

**DRAFT ANNUAL BUDGET  
OF  
ELIAS MOTSOLEDI LOCAL MUNICIPALITY**



**2022/23 TO 2024/25  
DRAFT MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

## ABBREVIATIONS AND ACRONYMS

<b>AO</b>	Accounting Officer	<b>SAPS</b>	South African Police Service
<b>AMR</b>	Automated Meter Reading	<b>SDBIP</b>	Service Delivery Budget Implementation Plan
<b>LED</b>	Local Economic Development	<b>SMME</b>	Small Micro and Medium Enterprises
<b>MEC</b>	Member of the Executive Committee	<b>BPC</b>	Budget Planning Committee
<b>MFMA</b>	Municipal Financial Management Act	<b>CFO</b>	Chief Financial Officer
<b>MIG</b>	Municipal Infrastructure Grant	<b>CPI</b>	Consumer Price Index
<b>MMC</b>	Member of Mayoral Committee	<b>CRRF</b>	Capital Replacement Reserve Fund
<b>MPRA</b>	Municipal Properties Rates Act	<b>DBSA</b>	Development Bank of South Africa
<b>MSA</b>	Municipal Systems Act	<b>DORA</b>	Division of Revenue Act
<b>MTEF</b>	Medium-term Expenditure Framework	<b>DWA</b>	Department of Water Affairs
<b>MTREF</b>	Medium-term Revenue and Expenditure Framework	<b>EE</b>	Employment Equity
<b>NERSA</b>	National Electricity Regulator South Africa	<b>FBS</b>	Free basic services
<b>NGO</b>	Non-Governmental organisations	<b>GDP</b>	Gross domestic product
<b>NKPIs</b>	National Key Performance Indicators	<b>GFS</b>	Government Financial Statistics
<b>OHS</b>	Occupational Health and Safety	<b>GRAP</b>	General Recognised Accounting Practice
<b>OP</b>	Operational Plan	<b>HR</b>	Human Resources
<b>PBO</b>	Public Benefit Organisations	<b>IDP</b>	Integrated Development Strategy
<b>PMS</b>	Performance Management System	<b>IT</b>	Information Technology
<b>PPE</b>	Property Plant and Equipment	<b>KM</b>	Kilometre
<b>PPP</b>	Public Private Partnership	<b>KPA</b>	Key Performance Area
<b>RSC</b>	Regional Services Council	<b>KPI</b>	Key Performance Indicator
<b>SALGA</b>	South African Local Government Association	<b>KWH</b>	Kilowatt
<b>IDP</b>	Integrated Development Plan		

# 1 Part 1- Annual Budget

## 1.1 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format. National Treasury's MFMA circular 115 have been used as guidance for the compilation of the 2022/23 MTREF. The main challenges experienced during the compilation of the 2022/23 MTREF can be summarized as follows

- Ageing and poorly maintained roads and electricity infrastructure
- Salaries and wage increases for municipal staff as well as the need to fill all active vacant positions.
- Limited and/or very minimal surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality in terms of capital projects implementations

The following budget principles and guidelines directly informed the compilation the 2022/23 MTREF:

- The 2021/22 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the new base lines for the 2022/23 annual budget.
- Tariffs and property rates increases should be affordable and should generally not exceed the 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 example: cost of bulk electricity. In addition, we had to ensure that our tariffs remained or moved towards being cost reflective, and had to take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as outlined in 2022/23 Division of Revenue Act (DoRA).
- In addition to cost containment implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:
  - Consultants and Professional Fees;
  - Special Projects and Events;
  - Refreshments and Entertainment (R2 000 allocated per directorate for the entire financial year);
  - Ad hoc travelling;
  - Subsistence, Travelling and conference fees;
  - Telephone and cell phone subscriptions;
  - Issuing of Material and Store items, and
  - Overtime.

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

**SUMMARY OF 2022/23 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK**

<b>SUMMARY OF 2022/23 FINAL BUDGET</b>			
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>DESCRIPTION</b>	<b>FINAL BUDGET</b>	<b>INDICATIVE BUDGET</b>	<b>INDICATIVE BUDGET</b>
<b>TOTAL REVENUE</b>	<b>680 706 415</b>	<b>702 993 004</b>	<b>743 371 387</b>
<b>Less: Transfer recognized capital</b>	<b>79 606 000</b>	<b>76 364 000</b>	<b>79 794 000</b>
<b>OPERATING REVENUE</b>	<b>601 100 415</b>	<b>626 629 004</b>	<b>663 577 387</b>
<b>OPERATING EXPENDITURE</b>	<b>587 556 714</b>	<b>596 892 087</b>	<b>622 733 977</b>
<b>TRANSFERS - CAPITAL</b>	<b>79 606 000</b>	<b>76 364 000</b>	<b>79 794 000</b>
<b>SURPLUS/(DEFECIT)</b>	<b>13 543 701</b>	<b>29 736 917</b>	<b>40 843 410</b>
<b>CAPITAL EXPENDITURE</b>	<b>90 006 000</b>	<b>91 794 000</b>	<b>102 120 406</b>

The above table is used as a testing tool for determination of municipal deficit or surplus throughout 2022/23 MTREF and as presented, the budget has a surplus of R172, 755 million; R182, 464 million and R200, 431 million respectively throughout the MTREF period.

Total operating revenue and expenditure for 2022/23 financial year amounts to R680, 706 million and R587 556 million respectively. The budget increases steadily in the outer years.

## 1.2 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (i.e. the needs of all wards within Elias Motsoaledi Local Municipality).

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

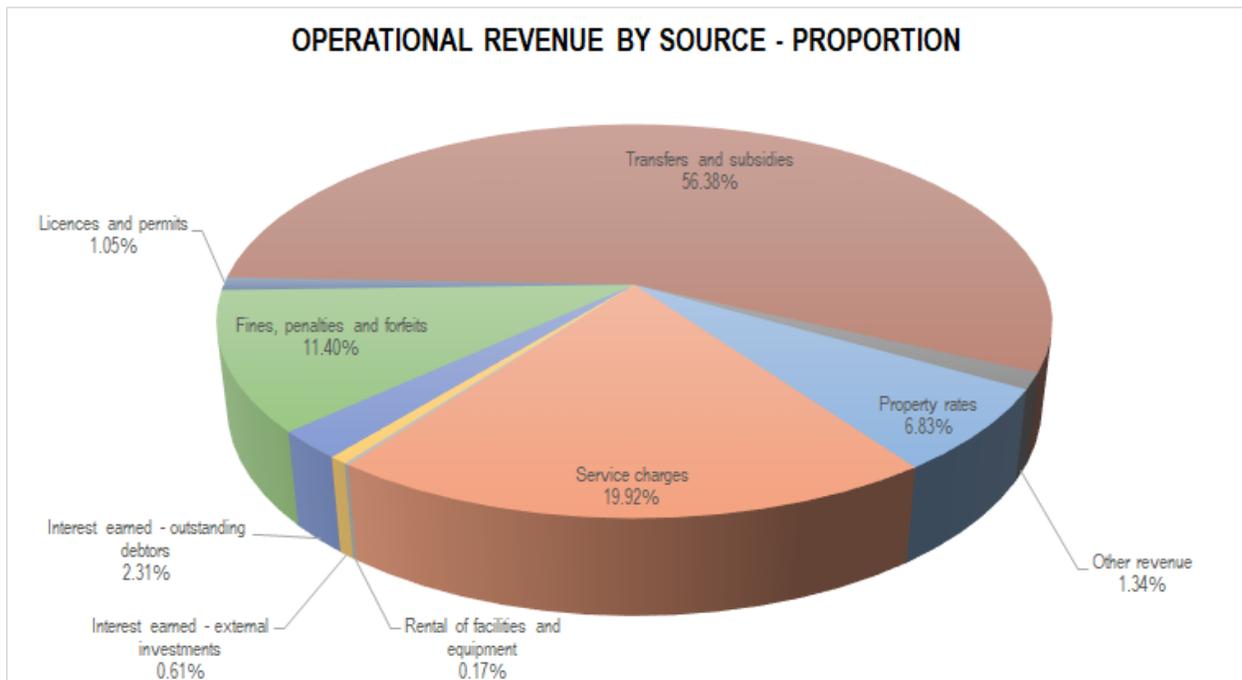
- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure 85% annual collection rate for property rates and other key service charges;

- Electricity tariff increases that are approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality’s Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality’s Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following tables are a summary of the 2022/23 MTREF (classified by main revenue source):

**Summary of revenue classified by main revenue source**

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>Revenue By Source</b>										
Property rates	32 756	35 773	39 442	38 865	42 616	42 616	26 632	41 039	42 845	44 773
Service charges	83 287	95 493	97 738	113 490	130 911	130 911	73 355	119 739	125 007	130 633
Investment revenue	2 133	1 368	585	1 900	2 432	2 432	1 265	3 652	3 669	3 675
Transfers recognised - operational	240 283	273 218	351 908	307 637	307 637	307 637	229 835	338 906	359 874	384 977
Other own revenue	67 452	48 160	48 345	84 734	63 158	63 158	18 405	97 764	95 234	99 519
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>425 912</b>	<b>454 012</b>	<b>538 018</b>	<b>546 626</b>	<b>546 753</b>	<b>546 753</b>	<b>349 491</b>	<b>601 100</b>	<b>626 629</b>	<b>663 577</b>



**Figure 1 Main operational revenue categories for the 2022/23 financial year**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue to be generated from operational grants amounts to R338, 906 translating to 56% for 2022/23 financial year making it clear that the Municipality is still grants dependent and the level of dependency is not gradually going down. In addition, revenue to be generated from rates and services charges amounts to 7% and 20% respectively. In the 2022/23 financial year, revenue from rates and services charges add up to R160, 778 million translating to 27%. This increases to R167, 852 million, and R175, 406 million in the respective financial outer years of the MTREF.

Service charges is the second largest revenue source totaling 20% or R119, 739 million and increases to R125, 007 million and R130, 633 million respectively in the outer years. The third largest source is fines that amounts to R68, 520 million in 2022/23 financial year and R71, 535 million and R74, 753 million respectively in the outer years.

### Operating Transfers and Grants Receipts

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	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>245 283</b>	<b>273 218</b>	<b>351 908</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>	<b>338 906</b>	<b>359 874</b>	<b>384 977</b>
Local Government Equitable Share	237 511	269 013	347 526	302 788	302 788	302 788	334 260	357 024	382 127
Finance Management	1 770	2 235	2 600	2 650	2 650	2 650	2 850	2 850	2 850
EPWP Incentive	1 002	1 374	1 681	2 199	2 199	2 199	1 796	-	-
Disaster Relief Grant	-	596	-	-	-	-	-	-	-
Education Training and Development Practices SETA	-	-	102	130	130	130	-	-	-
Energy Efficiency and Demand Management	5 000	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>245 283</b>	<b>273 218</b>	<b>351 908</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>	<b>338 906</b>	<b>359 874</b>	<b>384 977</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>71 830</b>	<b>73 921</b>	<b>68 891</b>	<b>79 332</b>	<b>79 332</b>	<b>79 332</b>	<b>79 606</b>	<b>76 364</b>	<b>79 794</b>
Municipal Infrastructure Grant (MIG)	61 832	54 921	53 891	57 984	57 984	57 984	62 606	65 364	68 300
Integrating National Electrification Grant	9 998	19 000	15 000	21 348	21 348	21 348	17 000	11 000	11 494
<b>Provincial Government:</b>	<b>-</b>	<b>21 471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Coghsta - Development	-	21 471	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Capital Transfers and Grants</b>	<b>71 830</b>	<b>95 392</b>	<b>68 891</b>	<b>79 332</b>	<b>79 332</b>	<b>79 332</b>	<b>79 606</b>	<b>76 364</b>	<b>79 794</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>317 113</b>	<b>368 610</b>	<b>420 799</b>	<b>387 099</b>	<b>387 099</b>	<b>387 099</b>	<b>418 512</b>	<b>436 238</b>	<b>464 771</b>

The above table outlines the operating grants and transfers allocated to Elias Motsoaledi Local Municipality for 2022/23 MTREF and these grants are contributing significantly towards the revenue-base of the municipality.

#### 1.4.1 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.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1 (zero point two five is to one). The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality conforms to the stipulations of the above-mentioned regulations more especially on the ratio thereof. The stipulation in the Property Rates Policy is highlighted below:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA). In addition to this exemption, the following additional rebates on the market value of a property will be granted in terms of the Municipality's own Property Rates tariffs;

<b>Property categories</b>	<b>Additional rebates</b>
Residential property	20%
Business, commercial, industrial and mining	25%
Agricultural property	0%
State owned property	20%
Public service infrastructure	75%
Public benefit organisation. Old age	75%
Municipal properties	Not levied
Unknown	Not levied

The following owners may be granted a rebate on, or a reduction in the rates payable on their property:

- Pensioners that meet the following criteria:
  - Registered owner of property,
  - Applicant must reside on the property,
  - Income not exceeding an amount set by Council,
- Ratable property registered in the name of the Council., if such property is used in supplying electricity, water, and gas or sewerage services;
- Hospitals, clinics, and institutions for mentally ill persons, which are not operated for gain;
- Ratable property registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purpose of such society;
- Cemeteries and crematoriums, which are registered in the names of private persons and which are used exclusively for burials and cremations;
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not;
- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports;
- Ratable property registered in the name of benevolent or charitable organizations, or any ratable property let by the Council to any of the named organizations
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions;

- Owners of residential properties with to which Section 17(1)(h) of the Act applies on the market value of the property less the amount stated in that Section or higher amount as determined by Council;
- State or public infrastructure and their rates may be reduced to a percentage which is contemplated in Section 11 of the Act.
- Owners of agricultural properties who are bona fide farmers.

#### **1.4.2 Sale of Electricity and Impact of Tariff Increases**

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 17.8 per cent in the 2021/22 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases. In their Multi-Year Price Determination (MYPD 5) application Eskom requested approval for municipal bulk tariff increases of 20.5 per cent in 2022/23, 15 per cent in 2023/24 and 10 per cent in 2024/25. NERSA rejected this revenue application at the end of September 2021 and in October 2021 ESKOM filed an application in the High Court to review NERSA's decision. Following the deliberations, NERSA has approved a 9.6 per cent tariff increase for Eskom starting from April 2022 and this figure accounts for a 3.49 per cent increase in 2022/23.

Registered indigents will continue to get 50 kWh allocated to them and this will result in indigents receiving 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has not published municipal tariff increase yet and the municipality used Consumer Price Index (CPI).

National Treasury encouraged municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality which is contradiction with setting cost-reflective tariffs. The Consumer Price Index (CPI) inflation is forecasted to be within the lower limit of the 3 to 6 per cent target band; therefore, municipalities are required to pay careful attention to tariff increases across all consumer groups.

#### **1.4.3 Waste Removal and Impact of Tariff Increase**

Service charge refuse removal is currently not doing fairly well since the revenue generated is currently less than the anticipated expenditure to be incurred and the municipality will therefore, have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors for the function not to break-even are repairs and maintenance on vehicles and landfill site, increases in general expenditure such as petrol and diesel and the cost of contracted service provider for refuse removal.

#### **1.4.4 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services

### **1.5 Operating Expenditure Framework**

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

- The renewal of existing assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational surplus will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation will be made.

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

**Table A5 Summary of operating expenditure by standard classification item**

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>Expenditure By Type</b>										
Employee costs	143 445	149 468	160 455	163 212	154 891	154 891	–	176 309	184 030	192 274
Remuneration of councillors	23 662	25 065	24 845	27 334	25 386	25 386	16 506	25 580	26 638	27 340
Depreciation & asset impairment	56 996	56 514	58 788	58 392	57 692	57 692	–	59 780	62 410	65 156
Finance charges	2 797	2 361	2 123	3 729	845	845	232	2 185	2 326	2 472
Materials and bulk purchases	88 598	96 089	112 407	129 586	132 762	132 762	31 751	149 483	149 628	156 281
Transfers and grants	2 137	3 059	3 275	3 784	3 271	3 271	1 779	3 428	3 579	3 736
Other expenditure	140 399	158 828	191 319	146 638	151 128	151 128	–	170 792	168 282	175 475
<b>Total Expenditure</b>	<b>458 034</b>	<b>491 384</b>	<b>553 212</b>	<b>532 675</b>	<b>525 975</b>	<b>525 975</b>	<b>50 269</b>	<b>587 557</b>	<b>596 892</b>	<b>622 734</b>

The budgeted allocation for employee related costs and remuneration of councilors for the 2022/23 financial year totals R201, 889 million, which equals 34% of the total operating expenditure. South African Local Government Bargaining Council circular 23/2021 stipulates an increase of 4.8% which equates to CPI. Based on MFMA circular 115, the two outer-years' salary increases have been factored into this budget at CPI percentage increase of 4.4% and 4.5% respectively. The CPI is also applied on remuneration for councilors for outer years

The cost associated with the remuneration of Councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. The provision of debt impairment was determined based on the annual average collection rate of 87.1% and the Debt Write-off Policy of the Municipality. For the 2022/23 financial year this amount equates to R52, 180 million and escalates to R54, 477 million in 2023/24 and R56, 928 million 2024/25. While this expenditure is considered a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

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 for asset consumption. Budget appropriations in this regard total R56, 780 million for the 2022/23 financial year and equates to 10.17% of the total operating expenditure. Cognizance should be taken that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Note should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

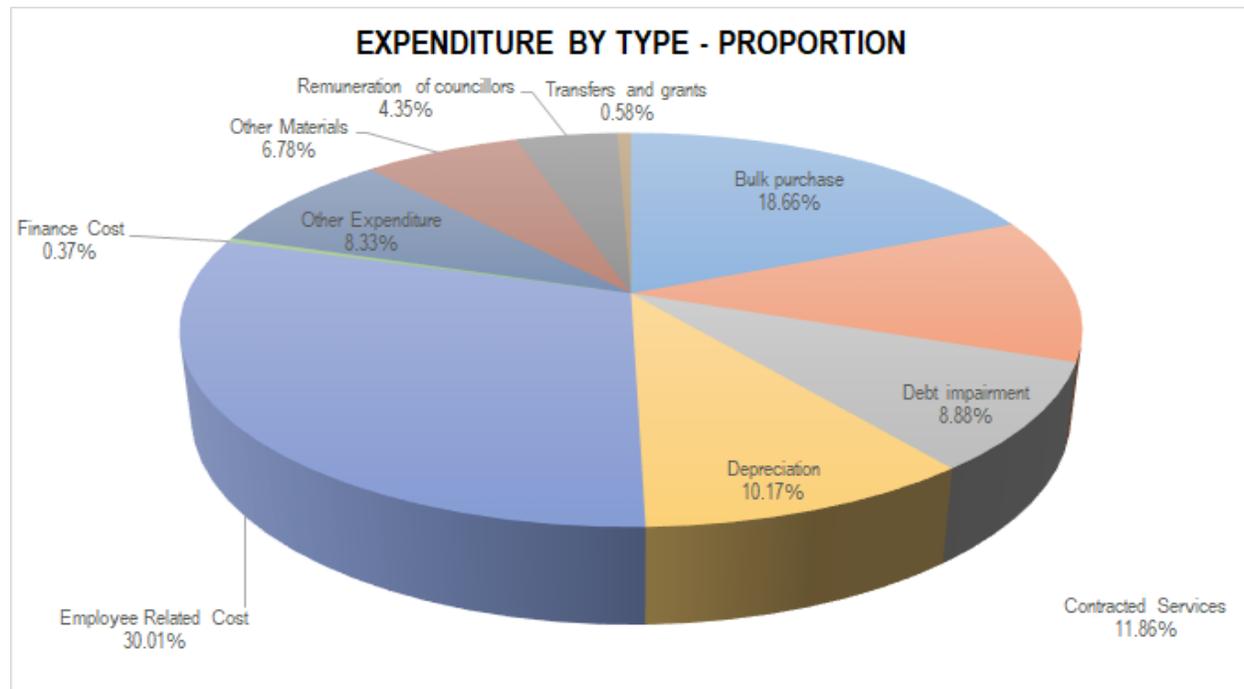
Bulk purchase is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. MFMA circular 115 outlines the set tariff increase for municipal bulk purchase from Eskom of 9.6%.

Other material comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 11.86% or R69 664 million of the total operational budget for the 2022/23 financial year and decreases to R63, 305 million and increases to R66, 069 million in the two respective outer years. The norm for contracted services is 2% to 5% and as a result, the budget for contracted services through the MTREF period is considered to be excessive.

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.

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



**Figure 2 Main operational expenditure categories for the 2022/23 financial year**

### 1.5.1 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 budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. 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.

During the compilation of the 2022/23 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. In this MTREF, repairs and maintenance budget has increased from R26, 008 million in 2021/22 to R39, 742 million in 2022/23 then decreases to R35, 041 million and increases to R36, 590 million respectively in the outer years. In addition, the municipality is still experiencing budgetary constraints to can meet the required 8% that repairs and maintenance should contribute towards property, plant and equipment; and investment property. In relation to property, plant and equipment, repairs and maintenance comprises of 3.05% throughout the MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

For the 2022/23 financial year R24, 953 million of total repairs and maintenance will be spent on infrastructure assets. The other assets that have been catered for in the repairs and maintenance budget is buildings, maintenance of website, machinery and equipment and transport assets. The overall budget for repairs and maintenance has decreased from R26, 008 million to R39, 472.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

### **1.6 Capital expenditure**

The major portion of capital expenditure budget is appropriated in vote 6 and for 2022/23 an the budget in vote 6 is mainly for electrification and road infrastructure capital projects. The other departments', *id-est* Corporate Services – the appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services – the appropriations are for fencing of cemeteries and upgrading of parks.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R17.6 million
- Roads related projects – R66.2 million
- Operational equipment – R2 million
- Buildings – R4.1 million

### **Figure 3 Capital Infrastructure Programme**

## 1.7 Annual Budget Tables

The following tables present the 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.

### Table A1 - Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>Financial Performance</b>										
Property rates	32 756	35 773	39 442	38 865	42 616	42 616	26 632	41 039	42 845	44 773
Service charges	83 287	95 493	97 738	113 490	130 911	130 911	73 355	119 739	125 007	130 633
Investment revenue	2 133	1 368	585	1 900	2 432	2 432	1 265	3 652	3 669	3 675
Transfers recognised - operational	240 283	273 218	351 908	307 637	307 637	307 637	229 835	338 906	359 874	384 977
Other own revenue	67 452	48 160	48 345	84 734	63 158	63 158	18 405	97 764	95 234	99 519
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>425 912</b>	<b>454 012</b>	<b>538 018</b>	<b>546 626</b>	<b>546 753</b>	<b>546 753</b>	<b>349 491</b>	<b>601 100</b>	<b>626 629</b>	<b>663 577</b>
Employee costs	143 445	149 468	160 455	163 212	154 891	154 891	-	176 309	184 030	192 274
Remuneration of councillors	23 662	25 065	24 845	27 334	25 386	25 386	16 506	25 580	26 638	27 340
Depreciation & asset impairment	56 996	56 514	58 788	58 392	57 692	57 692	-	59 780	62 410	65 156
Finance charges	2 797	2 361	2 123	3 729	845	845	232	2 185	2 326	2 472
Inventory consumed and bulk purchases	88 598	96 089	112 407	129 586	132 762	132 762	31 751	149 483	149 628	156 281
Transfers and grants	2 137	3 059	3 275	3 784	3 271	3 271	1 779	3 428	3 579	3 736
Other expenditure	140 399	158 828	191 319	146 638	151 128	151 128	-	170 792	168 282	175 475
<b>Total Expenditure</b>	<b>458 034</b>	<b>491 384</b>	<b>553 212</b>	<b>532 675</b>	<b>525 975</b>	<b>525 975</b>	<b>50 269</b>	<b>587 557</b>	<b>596 892</b>	<b>622 734</b>
<b>Surplus/(Deficit)</b>	<b>(32 122)</b>	<b>(37 372)</b>	<b>(15 194)</b>	<b>13 951</b>	<b>20 778</b>	<b>20 778</b>	<b>299 222</b>	<b>13 544</b>	<b>29 737</b>	<b>40 843</b>
Transfers and subsidies - capital (monetary allocations)	75 766	70 685	68 450	79 332	80 072	80 072	36 845	79 606	76 364	79 794
Transfers and subsidies - capital (monetary allocations)	-	21 471	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>43 644</b>	<b>54 784</b>		<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>336 067</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>
<b>Surplus/(Deficit) for the year</b>	<b>43 644</b>	<b>54 784</b>		<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>336 067</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>91 183</b>	<b>92 168</b>	<b>85 102</b>	<b>88 032</b>	<b>94 234</b>	<b>94 234</b>	<b>48 413</b>	<b>90 006</b>	<b>91 794</b>	<b>102 120</b>
Transfers recognised - capital	75 766	78 193	79 029	79 332	80 072	80 072	34 838	79 606	76 364	79 794
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 417	13 975	6 073	8 700	14 163	14 163	13 574	10 400	15 430	22 326
<b>Total sources of capital funds</b>	<b>91 183</b>	<b>92 168</b>	<b>85 102</b>	<b>88 032</b>	<b>94 234</b>	<b>94 234</b>	<b>48 413</b>	<b>90 006</b>	<b>91 794</b>	<b>102 120</b>
<b>Financial position</b>										
<b>Total current assets</b>	<b>125 577</b>	<b>130 505</b>	<b>118 385</b>	<b>165 299</b>	<b>151 516</b>	<b>151 516</b>	<b>205 298</b>	<b>157 426</b>	<b>169 733</b>	<b>179 874</b>
Total non current assets	1 084 590	1 116 466	1 153 097	1 305 435	1 302 263	1 302 263	1 187 244	1 322 184	1 329 910	1 337 136
Total current liabilities	135 155	125 662	97 735	111 087	112 685	112 685	120 443	108 426	112 906	117 694
Total non current liabilities	90 531	79 251	78 431	114 907	114 907	114 907	77 486	113 710	118 713	124 055
Community wealth/Equity	984 480	1 042 059	1 095 315	1 244 739	1 226 187	1 226 187	1 194 614	1 257 474	1 268 024	1 275 260
<b>Cash flows</b>										
<b>Net cash from (used) operating</b>	<b>107 485</b>	<b>69 945</b>	<b>101 031</b>	<b>97 304</b>	<b>101 165</b>	<b>101 165</b>	<b>86 487</b>	<b>96 879</b>	<b>116 520</b>	<b>124 498</b>
Net cash from (used) investing	(80 690)	(84 244)	(85 135)	(80 993)	(78 458)	(78 458)	(48 413)	(72 036)	(81 383)	(90 922)
Net cash from (used) financing	(8 843)	(7 948)	(10 978)	(11 947)	(11 947)	(11 947)	(2 485)	(24 429)	(25 723)	(26 588)
Cash/cash equivalents at the year end	24 177	1 929	6 848	31 852	17 609	17 609	42 004	18 023	27 437	34 426
<b>Cash backing/surplus reconciliation</b>										
<b>Cash and investments available</b>	<b>24 177</b>	<b>1 929</b>	<b>6 848</b>	<b>31 852</b>	<b>17 310</b>	<b>17 310</b>	<b>42 004</b>	<b>34 951</b>	<b>45 009</b>	<b>52 683</b>
Application of cash and investments	48 625	21 742	22 924	3 790	6 091	6 091	(56 932)	1 453	5 114	7 855
Balance - surplus (shortfall)	(24 449)	(19 812)	(16 076)	28 061	11 218	11 218	98 937	33 499	39 895	44 827
<b>Asset management</b>										
<b>Asset register summary (WDV)</b>										
Depreciation	56 996	56 514	58 788	58 392	57 692	57 692	57 692	59 780	62 410	65 156
Renewal and Upgrading of Existing Assets	43 066	22 654	60 513	63 124	58 784	58 784	58 784	68 106	75 414	87 100
Repairs and Maintenance	10 374	10 649	15 373	14 724	29 784	29 784	29 784	39 742	35 041	36 590
Free services	-	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided</b>										
Revenue cost of free services provided	5 684	5 741	5 741	9 017	9 017	9 017	9 450	9 450	9 866	10 310
Households below minimum service level										
Energy:	4	4	3	3	3	3	3	3	3	3
Refuse:	50 317	50 317	54 129	54 129	54 129	54 140	54 140	54 140	54 140	54 140

**Explanatory notes to MBRR Table A1 - Budget Summary**

- 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).
  - The table provides an overview of the amounts contained in the Annual budget for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
  - Financial management reforms emphasises 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 net of non-cash items) is positive over the MTREF period.
    - b. Capital expenditure is balanced by capital funding sources, of which
      - i. Transfers recognised is reflected on the Financial Performance Budget;
      - ii. Internally generated funds are financed from a combination of the current operating surplus. 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 is improving indicates that the necessary cash resources are available to fund the Capital Budget.
2. The Cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on an over Annual nor funding some of its capital projects through direct borrowings. 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 has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue &		
	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
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	<b>198 283</b>	<b>225 320</b>	<b>275 808</b>	<b>245 185</b>	<b>263 642</b>	<b>263 642</b>	<b>288 162</b>	<b>299 102</b>	<b>318 290</b>
Executive and council	42 873	46 559	56 129	48 669	48 669	48 669	53 728	57 387	61 422
Finance and administration	147 508	169 811	206 248	184 328	202 786	202 786	220 980	227 345	241 487
Internal audit	7 902	8 950	13 430	12 188	12 188	12 188	13 455	14 371	15 381
<b>Community and public safety</b>	<b>88 850</b>	<b>36 265</b>	<b>32 043</b>	<b>88 396</b>	<b>54 277</b>	<b>54 277</b>	<b>87 907</b>	<b>92 241</b>	<b>96 913</b>
Community and social services	7 973	9 633	11 515	9 924	9 914	9 914	10 997	11 743	12 566
Sport and recreation	10 677	12 104	17 675	13 472	13 438	13 438	8 475	9 051	9 686
Public safety	70 200	14 529	2 853	65 000	30 925	30 925	68 435	71 446	74 661
<b>Economic and environmental services</b>	<b>141 810</b>	<b>138 942</b>	<b>148 383</b>	<b>126 286</b>	<b>127 453</b>	<b>127 453</b>	<b>132 548</b>	<b>137 956</b>	<b>145 784</b>
Planning and development	17 107	21 248	30 386	24 295	24 422	24 422	20 920	20 412	21 831
Road transport	123 685	116 541	116 380	99 173	100 213	100 213	108 518	114 222	120 396
Environmental protection	1 018	1 153	1 617	2 818	2 818	2 818	3 111	3 322	3 556
<b>Trading services</b>	<b>72 735</b>	<b>145 640</b>	<b>150 235</b>	<b>166 092</b>	<b>181 452</b>	<b>181 452</b>	<b>172 090</b>	<b>173 694</b>	<b>182 385</b>
Energy sources	53 970	117 514	116 232	134 030	149 100	149 100	139 913	136 364	142 694
Waste management	18 765	28 126	34 003	32 062	32 353	32 353	32 176	37 330	39 690
Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>501 678</b>	<b>546 168</b>	<b>606 468</b>	<b>625 958</b>	<b>626 825</b>	<b>626 825</b>	<b>680 706</b>	<b>702 993</b>	<b>743 371</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	<b>184 383</b>	<b>218 135</b>	<b>240 463</b>	<b>199 255</b>	<b>198 126</b>	<b>198 126</b>	<b>214 389</b>	<b>217 135</b>	<b>226 537</b>
Executive and council	39 998	50 877	43 307	42 577	38 500	38 500	43 124	44 915	46 393
Finance and administration	135 274	160 902	189 110	148 683	149 321	149 321	160 837	161 350	168 801
Internal audit	9 111	6 356	8 045	7 995	10 305	10 305	10 427	10 870	11 343
<b>Community and public safety</b>	<b>68 557</b>	<b>25 269</b>	<b>73 578</b>	<b>76 374</b>	<b>69 071</b>	<b>69 071</b>	<b>84 055</b>	<b>87 325</b>	<b>91 041</b>
Community and social services	5 563	5 097	7 157	7 280	5 947	5 947	8 174	8 529	8 908
Sport and recreation	9 713	6 833	8 292	12 783	8 609	8 609	11 911	12 435	12 993
Public safety	53 281	13 339	58 129	56 311	54 515	54 515	63 970	66 360	69 140
<b>Economic and environmental services</b>	<b>79 856</b>	<b>101 700</b>	<b>94 704</b>	<b>103 751</b>	<b>98 721</b>	<b>98 721</b>	<b>119 709</b>	<b>118 516</b>	<b>123 777</b>
Planning and development	15 813	14 923	12 907	17 950	14 188	14 188	18 982	19 811	20 694
Road transport	63 315	86 178	81 178	85 136	84 336	84 336	100 031	97 982	102 328
Environmental protection	728	598	618	665	197	197	696	724	754
<b>Trading services</b>	<b>125 237</b>	<b>146 281</b>	<b>144 468</b>	<b>153 295</b>	<b>160 058</b>	<b>160 058</b>	<b>169 404</b>	<b>173 916</b>	<b>181 379</b>
Energy sources	101 683	102 696	104 032	128 242	126 809	126 809	140 019	143 570	150 014
Waste management	23 554	43 584	40 435	25 053	33 249	33 249	29 385	30 346	31 365
Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>458 034</b>	<b>491 384</b>	<b>553 212</b>	<b>532 675</b>	<b>525 975</b>	<b>525 975</b>	<b>587 557</b>	<b>596 892</b>	<b>622 734</b>
<b>Surplus/(Deficit) for the year</b>	<b>43 644</b>	<b>54 784</b>	<b>53 256</b>	<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (by standard classification)**

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into different functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- 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 A3 - Budgeted Financial Performance (by vote)**

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue &		
	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
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	38 168	41 231	49 347	42 820	42 820	42 820	47 271	50 490	54 040
Vote 2 - Municipal Manager	31 469	35 643	47 408	42 149	42 149	42 149	46 531	49 699	53 194
Vote 3 - Budget & Treasury	59 272	74 595	86 858	74 785	93 243	93 243	109 251	108 007	113 759
Vote 4 - Corporate Services	39 931	40 504	51 431	46 749	46 748	46 748	51 627	55 143	59 019
Vote 5 - Community Services	120 478	69 521	75 047	130 531	97 480	97 480	131 743	141 870	149 599
Vote 6 - Technical Services	184 982	251 794	251 715	250 001	265 336	265 336	266 437	269 972	284 009
Vote 7 - Developmental Planning	11 282	14 650	21 988	17 052	17 179	17 179	12 923	11 871	12 690
Vote 8 - Executive Support	16 094	18 229	22 675	21 871	21 871	21 871	14 925	15 941	17 062
<b>Total Revenue by Vote</b>	<b>501 678</b>	<b>546 168</b>	<b>606 468</b>	<b>625 958</b>	<b>626 825</b>	<b>626 825</b>	<b>680 706</b>	<b>702 993</b>	<b>743 371</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	35 307	42 975	37 311	37 114	33 832	33 832	35 371	36 852	38 000
Vote 2 - Municipal Manager	37 306	49 330	47 145	36 199	38 707	38 707	42 717	43 894	45 151
Vote 3 - Budget & Treasury	53 586	63 144	79 320	56 980	58 943	58 943	62 265	59 532	62 099
Vote 4 - Corporate Services	30 600	24 723	31 806	35 707	26 629	26 629	36 936	38 439	41 155
Vote 5 - Community Services	100 333	76 526	122 250	109 512	110 688	110 688	123 338	128 002	133 201
Vote 6 - Technical Services	176 739	205 574	205 570	228 211	226 006	226 006	254 379	256 510	267 960
Vote 7 - Developmental Planning	9 977	8 942	8 333	13 293	9 215	9 215	13 407	13 994	14 620
Vote 8 - Executive Support	14 187	20 169	21 476	15 657	21 955	21 955	19 144	19 668	20 549
<b>Total Expenditure by Vote</b>	<b>458 034</b>	<b>491 384</b>	<b>553 212</b>	<b>532 675</b>	<b>525 975</b>	<b>525 975</b>	<b>587 557</b>	<b>596 892</b>	<b>622 734</b>
<b>Surplus/(Deficit) for the year</b>	<b>43 644</b>	<b>54 784</b>	<b>53 256</b>	<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

**Table A4 - Budgeted Financial Performance (revenue and expenditure)**

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
<b>Revenue By Source</b>										
Property rates	32 756	35 773	39 442	38 865	42 616	42 616	26 632	41 039	42 845	44 773
Service charges - electricity revenue	75 160	87 068	88 812	104 214	121 343	121 343	67 130	109 716	114 543	119 698
Service charges - refuse revenue	8 127	8 425	8 926	9 276	9 568	9 568	6 225	10 023	10 464	10 935
Rental of facilities and equipment	1 644	897	1 007	898	958	958	537	1 004	1 048	1 095
Interest earned - external investments	2 133	1 368	585	1 900	2 432	2 432	1 265	3 652	3 669	3 675
Interest earned - outstanding debtors	9 188	12 861	16 841	12 860	18 360	18 360	11 962	13 857	14 466	15 117
Fines, penalties and forfeits	50 233	14 570	2 861	65 071	30 986	30 986	244	68 520	71 535	74 754
Licences and permits	4 707	3 939	4 635	5 240	6 026	6 026	4 353	6 315	6 593	6 890
Transfers and subsidies	240 283	273 218	351 908	307 637	307 637	307 637	229 835	338 906	359 874	384 977
Other revenue	1 680	15 893	23 001	664	6 829	6 829	1 310	8 068	1 591	1 663
Gains	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>425 912</b>	<b>454 012</b>	<b>538 018</b>	<b>546 626</b>	<b>546 753</b>	<b>546 753</b>	<b>349 491</b>	<b>601 100</b>	<b>626 629</b>	<b>663 577</b>
<b>Expenditure By Type</b>										
Employee related costs	143 445	149 468	160 455	163 212	154 891	154 891	-	176 309	184 030	192 274
Remuneration of councillors	23 662	25 065	24 845	27 334	25 386	25 386	16 506	25 580	26 638	27 340
Debt impairment	47 514	13 957	61 327	48 632	48 932	48 932	-	52 181	54 477	56 928
Depreciation & asset impairment	56 996	56 514	58 788	58 392	57 692	57 692	-	59 780	62 410	65 156
Finance charges	2 797	2 361	2 123	3 729	845	845	232	2 185	2 326	2 472
Bulk purchases - electricity	72 759	81 428	88 182	110 035	100 035	100 035	-	109 638	114 462	119 613
Inventory consumed	15 839	14 661	24 225	19 551	32 727	32 727	31 751	39 844	35 165	36 667
Contracted services	59 841	90 969	75 365	60 088	61 570	61 570	-	69 664	63 305	66 069
Transfers and subsidies	2 137	3 059	3 275	3 784	3 271	3 271	1 779	3 428	3 579	3 736
Other expenditure	33 044	53 902	54 626	37 918	40 626	40 626	-	48 946	50 500	52 478
Losses	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>458 034</b>	<b>491 384</b>	<b>553 212</b>	<b>532 675</b>	<b>525 975</b>	<b>525 975</b>	<b>50 269</b>	<b>587 557</b>	<b>596 892</b>	<b>622 734</b>
<b>Surplus/(Deficit)</b>	<b>(32 122)</b>	<b>(37 372)</b>	<b>(15 194)</b>	<b>13 951</b>	<b>20 778</b>	<b>20 778</b>	<b>299 222</b>	<b>13 544</b>	<b>29 737</b>	<b>40 843</b>
Transfers and subsidies - capital (monetary allocations)	75 766	70 685	68 450	79 332	80 072	80 072	36 845	79 606	76 364	79 794
Transfers and subsidies - capital (monetary allocations)	-	21 471	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>43 644</b>	<b>54 784</b>	<b>53 256</b>	<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>336 067</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>43 644</b>	<b>54 784</b>	<b>53 256</b>	<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>336 067</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>43 644</b>	<b>54 784</b>	<b>53 256</b>	<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>336 067</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>43 644</b>	<b>54 784</b>	<b>53 256</b>	<b>93 283</b>	<b>100 850</b>	<b>100 850</b>	<b>336 067</b>	<b>93 150</b>	<b>106 101</b>	<b>120 637</b>

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

- Operating revenue is R601, 100 million in 2022/23 and escalates to R626, 629 million and R663, 577 million in the outer years.
- Services charges relating to electricity and refuse removal, these revenue sources contribute significantly to the revenue basket of the municipality and the contribution thereof totals R119, 739 million for the 2022/23 financial year and increasing to R125, 007 million in 2023/24 and increasing to R130, 633 million in 2024/25 financial year.
- Transfers recognized operational – includes the local government equitable share, financial management grant, extended public works programme grant and the allocation is as per DORA.
- Services charges relating to refuse removal is increasing from R9.6 million to R10 million and the increase is reasonable and in line with CPI.
- Rental of facilities and equipment is increased from R958 thousand in adjustment budget to R1 million which is in line with CPI.
- Interest on external investment is budgeted to increase from R2.4 million to R3.7 million due to investments the municipality anticipate to make and the deposit that the municipality has with Eskom that generate interest and its only realized at year end. Furthermore, a portion of Masakaneng will be electrified 2022/23 financial year resulting in interest increase.

7. Fines are anticipated to increase from R30. 9 million to R68. 5 million and the municipality realized less than anticipated for the period of July to February. The municipality anticipate to appoint the new service provider by the end of March 2022 as the tender is currently at adjudication stage in the process. The reason for the fines amount of nine months is due to the systems of capturing fines that is not linked to the main financial system, we pass the journals from the information received from the Traffic department.
8. 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.
9. An increase in employee related cost is due to majority of director's posts are vacant and chances to fill all posts are very high. In addition the municipality froze certain post in compliance with funding plan requirements therefore all posts are budgeted for in 2022-23 hence the jump.
10. The increment on payment in lieu of leave due to the attached circular from SALGA that stipulates that employees may cash in leave days, and provision for employees who might resign during the financial year.
11. Depreciation increased from R57, 692 million in 2021/22 to R59, 780 million and the increase is due to acquisition of assets.
12. The budgeted amount on finance charges the figure is guided by the amortization schedule for finance lease obligation.
13. The municipality will be disposing investment property to realise proceeds to better the financial position of the municipality hence a jump in other revenue.

**Table A5 - Budgeted Capital Expenditure by standard classification and funding source**

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	2 200	1 957	1 111	1 360	1 939	1 939	1 538	1 500	2 288	2 181
Executive and council	-	-	-	-	-	-	-	-	-	-
<b>Finance and administration</b>	2 200	1 957	1 111	1 360	1 939	1 939	1 538	1 500	2 288	2 181
Internal audit	-	-	-	-	-	-	-	-	-	-
Community and public safety	522	-	2 063	800	500	500	498	2 000	3 670	500
Community and social services	522	-	598	600	500	500	498	580	2 700	-
<b>Sport and recreation</b>	-	-	1 465	200	-	-	-	680	970	500
Public safety	-	-	-	-	-	-	-	740	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	76 222	69 833	62 035	63 584	58 284	58 284	32 673	67 806	65 836	73 145
Planning and development	-	-	-	1 100	-	-	-	1 100	500	-
<b>Road transport</b>	76 222	69 833	62 035	62 484	58 284	58 284	32 673	66 706	65 336	73 145
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	12 240	20 378	19 894	22 288	33 512	33 512	13 704	18 700	20 000	26 294
Energy sources	10 640	18 954	19 894	21 988	33 512	33 512	13 704	17 600	20 000	23 494
<b>Waste management</b>	1 600	1 424	-	300	-	-	-	1 100	-	2 800
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	91 183	92 168	85 102	88 032	94 234	94 234	48 413	90 006	91 794	102 120
Funded by:										
<b>National Government</b>	75 766	56 721	79 029	79 332	79 772	79 772	34 838	79 606	76 364	79 794
<b>Provincial Government</b>	-	21 471	-	-	300	300	-	-	-	-
<b>District Municipality</b>	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	75 766	78 193	79 029	79 332	80 072	80 072	34 838	79 606	76 364	79 794
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 417	13 975	6 073	8 700	14 163	14 163	13 574	10 400	15 430	22 326
Total Capital Funding	91 183	92 168	85 102	88 032	94 234	94 234	48 413	90 006	91 794	102 120

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by standard classification and funding source**

Capital projects are funded from Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP) and internal generated revenue.

From table A4 point of view the municipality has budgeted for non-cash items, the effect thereof is the surplus of R13 million however the internal generated funding is based on the surplus from A7 cash flow, which is exclusive of non-cash item.

**Table A5 - Budgeted Capital Expenditure by vote**

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>Capital expenditure - Vote</b>										
Multi-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1 400	-	1 105	460	860	860	459	1 500	2 288	2 181
Vote 5 - Community Services	1 600	-	-	300	-	-	-	2 260	3 670	2 500
Vote 6 - Technical Services	25 714	46 151	7 468	40 840	58 280	58 280	37 503	16 865	55 017	65 882
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	500	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>28 714</b>	<b>46 151</b>	<b>8 574</b>	<b>41 600</b>	<b>59 140</b>	<b>59 140</b>	<b>37 963</b>	<b>20 625</b>	<b>61 475</b>	<b>70 563</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	100	-	-	-	-	-	-
Vote 4 - Corporate Services	800	633	-	-	-	-	-	-	-	-
Vote 5 - Community Services	522	1 424	1 972	800	500	500	498	840	-	800
Vote 6 - Technical Services	67 222	43 960	74 557	44 432	34 595	34 595	9 952	67 441	30 319	30 757
Vote 7 - Developmental Planning	-	-	-	1 100	-	-	-	1 100	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>68 544</b>	<b>46 017</b>	<b>76 528</b>	<b>46 432</b>	<b>35 095</b>	<b>35 095</b>	<b>10 450</b>	<b>69 381</b>	<b>30 319</b>	<b>31 557</b>
<b>Total Capital Expenditure - Vote</b>	<b>97 258</b>	<b>92 168</b>	<b>85 102</b>	<b>88 032</b>	<b>94 234</b>	<b>94 234</b>	<b>48 413</b>	<b>90 006</b>	<b>91 794</b>	<b>102 120</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. 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 standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2022/23 R20, 625 million has been allocated of the total R90, 006 million. This allocation escalates to R91, 794 million in 2023/24 and increase to R102, 120 million in 2024/25.
3. Single-year capital expenditure has been appropriated at R69, 381 million for the 2022/23 financial year and declines to R30, 319 million in 2023/24 and then increases to R31, 557 million in 2024/25 financial year.
4. 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. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

**Table A6 - Budgeted Financial Position**

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	24 177	1 929	6 848	8 536	17 310	17 310	11 710	6 023	12 437	14 426
Call investment deposits	–	–	–	23 315	–	–	30 294	12 000	15 000	20 000
Consumer debtors	49 245	66 059	77 298	63 924	62 496	62 496	101 773	63 434	64 449	65 544
Other debtors	45 911	53 553	23 157	60 917	62 766	62 766	51 719	65 845	66 833	67 902
Current portion of long-term receivables	–	–	–	–	119	119	–	119	119	119
Inventory	6 245	8 964	11 082	8 606	8 826	8 826	9 802	10 005	10 896	11 883
<b>Total current assets</b>	<b>125 577</b>	<b>130 505</b>	<b>118 385</b>	<b>165 299</b>	<b>151 516</b>	<b>151 516</b>	<b>205 298</b>	<b>157 426</b>	<b>169 733</b>	<b>179 874</b>
<b>Non current assets</b>										
Long-term receivables	–	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	16 928	17 571	18 257
Investment property	56 614	69 961	80 312	60 343	70 879	70 879	80 622	54 091	54 902	55 781
Investment in Associate	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	1 012 816	1 030 663	1 056 321	1 229 559	1 230 890	1 230 890	1 104 671	1 250 370	1 256 642	1 262 304
Biological	–	–	–	–	–	–	–	–	–	–
Intangible	39	31	23	31	31	31	23	331	331	331
Other non-current assets	15 120	15 811	16 441	15 502	463	463	1 928	463	463	463
<b>Total non current assets</b>	<b>1 084 590</b>	<b>1 116 466</b>	<b>1 153 097</b>	<b>1 305 435</b>	<b>1 302 263</b>	<b>1 302 263</b>	<b>1 187 244</b>	<b>1 322 184</b>	<b>1 329 910</b>	<b>1 337 136</b>
<b>TOTAL ASSETS</b>	<b>1 210 166</b>	<b>1 246 972</b>	<b>1 271 482</b>	<b>1 470 733</b>	<b>1 453 779</b>	<b>1 453 779</b>	<b>1 392 542</b>	<b>1 479 610</b>	<b>1 499 643</b>	<b>1 517 010</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	–	–	–	–	–	–	–	–	–	–
Borrowing	13 469	10 975	2 441	12 271	12 271	12 271	1 872	7 459	7 496	7 541
Consumer deposits	5 383	5 506	5 778	5 700	5 700	5 700	5 740	5 700	5 951	6 219
Trade and other payables	113 281	104 861	86 491	87 165	88 763	88 763	110 579	89 255	93 182	97 375
Provisions	3 022	4 319	3 025	5 950	5 950	5 950	2 253	6 012	6 277	6 559
<b>Total current liabilities</b>	<b>135 155</b>	<b>125 662</b>	<b>97 735</b>	<b>111 087</b>	<b>112 685</b>	<b>112 685</b>	<b>120 443</b>	<b>108 426</b>	<b>112 906</b>	<b>117 694</b>
<b>Non current liabilities</b>										
Borrowing	44 348	33 676	23 302	19 467	19 467	19 467	2 058	17 458	18 226	19 047
Provisions	46 183	45 575	55 129	95 439	95 439	95 439	75 428	96 252	100 487	105 009
<b>Total non current liabilities</b>	<b>90 531</b>	<b>79 251</b>	<b>78 431</b>	<b>114 907</b>	<b>114 907</b>	<b>114 907</b>	<b>77 486</b>	<b>113 710</b>	<b>118 713</b>	<b>124 055</b>
<b>TOTAL LIABILITIES</b>	<b>225 687</b>	<b>204 913</b>	<b>176 166</b>	<b>225 994</b>	<b>227 592</b>	<b>227 592</b>	<b>197 929</b>	<b>222 136</b>	<b>231 619</b>	<b>241 750</b>
<b>NET ASSETS</b>	<b>984 480</b>	<b>1 042 059</b>	<b>1 095 315</b>	<b>1 244 739</b>	<b>1 226 187</b>	<b>1 226 187</b>	<b>1 194 614</b>	<b>1 257 474</b>	<b>1 268 024</b>	<b>1 275 260</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	984 480	1 042 059	1 095 315	1 234 739	1 216 187	1 216 187	1 184 614	1 247 474	1 258 024	1 265 260
Reserves	–	–	–	10 000	10 000	10 000	10 000	10 000	10 000	10 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>984 480</b>	<b>1 042 059</b>	<b>1 095 315</b>	<b>1 244 739</b>	<b>1 226 187</b>	<b>1 226 187</b>	<b>1 194 614</b>	<b>1 257 474</b>	<b>1 268 024</b>	<b>1 275 260</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors 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 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.
- 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.

4. 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.
5. Table A6 is supported by an extensive table of notes that provide detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves.

**Table A7 - Budgeted Cash Flow Statement**

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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	28 948	85 622	85 247	29 997	34 083	34 083	18 648	34 514	36 033	37 654
Service charges	83 287	30 735	23 763	107 419	99 738	99 738	63 360	116 784	121 922	127 409
Other revenue	12 447	8 327	8 390	20 923	22 389	22 389	47 197	24 295	18 532	19 366
Transfers and Subsidies - Operational	245 283	273 214	351 908	307 637	307 637	307 637	232 070	338 906	359 874	384 977
Transfers and Subsidies - Capital	93 601	73 921	64 041	79 332	79 772	79 772	63 942	79 606	76 364	79 794
Interest	2 133	1 368	585	3 018	2 432	2 432	2 101	12 936	13 361	13 804
<b>Payments</b>										
Suppliers and employees	(354 062)	(399 637)	(429 256)	(443 509)	(443 527)	(443 527)	(338 534)	(504 549)	(503 662)	(532 298)
Finance charges	(2 797)	(2 361)	(2 123)	(3 729)	(845)	(845)	(237)	(2 185)	(2 326)	(2 472)
Transfers and Grants	(1 356)	(1 244)	(1 523)	(3 784)	(513)	(513)	(2 060)	(3 428)	(3 579)	(3 736)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>107 485</b>	<b>69 945</b>	<b>101 031</b>	<b>97 304</b>	<b>101 165</b>	<b>101 165</b>	<b>86 487</b>	<b>96 879</b>	<b>116 520</b>	<b>124 498</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	2 867	-	451	-	5 544	5 544	-	6 544	-	-
Decrease (increase) in non-current receivables	(1 118)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	1 426	-	-
<b>Payments</b>										
Capital assets	(82 439)	(84 244)	(85 586)	(80 993)	(84 002)	(84 002)	(48 413)	(80 005)	(81 383)	(90 922)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(80 690)</b>	<b>(84 244)</b>	<b>(85 135)</b>	<b>(80 993)</b>	<b>(78 458)</b>	<b>(78 458)</b>	<b>(48 413)</b>	<b>(72 036)</b>	<b>(81 383)</b>	<b>(90 922)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	325	325	325	(44)	488	-	-
<b>Payments</b>										
Repayment of borrowing	(8 843)	(7 948)	(10 978)	(12 271)	(12 271)	(12 271)	(2 441)	(24 917)	(25 723)	(26 588)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(8 843)</b>	<b>(7 948)</b>	<b>(10 978)</b>	<b>(11 947)</b>	<b>(11 947)</b>	<b>(11 947)</b>	<b>(2 485)</b>	<b>(24 429)</b>	<b>(25 723)</b>	<b>(26 588)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>17 952</b>	<b>(22 247)</b>	<b>4 919</b>	<b>4 364</b>	<b>10 761</b>	<b>10 761</b>	<b>35 589</b>	<b>415</b>	<b>9 414</b>	<b>6 989</b>
Cash/cash equivalents at the year begin:	6 225	24 177	1 929	27 487	6 848	6 848	6 415	17 609	18 023	27 437
<b>Cash/cash equivalents at the year end:</b>	<b>24 177</b>	<b>1 929</b>	<b>6 848</b>	<b>31 852</b>	<b>17 609</b>	<b>17 609</b>	<b>42 004</b>	<b>18 023</b>	<b>27 437</b>	<b>34 426</b>

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2022/23 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the Cash and Investment management policy is now in place.
5. Capital assets payment is exclusive of retention amounting to 10% of the work done.

**Cash flow from operating activities**

Receipts and payments are in line with budget made under table A4. Payments to suppliers and employees exclude non-cash items relating to store issues (inventory consumed). Mscoa eliminated store items to be non-funding and in true essences store items are not funded where department's requests item from stores. Funding is required when the municipality procures goods from service provider therefore Treasury must consider this matter during funding process.

**Cash flow from investing activities**

Proceeds from disposal of property plant and equipment adjustment is as a result of land and municipal house to be in terms of the funding plan.

The budget on capital assets takes into account retention and anticipated unspent portion of conditional grant.

**Cash flow from financing activities**

The repayment of borrowings relates to finance lease agreement the municipality entered into.

**Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate CPI rate or slightly higher over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 84.1%; Services charges electricity 99.7%; Services charges refuse 73.8%; other revenue 100%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Comparing A7 Capital assets and A5 total Capex the inconsistency is due retention that will be held by the municipality.

**Explanatory notes - 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 outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

**Table A8 – Budgeted cash backed reserves/ accumulated surplus reconciliation**

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue &		
	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
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	24 177	1 929	6 848	31 852	17 609	17 609	42 004	18 023	27 437	34 426
Other current investments > 90 days	(0)	–	0	–	(299)	(299)	0	(0)	–	–
Non current assets - Investments	–	–	–	–	–	–	–	16 928	17 571	18 257
<b>Cash and investments available:</b>	<b>24 177</b>	<b>1 929</b>	<b>6 848</b>	<b>31 852</b>	<b>17 310</b>	<b>17 310</b>	<b>42 004</b>	<b>34 951</b>	<b>45 009</b>	<b>52 683</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	23 851	5 616	1 207	441	441	441	60 281	1 000	1 231	987
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements										
Other working capital requirements	24 774	16 125	21 717	3 350	5 651	5 651	(117 213)	453	3 883	6 869
Other provisions										
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments										
<b>Total Application of cash and investments:</b>	<b>48 625</b>	<b>21 742</b>	<b>22 924</b>	<b>3 790</b>	<b>6 091</b>	<b>6 091</b>	<b>(56 932)</b>	<b>1 453</b>	<b>5 114</b>	<b>7 855</b>
<b>Surplus(shortfall)</b>	<b>(24 449)</b>	<b>(19 812)</b>	<b>(16 076)</b>	<b>28 061</b>	<b>11 218</b>	<b>11 218</b>	<b>98 937</b>	<b>33 499</b>	<b>39 895</b>	<b>44 827</b>

Table A9 - Asset Management

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	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>54 192</b>	<b>69 514</b>	<b>24 589</b>	<b>24 908</b>	<b>35 451</b>	<b>35 451</b>	<b>21 900</b>	<b>16 380</b>	<b>15 020</b>
Roads Infrastructure	34 057	51 346	-	500	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	13 487	16 111	20 000	21 348	33 212	33 212	17 600	12 000	11 494
Solid Waste Infrastructure	-	-	-	200	-	-	1 100	-	800
<b>Infrastructure</b>	<b>47 545</b>	<b>67 457</b>	<b>20 000</b>	<b>22 048</b>	<b>33 212</b>	<b>33 212</b>	<b>18 700</b>	<b>12 000</b>	<b>12 294</b>
<b>Community Facilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>820</b>	<b>370</b>	<b>-</b>
Community Assets	-	-	-	100	-	-	820	370	-
<b>Operational Buildings</b>	<b>4 947</b>	<b>-</b>	<b>2 339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 200</b>	<b>-</b>
Other Assets	4 947	-	2 339	-	-	-	-	1 200	-
<b>Licences and Rights</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>200</b>	<b>-</b>
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>200</b>	<b>-</b>
Computer Equipment	1 000	38	250	460	860	860	700	1 044	1 091
Furniture and Office Equipment	400	526	800	-	-	-	500	1 044	1 090
<b>Machinery and Equipment</b>	<b>300</b>	<b>1 492</b>	<b>1 200</b>	<b>400</b>	<b>300</b>	<b>300</b>	<b>880</b>	<b>522</b>	<b>545</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>1 079</b>	<b>1 079</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land	-	-	-	1 100	-	-	-	-	-
Total Renewal of Existing Assets	41 466	10 527	47 540	39 750	39 750	39 750	27 800	24 350	35 300
Roads Infrastructure	40 944	10 527	39 222	39 750	39 750	39 750	27 300	13 800	27 963
<b>Solid Waste Infrastructure</b>	<b>-</b>	<b>-</b>	<b>7 719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 050</b>	<b>7 337</b>
Infrastructure	40 944	10 527	46 940	39 750	39 750	39 750	27 300	23 850	35 300
<b>Community Facilities</b>	<b>522</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>-</b>
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>522</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>-</b>
Total Upgrading of Existing Assets	1 600	12 127	12 973	23 374	19 034	19 034	40 306	51 064	51 800
Roads Infrastructure	-	10 828	12 370	13 184	18 534	18 534	38 906	48 964	49 300
Electrical Infrastructure	-	-	-	340	-	-	-	-	-
<b>Solid Waste Infrastructure</b>	<b>1 600</b>	<b>-</b>	<b>-</b>	<b>9 150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>
Infrastructure	1 600	10 828	12 370	22 674	18 534	18 534	38 906	48 964	51 300
Community Facilities	-	-	602	700	500	500	300	2 100	500
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>602</b>	<b>700</b>	<b>500</b>	<b>500</b>	<b>300</b>	<b>2 100</b>	<b>500</b>
Operational Buildings	-	1 299	-	-	-	-	1 100	-	-
Other Assets	-	1 299	-	-	-	-	1 100	-	-
<b>Total Capital Expenditure</b>	<b>97 258</b>	<b>92 168</b>	<b>85 102</b>	<b>88 032</b>	<b>94 234</b>	<b>94 234</b>	<b>90 006</b>	<b>91 794</b>	<b>102 120</b>
Roads Infrastructure	75 001	72 701	51 592	53 434	58 284	58 284	66 206	62 764	77 263
Electrical Infrastructure	13 487	16 111	20 000	21 688	33 212	33 212	17 600	12 000	11 494
Solid Waste Infrastructure	1 600	-	7 719	9 350	-	-	1 100	10 050	10 137
<b>Infrastructure</b>	<b>90 089</b>	<b>88 812</b>	<b>79 311</b>	<b>84 472</b>	<b>91 496</b>	<b>91 496</b>	<b>84 906</b>	<b>84 814</b>	<b>98 894</b>
Community Facilities	522	-	1 202	800	500	500	1 620	2 970	500
Community Assets	522	-	1 202	800	500	500	1 620	2 970	500
Operational Buildings	4 947	1 299	2 339	-	-	-	1 100	1 200	-
<b>Other Assets</b>	<b>4 947</b>	<b>1 299</b>	<b>2 339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 100</b>	<b>1 200</b>	<b>-</b>
<b>Licences and Rights</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>200</b>	<b>-</b>
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>200</b>	<b>-</b>
Computer Equipment	1 000	38	250	460	860	860	700	1 044	1 091
Furniture and Office Equipment	400	526	800	-	-	-	500	1 044	1 090
<b>Machinery and Equipment</b>	<b>300</b>	<b>1 492</b>	<b>1 200</b>	<b>400</b>	<b>300</b>	<b>300</b>	<b>880</b>	<b>522</b>	<b>545</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>1 079</b>	<b>1 079</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land	-	-	-	1 100	-	-	-	-	-

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	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>97 258</b>	<b>92 168</b>	<b>85 102</b>	<b>88 032</b>	<b>94 234</b>	<b>94 234</b>	<b>90 006</b>	<b>91 794</b>	<b>102 120</b>
ASSET REGISTER SUMMARY - PPE (WDV)	1 101 118	1 137 119	1 290 396	1 302 263	1 302 263	1 185 780	1 305 256	1 312 339	1 318 879
Roads Infrastructure	659 987	702 904	850 395	585 541	764 519	648 035	743 305	1 006 970	1 027 978
Electrical Infrastructure	43 800	46 342	44 849	60 336	41 103	41 103	41 133	7 129	4 059
Solid Waste Infrastructure	14 429	11 708	11 292	70 049	147 814	147 814	148 490	1 412	804
Infrastructure	718 216	760 954	906 536	715 925	953 436	836 953	932 929	1 015 510	1 032 842
Community Assets	19 526	18 203	17 395	46 829	16 164	16 164	38 974	32 423	31 380
<b>Heritage Assets</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>463</b>	<b>463</b>
Investment properties	56 614	69 169	78 842	60 343	55 840	55 840	55 840	55 840	55 840
Other Assets	66 008	60 267	63 185	185 658	59 039	59 039	59 245	7 391	4 731
Intangible Assets	39	31	23	31	31	31	278	265	(58)
Computer Equipment	2 135	1 424	1 714	7 314	1 882	1 882	1 689	526	300
Furniture and Office Equipment	2 251	2 045	2 868	598	2 279	2 279	2 750	731	417
Machinery and Equipment	19 580	18 581	17 652	1 367	15 518	15 518	16 200	4 032	2 682
Transport Assets	29 117	22 145	17 591	14 354	13 775	13 775	13 053	11 321	6 447
Land	187 168	183 836	184 126	269 381	183 836	183 836	183 836	183 836	183 836
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 101 118</b>	<b>1 137 119</b>	<b>1 290 396</b>	<b>1 302 263</b>	<b>1 302 263</b>	<b>1 185 780</b>	<b>1 305 256</b>	<b>1 312 339</b>	<b>1 318 879</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>67 370</b>	<b>67 163</b>	<b>74 162</b>	<b>73 116</b>	<b>87 476</b>	<b>87 476</b>	<b>99 522</b>	<b>97 451</b>	<b>101 746</b>
Depreciation	56 996	56 514	58 788	58 392	57 692	57 692	59 780	62 410	65 156
Repairs and Maintenance by Asset Class	10 374	10 649	15 373	14 724	29 784	29 784	39 742	35 041	36 590
Roads Infrastructure	2 000	161	4 892	4 526	10 358	10 358	15 417	11 333	11 831
Electrical Infrastructure	1 000	2 180	1 845	2 033	9 099	9 099	9 536	9 955	10 393
<b>Solid Waste Infrastructure</b>	<b>3 704</b>	<b>2 778</b>	<b>2 993</b>	<b>2 441</b>	<b>4 681</b>	<b>4 681</b>	<b>4 442</b>	<b>4 637</b>	<b>4 841</b>
Infrastructure	6 704	5 119	9 729	9 001	24 138	24 138	29 395	25 925	27 066
Community Facilities	-	-	-	385	185	185	594	620	648
Community Assets	-	-	-	385	185	185	594	620	648
Operational Buildings	1 000	1 497	1 845	1 756	616	616	2 645	1 074	1 122
Other Assets	1 000	1 497	1 845	1 756	616	616	2 645	1 074	1 122
Intangible Assets	-	-	425	187	60	60	200	209	218
Machinery and Equipment	-	-	425	187	60	60	200	209	218
Transport Assets	1 670	1 306	1 520	2 083	2 195	2 195	3 695	3 859	4 032
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>1 000</b>	<b>2 727</b>	<b>1 854</b>	<b>1 313</b>	<b>2 589</b>	<b>2 589</b>	<b>3 213</b>	<b>3 354</b>	<b>3 504</b>
Renewal and upgrading of Existing Assets as % of total capex	67.4%	67.2%	74.2	73.1%	87.5%	87.5%	99.5%	97.5%	101.7%
Renewal and upgrading of Existing Assets as % of deprecn	44.3%	24.6%	71.1%	71.7%	62.4%	62.4%	75.7%	82.2%	85.3%
R&M as a % of PPE	75.6%	40.1%	102.9%	108.1%	101.9%	101.9%	113.9%	120.8%	133.7%
Renewal and upgrading and R&M as a % of PPE	1.0%	1.0%	1.5%	1.2%	2.4%	2.4%	3.2%	2.8%	2.9%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The renewal and upgrading of existing assets target has been met throughout the MTEF period, however, the achievement of repairs and maintenance target remains a challenge.

Table A10 – Service Delivery

Description	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
<b>Household service targets</b>									
<b>Energy:</b>									
Electricity (at least min.service level)	62 464	62 464	69 458	69 458	69 458	73 278	77 235	77 235	77 235
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	62 464	62 464	69 458	69 458	69 458	73 278	77 235	77 235	77 235
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	3 895	3 895	3 480	3 480	3 480	3 000	3 162	3 162	3 162
Below Minimum Service Level sub-total	3 895	3 895	3 480	3 480	3 480	3 000	3 162	3 162	3 162
<b>Total number of households</b>	<b>66 359</b>	<b>66 359</b>	<b>72 938</b>	<b>72 938</b>	<b>72 938</b>	<b>76 278</b>	<b>80 397</b>	<b>80 397</b>	<b>80 397</b>
<b>Refuse:</b>									
Removed at least once a week	6 616 042	6 616 042	6 611 534	6 611 534	6 611 534	6 611 534	6 611 534	6 611 534	6 611 534
Minimum Service Level and Above sub-total	6 616 042	6 616 042	6 611 534	6 611 534	6 611 534	6 611 534	6 611 534	6 611 534	6 611 534
Removed less frequently than once a week	405	405	405	405	405	406	406	406	406
Using communal refuse dump	1 993	1 993	1 993	1 993	1 993	1 999	1 999	1 999	1 999
Using own refuse dump	38 712	38 712	42 524	42 524	42 524	42 525	42 525	42 525	42 525
Other rubbish disposal	703	703	703	703	703	704	704	704	704
No rubbish disposal	8 504	8 504	8 504	8 504	8 504	8 506	8 506	8 506	8 506
Below Minimum Service Level sub-total	50 317	50 317	54 129	54 129	54 129	54 140	54 140	54 140	54 140
<b>Total number of households</b>	<b>6 666 359</b>	<b>6 666 359</b>	<b>6 665 663</b>	<b>6 665 663</b>	<b>6 665 663</b>	<b>6 665 674</b>	<b>6 665 674</b>	<b>6 665 674</b>	<b>6 665 674</b>
<b>Households receiving Free Basic Service</b>									
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	1 006	1 050	1 097
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 006</b>	<b>1 050</b>	<b>1 097</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA	5 684	5 741	5 741	9 017	9 017	9 017	9 450	9 866	10 310
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	<b>5 684</b>	<b>5 741</b>	<b>5 741</b>	<b>9 017</b>	<b>9 017</b>	<b>9 017</b>	<b>9 450</b>	<b>9 866</b>	<b>10 310</b>

## 2 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 Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is 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

Section 21 (1)(b) of the MFMA prescribes that the Mayor of a Municipality must at least 10 months before the start of a financial year, table in Council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and also the review of the Integrated Development Plan. Due to COVID-19 pandemic, some of the activities in the process plan will be conducted through virtual meetings, telephonic discussions and other electronic means.

The municipality hopes to conclude the review process for the 2022-2023 IDP by the end of May 2022. The process plan will be implemented from July 2021 financial year. Below is the timetable for the IDP/ budget process for 2022-2023 Municipal fiscal year.

#### IDP and Budget Process Plan for the 2022/2023 financial year

MONTH	ACTIVITY	Target date
<b>PREPARATORY PHASE</b>		
July 2021	<ul style="list-style-type: none"> <li>• Review of previous year's IDP/Budget process with MTEF included.</li> <li>• EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget.</li> </ul>	1-31 July 2021  1-31 July 2021

	<ul style="list-style-type: none"> <li>• Tabling of the draft 2022-2023 IDP and Budget process plan to IDP steering committee/technical committee for comments and inputs.</li> </ul>	29 July 2021
August 2021	<ul style="list-style-type: none"> <li>• Tabling of the 2022-2023 IDP and Budget process plan to council structures for approval</li> <li>• Ward-to-Ward based analysis data collection</li> <li>• 4<sup>th</sup> Quarter Performance Lekgotla</li> <li>• Submit AFS (Annual Financial Statements) for 2019/20 to AG.</li> <li>• Submit 2020/21 cumulative Performance Report to AG &amp; Council Structures</li> </ul>	31 August 2021  17 August 2021 -30 September 2021  17 August 2021  31 August 2021  31 August 2021
<b>ANALYSIS PHASE</b>		
September 2021	<ul style="list-style-type: none"> <li>• Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3 year budget (including review of sector departments plans).</li> <li>• Determine revenue projections and propose tariffs and draft initial allocations per function and department for 2022-2023 financial year.</li> <li>• Electronic Consultations with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc).</li> <li>• Finalize ward based data compilation for verification in December 2021.</li> </ul>	01 September 2021-December 2021
<b>STRATEGIES PHASE</b>		
October 2021	<ul style="list-style-type: none"> <li>• Quarterly (1st) review of 2021/22 budget, related policies, amendments (if necessary), any related consultative process.</li> <li>• Collate information from ward based data.</li> <li>• Begin preliminary preparations on proposed budget for 2022/23 financial year with consideration being given to partial performance of 2021/22.</li> <li>• 1ST Quarter Performance Lekgotla (2021/22)</li> </ul>	29 October 2021  1-31 October 2021  1-31 October 2021  29 October 2021
<b>PROJECTS PHASE</b>		
November 2021	<ul style="list-style-type: none"> <li>• Confirm IDP projects with district and sector departments.</li> </ul>	1-30 November 2021

	<ul style="list-style-type: none"> <li>Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions.</li> <li>Review and effect changes on initial IDP draft.</li> </ul>	
<b>INTEGRATION PHASE</b>		
December 2021	<ul style="list-style-type: none"> <li>Consolidated Analysis Phase report in place</li> </ul>	01 December 2021
	<ul style="list-style-type: none"> <li>IDP Steering/technical Committee meeting to present the analysis phase data</li> </ul>	02 December 2021
	<ul style="list-style-type: none"> <li>IDP Representative Forum to present the analysis report</li> </ul>	07 December 2021

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP Process Plan and the Budget Time Schedule for the 2022/23 MTREF was tabled in Council in August 2021.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2022/23 MTREF based on the approved 2020/21 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been 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 performance for 2020/21 financial year. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 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:

- The Municipality growth (looking mainly on additional revenue from the new mall and traffic fines)
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, etc)
- Performance trends (2021/22)
- The approved 2021/22 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtors payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for service
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 115 has been taken into consideration in the planning and prioritisation process.

## **2.2 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 realized 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 coordinate 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 revision cycle was 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:

- 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);
- National Spatial Development Perspective (NSDP) and
- National Priority Outcomes.

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.

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.

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 developmental priorities mentioned above.

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	<b>Outcome 8 &amp;9</b>	<ul style="list-style-type: none"> <li>• Provide land for human settlement</li> <li>• Zoning and rezoning of land</li> <li>• Prevent land invasions</li> </ul>	More efficient land utilization and release state land.
Access to basic service delivery	<b>Outcome 6</b>	<ul style="list-style-type: none"> <li>• Provision of electricity</li> <li>• Roads and storm water control</li> </ul>	Reliable infrastructure services
Local Economic Development	<b>Outcome 7,4 &amp;11</b>	<ul style="list-style-type: none"> <li>• Creation of jobs</li> <li>• Support to emerging businesses (SMME"s)</li> <li>• Promote tourism</li> </ul>	Improved employment and municipal economy
Financial sound management	<b>Outcome 9 &amp;12</b>	<ul style="list-style-type: none"> <li>• Financial management and planning</li> <li>• Comply with legal financial requirements</li> <li>• Revenue enhancement</li> </ul>	Sound financial management

Good Governance and public participation	<b>Outcome 9</b>	<ul style="list-style-type: none"><li>• Community participations</li><li>• Intergovernmental relations</li></ul>	Full participation of all structures and communities
Organizational Development	<b>Outcome 9</b>	<ul style="list-style-type: none"><li>• Human resource development and management</li><li>• Organizational structure development</li><li>• Executive and Council support</li></ul>	Vibrant institution
Social services	<b>Outcome 1, 2 &amp;10</b>	<ul style="list-style-type: none"><li>• Education support and co-ordination</li><li>• Facilitation of health services</li><li>• Community development services</li></ul>	Improved community services

### **2.2.1 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2022/23 financial year anticipated indigents to be registered have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free waste removal, as well as special property rates rebates. Special discount on property rates will also be given to pensioners.

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 MBRR A10 (Basic Service Delivery Measurement) on.

### 2.3 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 during the last stage, 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:

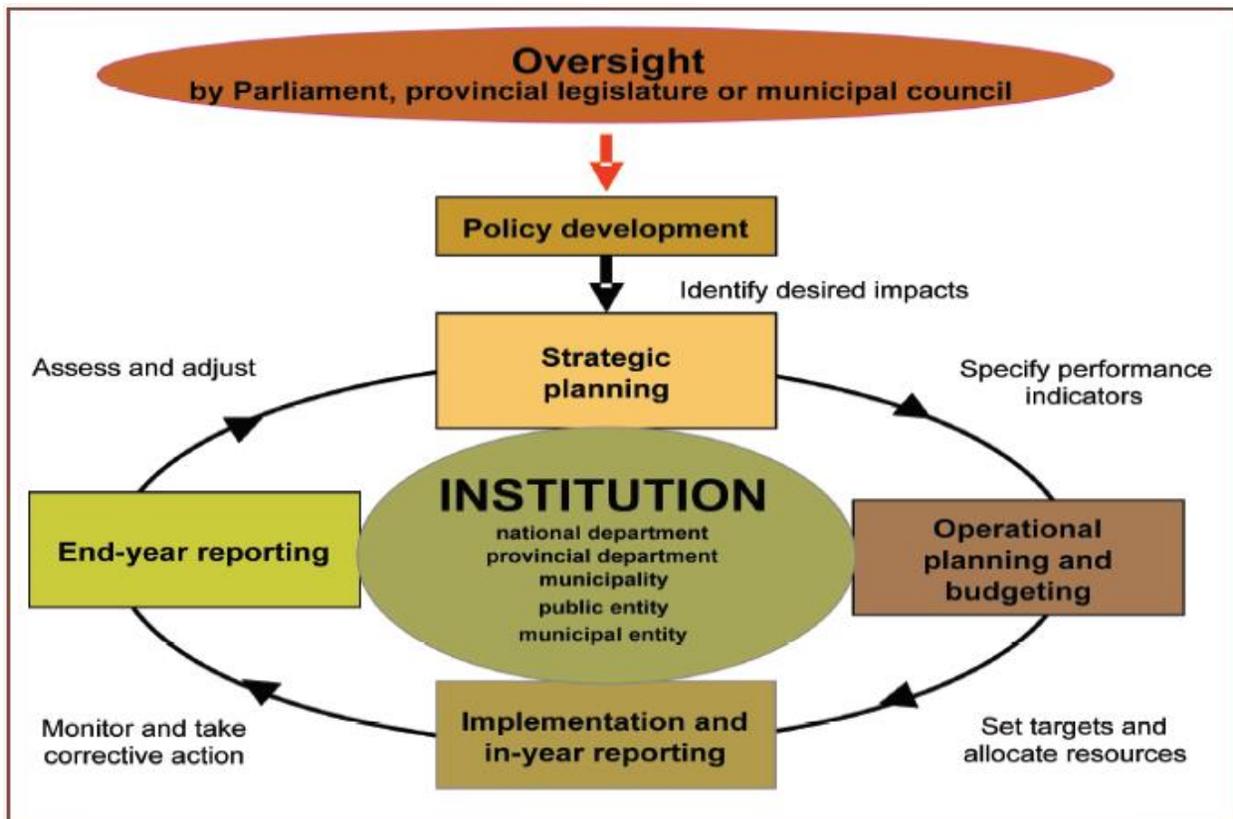


Figure 4 Planning, budgeting and reporting cycle

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 integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

## **2.4 Overview of budget related-policies**

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

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 71 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.4.3 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.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007 and the policy has been getting reviewed on annual basis and the changes made now are incorporated and presented in the resolutions paragraph.

### **2.4.5 Budget Virement Policy**

The Budget and 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. The Budget and Virement Policy was approved by Council in the past and is getting reviewed every financial year in respect of both Operating and Capital Budget Fund Transfers.

### **2.4.6 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was amended by Council in February 2013. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

### **2.4.7 Tariff Policies**

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 policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Basic Social Services Package (Indigent Policy), and
- Petty Cash Policy

## **2.5 Overview of budget assumptions**

### **External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **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:

- 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
- The increase in the cost of remuneration.

### **Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate CPI rate or slightly higher over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 84.1%; Services charges electricity 99.7%; Services charges refuse 73.8%; other revenue 100%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate. In addition, the following are some of the assumptions that have direct impact on debtors and collection rate as well revenue generation:

- Property rates – collection rate 84.1%
- Service charge electricity - collection rate 99.7%
- Service charge refuse removal - collection rate 73.8%
- Rental on facilities - collection rate 100%
- Traffic fines – 13%

- Interest on outstanding debtors - collection rate 90.8%

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' limits consumption to the level of free basic services.

### **Salary increases**

MFMA circular 115 did not stipulate the salary increase projection and as a result, the proposal on salary and wage collective agreement was used. The proposed salary increase to be as follows:

- 2022/23 – CPI 4.8%
- 2023/24 – CPI 4.4%
- 2024/25 – CPI 4.5%

### **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 95% will be achieved on operating expenditure and 100% on the capital programme for the 2022/23 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term and presents operating surplus of R16, 613 million in 2022/23 that is not relatively enough.

#### Figure 5 Breakdown of operating revenue over the 2022/23 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 76 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2022/23 MTREF on the different revenue categories are:

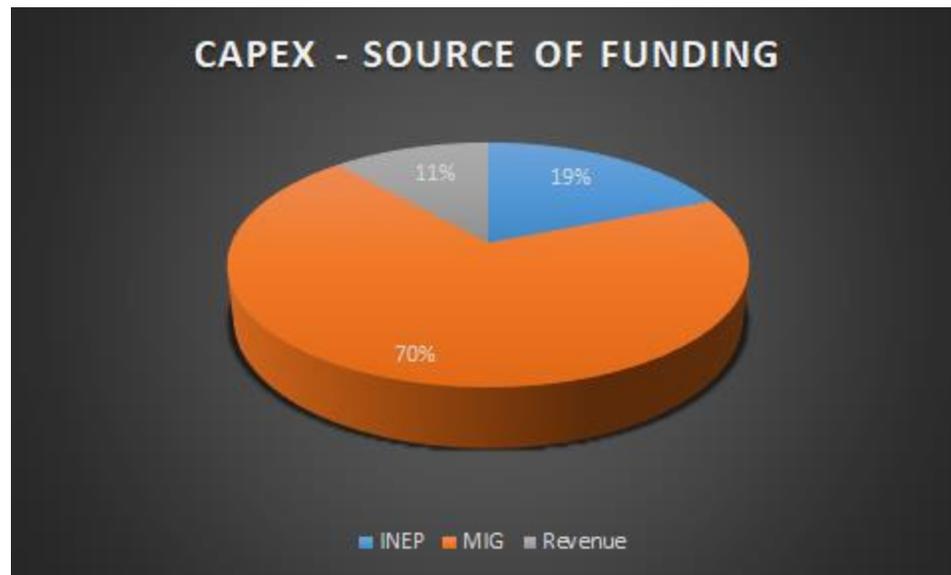
- Property rates
- Refuse removal
- Electricity
- Other

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted actual surplus of R13, 544 million, R29, 737 million and R40, 843 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources.

## 2.6.2 Medium-term outlook: capital revenue

### Sources of capital revenue over the MTREF

The above table is graphically represented as follows for the 2022/23 financial year.



**Figure 6 Breakdown of the source of funding for 2022/23 MTREF**

Capital grants and receipts equate to 88% of the total funding source which represents R79, 606 million for the 2022/23 financial year and decreases to R76, 364 million and increases to R79, 794 million in 2023/24 and 2024/25 financial years respectively. Only 12% of capital budgets is funded from internally generated revenue.

## 2.7 Expenditure on grants and reconciliation of unspent funds

Table SA18 - Transfers and Grants Receipts

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	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>245 283</b>	<b>273 218</b>	<b>351 908</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>	<b>338 906</b>	<b>359 874</b>	<b>384 977</b>
Local Government Equitable Share	237 511	269 013	347 526	302 788	302 788	302 788	334 260	357 024	382 127
Finance Management	1 770	2 235	2 600	2 650	2 650	2 650	2 850	2 850	2 850
EPWP Incentive	1 002	1 374	1 681	2 199	2 199	2 199	1 796	-	-
Disaster Relief Grant	-	596	-	-	-	-	-	-	-
Education Training and Development Practices SETA	-	-	102	130	130	130	-	-	-
Energy Efficiency and Demand Management	5 000	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>245 283</b>	<b>273 218</b>	<b>351 908</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>	<b>338 906</b>	<b>359 874</b>	<b>384 977</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>71 830</b>	<b>73 921</b>	<b>68 891</b>	<b>79 332</b>	<b>79 332</b>	<b>79 332</b>	<b>79 606</b>	<b>76 364</b>	<b>79 794</b>
Municipal Infrastructure Grant (MIG)	61 832	54 921	53 891	57 984	57 984	57 984	62 606	65 364	68 300
Intergrated National Electrification Grant	9 998	19 000	15 000	21 348	21 348	21 348	17 000	11 000	11 494
<b>Provincial Government:</b>	<b>-</b>	<b>21 471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Coghsta - Development	-	21 471	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Capital Transfers and Grants</b>	<b>71 830</b>	<b>95 392</b>	<b>68 891</b>	<b>79 332</b>	<b>79 332</b>	<b>79 332</b>	<b>79 606</b>	<b>76 364</b>	<b>79 794</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>317 113</b>	<b>368 610</b>	<b>420 799</b>	<b>387 099</b>	<b>387 099</b>	<b>387 099</b>	<b>418 512</b>	<b>436 238</b>	<b>464 771</b>

Table SA19 - Expenditure on transfers and grants expenditure

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	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>245 283</b>	<b>273 218</b>	<b>351 908</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>	<b>338 906</b>	<b>359 874</b>	<b>384 977</b>
Local Government Equitable Share	237 511	269 013	347 526	302 788	302 788	302 788	334 260	357 024	382 127
Finance Management	1 770	2 235	2 600	2 650	2 650	2 650	2 850	2 850	2 850
EPWP Incentive	1 002	1 374	1 681	2 199	2 199	2 199	1 796	-	-
Disaster Relief Grant	-	596	-	-	-	-			
Education Training and Development Practices SETA	-	-	102	130	130	130			
Energy Efficiency and Demand Management	5 000	-	-	-	-	-			
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total operating expenditure of Transfers and Grants:</b>	<b>245 283</b>	<b>273 218</b>	<b>351 908</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>	<b>338 906</b>	<b>359 874</b>	<b>384 977</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>70 766</b>	<b>70 685</b>	<b>68 450</b>	<b>79 332</b>	<b>79 772</b>	<b>79 772</b>	<b>79 606</b>	<b>76 364</b>	<b>79 794</b>
Municipal Infrastructure Grant (MIG)	60 769	51 731	53 891	57 984	57 984	57 984	62 606	65 364	68 300
Intergrated National Electrification Grant	9 997	18 954	14 559	21 348	21 788	21 788	17 000	11 000	11 494
<b>Provincial Government:</b>	<b>-</b>	<b>21 471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Coghsta - Development	-	21 471	-	-	-	-			
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total capital expenditure of Transfers and Grants</b>	<b>70 766</b>	<b>92 156</b>	<b>68 450</b>	<b>79 332</b>	<b>79 772</b>	<b>79 772</b>	<b>79 606</b>	<b>76 364</b>	<b>79 794</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>316 049</b>	<b>365 374</b>	<b>420 359</b>	<b>387 099</b>	<b>387 539</b>	<b>387 539</b>	<b>418 512</b>	<b>436 238</b>	<b>464 771</b>



Table SA36–Capital project list

Function	Project Description	Asset Class	Asset Sub-Class	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
					Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Community Services	Blue lights Siren and Insignia	Machinery and Equipment	Capital Spares	-	440 000	-	-
Technical Services	Fencing of Groblersdal Substation	Electrical Infrastructure	MV Networks	-	400 000	-	-
Technical Services	Aircons	Machinery and Equipment	Transport Assets	300 000	200 000	-	-
Technical Services	Electrification of Ga Posa	Electrical Infrastructure	MV Networks	4 530 000	-	-	-
Technical Services	Electrification of Lenkwaneng Section/ZCC	Electrical Infrastructure	MV Networks	-	-	1 800 000	3 000 000
Technical Services	Electrification of Makaepa	Electrical Infrastructure	MV Networks	-	3 240 000	-	-
Technical Services	Electrification of Maleoskop 601	Electrical Infrastructure	MV Networks	3 300 000	-	4 600 000	-
Technical Services	Electrification of Maphepha	Electrical Infrastructure	MV Networks	-	-	-	-
Technical Services	Electrification of Masakaneng	Electrical Infrastructure	MV Networks	6 722 000	3 960 000	2 800 000	-
Technical Services	Electrification of Matlala Lehwelere	Electrical Infrastructure	MV Networks	4 428 000	-	-	-
Technical Services	Electrification of Mountain village	Electrical Infrastructure	MV Networks	-	-	1 800 000	-
Technical Services	Electrification of Ntswelermotse	Electrical Infrastructure	MV Networks	-	-	-	2 000 000
Technical Services	Electrification of Nyakelang Extension	Electrical Infrastructure	MV Networks	-	3 800 000	-	-
Technical Services	Electrification of Rondebosch	Electrical Infrastructure	MV Networks	1 332 000	-	-	-
Technical Services	Electrification of Vlakfontein	Electrical Infrastructure	MV Networks	1 476 012	-	-	-
Technical Services	Installation of high mast lights in various location	Electrical Infrastructure	MV Networks	-	-	1 000 000	-
Technical Services	Groblerdsdal Landfillsite	Solid Waste Infrastructure	Landfill Sites	-	-	10 050 000	7 337 000
Technical Services	Machinery and Equipment	Machinery and Equipment	Machinery and Equipment	-	500 000	522 000	545 490
Technical Services	Culverts and Road signs	Roads Infrastructure	Roads	-	300 000	300 000	-
Technical Services	Groblerdsdal - Roads & Street	Roads Infrastructure	Roads	-	-	2 000 000	3 500 000
Technical Services	Masakaneng Roads	Roads Infrastructure	Roads	299 764	-	-	-
Technical Services	kgapamadi Bus Road	Roads Infrastructure	Roads	-	-	-	4 463 000
Technical Services	Electrification of Motetema High view	Roads Infrastructure	Roads	-	-	-	2 294 000
Technical Services	Mpheleng Construction of Road	Roads Infrastructure	Roads	-	-	8 000 000	12 000 000
Technical Services	Rehabilitation of roads/streets in various wards	Roads Infrastructure	Roads	-	-	-	5 000 000
Technical Services	Upgrading of Nyakurone Internal Access Road(Int)	Roads Infrastructure	Roads	-	8 604 884	7 395 000	-
Technical Services	Upgrading of Stompo Bus Road	Roads Infrastructure	Roads	-	-	800 000	20 000 000
Technical Services	Upgrading of Dipakapakeng Access Road	Roads Infrastructure	Roads	21 750 000	-	-	-
Technical Services	Upgrading of Bloomport to Uitspanning Access Road	Roads Infrastructure	Roads	18 000 000	27 000 000	-	-
Technical Services	Upgrading of Hlogotlhou-Bopanang Road	Roads Infrastructure	Roads	-	-	-	4 800 000
Technical Services	Upgrading of Malaeneng A Ntwane Access Road	Roads Infrastructure	Roads	-	900 000	8 000 000	12 000 000
Technical Services	Upgrading of Maraganeng internal Access road (MIG)	Roads Infrastructure	Roads	-	900 000	23 919 000	-
Technical Services	Upgrading of Masoing Bus route	Roads Infrastructure	Roads	-	-	850 000	-
Technical Services	Upgrading of Ngolovane access road to Sibisi school	Roads Infrastructure	Roads	-	800 000	-	-
Technical Services	Upgrading of Tafelkop stadium 600	Roads Infrastructure	Roads	18 234 000	27 001 116	-	-
Information Technology	Computer Equipment	Computer Equipment	Computer Equipment	860 000	700 000	1 044 000	1 090 980
Human Resources	Furniture and Office Equipment	Furniture and Office Equipment	Furniture and Office Equipment	-	500 000	1 044 000	1 089 936
Fleet Management	Vehicles	Transport Assets	Transport Assets	1 078 503	-	-	-
Community Services	Fencing of Elandsdoorn Cemeteries	Community Facilities	Cemeteries/Crematoria	500 000	-	-	-
Community Services	Mobile Offices	Community Facilities	Operational building	-	-	-	-
Community Services	Upgrading and Development of Parks	Community Facilities	Parks	-	300 000	600 000	500 000
Community Services	Bin lifter (compatible with self-compressed containers)	Machinery and Equipment	Machinery and Equipment	-	-	-	-
Community Services	Lawn mowers and other equipment's	Machinery and Equipment	Machinery and Equipment	-	380 000	370 000	-
Community Services	Disaster Management Centre & Emergency Relief Store room	Community Facilities	Centres	-	-	700 000	-
Community Services	No Illegal Dumping	Solid Waste Infrastructure	Capital Spares	-	100 000	-	-
Community Services	Construction of Slabs for Skip Bins	Solid Waste Infrastructure	Landfill Sites	-	300 000	-	-
Community Services	Two trailers	Community assets	Machinery and Equipment	-	380 000	-	-
Community Services	Upgrading of Rosennekal Concrete Palisade	Solid Waste Infrastructure	Landfill Sites	-	-	-	2 000 000
Community Services	Upgrading of Groblersdal Cemetry	Community Facilities	Cemeteries/Crematoria	-	-	1 500 000	-
Economic Development Planning	Fencing of Game Farm	Land	Land	-	1 100 000	-	-
Technical Services	Electrification of Rosennekal	Electrical Infrastructure	MV Networks	6 299 821	-	-	-
Technical Services	Groblerdsdal Smart Metering	Electrical Infrastructure	MV Networks	5 124 276	-	-	-
Technical Services	Upgrading of Mokumong access road to Marateng taxi rank	Roads Infrastructure	Roads	-	700 000	8 000 000	12 500 000
Community Services	Development of Moteti Waste Transfer station	Solid Waste Infrastructure	Waste Transfer Stations	-	-	-	800 000
Technical Services	Electrification of Magukubjane	Electrical Infrastructure	MV Networks	-	-	-	2 200 000
Technical Services	Electrification of Motsiphiri New stand A&B	Electrical Infrastructure	MV Networks	-	-	-	2 000 000
Technical Services	Electrification of Phomola	Electrical Infrastructure	MV Networks	-	2 000 000	-	-
Technical Services	Electrification of Phooko	Electrical Infrastructure	MV Networks	-	4 000 000	-	-
Community Services	Fencing of Elandsdoorn/Ntwane Cemetery	Community Facilities	Cemeteries/Crematoria	-	500 000	500 000	-
Economic Development Planning	Information Centre	Information and Communication Infrastructure	Pay/Enquiry Points	-	-	500 000	-
Technical Services	Moletema Internal Streets	Roads Infrastructure	Roads	-	-	3 500 000	3 000 000
Human Resources	Record Management Sysytem	Licences and Rights	Unspecified	-	300 000	200 000	-
Community Services	Street Litter Bins	Solid Waste Infrastructure	Capital Spares	-	700 000	-	-
<b>Parent Capital expenditure</b>				<b>94 234 376</b>	<b>90 006 000</b>	<b>91 794 000</b>	<b>102 120 406</b>

## 2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### 1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

### 2. Internship programme

The Municipality has five interns, to undergo training. Two in various divisions of the Financial Services Department and three in Internal Auditing.

### 3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

### 4. Audit Committee

An Audit Committee has been established and/or outsourced and it is fully functional.

### 5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

## Quality certificate

I, **MESHACK MAHLAGAUME KGWALE**, the Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the 2022/23 annual budget and supporting documentations have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the integrated development plan.