.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	N.A.	74.2%	(4.5%)	(55.5%)	0.0%	0.0%	0.0%	113.6%	45.0%	3.9%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	0.0%	0.0%	0.0%	0.8%	0.4%	0.4%	1.7%	1.6%	1.7%	2.2%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	0.0%	0.0%	42.3%	42.3%	42.3%	0.0%	32.3%	34.9%	33.1%

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Only registered indigents qualify for the free basic services.

For the 2022/23 financial year 1 263 registered indigents have been provided for in the budget with this figured increasing from the actual registered indigents of 2022/23. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, sanitation service charge and free waste removal once a week, as well as a rebate on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-

Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-
Energy:									
Electricity (at least min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-
Refuse:									
Removed at least once a week	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7	-	-	-	-	-	-	-	-
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8								
Water (6 kilolitres per indigent household per month)	382	963	1 102	201	932	932	1 579	1 674	1 791
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	430	364	388	142	330	330	350	371	393
Refuse (removed once a week for indigent households)	2 386	(3 690)	2 016	393	1 750	1 750	2 294	2 432	2 578
Cost of Free Basic Services provided - Informal Formal Settlements (R'000) Total cost of FBS provided	3 198	(2 362)	3 506	736	3 012	3 012	4 224	4 477	4 762
Highest level of free service provided per household									
Property rates (R value threshold)									
Water (kilolitres per household per month) Sanitation (kilolitres per household per month) Sanitation (Rand per household per month) Electricity (kwh per household per month) Refuse (average litres per week)									
Revenue cost of subsidised services provided (R'000)	9								
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	961	-	-	1 454	1 454	1 454	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households) Electricity/other energy (in excess of 50 kwh per indigent household per month) Refuse (in excess of one removal a week for indigent households)	2 310	1 579	1 657	308	308	308	1 770	1 877	1 989
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	3 272	1 579	1 657	1 761	1 761	1 761	1 770	1 877	1 989

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

OVERVIEW OF BUDGET RELATED POLICIES

Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Budget Policy

- The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.
- To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

Property rate Policy

- The exclusion of the category 'State Owned' and inclusion of 'Public Service Purpose'.

Virement Policy

- The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

Tariff Policy

- The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

- The decreasing of interest rate from prime plus 1 to 7%. The municipality included a tariff for clearing of sites, penalty for electricity tempering done by businesses.
- Changes in the tariff policy was the exemption of churches from refuse charges. The ratio of agricultural use of land was aligned with the Local Municipality Property Tax Rates Act.

Credit Control Policy

- Municipal accounts to include a clause that clearly states that the municipal account is to be considered as the final demand notice, providing the customer 14 days as per regulation to make payment or a payment arrangement to avoid disconnection of services.
- A registered dispute does not exempt you from paying you undisputed amount and current account.
- Eskom supply areas to be converted to prepaid water

The following policies have also been subject to review:

- Indigent Policy;
- Property Rates Policy;
- Tariff Policy;
- SCM Policy;
- Bad Debt Policy;

OVERVIEW OF BUDGET ASSUMPTIONS

External factors

The assumption are made taking into consideration the current challenges and opportunities the municipality is facing. The effects of the national lockdown and the pandemic on the livelihood of our consumers is also factored into the anticipated indigent target, the collection rate and billing. Upwards pressure of the national lockdown on the economy is also evident in the inflation rate and the Rand continues to weaken against leading currencies.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2022/23

MTREF:

- Effects of the global pandemic
- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and fuel; and
- The increase in the cost of remuneration. Employee related costs comprise 37 per cent of total operating expenditure in the 2022/23 MTREF and therefore increases above inflation places a disproportionate upward pressure on the expenditure budget

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate linked to CPI over the medium term. It is also assumed that current economic conditions, and relative inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings from an increased collection of arrear debt. Currently the municipality is not collecting more than what it is billing per month, however, money collected is first allocated to the arrears, those who don't have arrears the money they pay is allocated to current, taking this into consideration the current collection rate will always look lower, this includes the collection per month on the total debtor's book.

The Municipality has in place a fair but rigorous credit control policy. The municipality has also put in place additional measures to ensure convenient payment of services by creating payment point at local grocery stores, emailing and SMSing municipal accounts which will be implemented in the new financial year.

Furthermore, its policy on indigent support means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the burden of municipal debt, the indigent process is kept open through-out the year to accommodate the change in lifestyle.

Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

The revised headline CPI forecasts from National Treasury for 2022/23, 2023/24 and 2024/25 are 4.8%, 4.4% and 4.5% respectively. The growth parameters apply to tariff increases for property rates, user and other charges raised by municipalities and municipal entities, to ensure that all spheres of government support the national macroeconomic policies. NT has communicated that any rate or tariff increase above CPI must be fully communicated to the community.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' mainly limits consumption to the level of free basic services.

Salary increases

The new collective agreement regarding salaries/wages has not been signed for the 1st July 2021. An assumption is made that the increase will be 3.5% based on the current financial year. No increase for senior managers and councillors.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 80 per cent could be achieved on operating expenditure and 100 per cent on the capital programme for the 2022/23 MTREF.

OVERVIEW OF BUDGET FUNDING

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows. Refer to Section 4, 'Table A8: Cash backed reserves/accumulated surplus reconciliation' and Annexure 2, 'Supporting Table SA10: Funding measurement'.

Fiscal Overview of Ubuntu Municipality

Ubuntu Municipality has over recent years facing cash-flow constraints and being grant depended. The municipality has also strived to have a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management. Ubuntu has received a qualified audit report in the 2020/2021 financial year. Ubuntu Municipality is on the pathway on implementing National Treasury's MSCOA Chart of Accounts effective 1 July 2022 and will be amongst other municipalities to ensure compliance with the National Treasury requirements.

The table below is a breakdown of the operating revenue A4

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
R thousand	1										
Revenue By Source											
Property rates	2	9 260	21 211	22 140	24 518	20 674	20 674	20 674	25 199	26 585	29 047
Service charges - electricity revenue	2	13 320	13 657	16 126	19 234	18 282	18 282	18 612	23 110	24 497	26 966
Service charges - water revenue	2	9 517	10 571	5 501	5 561	15 102	15 102	16 034	17 065	18 089	20 158
Service charges - sanitation revenue	2	1 462	3 506	3 091	4 230	4 825	4 825	4 825	3 980	4 219	5 472
Service charges - refuse revenue	2	1 361	3 690	3 047	4 556	4 175	4 175	5 925	3 321	3 520	4 731
Rental of facilities and equipment		140	299	407	293	1 003	1 003	1 003	763	998	1 051
Interest earned - external investments		436	450	360	409	296	296	296	346	432	475
Interest earned - outstanding debtors		9 053	8 463	11 153	3 776	11 628	11 628	11 628	12 515	15 625	17 198
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		11 533	9 836	1	37 531	37 529	37 529	37 529	26 442	27 843	27 994
Licences and permits		533	379	581	-	-	-	-	119	137	164
Agency services		-	-	-	393	429	429	429	376	432	519
Transfers and subsidies		41 247	40 597	49 734	43 041	35 741	35 741	35 741	51 490	53 670	57 082
Other revenue	2	396	221	(400)	817	916	916	916	802	998	1 134
Gains		992	1 259	1 149	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		99 249	114 139	112 890	144 360	150 600	150 600	153 612	165 528	177 043	191 991
Expenditure By Type											
Employee related costs	2	34 252	37 178	37 442	44 447	44 447	44 447	44 447	49 266	52 042	55 007
Remuneration of councillors		2	2	2	3	3	3	3	3	4	4
Debt impairment	3	766	998	842	002	002	002	002	91	13	13
Depreciation & asset impairment	2	31 509	24 957	29 576	24 870	24 870	24 870	24 870	24 894	26 512	29 037
Finance charges	2	7 544	10 473	4 910	4 000	2 820	2 820	2 820	2 607	2 531	1 874
Bulk purchases - electricity	2	18 251	19 665	20 940	20 269	22 874	22 874	22 874	25 850	31 020	42 734
Inventory consumed	8	186	301	458	1 732	1 732	1 732	1 732	1 956	2 090	2 246
Contracted services		5 929	6 801	4 457	8 740	9 612	9 612	9 612	21 050	23 931	27 475
		-	-	-	-	-	-	-	-	-	-
	4, 5	15 572	20 015	26 237	14 192	17 386	17 386	17 386	16 687	16 612	18 358
		-	-	-	-	-	-	-	-	-	-

Total Expenditure		136 039	148 521	145	147 384	152 876	152 876	152 876	164 667	173 619	191 187
Surplus/(Deficit)		(36)	(34)	(32)	(3)	(2)	(2)	736	861	3	804
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 110	17 868	19 348	24 274	24 274	24 274	24 274	29 735	32 185	32 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Enterprises, Public Corporations, Higher Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	7 320	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(27 680)	(16 514)	(5 743)	21 250	21 998	21 998	25 010	30 596	35 609	33 539

The table below depicts the breakdown of the councillors and staff benefits

Table 22 MBRR SA22 - Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		1 702	1 991	1 867	2 007	2 007	2 007	3 468	3 641	3 641
Pension and UIF Contributions		113	-	-	-	-	-	-	-	-
Medical Aid Contributions		31	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		591	696	679	684	684	684	-	-	-
Cellphone Allowance		306	311	296	311	311	311	449	488	488
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		23	-	-	-	-	-	-	-	-
Sub Total - Councillors		2 766	2 998	2 842	3 002	3 002	3 002	3 917	4 130	4 130
% increase	4		8.4%	(5.2%)	5.6%	-	-	30.5%	5.4%	-
Senior Managers of the Municipality	2									
Basic Salaries and Wages		-	-	30	4 123	4 123	4 123	3 242	3 295	3 352
Pension and UIF Contributions		-	-	-	-	-	-	5	6	6
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	206	206	206
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	206	206	206
Other benefits and allowances	3	-	-	-	-	-	-	313	319	324
Payments in lieu of leave		-	-	-	-	-	-	42	44	47
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	-	30	4 123	4 123	4 123	4 015	4 076	4 141
% increase	4		-	-	13 643.3%	-	-	(2.6%)	1.5%	1.6%
Other Municipal Staff										
Basic Salaries and Wages		25 661	26 089	27 762	29 316	29 316	29 316	31 106	32 972	34 972
Pension and UIF Contributions		4 342	4 904	4 852	5 398	5 398	5 398	6 512	6 903	7 317
Medical Aid Contributions		222	273	330	569	569	569	3 983	4 222	4 475

Overtime		1 314	1 638	1 256	-	-	-	299	317	336
Performance Bonus		1 351	2 865	1 971	2 048	2 048	2 048	2 518	2 670	2 830
Motor Vehicle Allowance	3	197	293	354	-	-	-	-	-	-
Cellphone Allowance	3	6	9	10	4	4	4	16	17	18
Housing Allowances	3	363	394	415	330	330	330	234	248	263
Other benefits and allowances	3	19	20	19	2 659	2 659	2 659	404	428	454
Payments in lieu of leave		-	-	-	-	-	-	55	59	62
Long service awards		151	237	146	-	-	-	36	38	40
Post-retirement benefit obligations	6	625	456	296	-	-	-	88	93	99
Sub Total - Other Municipal Staff		34 252	37 178	37 412	40 324	40 324	40 324	45 251	47 966	50 866
% increase	4		8.5%	0.6%	7.8%	-	-	12.2%	6.0%	6.0%
Total Parent Municipality		37 018	40 176	40 284	47 449	47 449	47 449	53 183	56 172	59 137
			8.5%	0.3%	17.8%	-	-	12.1%	5.6%	5.3%
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS			37 018	40 176	40 284	47 449	47 449	47 449	53 183	56 172
% increase	4		8.5%	0.3%	17.8%	-	-	-	12.1%	5.6%
TOTAL MANAGERS AND STAFF	5,7		34 252	37 178	37 442	44 447	44 447	44 447	49 266	52 042
									55 007	

MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 23 MBRR SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	September	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source																
Property rates		2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	25 199	26 585	29 047
Service charges - electricity revenue		1 926	1 926	1 926	1 926	1 926	1 926	1 926	1 926	1 926	1 926	1 926	1 926	23 110	24 497	26 966
Service charges - water revenue		1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	17 065	18 089	20 158
Service charges - sanitation revenue		332	332	332	332	332	332	332	332	332	332	332	332	3 980	4 219	5 472
Service charges - refuse revenue		277	277	277	277	277	277	277	277	277	277	277	277	3 321	3 520	4 731
Rental of facilities and equipment		64	64	64	64	64	64	64	64	64	64	64	64	763	998	1 051
Interest earned - external investments		29	29	29	29	29	29	29	29	29	29	29	29	346	432	475
Interest earned - outstanding debtors		1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	12 515	15 625	17 198
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 204	2 204	2 204	2 204	2 204	2 204	2 204	2 204	2 204	2 204	2 204	2 204	26 442	27 843	27 994
Licences and permits		10	10	10	10	10	10	10	10	10	10	10	10	119	137	164
Agency services		31	31	31	31	31	31	31	31	31	31	31	31	376	432	519
Transfers and subsidies		4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	51 490	53 670	57 082
Other revenue		67	67	67	67	67	67	67	67	67	67	67	67	802	998	1 134
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		13 794	13 794	13 794	13 794	13 794	13 794	13 794	13 794	13 794	13 794	13 794	13 794	165 528	177 043	191 991
Expenditure By Type																
Employee related costs		4 106	4 105	4 105	4 105	4 105	4 105	4 105	4 105	4 105	4 105	4 105	4 105	49 266	52 042	55 007
Remuneration of councillors		326	326	326	326	326	326	326	326	326	326	326	326	3 917	4 130	4 130
Debt impairment		1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	18 440	14 752	10 326
Depreciation & asset impairment		2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	24 894	26 512	29 037
Finance charges		217	217	217	217	217	217	217	217	217	217	217	217	2 607	2 531	1 874
Bulk purchases - electricity		2 154	2 154	2 154	2 154	2 154	2 154	2 154	2 154	2 154	2 154	2 154	2 154	25 850	31 020	42 734
Inventory consumed		163	163	163	163	163	163	163	163	163	163	163	163	1 956	2 090	2 246
Contracted services		1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	21 050	23 931	27 475
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	16 687	16 612	18 358
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		13 723	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	164 667	173 619	191 187
Surplus/(Deficit)		71	72	72	72	72	72	72	72	72	72	72	72	861	3 424	804
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	29 735	32 185	32 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 549	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	30 596	35 609	33 539
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	2 549	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	30 596	35 609	33 539

Table 24 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

D e s c r i p t i o n	R e f	B u d g e t Y e a r 2 0 2 2 / 2 0 2 3												Medium Term Revenue and Expenditure Framework		
		J u l y	A u g u s t	S e p t.	O c t o b e r	N o v e m b e r	D e c e m b e r	J a n u a r y	F e b r u a r y	M a r c h	A p r i l	M a y	J u n e	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand																
Revenue by Vote																
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services Directorate		7 747	7 747	7 747	7 747	7 747	7 747	7 747	7 747	7 747	7 747	7 747	7 747	92 966	101 239	109 311
Vote 3 - Corporate & Community Services		2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	29 185	29 636	29 765
Vote 4 - Infrastructure & Planning		6 093	6 093	6 093	6 093	6 093	6 093	6 093	6 093	6 093	6 093	6 093	6 093	73 112	78 353	85 651
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	195 263	209 228	224 727
Expenditure by Vote to be appropriated																
Vote 1 - Office of the Municipal Manager		284	284	284	284	284	284	284	284	284	284	284	(3 122)	-	-	-
Vote 2 - Financial Services Directorate		3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	3 822	(42 040)	-	-	-
Vote 3 - Corporate & Community Services		2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	(26 247)	-	-	-
Vote 4 - Infrastructure & Planning		6 737	6 737	6 737	6 737	6 737	6 737	6 737	6 737	6 737	6 737	6 737	(74 108)	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Executive and Council		493	493	493	493	493	493	493	493	493	493	493	(5 428)	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Planning and development															
Road transport															
Environmental protection															
Trading services															
Energy sources															
Water management															
Waste water management															
Other															
Total Revenue - Functional	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	16 272	195 263	209 228	224 727
Expenditure - Functional															
Governance and administration	5 466	5 466	5 466	5 466	5 466	5 466	5 466	5 466	5 466	5 466	5 466	5 466	65 588	64 758	63 320
Executive and council Finance	716	716	716	716	716	716	716	716	716	716	716	716	8 594	9 314	9 934
and administration	4 750	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	56 994	55 444	53 386
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	580	580	580	580	580	580	580	580	580	580	580	580	6 961	7 545	8 597
Community and social services	580	580	580	580	580	580	580	580	580	580	580	580	6 961	7 545	8 597
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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h	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services															
Planning and development															
Road transport															
Environmental protection															
Trading services															
Energy sources															
Water management															
Waste water management															

nt Waste water managemen tWaste managemen t Other																
Total Expenditure - Functional		13 723	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	164 667	173 619	191 187
Surplus/(Deficit) before assoc.		2 549	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	30 596	35 609	33 539
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	2 549	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	2 550	30 596	35 609	33 539

Table 26 MBRR SA29 - Budgeted monthly capital expenditure (functional classification)

D e s c r i p t i o n	R e f	B u d g e t Y e a r 2 0 2 2 / 2 0 2 3												Medium Term Revenue and Expenditure Framework		
		J u l y	A u g u s t	S e p t.	O c t o b e r	N o v .	D e c .	J a n u a r y	F e b .	M a r c h	A p r i l	M a y	J u n e	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital Expenditure - Functional	1															
Governance and administration		95	95	95	95	95	95	95	95	95	95	95	95	1 140	40	56
Executive		68	68	68	68	68	68	68	68	68	68	68	68	810	-	56
and council		28	28	28	28	28	28	28	28	28	28	28	28	330	40	0
Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		38	38	38	38	38	38	38	38	38	38	38	38	460	230	-
Community and social servicesSport and recreation		38	38	38	38	38	38	38	38	38	38	38	38	460	230	-
P		2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	2 635	31 625	29 175	32 376
u		769	769	769	769	769	769	769	769	769	769	769	769	9 230	13 255	11 961
b		1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	19 965	14 504	20 415
l		119	119	119	119	119	119	119	119	119	119	119	119	1 430	1 416	-
i		83	83	83	83	83	83	83	83	83	83	83	83	1 000	-	-
c		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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o u s i n g H e a l t h																		
Economic and environmental services																		
Planning and development																		
Road transport																		
Environmental protection																		
Tradi																		
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ge																		
me																		
nt																		
Waste water management																		
Waste management																		
Other																		
Total Capital Expenditure - Functional	2	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	33 225	29 445	32 432		
Funded by:																		
National Government		2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	28 735	25 999	32 146		
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
District Municipal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

ity	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	28 735	25 999	32 146
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	374	374	374	374	374	374	374	374	374	374	374	374	4 490	3 446	286
Transfers recognised - capital Borrowing Internally generated funds															
Total Capital Funding	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	2 769	33 225	29 445	32 432

Table 27 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	B u d g e t												Medium Term Revenue and Expenditure		
	Jul y	August	Sept.	October	Novembe r	Decembe r	January	February	March	Apr il	Ma y	June	Budget Year	Budget Year +1	Budget Year +2
Cash Receipts By Source															
Property rates	1 365	1 365	1 365	1 365	1 365	1 365	1 365	1 365	1 365	1 365	1 365	1 365	16 379	17 444	18 578
Service charges - electricity revenue	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	1 541	18 488	19 690	20 969
Service charges - water revenue	929	929	929	929	929	929	929	929	929	929	929	929	11 143	11 867	12 638
Service charges - sanitation revenue	216	216	216	216	216	216	216	216	216	216	216	216	2 587	2 755	2 935
Service charges - refuse revenue	180	180	180	180	180	180	180	180	180	180	180	180	2 159	2 299	2 448
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	1 056	1 056	1 056	1 056	1 056	1 056	1 056	1 056	1 056	1 056	1 056	1 056	12 672	13 495	14 372
Interest earned - outstanding debtors	21	21	21	21	21	21	21	21	21	21	21	21	255	255	255
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 386	19 582	20 854
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	4 291	51 490	54 620	58 032
Other revenue	163	163	163	163	163	163	163	163	163	163	163	163	1 954	2 081	2 216
Cash Receipts by Source	11 293	11 293	11 293	11 293	11 293	11 293	11 293	11 293	11 293	11 293	11 293	11 293	135 512	144 087	153 298
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	29 735	32 185	32 735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	13 771	13 771	13 771	13 771	13 771	13 771	13 771	13 771	13 771	13 771	13 771	13 771	165 247	176 272	186 033
Cash															
Payments by Type															
Employee related costs	217	217	217	217	217	217	217	217	217	217	217	217	2 607	2 531	1 874
Contracted services	0	-	-	-	-	-	-	-	-	-	-	-	0	0	0
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	3 145	3 145	3 145	3 145	3 145	3 145	3 145	3 145	3 145	3 145	3 145	3 145	37 737	40 543	45 833
Other	9 785	9 785	9 785	9 785	9 785	9 785	9 785	9 785	9 785	9 785	9 785	9 785	117 416	128 226	157 694
Other Cash Flows/Payments by Type															
Capital assets	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	29 735	27 460	29 692
Repay	0	-	-	-	-	-	-	-	-	-	-	-	0	0	0
Total Cash Payments by Type	12 263	12 263	12 263	12 263	12 263	12 263	12 263	12 263	12 263	12 263	12 263	12 263	147 151	155 686	187 386
NET INCREASE/(DECREASE) IN CASH HELD	1 508	1 508	1 508	1 508	1 508	1 508	1 508	1 508	1 508	1 508	1 508	1 508	18 096	20 586	(1 353)
Cash/cash equivalents at the month/year begin:	6	8 083	9 591	11 099	12 607	14 115	15 623	17 131	18 639	20 147	21 655	23 163	6 575	24 671	45 257
Cash/cash equivalents at the month/year end:	8 083	9 591	11 099	12 607	14 115	15 623	17 131	18 639	20 147	21 655	23 163	24 671	24	45	43

Final Annual budgets and SDBIP

The SDBIP will be tabled in Council meeting in July 2022

Capital Expenditure Details

Capital details are shown in Annexure 1 and 2 on following tables:

- 'Main Table A5: Capex (capital expenditure)'
- Main Table A9: Asset Management (capital expenditure, Asset Register, Depreciation, and R&M)'
- 'Supporting Table SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)'
- 'Supporting Table SA28: Monthly Capital Expenditure by Municipal Vote (capital expenditure)'
- 'Supporting Table SA29: Monthly Capital Expenditure by GFS and Funding Source (capital expenditure)'
- 'Supporting Table SA34a: Capital expenditure on new assets by asset class'
- 'Supporting Table SA34b: Capital expenditure on the renewal of existing assets by asset class'
- 'Supporting Table SA36: Detailed capital budget'

LEGISLATION COMPLIANCE STATUS

The disclosure on legislation compliance must provide a brief summary of the status of the implementation of legislation applicable to municipalities, including progress made or delays experienced in implementation.

Municipal Finance Management Act - No 56 of 2003

The MFMA became effective on 1st July 2004. It covers all aspects of municipal finance including budgeting, supply chain management and financial reporting.

The MFMA and the budget

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA. The MFMA requires a Council to adopt three-

year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).

These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any particulars on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may be funded only from reasonable estimates of revenue and cash-backed deficit funds from the previous year and borrowings (the latter for capital items only).

Other Legislation

In addition to the MFMA, the following legislation also influences Municipality budgeting;

The Division of Revenue Act and Provincial Budget Announcements

Three year national allocations to local government are published per municipality each year in the Division of Revenue Act. The Act places duties on municipalities in addition to the requirements of the MFMA, specifically with regard to reporting obligations. Allocations to the Municipality from Provincial Government are announced and published in the Provincial budget.

Section 18 of the MFMA states, "annual budgets may only be funded from reasonably anticipated revenues to be collected". The provision in the budget for allocations from National and Provincial Government should reflect the allocations announced in the DORA or in the relevant Provincial Gazette.

The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act no 44 of 2003

One of the key objectives of the Municipal Systems Act is to ensure financially and economically viable communities. The requirements of the Act link closely to those of the MFMA. In particular, the following requirements need to be taken into consideration in the budgeting process;

- Chapters 4 and 5 relating to community participation and the requirements for the Integrated Development Planning process.

- Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.
- Chapter 8 relates to the requirement to produce a tariff policy. Section 20 – Other supporting documents.

Other supporting documents

Various supporting documents are attached to enable the reader a fuller understanding of the various processes involved. These are the following:

Annexure 1 – 2022-2023 MTREF Main Budget Tables version 6.3

Tables A1 to A10

Annexure 2 – 2022-2023 MTREF Supporting Budget Tables version 6.3

Supporting Tables SA1 to SA37

Annexure 3 – Three prior years outcome and current year main Supporting Budget Tables

Annexure 4 – 2022/2023 NT Circular and guidelines

Circular 82, 99, 115

Annexure 5 – Tariffs*, Charges and Fees for 2022/2023

Annexure 5 – Policies
