

ITEM NO. : Item K(ii) 2 (06/2022)  
REPORT : APPROVAL FOR ANNUAL BUDGET & MTREF 2022/2023 –  
2024/2025  
COUNCIL : 14 JUNE 2022

## REPORT OF THE EXECUTIVE MAYOR



### **Approval of Annual Budget**

### **Medium Term Revenue & Expenditure Framework 2022/2023 – 2024/2025**

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- Annexure 2: Draft Property Rates By-Law
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- Annexure 26: Draft Supplier Performance Monitoring Policy



## 1.1 Mayor's Report

Executive Mayor Cllr T Gray to deliver the budget speech on 14 June 2022 speech to be circulated under separate cover at the Council meeting.

## 1.2 Council Resolutions

### 1. That cognizance be taken of the following:

- 1.1 Of the annual IDP, Budget of Mogale City Local Municipality for the financial year 2022/2023 and the indicative estimates for the two projected outer years 2023/2024 and 2024/2025, as set out in the schedules listed below **be tabled for approval after consulting with all relevant stakeholders and be tabled for approval by Council before the start of the new financial year (2022/2023).**
- 1.2 Of the report tabling for approval of the annual budget and its supporting documents (draft tariffs schedules and amended budget related policies) for the 2022/2023 to 2024/2025 Medium Term Revenue & Expenditure Framework (MTREF) as required by Sec 23 (2) and 24 (1) of the Municipal Finance Management Act (MFMA) No.56 of 2003.
- 1.3 Of the fact that the annual budget proposed operating deficit of R319 million is mainly due to non-cash items (depreciation and debt impairment amounting to R509 million), excluding these non-cash items the projected surplus is R105 million that will fund the own funded capital projects.
- 1.4 Of the fact that 79% of the operating budget expenditure is under two categories, namely remuneration at 30%, bulk purchases at 39.7%, non-cash items at 14.1% and contracted services at 9.3%.
- 1.5 Of the revenue budget limited to 91% of the collection rate against the billed revenue resulting in continuous cashflow constraints and creditors' payment not been met within MFMA prescribed time.
- 1.6 Of the fact that Council of Mogale City's proposed annual budget for 2022/2023 and two outer years is unfunded due to impact of COVID-19, unfavourable economic situation whereby revenue has declined drastically and high expenditure commitments, budget funding plan is presented as a supplementary to proposed budget attached in a separate report.



2. Of the annual budget of the municipality for the financial year 2022/2023 and the multi-year and single year capital appropriations as set out in accordance with Municipal Budget and Reporting (MBRR) section 9 in the following tables be **tabled for approval**:
  - 2.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in **(MBRR Table A1)**.
  - 2.2 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in **(MBRR Table A2)**.
  - 2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in **(MBRR Table A3)**.
  - 2.4 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in **(MBRR Table A4)**.
  - 2.5 multi-year and single-year capital appropriations by municipal vote and functional classification and associated funding by source as contained in **(MBRR Table A5)**.
  - 2.6 Budgeted Financial Position as contained in **(MBRR Table A6)**.
  - 2.7 Budgeted Cash Flows as contained in **(MBRR Table A7)**.
  - 2.8 Cash backed reserves and accumulated surplus reconciliation as contained in **(MBRR Table A8)**.
  - 2.9 Asset management as contained in **(MBRR Table A9)**.
  - 2.10 Basic service delivery measurement as contained in **(MBRR Table A10)**.
3. Of the provision made for a 4,9% increase in the salaries of employees which was informed by the average CPI expected and confirmed by South African Local Government Bargaining Council excluding Section 54A & 56 officials.
4. Of the provision of wage gap agreement provision of 3% increase and R7,500 once off payment that will cost the municipality R10 415 500 per annum.
5. Of a 4% estimated increase in salaries of councillors, in terms of Public Office Bearers Act, Government Gazette No.45420 issued on 02 November 2021. The municipality is waiting for concurrence from COGTA.
6. That the Council of Mogale City Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables the following tariffs for approval:
  - 6.1 the tariffs for electricity – as set out in Schedule 3(a).
  - 6.2 the tariffs for the supply of water – as set out in Schedule 3(a).

- 6.3 the tariffs for sanitation services – as set out in Schedule 3(a).
- 6.4 the tariffs for property rates – as set out in Schedule 3(a).
- 6.5 the tariffs for solid waste removal – as set out in Schedule 3(a).
- 6.6 the tariffs for other services, as set out in Schedule 3 (a).
- 6.7 the tariffs for bulk contributions and wayleaves, as set out in Schedule 3 (b).

7. That the Council of Mogale City Local Municipality, in terms of Section 5 of the Local Government: Municipal Property Rates Act (Act 6 of 2004) tables the reviewed rates policy for approval.
8. That the Council of Mogale City Local Municipality, in terms of Section 6 of the Local Government: Municipal Property Rates Act (Act 6 of 2004) tables the rates By- laws to give effect to the rates policy for approval.
9. That the following revised and new budget related policies be considered for approval:

- Annexure 1: Draft Property Rates Policy
- Annexure 2: Draft Property Rates By-Law
- Annexure 3: Draft Cash Management & Investment Policy
- Annexure 4: Reviewed Borrowing Policy
- Annexure 5: Reviewed Funding and reserves
- Annexure 6: Reviewed Long Term Financial Plan Policy
- Annexure 7: Reviewed Asset Management Policy
- Annexure 8: Reviewed Indigent Management Policy
- Annexure 9: Reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy
- Annexure 10: Draft Employment Equity policy
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- Annexure 24: Reviewed Virement Policy
- Annexure 25: Draft Cashier Shortages and Surpluses
- Annexure 26: Draft Supplier Performance Monitoring Policy.



10. That the following budget related policies be noted as were approved during the past financial years and remain in force for the 2022/2023 financial year:

- 10.1 Write Off Policy.
- 10.2 Sports & Recreation Facilities Tariff Policy.
- 10.3 General Tariff Policy.
- 10.4 Public Safety Tariff Policy.
- 10.5 Water Services By-laws.
- 10.6 Mogale City Tree Management & Conservation Policy.
- 10.7 Mogale City Parks By-Laws.
- 10.8 Fleet Management Policy.
- 10.9 Sanitation Tariff Policy.
- 10.10 Methodology – Impairment Assessment of Useful lives for Assets Policy.
- 10.11 Waste Management Tariff Policy.
- 10.12 Reviewed Bulk Contributions Policy.

11. That the process of detailed Feasibility Studies to determine the costs for in-sourcing vs Sourcing security must be done by relevant Department of Community Services next financial year 2023/24.

12. Of the need to conduct the employees skills audit and implementing reskilling training programmes in functional areas where there is a lack of capacity with aim of reducing the employee related costs.



CLLR TYRONE GRAY

EXECUTIVE MAYOR

DATE 10/06/2022



## 1.3 EXECUTIVE SUMMARY

### 1. Purpose of the Report

The purpose is to table in terms of section 24 of the Municipal Finance Management Act No. 56 of 2003 before Municipal Council a report to approve the Annual Budget and it's Supporting Documents (tariffs schedules, budget funding plan and amended budget related policies) for the 2022/2023 to 2024/2025 Medium – Term, Revenue and Expenditure Framework (MTREF).

### 2. Background

2.1 The Municipal Finance Management Act (MFMA) No 56 of 2003 section 23(2) stipulates that after considering all budget submissions, the council must give the mayor an opportunity –

- (a) to respond to the submissions, and
- (b) if necessary, to revise the budget and table amendments for consideration by the council.

2.2 Also section 24 (1) stipulates that the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

2.3 Public Participation meetings with Mogale City communities chaired by Executive Mayor from 12 April to 15 May 2022. A summary of community needs collected during public participation is attached as **Annexure 2 of the IDP report** and Community Development Services has submitted community needs per cluster with budgeted amount as follows:

CLUSTER WARDS	PRIORITY FOR CONSIDERATION	BUDGET	COMPLETION DATE	Budget Proposed	Financial Year
1. Azaadville	Renovation of Azaadville hall	R1 000 000	June 2023	R 1000 000	2023/2024
2. Rietvallei 2&3	Construction of ECDC in ward 34	R17 000 000	June 2024	R 1000 000	2023/2024
3. Swanneville	Renovation of Swanneville hall	R6 000 000	June 2024	R 8000 000	2023/2024
4. Kagiso Ext 12	Extension of Kagiso Ext 12 Hall	R5 000 000	June 2024	R 1000 000	2023/2024
5. Kagiso	Construction of Kagiso Elderly Service Centre	R17 000 000	June 2023	R 17 000 000	2022/2023
6. Krugersdorp	Construction of Shelter for Homeless people	R19 000 000	June 2025	R 1900 000	2023/2024
7. Muldersdrift	Construction of ECDC	R17 000 000	June 2024	R 1700 000	2023/2024
8. Kromdraai	Construction of Kromdraai MPCC (Hall Refurbishment)	R25 000 000	June 2025	R 1000 000	2023/2024
9. Hekpoort	Construction of ECDC	R17 000 000	June 2025	R 1700 000	2023/2024
10. Tarlton	Construction of an ECDC	R17 000 000	June 2024	R 1000 000	2023/2024
11. Chief Mogale	Construction of ECDC	R17 000 000	June 2025	R 1700 000	2023/2024
12. Munsieville	Upgrade and Renovation of Munsieville Hall	R1 000 000	June 2023	R 1000 000	2022/2023

2.4 This budget hereto presented has been compiled based on MFMA Circular No 112 issued on 06 December 2021 and Circular No 115 issued on the 04 March 2022 by National Treasury to guide municipalities with their preparation of the 2022/2023 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. **The annual budget also takes into consideration the recommendations on the report from Provincial Treasury during the Municipal Budget and Benchmarking engagement. The key focus is to table a funded budget as the National Treasury has previously highlighted.**

2.5 Mogale City is under pressure to generate revenue because of the economic landscape, the COVID-19 pandemic and increase in key cost drivers to provide basic municipal services. Customers' ability to pay services is declining, which means that less revenue will be collected.

### 3. Planning Framework/IDP Process

**3.1)** The Municipal Systems Act, Act 32 of 2000, requires that local government structures prepare Integrated Development Plans (IDP's). The Integrated Development Plan enhances integrated service delivery and development and promotes sustainable, integrated communities, providing a full basket of services, as communities cannot be developed in a fragmented manner. IDP has been prepared against the backdrop of Mogale City Local Municipality's primary objective, which is in line with the government's aim of addressing the challenges of major socio-economic issues including poverty, inequality, climate change related disasters, safety, and unemployment in the country.

The IDP serves as a single broad strategic guide for priority needs of the community and residents of Mogale City, which government should implement in their term of Council. It also assists administration to prepare a medium-term finance framework and annual budget that seeks to allocate resources to address all these needs.

The IDP community needs are linked to all National, Provincial and Local Government imperatives. The IDP is not only a local government programme but the delivery plan of entire government in a particular local space.

**3.2) Mogale City's Key Performance Areas**, all these KPA's are aligned to West Rand District Municipality's 14 Regional Outcomes

KPA	Definition
<b>KPA 1:</b> Basic Services Delivery Improvement	To provide basic services of water, sanitation and electricity, roads and other public amenities throughout Mogale City.
<b>KPA 2:</b> Local Economic Development	To facilitate local economic development department and facilitate Public Works job creation initiatives.
<b>KPA 3:</b> Accountable Governance	To promote Accountable Municipal Administration; Robust Financial Administration
<b>KPA 4:</b> Community Participation	Services is largely responsible for public liaison Community consultation, planning, communication, and reporting

Requests for resources not in support of the abovementioned KPA's were only considered in exceptional circumstances.

**3.3)** The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Council



remains financially viable and that municipal services are provided sustainably, economically, and equitably to all communities.

#### 4. **DISCUSSIONS**

**4.1)** The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS.

The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery. Also, violent unrest in July, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains South Africa made in the first half of the year.

This revision reflects a combination of the impact of changes in the global environment, along with South Africa's own unique challenges. Commodity prices, which have supported South Africa's economic recovery, slowed in the second half of 2021.

These economic challenges will continue to exert pressure on Mogale City's revenue generation and collection levels; therefore, it is critical to be conservative for revenue projections. **This budget is projecting a collection of revenue from rates and service charges at 91% and over MTREF. The collection rate for current financial year on average is at 89%, the budget support plan is projecting an increase of 2% on year basis as part of credit control implementation measures.**

**4.2)** National Treasury's MFMA Circular No. 115 was used to guide the compilation of the 2022/23 MTREF.

**The main challenges experienced during the compilation of the 2022/23 MTREF can be summarised as follows:**

- i. The on-going difficulties in the national and local economy, including limited growth which is also evident in the local economy.
- ii. Aging water, roads, and electricity infrastructure.
- iii. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality.
- iv. The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom as well as other inflationary and service delivery pressures).
- v. Effects of Eskom load shedding on business around Mogale City.
- vi. Wage increases for municipal staff; the need to fill critical vacancies and the growing of the organisational structure to meet the growing service delivery, governance, and compliance demands.
- vii. Affordability of own funded capital projects.

#### **4.3) The following budget principles and guidelines directly informed the compilation of the 2022/2023 MTREF**

- a) Revised IDP.
- b) Council resolutions during the Adjustments budgets 2022/23.
- c) The 2022/23 Adjustments Budget priorities and targets.



- d) Cost Containment measures to, amongst other things control unnecessary spending on nice-to-have items and non-essential activities as per Municipal Cost Containment Regulations 2019 and Mogale City Cost Containment Policy.
- e) Mogale City is further committed to levying affordable tariff increases and, in this regard, we have considered zero increase in cemeteries and Tourism tariffs.
- f) The Special Covid-19 rebate is discontinued as it had already been given for 2 consecutive financial years and coupled with the 0% increase on property rates for the past 4 financial years, it is no longer affordable or sustainable for the municipality to give it with no increase in Property Rates tariffs.
- g) Consumer price index (CPI) related increase of 4, 0% increase in refuse removal, and other sundry tariffs to alleviate the burden on our customers due to higher than inflation rate tariffs increase on electricity and water.
- h) Electricity tariffs is set to increase by 7,47% as per NERSA guidelines, whereas municipalities increase to purchase electricity from Eskom will be 8,61% which is 1,14% less. The less increase of tariff to sell electricity by NERSA will put more pressure in Mogale City's cash flow and financial sustainability.**
- i) Water tariffs is increasing by 8,8% as gazetted in Parliament on the 16<sup>th</sup> March 2022.
- j) Mogale City is committed to set tariffs that is affordable to all citizens and provide free basic services to all deserving households.
- k) There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- l) The implementation of mSCOA.

#### 4.5. OPERATING REVENUE FRAMEWORK

For Mogale City 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 every municipality. The reality is that we are faced with development backlogs, poverty, COVID-19 pandemic, Ukraine, and Russia invasion which is affecting the global economy. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

**Table 1: Consolidated Overview of the 2022/23 – 2024/2025 MTREF**

Description	Approved 3rd Adjustment 2021/2022 Budget	Total Inputs	%	Proposed 2022/2023 Budget	Proposed 2023/2024 Budget	Proposed 2024/2025 Budget
Total revenue	3 428 288 057	275 890 713	8,0%	3 705 178 770	3 766 160 629	3 964 090 484
Total Operating expenditure	3 409 348 529	190 673 381	5,6%	3 600 015 558	3 686 586 042	3 868 229 027
<b>Operating surplus/(deficit)</b>	<b>18 939 528</b>	<b>85 217 332</b>	<b>450%</b>	<b>105 163 212</b>	<b>79 574 588</b>	<b>95 861 457</b>
Capital grants & subsidies	301 635 014	38 658 442	13%	340 293 456	240 894 190	249 993 092
Own Funded required capital	49 529 709	34 567 972	70%	84 097 681	78 576 747	95 852 850
<b>Total Expenditure (opex &amp; capex)</b>	<b>3 760 513 252</b>	<b>263 893 443</b>	<b>7%</b>	<b>4 024 406 695</b>	<b>4 006 056 979</b>	<b>4 214 074 969</b>
<b>Surplus(Deficit)</b>	<b>- 332 225 195</b>	<b>12 997 270</b>	<b>-4%</b>	<b>- 319 227 925</b>	<b>- 239 896 350</b>	<b>- 249 984 485</b>

- i. The total revenue budgeted for 2022/2023 is R3,705 billion, an increase of 8% or R276 million from the 2021/2022 approved adjusted budget.
- ii. The total expenditure budget appropriated for the 2022/2023 financial year is R4,024 billion made up of operating expenditure budget of R3,600 billion and capital expenditure budget of R424 million.

- iii. The operating expenditure budget includes non-cash items amounting to R509 million, that is, depreciation of R262 million and debt impairment of R247 million, resulting in projected total deficit of R319 million decreasing over MTREF by R69 million. When excluding the non-cash items, operating surplus is projected to be R105 million.
- iv. Depreciation and debt impairment are non-cash items because they are provisions made in the budget to effect accounting entries which does not affect cash at bank such the write-off of obsolete assets and de-recognition or write-off of irrecoverable debts.
- v. Own funded capital projects amounting to R84 million from R116 million tabled in March, that will be funded from the projected surplus of R105 million mainly to purchase assets to render services to informal settlements.
- vi. The total revenue estimates are informed by the appropriation from expected municipal internal generated revenue, the National and Provincial Treasuries for conditional and unconditional grants. There has been an increase of 13% on capital grants at both National and Provincial Government, which amongst others include the Equitable Share, library funding and human settlement funding.
- vii. Operating Revenue Budget has been compiled based on the approved adjusted budget and actual cash collection rate been estimated at 91% of the billed revenue whilst a provision of 9% or R262 million has been made towards debt impairment of uncollectable revenue.
- viii. It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.



**Table 2: The revenue budget is based on the following proposed tariff increases:**

Category	2021/2022	Source Of	2022/2023
		Proposed	
	Approved Tariffs	Increase	Proposed Tariffs
	Increase		Increase
Property Rates	0%	In line with CPIX	3.0%
Electricity	15.6%	NERSA approve tariffs for Eskom	7.47%
Water: Residential Consumer	5.8%	Rand Water Proposed Application to Parliament	8.8%
Water: Business Consumer	5.8%	Rand Water Proposed Application to Parliament	8.8%
Sanitation	5.8%	Rand Water Proposed Application to Parliament	8.8%
Refuse/Solid Waste Removal	3.9%	In line with CPIX	4.0%
Sundry/Other Tariffs	3.9%	In line with CPIX	4.0%

- ix. The water and electricity tariff increases are above the projected inflation targets, given that this tariff increases are determined by external agencies. The impact of cost of the provision of services are largely outside the control of our municipality. The Special Covid-19 rebate is discontinued as it had already been given for 2 consecutive financial years and coupled with the 0% increase on property rates for the past 4 financial years, it is no longer affordable or sustainable for the municipality to continuing with zero increase of tariffs and special covid-19 rebate.

#### **4.6. OPERATING EXPENDITURE FRAMEWORK**

The 2022/2023 Medium - Term Revenue and Expenditure Framework (MTREF) for operating expenditure has been projected to be R3.6 billion, which represent an increase of 5.0%. Macroeconomic performance and projections guidelines for GDP growth is forecasting to be 4.8% during 2023 and for 2024, 2025 will be 4.4% and 4.5 respectively. **(Source: MFMA Circular No.115).**

Mogale City's overall increase is 5.6% by 0.8% above the guidelines; however, it should be noted that the overall increase is determined from various baselines, amongst others, NERSA approval for Eskom's electricity tariff increase to municipalities, which is 2.67% above the CPI and Rand Water increase above by 4%.

This above inflation baseline has a material bearing on the overall increase. Therefore, it becomes important that whilst the budget is a spending plan of the IDP, proper monitoring and cost containment measures must be maintained to ensure the municipality spend in line with the approved budget and available cash. This will alleviate pressure on the cash flow.



## 5. PROJECTED CASH FLOW

GT481 Mogale City - Table A7 Budgeted Cash Flows

GT481 Mogale City - Table A7 Budgeted Cash Flows											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		561 317	563 272	504 064	459 123	490 363	490 363	490 363	561 193	585 885	612 250
Service charges		1 537 183	1 688 166	1 858 265	1 715 799	1 728 424	1 728 424	1 728 424	1 841 178	1 922 190	2 031 011
Other revenue		66 861	—	—	635 406	570 607	570 607	570 607	263 770	260 932	272 460
Transfers and Subsidies - Operational	1	389 863	445 323	551 309	513 428	515 288	515 288	515 288	585 234	625 133	683 214
Transfers and Subsidies - Capital	1	323 887	213 818	235 299	217 859	255 329	255 329	255 329	340 293	240 894	249 993
Interest		59 290	49 260	37 339	51 750	48 879	48 879	48 879	51 125	50 910	53 394
Dividends		24	26	23					—	—	—
Payments											
Suppliers and employees		(2 447 204)	(2 632 749)	(2 933 715)	(3 324 435)	(3 249 267)	(3 249 267)	(3 249 267)	(3 208 491)	(3 300 877)	(3 493 811)
Finance charges		(48 036)	(49 378)	(38 463)	(45 697)	(45 697)	(45 697)	(45 697)	(27 139)	(24 108)	(21 105)
Transfers and Grants	1	(2 771)	(1 701)	(346)	(3 019)	(4 804)	(4 804)	(4 804)	(3 140)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		440 413	276 037	213 776	220 214	309 121	309 121	309 121	404 023	357 682	383 980
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			10 149	3 303	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—
Payments											
Capital assets		(419 842)	(198 218)	(192 312)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(419 842)	(188 069)	(189 009)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		—	—	—	—	—	—	—	—	—	—
Payments											
Repayment of borrowing		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	20 299	37 662	(33 412)	(69 683)	(62 156)	(62 156)	(62 156)	(51 064)	6 096	4 536
Cash/cash equivalents at the year end:	2	40 375	60 674	98 336	98 336	64 925	64 925	64 925	64 925	13 861	19 957
	2	60 674	98 336	64 925	28 654	2 769	2 769	2 769	13 861	19 957	24 492

1. The assumption of collection rate of 91% must be realistic and attainable to be able to fund the budget.

2. The proposed cash flow has taken into consideration the payment for Eskom old debt of R87 million in line with signed agreement with Eskom.

3. The projected cash and cash equivalent at year indicate a surplus of R14 million during 2022/23 and increases over MTREF to R24 million.

## 6. FINANCIAL IMPLICATIONS

Financial resources allocation as per proposed budget for 2022/2023 and two outer years.

**Table 3: Proposed Operating Annual Revenue**

Description	2020/2021 Audited Outcome	Approved 3rd Adjustment 2021/2022 Budget	Total Adjustments	% increase / (Decrease)	2022-2023 Proposed Budget	2023-2024 Proposed Budget	2024-2025 Proposed Budget
<b>Revenue By Source</b>							
Property Rates	504 064 488	544 847 503	16 345 426	3,0%	561 192 929	585 885 420	612 250 265
Service charges - electricity revenue	1 029 047 317	1 135 922 276	84 853 395	7,47%	1 220 775 671	1 274 489 802	1 331 841 845
Service charges - water revenue	388 582 482	400 924 365	35 281 343	8,8%	436 205 708	455 398 757	475 891 701
Service charges - sanitation	231 439 987	250 150 084	22 013 207	8,8%	272 163 291	284 138 475	296 640 567
Service charges - refuse removal	127 835 247	133 474 057	5 338 962	4,0%	138 813 019	144 920 787	151 442 223
Revenue Foregone	-37 421 153	-37 974 037	-2 689 381	7,1%	-40 663 418	-42 452 608	-44 339 534
<b>total main tariffs - Property rates &amp; service charges</b>	<b>2 243 548 368</b>	<b>2 427 344 248</b>	<b>161 142 952</b>	<b>6,6%</b>	<b>2 588 487 200</b>	<b>2 702 380 633</b>	<b>2 823 727 067</b>
Fines & Penalties Imposed	109 732 341	70 492 445	3 298 475	4,7%	73 790 920	76 103 033	79 832 081
Rental of facilities and equipment	5 866 035	3 898 351	155 934	4,0%	4 054 285	5 520 778	5 791 296
Interest earned - outstanding debtors	33 440 418	46 792 495	2 246 040	4,8%	49 038 535	48 732 322	51 120 206
Interest earned - external investment	3 898 658	2 086 243	-	0,0%	2 086 243	2 178 038	2 273 872
Dividends received	23 424	-	-	0%	-	-	-
Licences and permits	32 041	33 888	1 356	4,0%	35 244	34 018	35 685
Income from Agency Services	26 986 584	19 164 031	914 162	4,8%	20 078 193	21 251 902	22 194 008
Transfer recognised - operational	551 727 459	516 378 855	68 854 849	13,3%	585 233 704	625 133 161	683 213 661
Other revenue	40 753 787	40 462 487	1 618 503	4,0%	42 080 990	43 932 554	45 909 516
Investment Property Fair value adjustment	6 703 997	-	-	0%	-	-	-
Gains on disposal of PPE	-	-	-	0%	-	-	-
<b>Total Revenue (excluding capital transfers)</b>	<b>3 022 713 112</b>	<b>3 126 653 043</b>	<b>238 232 271</b>	<b>7,6%</b>	<b>3 364 885 314</b>	<b>3 525 266 439</b>	<b>3 714 097 392</b>
Transfer recognised - capital grants	203 961 374	301 635 014	37 658 442	12,5%	340 293 456	240 894 190	249 993 092
<b>Total Revenue (including capital transfers and contributions)</b>	<b>3 226 674 486</b>	<b>3 428 288 057</b>	<b>275 890 713</b>	<b>8,0%</b>	<b>3 705 178 770</b>	<b>3 766 160 629</b>	<b>3 964 090 484</b>

**6.1.1** The table above is a high-level summary of the 2022/2023 budget and MTREF (classified per main type of operating revenue).

**The following are key main areas of increase:**

### a) Property Rates

The Special Covid-19 rebate is discontinued as it had already been given for 2 consecutive financial years and coupled with the 0% increase on property rates for the past 4 financial years, it is no longer affordable or sustainable for the municipality to continuing with zero increase of tariffs and special covid-19. The property rates will increase by 3%.

The aim is 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. **(See detailed tariff schedule 3(a)).**

**Mogale City will continue to provide the following rebates on property rates:**

- i. Primary valuation reduction = R 15 000.00
- ii. Additional Valuation reduction = R35 000.00
- iii. Tariff Rebate = 45%
- iv. Pensioners Rebate (Pensioners older than 70 years, property value less than R1 million) = 100% exempted
- v. Other Pensioners Rebate = 100% exempted
- vi. Indigents = 100% exempted



#### **b) 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% 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 8.61% tariff increase for Eskom starting from April 2022 whereas the municipality is allowed to increase by 7,47% only in July 2022.

#### **c) Sale of water and impact of tariff increases**

Water tariffs is increasing by 8.8%. If cost reflective tariffs could be, implemented indicating all costs related in delivering water to our customers the increase would be enormous. Main cost drivers for the service are water network maintenance, vehicle leases, rental of water tanks, petrol, diesel, and remuneration of staff. The structure of water tariffs are as follows:

1. Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent). Registered indigents will again get free 6kl; and
2. Water tariffs are designed to encourage efficient and sustainable consumption the more you consume the more you pay.
3. The overall increase in the above table is 8.8% exclusive of revenue foregone (indigents subsidies & municipal charges for internal consumption).

#### **d) Sanitation and impact of tariff increases**

A tariff increases of 8.8% for sanitation from 1 July 2022 is proposed. The main cost drivers for the sanitation service are staff, chemicals, and maintenance of pumps. Free sanitation will be applicable to registered indigents.

#### **e) Refuse removal and impact of tariffs increases**

Refuse/Solid Waste removal and landfill sites fees are increasing by 4.0% in line with Consumer Price Index (CPI) inflation forecast of 3 to 6 target band. The main cost drivers for the service are procuring of refuse removal trucks, refuse removal contract for 3 years, increases in general expenditure such as petrol and diesel and the cost of remuneration that were not considered, **if Mogale City could consider these cost drivers the increase will be enormous.**

f) Rental of facilities indicates a tariff increase of 4.8%.

#### **g) Fines and Penalties imposed**

Fines and Penalties Imposed tariff is increasing by 4.7% included in this stream of revenue is funds from disconnections for water & electricity. The relevant judicial authority determines traffic fines. However, the revenue base for traffic fines is increasing by 3.9%.



## h) Agency services

Agency services revenue (DOT 20% share to Mogale City) is increasing by 4.8%; here also the relevant transport authority determines the tariff increase.

## i) Transfer recognised - operational

Transfer recognised-operational income is increasing by 13% based on the gazetted figures from National and Provincial Treasury (Equitable Shares, Integrated Urban Development Grant, Expanded Public Works Programme).

j) Changes to municipal allocations are set out in the Division of Revenue Amendment Bill, 2022. These include local government equitable share formula.

k) **other revenue** is increasing by 4% when compared to approved adjustment budget.

**Table 4: Proposed Operating Annual Expenditure**

Description	2020/2021 Audited Outcome	Approved 3rd Adjustment 2021/2022 Budget	Total Adjustments	% Increase / (Decrease)	Proposed 2022/2023 Budget	Proposed 2023/2024 Budget	Proposed 2024/2025 Budget	% of total Exp
<b>Expenditure Categories</b>								
Employee related costs	857 225 008	949 080 903	133 561 824	14,1%	1 082 636 375	1 119 015 924	1 169 251 593	30,1%
Remuneration of councillors	34 492 007	36 365 546	1 454 622	4,0%	37 820 168	39 484 254	41 261 042	1,1%
Debt Impairment	214 113 648	271 667 588	(9 908 273)	-3,6%	261 759 315	273 276 724	256 867 938	7,3%
Depreciation and amortisation	247 958 507	237 275 866	9 491 032	4,0%	246 766 898	251 702 235	263 028 839	6,9%
Impairment loss/Reversal of impairments	18 073	490 977	19 639	4,0%	510 616	533 083	557 072	0,0%
Finance Costs	38 462 789	45 696 838	(18 557 526)	-40,6%	27 139 312	24 107 823	21 105 164	0,8%
Bulk Purchases: Electricity	804 318 063	964 555 540	83 048 232	8,61%	1 047 603 772	1 099 983 961	1 197 882 534	29,1%
Water Inventory	367 002 834	350 034 608	30 803 046	8,8%	380 837 654	392 262 784	409 914 609	10,6%
Other materials & Inventory Consumed	-	6 627 875	872 926	13,2%	7 500 801	7 816 004	8 103 427	0,2%
Collection Costs	32 156 852	29 290 475	(8 545 226)	-29,2%	20 745 249	21 658 040	22 632 652	0,6%
Contract Services	477 852 070	383 926 865	(48 806 945)	-12,7%	335 119 920	299 093 282	313 045 933	9,3%
Grants and subsidies paid	346 246	3 019 384	120 776	4,0%	3 140 160	3 278 327	3 425 852	0,1%
General expenses	141 827 838	131 316 064	17 119 254	13,0%	148 435 318	154 373 601	161 152 372	4,1%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>3 215 773 935</b>	<b>3 409 348 529</b>	<b>190 673 381</b>	<b>5,6%</b>	<b>3 600 015 558</b>	<b>3 686 586 042</b>	<b>3 868 229 027</b>	

**6.1.2** The operating expenditure for 2022/2023 is budgeted at R3, 6 billion (an increase of 5.6% or R191 million from the 2021/2022 adjusted budget). This includes a provision of following items:

### a) an overall increase on employee related costs of 14,1% as follows:

1. that includes statutory increase of 4,9% amounting to R62 million, proposed employee related costs budget is based on the 2017/2018 approved structure of Council Item K (ii) 12/2017. The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 the agreement is still applicable for the coming financial year. South African Local Government Bargaining Council (SALGBC), Mogale City has projected increase of 4.9% that is within the CPIX as per Circular No. 01/2022 from SALGA.

2. filling of critical vacancies amounting to R55,6 million including of truck drivers for Utility Management Services.

3. wage gap agreement provision increase of 3% and once off payment of R7,500 for level 5 to 15 employees that will cost the municipality R10 million per annum.

### b) remuneration of councillors 4%,

### c) increase in repairs and maintenance expenditure of 13%,

**d)** No inflationary increase for section 56 and 57 officials based on the Government Gazette No 43122 of March 2020 Upper limits for Senior Managers.

Mogale City's ratio for remuneration as percentage of total operating expenditure is sitting at 29% for this proposed budget. The norm is 33%.

**e)** The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

**f) Bulk purchases have been increased as follows:**

1. Water Purchases from Rand water – 8.8%, bulk water purchases is now budgeted and accounted for as inventory in line with GRAP 12 paragraph 12.

2. Electricity Purchases from Eskom – 8,61%

**g)** Depreciation and impairment of assets is based on the audited performance during 2020/2021 financial year. Budget appropriations in this regard total R247 million for the 2022/23 financial and equates to 6.9% of the total operating expenditure. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

**h)** The provision of debt impairment for debtors and traffic fines has decreased by R9,9 million or -3,6 %, the provision was determined based on the projected collection rate of 91%. Mogale City is facing difficult fiscal environment due to weak economic growth that has put stress on consumers' ability to pay for services rendered. The municipality will intensify the collection on business and households owing from 60 days that can afford paying.

**i)** Impairment of debtors is proposed to be R237 million and for traffic fines is R25 million.

**j)** Collection Costs, other materials, grants & subsidies paid, and general expenses has increased by average of 5,6%, 0,8% above the 4,8% proposed in the budget circular guidelines.

**k)** Finance Costs decreased by 40,6%, due vehicle leases contract expiring and the ABSA long term loan that will be paid up before the end of the new financial year.

**l)** Contracted services have been identified as a cost saving area for Mogale City. As part of the compilation of the 2022/23 MTREF this expenditure category was critically evaluated, and operational efficiencies must be enforced. In the 2021/22 financial year, this expenditure category totals R335 million decreasing by 12.7% or R49 million as some contracts are expiring before the end of the current financial year. For the two outer years, growth has been limited to ensure cost reduction over the medium term.



The following are the 10 largest cost drivers for contracted services that must be minimized to gain operational efficiency:

**Table 5: 10 Largest Cost drivers (Contracted Services)**

Gl item name	A4 codes Internal	Project no	Project description	Approved 3rd 2021/2022 Adjustment Budget	Total Inputs	Proposed Final 2022/2023 Budget	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget
REFUSE REMOVAL	2700	380	Iem-Refuse Collection And Litter Picking_Wm	25 802 731	-	25 802 731	26 938 051	28 150 263
RENTAL: VACUUM TANKERS	2700	076	Ums-Vacuum Service To Informal And Rural Communities	13 896 901	- 6 670 513	7 226 389	0	0
NETWORK: MATERIAL	2700	069	Ums-Maintenance Of Water Network	27 454 217	1 098 169	28 552 386	29 808 691	31 150 082
NETWORK: MATERIAL	2700	476	Ums-Maintenance Of Prepaid Water Meters	7 700 625	308 025	8 008 650	8 361 031	8 737 277
NETWORK: MATERIAL	2700	479	Ums-Maintenance Of Waste Water Network	11 175 429	447 017	11 622 446	12 133 834	12 679 857
UPGRADING OF FINANCIAL SYSTEM	2700	294	Css-Ict User Support_Ict	-	35 247 665	35 247 665	17 048 750	18 316 625
SECURITY SERVICES	2700	238	Cds_Security Management_Ps	62 183 620	-32 183 620	30 000 000	31 320 000	32 729 400
SECURITY SERVICES-UNPLANNED	2700	238	Cds_Security Management_Ps	15 376 086	14 623 914	30 000 000	31 320 000	32 729 400
RENTAL: TOILETS	2700	835	UMS-Chemical Toilets	31 626 401	-10 734 944	20 891 457	21 810 681	22 792 162
RENTAL : WATER TANKS	2700	835	UMS-Water Tankers	35 014 099	-16 806 768	18 207 332	0	0

**All these contracted services listed above; all departments must spend within the available budget.**

## 7. CAPITAL EXPENDITURE ANALYSIS

Propose capital budget is R424 million, an increase of R73 million when compared to 2021/22 approved adjustment budget. The capital budget will be funded from grants both National and Provincial government to the tune of R340 million and own revenue to the value of R84 million.

Own generated funded capital projects have increased by 70% or R84 million to fund mostly procurement of water tankers, vacuum tankers, refuse compactors trucks, tractors for cutting grass amounting to R63 million and, R21 million is mainly for funding construction of new municipal offices also co-funded by NDPG.

Capital transfers indicate an increase of 13% or R39 million. Mainly projects funded by National government grants as shown on table 7 below. **Worth noting is funding from human settlement funded by HSDG (Human Settlement Development Grant) amounting to R70 million for completion of Brickvale Huma Settlement and R30 million for Leratong New Substation, the municipality is awaiting confirmation of funding from Provincial government.**

The MTREF allocates funds to different capital needs in line with the IDP priorities and government funding requirements.

The list of approved projects for the single and multi-year period included in the detailed budget report is attached as **schedule 2(a)**. It must be noted that all projects identified or included in the IDP are based on the prioritisation according to identified community needs during public participation. It is, therefore, important that the municipality approve an annual budget in line with its objectives as set out in the reviewed IDP.

The main projects funded by National, Provincial grants and own funding are as follows:

The projects that are undertaken by other spheres of government called out-of-books is attached in **schedule 2(b)**. The projects are listed as follows:

- i. Neighbourhood Development Partnership Grant Leratong (new) Substation R10 million.
- ii. Integrated National Electrification Programme Grant (INEP) Electrification Backlog: R2,9 million.

**Table 6: Proposed Capital Budget per municipal votes**

Departments	Approved 2021/2022 3rd Adjustment Budget	Total Inputs	%Increase /Decrease	Proposed 2022/2023 Budget	Proposed 2023/2024 Budget	Proposed 2024/2025 Budget
Municipal Manager's Office	54 000	-54 000	-100%	-	-	-
Internal Audit	238 861	-187 461	-78%	51 400	-	-
Strategic Management Support	3 001 789	-2 897 789	-97%	104 000	208 000	-
Corporate Support Services	1 795 000	-1 765 000	-98%	30 000	8 279 148	9 000 000
Financial Management Services	6 020 000	-5 690 000	-95%	330 000	970 000	-
Intergrated Environmental Management	26 628 139	78 482 811	295%	105 110 950	26 480 000	34 900 000
Economic Development Services	7 896 000	67 569 000	856%	75 465 000	42 000 000	40 000 000
Community Development Services	21 132 506	10 497 281	50%	31 629 787	41 967 000	40 000 000
Public Works, Roads & Transport	93 445 225	-70 535 225	-75%	22 910 000	71 612 190	66 200 000
Utilities Management Services	190 953 203	-2 193 203	-1%	188 760 000	127 954 599	155 745 942
<b>TOTAL CAPITAL BUDGET</b>	<b>351 164 723</b>	<b>73 226 414</b>	<b>21%</b>	<b>424 391 137</b>	<b>319 470 937</b>	<b>345 845 942</b>

The table above provides a breakdown of the capital budget to be spent per municipal departments or votes.

**Table 7: Proposed Source of Funding**

Financing Source	Approved 2021/2022 3rd Adjustment Budget	Total Inputs	% Increase/Decrease	Proposed 2022/2023 Budget	Proposed 2023/2024 Budget	Proposed 2024/2025 Budget
<b>National Government Grants</b>	<b>206 424 305</b>	<b>28 369 645</b>	<b>14%</b>	<b>234 793 950</b>	<b>232 394 190</b>	<b>240 993 092</b>
Integrated Urban Development Grant	132 801 305	12 122 645	9%	144 923 950	129 612 190	135 504 092
Neighbourhood Development Partnership Grant	-	40 000 000	100%	40 000 000	40 000 000	40 000 000
Financial Management Grant	110 000	-	0%	110 000	-	-
Integrated National Electrification Programme	18 513 000	-13 913 000	-75%	4 600 000	16 000 000	16 718 000
Water Services Infrastructure Grants	55 000 000	-9 840 000	-18%	45 160 000	46 782 000	48 771 000
<b>Provincial Governments Grants</b>	<b>95 175 709</b>	<b>10 323 797</b>	<b>11%</b>	<b>105 499 506</b>	<b>8 500 000</b>	<b>9 000 000</b>
Sports, Recreation, Arts & Culture	5 499 506	0	0%	5 499 506	8 500 000	9 000 000
Human Settlement Development Grant	86 076 203	13 923 797	16%	100 000 000	-	-
Cooperative Governance and Tradditional Affairs	3 600 000	(3 600 000)	-100%	-	-	-
<b>District Municipality Grants</b>	<b>35 000</b>	<b>(35 000)</b>	<b>-100%</b>	<b>-</b>	<b>-</b>	<b>-</b>
WRDM HIV/AIDS Programme	35 000	(35 000)	-100%	-	-	-
<b>Council's Own Funding</b>	<b>49 529 709</b>	<b>34 567 972</b>	<b>70%</b>	<b>84 097 681</b>	<b>78 576 747</b>	<b>95 852 850</b>
Own Funds	49 529 709	34 567 972	70%	84 097 681	78 576 747	95 852 850
<b>Total Funding</b>	<b>351 164 723</b>	<b>73 226 414</b>	<b>21%</b>	<b>424 391 137</b>	<b>319 470 937</b>	<b>345 845 942</b>



**Table 8: Summary of major capital projects to be undertaken over 3 years**

Project Description	Funding Source	Proposed Final 2022/2023 Budget	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget
IEM-Krugersdorp Game Reserve Lion enclosure upgrade TM	Integrated Urban Development Grant	1 000 000	-	-
IEM-Coronation Park Development PM	Integrated Urban Development Grant	1 000 000	10 000 000	9 000 000
IEM-Lulpaardsvlei Landfill Site (Phase 5) WM	Integrated Urban Development Grant	55 013 950	-	-
IEM-Development of Westheaven Cemetery Access road PM	Integrated Urban Development Grant	10 000 000	-	-
IEM-Development of Westheaven Cemetery Detention ponds pm	Integrated Urban Development Grant	6 000 000	-	-
IEM-Kagiso Regional Park Phase 2 stage 5 PM	Integrated Urban Development Grant	8 000 000	9 000 000	-
IEM-Purchase of Tractors X4 PM	Transfer from Operational Revenue	2 000 000	-	-
IEM- Acquisition of Roll ons Trucks X4 WM	Transfer from Operational Revenue	8 000 000	-	-
IEM-Acquisition of Skip loaders X4 WM	Transfer from Operational Revenue	8 000 000	-	-
EDS- Construction of New Municipal Building	Transfer from Operational Revenue	20 000 000	-	-
EDS- Construction of New Municipal Building	Neighbourhood Development Partnership Grant	40 000 000	40 000 000	40 000 000
EDS- Construction of New Municipal Building	Integrated Urban Development Grant	15 000 000	-	-
CDS-Purchasing of Library Furniture & Equipment LS	Sports, Recreation, Arts & Culture	813 761	2 461 538	2 961 538
CDS-Refurbishment of libraries	Sports, Recreation, Arts & Culture	3 635 320	-	-
CDS-Refurbishment of Krugersdorp Museum	Integrated Urban Development Grant	3 000 000	-	-
CDS-Construction of Kagiso Elderly Service Centre SD	Integrated Urban Development Grant	17 000 000	-	-
CDS - Upgrade of Ga Mogaie Sports Complex	Integrated Urban Development Grant	5 000 000	4 000 000	2 000 000
CDS-Refurbishment of Athletics Facility - Kagiso Sports Complex	Integrated Urban Development Grant	1 000 000	10 000 000	10 000 000
PWRT- Upgrade Lanwen Hostel BMS	Integrated Urban Development Grant	1 000 000	-	-
PWRT-Pr5: Rietvallei Ext 5 Roads and Stormwater RS	Integrated Urban Development Grant	1 000 000	8 000 000	10 000 000
PWRT-Pr10: Rietvallei Ext. 1 and Proper RS	Integrated Urban Development Grant	1 000 000	10 000 000	10 000 000
PWRT-PR4:Roads Rehabilitation and Resurfacing in Kagiso,Munsieville & Krugersdorp RS	Integrated Urban Development Grant	10 000 000	10 000 000	15 000 000
PWRT- Doctor Martinez and hellena Drive Roads & Stormwater RS	Integrated Urban Development Grant	1 000 000	-	-
PWRT-Robert Broom Drive Widening - Phase 2 RS	Integrated Urban Development Grant	1 000 000	10 000 000	10 000 000
PWRT-Robin Road Extension RS	Integrated Urban Development Grant	5 000 000	-	-
PWRT-Munsieville : Community Hall Refurbishment	Integrated Urban Development Grant	1 000 000	-	-
UMS-Leratong New Substation- EDS	Human Settlement Development Grant	30 000 000	-	-
UMS- Rural and Informal Areas Water Supply	Water Services Infrastructure Grants	10 160 000	16 782 000	-
UMS-Percy Steward WWTW Refurbishment	Water Services Infrastructure Grants	15 000 000	10 000 000	15 000 000
UMS-Maqaesburg WWTW Refurbishment	Water Services Infrastructure Grants	4 000 000	-	-
UMS-Flip Human WWTW Refurbishment	Water Services Infrastructure Grants	16 000 000	20 000 000	20 000 000
UMS-Singqobele 132/11kV 3x20 MVA new substation EDS	Integrated National Electrification Programme	4 600 000	16 000 000	16 718 000
UMS-Brickvale construction of Internal Infrastructure	Human Settlement Development Grant	70 000 000	-	-
UMS Water Tankers trucks	Transfer from Operational Revenue	25 000 000	-	-
UMS Vacuum Tankers trucks	Transfer from Operational Revenue	8 000 000	-	-
UMS Jetting Machine	Transfer from Operational Revenue	6 000 000	-	-

## 8. LEGISLATIVE IMPLICATIONS

Compliance with Municipal Finance Management Act 56 of 2003 and the related Budget Regulations, the Municipal Structures Act 117 of 1998 and Municipal Systems Act 32 of 2000.

## 9. BUSINESS RISK IMPLICATIONS

Meeting financial obligations and services delivery mandate.

## 10. STAKEHOLDERS CONSULTED

Accounting Officer

Departments

Joint Finance and Corporate Support Services Portfolio Committee

Budget Steering Committee

Mayoral Committee

## 1.4 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 9 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 budget and MTREF as approved by the Council.

**Table 9: MBRR Table A1 - Budget Summary**

GT481 Mogale City - Table A1 Budget Summary										
Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	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	561 317	563 272	504 064	510 137	544 848	544 848	544 848	561 193	585 885	612 250
Service charges	1 495 711	1 638 700	1 739 484	1 884 504	1 882 497	1 882 497	1 920 471	2 027 294	2 116 495	2 211 477
Investment revenue	5 100	2 537	3 899	3 205	2 086	2 086	2 086	2 086	2 178	2 274
Transfers recognised - operational	389 863	443 814	551 727	513 428	516 379	516 379	516 379	505 234	625 133	683 214
Other own revenue	224 007	234 450	223 539	245 620	180 844	180 844	180 844	189 078	195 575	204 883
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 675 997</b>	<b>2 882 773</b>	<b>3 022 713</b>	<b>3 156 894</b>	<b>3 126 653</b>	<b>3 126 653</b>	<b>3 164 627</b>	<b>3 364 885</b>	<b>3 525 266</b>	<b>3 714 097</b>
Employee costs	779 709	833 394	857 225	939 412	906 113	906 113	906 113	1 082 636	1 119 016	1 169 252
Remuneration of councillors	34 390	33 586	34 492	36 366	21 502	21 502	21 502	37 820	39 484	41 261
Depreciation & asset impairment	271 606	237 776	247 977	237 767	319 209	319 209	319 209	247 278	252 235	263 586
Finance charges	48 252	49 378	38 463	45 697	22 867	22 867	22 867	27 139	24 108	21 105
Materials and bulk purchases	981 789	1 080 006	1 171 321	1 308 219	1 321 271	1 321 271	1 321 271	1 435 942	1 500 063	1 615 901
Transfers and grants	2 787	1 701	346	3 019	3 019	3 019	—	3 140	3 278	3 426
Other expenditure	751 663	847 439	865 950	881 468	721 062	721 062	721 062	766 060	748 402	753 699
<b>Total Expenditure</b>	<b>2 870 194</b>	<b>3 083 279</b>	<b>3 215 774</b>	<b>3 451 948</b>	<b>3 315 043</b>	<b>3 315 043</b>	<b>3 312 024</b>	<b>3 600 016</b>	<b>3 686 586</b>	<b>3 868 229</b>
<b>Surplus/(Deficit)</b>	<b>(194 197)</b>	<b>(200 506)</b>	<b>(193 061)</b>	<b>(295 054)</b>	<b>(188 390)</b>	<b>(188 390)</b>	<b>(147 397)</b>	<b>(235 130)</b>	<b>(161 320)</b>	<b>(154 132)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	348 093	208 978	203 961	217 859	301 635	301 635	301 635	340 293	240 894	249 993
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>153 896</b>	<b>8 472</b>	<b>10 901</b>	<b>(77 195)</b>	<b>113 245</b>	<b>113 245</b>	<b>154 238</b>	<b>105 163</b>	<b>79 575</b>	<b>95 861</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>153 896</b>	<b>8 472</b>	<b>10 901</b>	<b>(77 195)</b>	<b>113 245</b>	<b>113 245</b>	<b>154 238</b>	<b>105 163</b>	<b>79 575</b>	<b>95 861</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>259 784</b>	<b>351 165</b>	<b>351 165</b>	<b>351 165</b>	<b>424 391</b>	<b>319 471</b>	<b>345 846</b>
Transfers recognised - capital	347 823	208 227	203 961	217 859	301 635	301 635	301 635	340 293	240 894	249 993
Public contributions & donations	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	58 798	17 186	18 733	41 925	49 530	49 530	49 530	84 098	78 577	95 853
<b>Total sources of capital funds</b>	<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>259 784</b>	<b>351 165</b>	<b>351 165</b>	<b>351 165</b>	<b>424 391</b>	<b>319 471</b>	<b>345 846</b>
<b>Financial position</b>										
Total current assets	502 212	657 034	770 934	689 650	663 765	663 765	663 765	675 493	927 078	1 060 176
Total non current assets	6 429 731	6 416 837	6 365 934	6 445 990	6 887 791	6 887 791	6 887 791	6 545 496	6 612 730	6 694 988
Total current liabilities	1 026 868	1 246 570	1 277 577	1 297 547	1 297 547	1 297 547	1 297 547	1 294 967	1 489 983	1 625 053
Total non current liabilities	631 376	540 399	558 116	460 115	460 115	460 115	460 115	578 256	585 364	687 771
Community wealth/Equity	5 273 699	5 286 902	5 301 175	5 377 979	5 793 895	5 793 895	5 793 895	5 347 765	5 464 461	5 442 340
<b>Cash flows</b>										
Net cash from (used) operating	440 413	276 037	213 776	220 214	309 121	309 121	309 121	404 023	357 682	383 980
Net cash from (used) investing	(419 842)	(188 069)	(189 009)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
Net cash from (used) financing	(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
<b>Cash/cash equivalents at the year end</b>	<b>60 674</b>	<b>98 336</b>	<b>64 925</b>	<b>28 654</b>	<b>2 769</b>	<b>2 769</b>	<b>2 769</b>	<b>13 861</b>	<b>19 957</b>	<b>24 492</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	61 437	98 912	65 524	120 219	94 334	94 334	94 334	122 676	457 812	649 519
Application of cash and investments	478 705	578 459	474 077	511 556	513 792	508 760	526 283	639 716	894 847	999 926
<b>Balance - surplus (shortfall)</b>	<b>(417 268)</b>	<b>(479 547)</b>	<b>(408 553)</b>	<b>(391 337)</b>	<b>(419 458)</b>	<b>(414 426)</b>	<b>(431 949)</b>	<b>(517 040)</b>	<b>(437 035)</b>	<b>(350 406)</b>
<b>Asset management</b>										
Asset register summary (WDV)	6 431 462	6 418 712	6 367 785	6 448 436	6 890 236	6 890 236	6 890 236	6 544 897	6 612 131	6 694 389
Depreciation	268 224	241 557	247 959	238 001	319 209	319 209	319 209	247 278	252 235	263 586
Renewal of Existing Assets	85 548	27 491	38 299	—	138 665	138 665	146 114	151 399	170 571	170 571
Repairs and Maintenance	1 881	86 402	479 013	357 024	439 204	439 204	112 715	109 303	114 222	114 222
<b>Free services</b>										
Cost of Free Basic Services provided	32 012	36 465	37 421	17 711	37 974	37 974	40 663	40 663	42 453	44 340
Revenue cost of free services provided	—	—	—	—	—	—	14 750	14 750	15 399	16 092
<b>Households below minimum service level</b>										
Water:	10	10	10	10	10	10	10	10	10	10
Sanitation/sewerage:	10	10	10	10	10	10	10	10	10	10
Energy:	19	19	19	19	19	19	20	20	20	20
Refuse:	18	18	18	18	18	18	18	18	18	19



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

1. Table A1 is a budget summary and provides a concise overview of MCLM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash, and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget.
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget if borrowing is used to fund capital projects.
4. The Cash backing/surplus reconciliation shows that in previous financial years, the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

**Table 10: MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

GT481 Mogale City - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	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>										
<i>Governance and administration</i>		748 311	724 216	551 449	590 544	621 048	621 048	644 361	666 391	698 469
Executive and council		(21)	(10)	(91)	2 867	5 366	5 366	9 808	6 063	6 336
Finance and administration		748 332	724 226	551 540	587 677	615 682	615 682	634 554	660 328	692 133
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		274 127	239 712	315 497	336 103	301 899	301 899	445 646	338 681	364 640
Community and social services		15 724	19 015	206 132	24 695	198 167	198 167	26 824	27 470	28 703
Sport and recreation		7 804	10 274	321	21 900	11 758	11 758	34 924	35 963	27 006
Public safety		24 512	28 540	109 044	119 363	—	—	64 119	66 877	70 148
Housing		105 718	31 111	—	(51)	85 994	85 994	115 000	—	—
Health		120 370	150 772	—	170 197	5 980	5 980	204 779	208 372	238 783
<i>Economic and environmental services</i>		160 396	85 047	132 547	134 734	107 632	107 632	106 983	151 767	146 118
Planning and development		87 153	31 203	48 214	39 104	27 145	27 145	64 917	59 430	60 300
Road transport		73 243	53 845	84 332	95 629	80 487	80 487	42 066	92 336	85 817
Environmental protection		—	—	—	—	0	0	0	0	0
<i>Trading services</i>		1 840 917	2 041 809	2 222 197	2 312 971	2 397 709	2 397 709	2 507 094	2 609 235	2 754 773
Energy sources		987 075	1 063 659	1 166 982	1 243 770	1 248 073	1 248 073	1 328 741	1 403 125	1 471 412
Water management		385 512	480 823	483 078	476 389	485 638	485 638	514 558	558 448	593 626
Waste water management		274 421	259 582	281 474	310 343	396 663	396 663	332 264	351 133	371 306
Waste management		193 908	237 744	290 664	282 469	267 335	267 335	331 532	296 530	318 429
<i>Other</i>	4	339	967	4 985	401	—	—	1 094	86	91
<b>Total Revenue - Functional</b>	2	3 024 090	3 091 751	3 226 674	3 374 753	3 428 288	3 428 288	3 705 179	3 766 161	3 964 090
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		726 252	793 549	771 109	776 165	741 909	741 909	860 929	870 177	899 549
Executive and council		112 829	98 350	102 313	118 821	127 759	127 759	132 807	134 527	140 580
Finance and administration		603 551	683 269	657 903	638 320	597 546	597 546	705 570	712 089	734 348
Internal audit		9 873	11 930	10 893	19 024	16 604	16 604	22 552	23 561	24 621
<i>Community and public safety</i>		381 105	319 465	353 963	331 158	196 618	196 618	353 048	364 737	380 993
Community and social services		35 224	37 070	66 139	50 241	73 619	73 619	58 628	57 857	60 341
Sport and recreation		93 913	102 568	142 765	111 306	107 954	107 954	117 605	122 381	127 888
Public safety		216 858	136 783	130 439	115 325	—	—	114 722	119 706	125 093
Housing		9 669	12 540	14 620	17 386	15 045	15 045	22 333	23 328	24 377
Health		25 442	30 505	—	36 900	—	—	39 760	41 465	43 293
<i>Economic and environmental services</i>		189 030	209 111	188 333	220 759	239 483	239 483	228 220	230 570	240 821
Planning and development		75 260	89 191	82 644	92 734	81 160	81 160	94 436	92 396	96 428
Road transport		106 448	110 479	95 675	117 542	148 482	148 482	122 542	126 427	132 116
Environmental protection		7 323	9 441	10 013	10 483	9 841	9 841	11 242	11 748	12 276
<i>Trading services</i>		1 570 112	1 754 296	1 894 010	2 099 199	2 131 210	2 131 210	2 151 999	2 215 020	2 340 512
Energy sources		817 923	904 254	927 218	1 235 295	1 169 814	1 169 814	1 292 072	1 354 032	1 450 045
Water management		480 362	548 262	644 829	566 006	578 327	578 327	600 099	601 277	623 575
Waste water management		137 421	156 853	171 301	153 075	275 140	275 140	139 347	137 050	140 225
Waste management		134 407	144 927	150 663	144 823	107 929	107 929	120 481	122 661	126 667
<i>Other</i>	4	3 695	6 857	8 360	24 667	5 824	5 824	5 819	6 081	6 354
<b>Total Expenditure - Functional</b>	3	2 870 194	3 083 279	3 215 774	3 451 948	3 315 043	3 315 043	3 600 016	3 686 586	3 868 229
<b>Surplus/(Deficit) for the year</b>		153 896	8 472	10 901	(77 195)	113 245	113 245	105 163	79 575	95 861

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

1. 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 15 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.
2. Note the total revenue on this table includes capital revenues (transfers recognised – capital) and therefore does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



**Table 11: MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

GT481 Mogale City - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Revenue by Vote	1									
Vote 1 - MUNICIPAL COUNCIL		1	7	185 628	2 870	5 395	5 395	5 607	5 853	6 117
Vote 2 - MUNICIPAL MANAGER'S OFFICE		-	-	-	-	-	-	4 000	-	-
Vote 3 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-
Vote 4 - STRATEGIC MANAGEMENT SERVICES		323	40	34	46	46	46	48	50	52
Vote 5 - CORPORATE SUPPORT SERVICES		3 443	(2 367)	(1 952)	3 951	2 365	2 365	2 455	2 768	2 905
Vote 6 - FINANCIAL MANAGEMENT SERVICES		739 085	718 870	557 399	576 985	612 145	612 145	626 696	650 912	680 363
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		203 735	247 589	300 152	307 661	283 319	283 319	362 507	320 725	332 857
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		187 716	220 389	151 483	343 514	280 636	280 636	320 030	334 987	371 621
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		192 903	52 617	36 677	30 700	104 173	104 173	173 908	51 779	52 318
Vote 10 - UTILITIES MANAGEMENT SERVICES		1 647 009	1 804 065	1 931 534	2 030 502	2 035 673	2 035 673	2 178 631	2 315 908	2 439 691
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		49 876	50 541	65 720	78 524	104 536	104 536	31 298	83 178	78 167
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	3 024 090	3 091 751	3 226 674	3 374 753	3 428 288	3 428 288	3 705 179	3 766 161	3 964 090
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL COUNCIL		61 724	52 155	56 016	65 362	49 158	49 158	70 103	73 206	76 500
Vote 2 - MUNICIPAL MANAGER'S OFFICE		8 427	8 978	8 998	7 691	9 654	9 654	12 261	8 632	9 020
Vote 3 - INTERNAL AUDIT		9 873	11 816	10 893	19 024	19 687	19 687	22 552	23 561	24 621
Vote 4 - STRATEGIC MANAGEMENT SERVICES		39 864	57 290	44 509	53 978	54 932	54 932	58 916	61 548	64 318
Vote 5 - CORPORATE SUPPORT SERVICES		126 413	131 883	122 431	140 324	99 091	99 091	220 438	209 807	219 749
Vote 6 - FINANCIAL MANAGEMENT SERVICES		400 303	359 964	297 650	354 583	330 032	330 032	340 213	351 168	356 684
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		206 835	229 895	237 800	241 125	193 293	193 293	225 434	232 065	240 994
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		354 808	387 758	419 625	374 657	373 640	373 640	364 260	376 572	393 360
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		71 699	66 158	73 315	81 251	87 519	87 519	88 688	84 158	87 945
Vote 10 - UTILITIES MANAGEMENT SERVICES		1 438 077	1 614 400	1 748 040	1 961 280	1 912 288	1 912 288	2 037 119	2 098 212	2 219 961
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		152 171	162 983	196 498	152 673	185 750	185 750	160 030	167 658	175 078
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2 870 194	3 083 279	3 215 774	3 451 948	3 315 043	3 315 043	3 600 016	3 686 586	3 868 229
Surplus/(Deficit) for the year	2	153 896	8 472	10 901	(77 195)	113 245	113 245	105 163	79 575	95 861

**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 organisational structure of Mogale City. This means it is possible to present the operating surplus or deficit of a vote.

**Table 12: MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

GT481 Mogale City - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	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
Revenue By Source											
Property rates	2	561 317	563 272	504 064	510 137	544 848	544 848	544 848	561 193	585 885	612 250
Service charges - electricity revenue	2	897 696	950 080	1 026 785	1 133 889	1 133 197	1 133 197	1 135 922	1 217 789	1 271 371	1 328 583
Service charges - water revenue	2	305 403	379 014	388 068	398 323	400 363	400 363	400 924	435 595	454 761	475 225
Service charges - sanitation revenue	2	190 296	202 369	211 061	238 615	229 513	229 513	250 150	249 710	260 697	272 168
Service charges - refuse revenue	2	102 317	107 238	113 570	113 677	119 424	119 424	133 474	124 201	129 666	135 501
Rental of facilities and equipment		8 741	7 471	5 866	5 500	3 898	3 898	3 898	4 054	5 521	5 791
Interest earned - external investments		5 100	2 537	3 899	3 205	2 086	2 086	2 086	2 086	2 178	2 274
Interest earned - outstanding debtors		54 190	46 723	33 440	48 545	46 792	46 792	46 792	49 040	48 734	51 122
Dividends received		24	26	23	-	-	-	-	-	-	-
Fines, penalties and forfeits		56 335	38 416	109 732	129 492	70 492	70 492	70 492	74 918	77 280	81 062
Licences and permits		32	9	32	34	34	34	34	35	34	36
Agency services		26 305	20 178	26 987	31 760	19 164	19 164	19 164	20 078	21 252	22 194
Transfers and subsidies		389 863	443 814	551 727	513 428	516 379	516 379	516 379	585 234	625 133	683 214
Other revenue	2	78 379	121 628	47 458	30 290	40 462	40 462	40 462	40 952	42 754	44 678
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2 675 997	2 882 773	3 022 713	3 156 894	3 126 653	3 126 653	3 164 627	3 364 885	3 525 266	3 714 097
Expenditure By Type											
Employee related costs	2	779 709	833 394	857 225	939 412	906 113	906 113	906 113	1 082 636	1 119 016	1 169 252
Remuneration of councillors		34 390	33 586	34 492	36 366	21 502	21 502	21 502	37 820	39 484	41 261
Debt impairment	3	246 657	243 916	214 114	253 334	146 556	146 556	146 556	261 759	273 277	256 868
Depreciation & asset impairment	2	271 606	237 776	247 977	237 767	319 209	319 209	319 209	247 278	252 235	263 586
Finance charges		48 252	49 378	38 463	45 697	22 867	22 867	22 867	27 139	24 108	21 105
Bulk purchases	2	667 495	734 153	804 318	964 556	964 556	964 556	964 556	1 047 604	1 099 984	1 197 883
Other materials	8	314 294	345 853	367 003	343 663	356 715	356 715	356 715	388 338	400 079	418 018
Contracted services		317 564	421 075	477 852	457 364	400 268	400 268	400 268	335 120	299 093	313 046
Transfers and subsidies		2 787	1 701	346	3 019	3 019	3 019	-	3 140	3 278	3 426
Other expenditure	4, 5	187 441	182 448	173 985	170 770	174 237	174 237	174 237	169 179	176 030	183 783
Losses		-	-	-	-	-	-	-	2	2	2
Total Expenditure		2 870 194	3 083 279	3 215 774	3 451 948	3 315 043	3 315 043	3 312 024	3 600 016	3 686 586	3 868 229
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National/ Provincial and District)		(194 197)	(200 506)	(193 061)	(295 054)	(188 390)	(188 390)	(147 397)	(235 130)	(161 320)	(154 132)
Transfers and subsidies - capital (monetary allocations) (National/ Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	348 093	208 978	203 961	217 859	301 635	301 635	301 635	340 293	240 894	249 993
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		153 896	8 472	10 901	(77 195)	113 245	113 245	154 238	105 163	79 575	95 861
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		153 896	8 472	10 901	(77 195)	113 245	113 245	154 238	105 163	79 575	95 861
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		153 896	8 472	10 901	(77 195)	113 245	113 245	154 238	105 163	79 575	95 861
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		153 896	8 472	10 901	(77 195)	113 245	113 245	154 238	105 163	79 575	95 861



**Table 13: MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification, and funding source**

GT481 Mogale City - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote	2										
Multi-year expenditure, to be appropriated											
Vote 1 - MUNICIPAL COUNCIL		--	--	--	--	2 127	2 127	2 127	--	--	--
Vote 2 - MUNICIPAL MANAGER'S OFFICE		--	--	--	--	54	54	54	--	6 038	6 038
Vote 3 - INTERNAL AUDIT		--	--	--	--	239	239	239	--	--	--
Vote 4 - STRATEGIC MANAGEMENT SERVICES		--	--	--	--	875	875	875	44	108	--
Vote 5 - CORPORATE SUPPORT SERVICES		--	--	--	--	1 795	1 795	1 795	60	1 779	9 000
Vote 6 - FINANCIAL MANAGEMENT SERVICES		--	24	--	--	6 020	6 020	6 020	300	970	--
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		14 926	31 299	7 249	47 000	26 628	26 628	26 628	81 091	22 600	25 900
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		21 144	25 754	5 697	6 700	21 133	21 133	21 133	28 630	30 929	33 962
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		173 632	10 000	5 564	--	7 896	7 896	7 896	405	1 250	--
Vote 10 - UTILITIES MANAGEMENT SERVICES		105 726	62 317	69 860	104 511	169 953	169 953	169 953	149 760	127 955	155 746
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		69 757	38 124	24 220	61 100	93 445	93 445	93 445	21 910	70 612	66 200
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total		405 184	167 518	112 589	219 311	330 165	330 165	330 165	282 200	262 241	296 846
Single-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL COUNCIL		--	--	743	154	--	--	--	--	--	--
Vote 2 - MUNICIPAL MANAGER'S OFFICE		34	--	--	54	--	--	--	--	--	--
Vote 3 - INTERNAL AUDIT		12	177	--	225	--	--	--	51	--	--
Vote 4 - STRATEGIC MANAGEMENT SERVICES		70	239	--	2 726	--	--	--	--	--	--
Vote 5 - CORPORATE SUPPORT SERVICES		338	258	--	1 645	--	--	--	30	6 600	--
Vote 6 - FINANCIAL MANAGEMENT SERVICES		57	849	655	2 235	--	--	--	30	--	--
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		109	785	33 086	10 479	--	--	--	24 020	3 880	9 000
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		817	1 908	16 362	11 293	--	--	--	3 000	6 000	--
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		--	31 135	17 034	896	--	--	--	75 060	40 750	40 000
Vote 10 - UTILITIES MANAGEMENT SERVICES		--	11 748	11 912	4 766	21 000	21 000	21 000	39 000	--	--
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		--	10 795	30 313	6 000	--	--	--	1 000	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total			1 437	57 895	110 105	40 473	21 000	21 000	21 000	142 191	57 230
Total Capital Expenditure - Vote	3.7	406 621	225 413	222 695	259 784	351 165	351 165	351 165	424 391	319 471	345 846
Capital Expenditure - Functional											
Governance and administration		25 794	1 548	1 398	7 289	18 725	18 725	18 725	81 490	50 407	53 000
Executive and council		34	--	743	2 168	2 720	2 720	2 720	60	100	--
Finance and administration		25 748	1 370	655	4 896	15 766	15 766	15 766	81 379	50 307	53 000
Internal audit		12	177	--	225	239	239	239	51	--	--
Community and public safety		129 643	71 648	41 074	40 222	29 977	29 977	29 977	43 630	61 967	49 000
Community and social services		27 525	30 033	22 059	26 717	19 326	19 326	19 326	5 500	8 500	9 000
Sport and recreation		4 281	10 504	9 106	13 479	10 354	10 354	10 354	20 000	37 000	30 000
Public safety		--	--	--	26	--	--	--	105	467	--
Housing		97 837	31 111	9 908	--	274	274	274	1 000	--	--
Health		--	--	--	--	23	23	23	17 025	16 000	10 000
Economic and environmental services		139 627	58 852	64 551	63 996	49 751	49 751	49 751	16 400	71 662	62 200
Planning and development		76 156	10 476	10 399	1 195	7 969	7 969	7 969	900	2 131	200
Road transport		63 470	48 376	54 152	62 800	41 527	41 527	41 527	15 500	69 531	62 000
Environmental protection		--	--	--	--	255	255	255	--	--	--
Trading services		110 916	93 275	115 291	144 777	252 092	252 092	252 092	281 871	135 435	181 646
Energy services		17 825	18 094	34 892	44 777	29 777	29 777	29 777	34 600	48 068	45 671
Water management		49 412	55 789	49 171	36 000	133 576	133 576	133 576	119 160	49 887	55 075
Waste water management		38 489	676	8 982	29 000	71 910	71 910	71 910	35 000	30 000	55 000
Waste management		5 189	18 716	22 246	35 000	16 828	16 828	16 828	93 111	7 480	25 900
Other		642	90	380	3 500	621	621	621	1 000	--	--
Total Capital Expenditure - Functional	3.7	406 621	225 413	222 695	259 784	351 165	351 165	351 165	424 391	319 471	345 846
Funded by:											
National Government		236 191	169 274	180 822	210 259	206 424	206 424	206 424	234 794	232 394	240 993
Provincial Government		111 632	38 953	23 140	7 600	95 176	95 176	95 176	105 500	8 500	9 000
District Municipality		--	--	--	--	35	35	35	--	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		--	--	--	--	--	--	--	--	--	--
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions		--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital	4	347 823	208 227	203 961	217 859	301 635	301 635	301 635	340 293	240 894	249 993
Public contributions & donations	5	--	--	--	--	--	--	--	--	--	--
Borrowing	6	--	--	--	--	--	--	--	--	--	--
Internally generated funds		58 798	17 186	18 733	41 925	49 530	49 530	49 530	84 098	78 577	95 853
Total Capital Funding	7	406 621	225 413	222 695	259 784	351 165	351 165	351 165	424 391	319 471	345 846

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

- 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 and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- 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.

**Table 14: MBRR Table A6 - Budgeted Financial Position**

GT481 Mogale City - Table A6 Budgeted Financial Position											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		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
ASSETS											
Current assets											
Cash		43 210	87 929	56 475	28 654	2 769	2 769	2 769	112 449	446 355	636 778
Call investment deposits	1	17 464	10 407	8 449	91 565	91 565	91 565	91 565	9 628	10 858	12 142
Consumer debtors	1	386 187	519 032	628 231	529 362	529 362	529 362	529 362	241 770	184 355	153 057
Other debtors		35 858	22 638	62 442	22 872	22 872	22 872	22 872	296 224	270 088	242 776
Current portion of long-term receivables		—	—	—	—	—	—	—	85	85	85
Inventory	2	19 493	17 028	15 337	17 198	17 198	17 198	17 198	15 337	15 337	15 337
Total current assets		502 212	657 034	770 934	689 650	663 765	663 765	663 765	675 493	927 078	1 060 176
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		763	575	599	—	—	—	—	599	599	599
Investment property		676 422	692 045	698 726	704 210	704 210	704 210	704 210	698 724	698 722	698 720
Investment in Associates		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	5 749 959	5 716 793	5 660 829	5 737 434	6 170 177	6 170 177	6 170 177	5 840 417	5 907 677	5 989 962
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	2 378	2 735	—	—	—	—	2 735	2 735	2 735
Intangible		2 586	5 045	3 046	4 346	13 404	13 404	13 404	3 022	2 998	2 972
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		6 429 731	6 416 837	6 365 934	6 445 990	6 887 791	6 887 791	6 887 791	6 545 496	6 612 730	6 694 988
TOTAL ASSETS		6 931 943	7 073 871	7 136 868	7 135 641	7 551 556	7 551 556	7 551 556	7 220 989	7 539 808	7 755 164
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	51 828	58 438	42 965	30 112	30 112	30 112	30 112	42 965	42 965	103 190
Consumer deposits		69 693	73 272	76 455	76 203	76 203	76 203	76 203	76 455	76 455	76 455
Trade and other payables	4	879 352	1 079 008	1 135 429	1 099 360	1 099 360	1 099 360	1 099 360	1 077 512	1 250 223	1 301 913
Provisions		25 995	35 852	22 729	91 872	91 872	91 872	91 872	98 035	120 339	143 495
Total current liabilities		1 026 868	1 246 570	1 277 577	1 297 547	1 297 547	1 297 547	1 297 547	1 294 967	1 489 983	1 625 053
Non current liabilities											
Borrowing		319 992	263 086	220 124	262 112	262 112	262 112	262 112	189 428	157 314	215 372
Provisions		311 383	277 312	337 992	198 003	198 003	198 003	198 003	388 828	428 051	472 399
Total non current liabilities		631 376	540 399	558 116	460 115	460 115	460 115	460 115	578 256	585 364	687 771
TOTAL LIABILITIES		1 658 244	1 786 969	1 835 693	1 757 661	1 757 661	1 757 661	1 757 661	1 873 224	2 075 347	2 312 824
NET ASSETS	5	5 273 699	5 286 902	5 301 175	5 377 979	5 793 895	5 793 895	5 793 895	5 347 765	5 464 461	5 442 340
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		5 249 827	5 258 388	5 266 720	5 377 979	5 793 895	5 793 895	5 793 895	5 313 311	5 464 461	5 442 340
Reserves	4	23 872	28 514	34 454	—	—	—	—	34 454	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	5 273 699	5 286 902	5 301 175	5 377 979	5 793 895	5 793 895	5 793 895	5 347 765	5 464 461	5 442 340

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

- Table A6 is consistent with international standards of good financial management practice and improves understandability for councillors and management of the impact of the budget on the statement of financial position.
- 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.
- Table A6 is supported by an extensive table of notes in (SA3) providing a 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.

5. Any movement on the Budgeted Financial Performance (A4) or the Capital Budget (A5) will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will affect the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year-end. The funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 15: MBRR Table A7 - Budgeted Cash Flows**

GT481 Mogale City - Table A7 Budgeted Cash Flows											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		561 317	563 272	504 064	459 123	490 363	490 363	490 363	561 193	585 885	612 250
Service charges		1 537 183	1 688 166	1 858 265	1 715 799	1 728 424	1 728 424	1 728 424	1 841 178	1 922 190	2 031 011
Other revenue		66 861	-	-	635 406	570 607	570 607	570 607	263 770	260 932	272 460
Transfers and Subsidies - Operational	1	389 863	445 323	551 309	513 428	515 288	515 288	515 288	585 234	625 133	683 214
Transfers and Subsidies - Capital	1	323 887	213 818	235 299	217 859	255 329	255 329	255 329	340 293	240 894	249 993
Interest		59 290	49 260	37 339	51 750	48 879	48 879	48 879	51 125	50 910	53 394
Dividends		24	26	23					-	-	-
Payments											
Suppliers and employees		(2 447 204)	(2 632 749)	(2 933 715)	(3 324 435)	(3 249 267)	(3 249 267)	(3 249 267)	(3 208 491)	(3 300 877)	(3 493 811)
Finance charges		(48 036)	(49 378)	(38 463)	(45 697)	(45 697)	(45 697)	(45 697)	(27 139)	(24 108)	(21 105)
Transfers and Grants	1	(2 771)	(1 701)	(346)	(3 019)	(4 804)	(4 804)	(4 804)	(3 140)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		440 413	276 037	213 776	220 214	309 121	309 121	309 121	404 023	357 682	383 980
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			10 149	3 303	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(419 842)	(198 218)	(192 312)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(419 842)	(188 069)	(189 009)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	40 375	60 674	98 336	98 336	64 925	64 925	64 925	64 925	13 861	19 957
Cash/cash equivalents at the year end:	2	60 674	98 336	64 925	28 654	2 769	2 769	2 769	13 861	19 957	24 492

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

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- The budget in Financial Performance (table A4) must be funded from the anticipated cash inflow receipts and not billing for service charges.
- The above table shows that cash and cash equivalents for MCLM remains positive from 2018/19 at R60 million, then decreases during 2022/23 financial year to R14 million and increases over the MTREF to R24 million.

**Table 16: MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

GT481 Mogale City - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	60 674	98 336	64 925	28 654	2 769	2 769	2 769	13 861	19 957	24 492
Other current investments > 90 days		0	–	–	91 565	91 565	91 565	91 565	108 217	437 257	624 428
Non current assets - Investments	1	763	575	599	–	–	–	–	599	599	599
Cash and investments available:		61 437	98 912	65 524	120 219	94 334	94 334	94 334	122 676	457 812	649 519
Application of cash and investments											
Unspent conditional transfers		139	6 488	37 408	1 298	1 298	1 298	1 298	37 408	37 408	37 408
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	478 567	571 971	436 669	510 258	507 462	507 462	515 937	596 476	851 376	956 209
Other provisions		–	–	–	–	5 032	–	–	5 234	5 464	5 710
Long term investments committed	4	–	–	–	–	–	–	9 048	599	599	599
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		478 705	578 459	474 077	511 556	513 792	508 760	526 283	639 716	894 847	999 926
Surplus(shortfall)		(417 268)	(479 547)	(408 553)	(391 337)	(419 458)	(414 426)	(431 949)	(517 040)	(437 035)	(350 406)

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular No. 42 and 93 – 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 be either 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. From the table above, it can be seen that the budget is unfunded over the MTREF period. The Budget Funding Plan is tabled with the 2022/2023 MTREF proposed budget to be adopted and approved by council to mitigate the unfunded budget.



**Table 17: MBRR Table A9 - Asset Management**

GT481 Mogale City - Table A9 Asset Management										
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		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>1</b>	<b>265 873</b>	<b>178 532</b>	<b>166 154</b>	<b>122 748</b>	<b>197 463</b>	<b>197 463</b>	<b>277 277</b>	<b>162 992</b>	<b>175 275</b>
Roads Infrastructure		900	26 685	39 473	34 300	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		17 645	18 066	29 479	24 613	22 013	22 013	–	–	–
Water Supply Infrastructure		50 164	55 688	55 961	36 500	60 500	60 500	80 160	43 887	43 075
Sanitation Infrastructure		38 281	182	–	7 000	20 000	20 000	35 000	30 000	55 000
Solid Waste Infrastructure		2 288	14 606	21 810	–	–	–	–	2 000	9 000
Rail Infrastructure		15 020	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		124 299	115 226	137 723	102 413	102 513	102 513	115 160	75 887	107 075
Community Facilities		16 656	8 234	5 697	7 600	9 686	9 686	21 686	19 038	16 038
Sport and Recreation Facilities		–	16 553	9 262	–	–	–	–	2 000	–
Community Assets		16 656	24 787	14 958	7 600	9 686	9 686	21 686	21 038	16 038
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	75 000	40 000	40 000
Housing		97 837	31 111	9 908	–	68 076	68 076	–	–	–
Other Assets		97 837	31 111	9 908	–	68 076	68 076	75 000	40 000	40 000
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		75	90	400	4 000	7 798	7 798	–	3 000	–
Intangible Assets		75	90	400	4 000	7 798	7 798	–	3 000	–
Computer Equipment		744	7 202	1 119	8 610	8 242	8 242	1 114	13 931	9 100
Furniture and Office Equipment		354	116	–	125	1 149	1 149	1 292	7 278	3 062
Machinery and Equipment		109	–	1 302	–	–	–	6 025	58	–
Transport Assets		25 799	–	743	–	–	–	57 000	1 800	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
<b>Total Renewal of Existing Assets</b>	<b>2</b>	<b>85 548</b>	<b>27 491</b>	<b>38 299</b>	<b>–</b>	<b>138 665</b>	<b>138 665</b>	<b>146 114</b>	<b>151 399</b>	<b>170 571</b>
Roads Infrastructure		1 015	4 485	13 256	–	86 645	86 645	26 000	20 000	25 000
Storm water Infrastructure		1 983	–	–	–	–	–	10 500	49 531	37 000
Electrical Infrastructure		179	–	–	–	2 600	13 600	34 600	39 568	45 671
Water Supply Infrastructure		–	–	–	–	11 000	–	–	–	12 000
Sanitation Infrastructure		–	–	–	–	600	600	–	–	–
Solid Waste Infrastructure		–	–	–	–	13 120	13 120	55 014	300	16 900
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		3 178	4 485	13 256	–	113 965	113 965	126 114	109 399	136 571
Community Facilities		77 556	22 553	20 042	–	16 200	16 200	14 000	28 000	17 000
Sport and Recreation Facilities		4 172	–	–	–	1 500	1 500	6 000	14 000	17 000
Community Assets		81 728	22 553	20 042	–	17 700	17 700	20 000	42 000	34 000
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	453	5 001	–	–	–	–	–	–
Housing		642	–	–	–	–	–	–	–	–
Other Assets		642	453	5 001	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	7 000	7 000	–	–	–
Intangible Assets		–	–	–	–	7 000	7 000	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

**Table 17: MBRR Table A9 - Asset Management**

GT481 Mogale City - Table A9 Asset Management										
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		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 Upgrading of Existing Assets</b>	<b>6</b>	<b>55 201</b>	<b>19 390</b>	<b>18 241</b>	<b>135 500</b>	<b>15 036</b>	<b>15 036</b>	<b>1 000</b>	<b>5 080</b>	<b>-</b>
Roads Infrastructure		44 552	11 911	5 290	29 000	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	3 152	20 000	5 000	5 000	-	5 000	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	20 000	-	-	-	-	-
Solid Waste Infrastructure		2 901	4 543	9 419	35 000	-	-	-	80	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		47 453	16 454	17 861	104 000	5 000	5 000	-	5 080	-
Community Facilities		7 748	2 935	-	15 000	3 536	3 536	-	-	-
Sport and Recreation Facilities		-	-	-	13 000	-	-	-	-	-
Community Assets		7 748	2 935	-	28 000	3 536	3 536	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	380	3 500	6 500	6 500	1 000	-	-
Other Assets		-	-	380	3 500	6 500	6 500	1 000	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>4</b>	<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>258 248</b>	<b>351 165</b>	<b>351 165</b>	<b>424 391</b>	<b>319 471</b>	<b>345 846</b>
Roads Infrastructure		46 467	43 081	49 020	63 300	86 645	86 645	26 000	20 000	25 000
Storm water Infrastructure		1 983	-	-	-	-	-	10 500	49 531	37 000
Electrical Infrastructure		17 825	18 056	32 631	44 613	29 613	40 613	34 600	44 568	45 671
Water Supply Infrastructure		50 164	55 688	55 961	36 500	71 500	60 500	80 160	43 887	55 075
Sanitation Infrastructure		38 281	182	-	27 000	20 600	20 600	35 000	30 000	55 000
Solid Waste Infrastructure		5 189	19 149	31 229	35 000	13 120	13 120	55 014	2 380	25 900
Rail Infrastructure		15 020	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		174 930	136 166	168 841	206 413	221 478	221 478	241 274	190 365	243 646
Community Facilities		101 959	33 723	25 739	22 600	29 422	29 422	35 686	47 038	33 038
Sport and Recreation Facilities		4 172	16 553	9 262	13 000	1 500	1 500	6 000	16 000	17 000
Community Assets		106 131	50 276	35 001	35 600	30 922	30 922	41 686	63 038	50 038
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	453	5 001	-	-	-	75 000	40 000	40 000
Housing		98 479	31 111	10 289	3 500	74 576	74 576	1 000	-	-
Other Assets		98 479	31 564	15 290	3 500	74 576	74 576	76 000	40 000	40 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		75	90	400	4 000	14 798	14 798	-	3 000	-
Intangible Assets		75	90	400	4 000	14 798	14 798	-	3 000	-
Computer Equipment		744	7 202	1 119	8 610	8 242	8 242	1 114	13 931	9 100
Furniture and Office Equipment		354	116	-	125	1 149	1 149	1 292	7 278	3 062
Machinery and Equipment		109	-	1 302	-	-	-	6 025	58	-
Transport Assets		25 799	-	743	-	-	-	57 000	1 800	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>258 248</b>	<b>351 165</b>	<b>351 165</b>	<b>424 391</b>	<b>319 471</b>	<b>345 846</b>



**Table 17: MBRR Table A9 - Asset Management**

GT481 Mogale City - Table A9 Asset Management									
Description	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	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>ASSET REGISTER SUMMARY - PPE (WDV)</b>	6 431 462	6 418 712	6 367 785	6 448 436	6 890 236	6 890 236	--	--	--
<i>Roads Infrastructure</i>	2 172 417	2 164 002	2 143 524	2 165 442	2 252 087	2 252 087	--	--	--
<i>Storm water Infrastructure</i>	--	--	--	500	500	500	--	--	--
<i>Electrical Infrastructure</i>	1 059 873	1 025 256	1 006 962	1 016 007	1 055 784	1 055 784	--	--	--
<i>Water Supply Infrastructure</i>	597 636	605 780	611 779	618 000	673 500	673 500	--	--	--
<i>Sanitation Infrastructure</i>	608 035	570 010	539 385	562 271	589 916	589 916	--	--	--
<i>Solid Waste Infrastructure</i>	5 189	--	--	31 024	44 144	44 144	--	--	--
<i>Rail Infrastructure</i>	--	--	--	--	--	--	--	--	--
<i>Coastal Infrastructure</i>	--	--	--	--	--	--	--	--	--
<i>Information and Communication Infrastructure</i>	--	--	--	--	--	--	--	--	--
<b>Infrastructure</b>	<b>4 443 150</b>	<b>4 365 046</b>	<b>4 301 649</b>	<b>4 393 245</b>	<b>4 615 933</b>	<b>4 615 933</b>	--	--	--
<i>Community Facilities</i>	--	--	--	--	--	--	--	--	--
<i>Sport and Recreation Facilities</i>	--	--	--	--	--	--	--	--	--
<b>Community Assets</b>	<b>989 949</b>	<b>1 057 136</b>	<b>1 097 992</b>	<b>1 058 063</b>	<b>1 257 858</b>	<b>1 257 858</b>	--	--	--
<b>Heritage Assets</b>	<b>2 495</b>	<b>2 450</b>	<b>2 450</b>	<b>2 445</b>	<b>2 445</b>	<b>2 445</b>	--	--	--
<i>Revenue Generating</i>	--	--	--	--	--	--	--	--	--
<i>Non-revenue Generating</i>	--	--	--	--	--	--	--	--	--
<b>Investment properties</b>	<b>676 422</b>	<b>692 045</b>	<b>698 726</b>	<b>704 210</b>	<b>704 210</b>	<b>704 210</b>	--	--	--
<i>Operational Buildings</i>	--	--	--	--	--	--	--	--	--
<i>Housing</i>	--	--	--	--	--	--	--	--	--
<b>Other Assets</b>	<b>284 415</b>	<b>257 908</b>	<b>232 161</b>	<b>258 648</b>	<b>258 648</b>	<b>258 648</b>	--	--	--
<b>Biological or Cultivated Assets</b>	--	<b>2 378</b>	<b>2 735</b>	--	--	--	--	--	--
<i>Servitudes</i>	--	--	--	--	--	--	--	--	--
<i>Licences and Rights</i>	--	--	--	--	--	--	--	--	--
<b>Intangible Assets</b>	<b>2 586</b>	<b>5 045</b>	<b>3 046</b>	<b>4 346</b>	<b>13 404</b>	<b>13 404</b>	--	--	--
<i>Computer Equipment</i>	<b>6 826</b>	<b>6 844</b>	<b>4 489</b>	<b>12 208</b>	<b>21 166</b>	<b>21 166</b>	--	--	--
<i>Furniture and Office Equipment</i>	<b>16 018</b>	<b>9 998</b>	<b>8 629</b>	<b>6 031</b>	<b>7 168</b>	<b>7 168</b>	--	--	--
<i>Machinery and Equipment</i>	<b>3 976</b>	<b>1 687</b>	<b>1 839</b>	<b>2 412</b>	<b>2 412</b>	<b>2 412</b>	--	--	--
<i>Transport Assets</i>	<b>5 624</b>	<b>3 831</b>	<b>1 498</b>	<b>1 827</b>	<b>1 827</b>	<b>1 827</b>	--	--	--
<i>Land</i>	--	<b>14 342</b>	<b>12 571</b>	<b>5 000</b>	<b>5 165</b>	<b>5 165</b>	--	--	--
<i>Zoo's, Marine and Non-biological Animals</i>	--	--	--	--	--	--	--	--	--
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>6 431 462</b>	<b>6 418 712</b>	<b>6 367 785</b>	<b>6 448 436</b>	<b>6 890 236</b>	<b>6 890 236</b>	--	--	--
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation</b>	<b>268 224</b>	<b>241 557</b>	<b>247 959</b>	<b>238 001</b>	<b>319 209</b>	<b>319 209</b>	<b>247 278</b>	<b>252 235</b>	<b>263 586</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>1 881</b>	<b>86 402</b>	<b>479 013</b>	<b>357 024</b>	<b>439 204</b>	<b>439 204</b>	<b>112 715</b>	<b>109 303</b>	<b>114 222</b>
<i>Roads Infrastructure</i>	--	<b>31 501</b>	<b>71 549</b>	<b>38 208</b>	<b>89 455</b>	<b>89 455</b>	<b>11 721</b>	<b>12 237</b>	<b>12 788</b>
<i>Storm water Infrastructure</i>	--	--	--	--	--	--	--	--	--
<i>Electrical Infrastructure</i>	<b>1 865</b>	<b>54 671</b>	<b>124 284</b>	<b>176 073</b>	<b>117 492</b>	<b>117 492</b>	<b>15 752</b>	<b>16 446</b>	<b>17 186</b>
<i>Water Supply Infrastructure</i>	--	--	--	--	<b>63 814</b>	<b>63 814</b>	<b>36 741</b>	<b>38 357</b>	<b>40 083</b>
<i>Sanitation Infrastructure</i>	--	--	<b>139 188</b>	<b>60 778</b>	<b>86 810</b>	<b>86 810</b>	<b>33 217</b>	<b>27 135</b>	<b>28 356</b>
<i>Solid Waste Infrastructure</i>	--	--	--	--	--	--	--	--	--
<i>Rail Infrastructure</i>	--	--	--	--	--	--	--	--	--
<i>Coastal Infrastructure</i>	--	--	--	--	--	--	--	--	--
<i>Information and Communication Infrastructure</i>	--	--	--	--	--	--	--	--	--
<b>Infrastructure</b>	<b>1 865</b>	<b>86 172</b>	<b>335 021</b>	<b>275 058</b>	<b>357 570</b>	<b>357 570</b>	<b>97 432</b>	<b>94 175</b>	<b>98 412</b>
<i>Community Facilities</i>	--	<b>4</b>	<b>53 114</b>	<b>51 718</b>	<b>54 286</b>	<b>54 286</b>	<b>6 816</b>	<b>6 289</b>	<b>6 572</b>
<i>Sport and Recreation Facilities</i>	<b>15</b>	<b>190</b>	<b>4 406</b>	<b>9 025</b>	<b>9 429</b>	<b>9 429</b>	<b>175</b>	<b>183</b>	<b>191</b>
<b>Community Assets</b>	<b>15</b>	<b>194</b>	<b>61 520</b>	<b>60 742</b>	<b>63 715</b>	<b>63 715</b>	<b>6 991</b>	<b>6 472</b>	<b>6 763</b>
<b>Heritage Assets</b>	--	--	--	--	--	--	--	--	--
<i>Revenue Generating</i>	--	--	--	--	--	--	--	--	--
<i>Non-revenue Generating</i>	--	--	--	--	--	--	--	--	--
<b>Investment properties</b>	--	--	--	--	--	--	--	--	--
<i>Operational Buildings</i>	--	--	<b>81 147</b>	<b>18 744</b>	<b>17 919</b>	<b>17 919</b>	<b>4 657</b>	<b>4 862</b>	<b>5 081</b>
<i>Housing</i>	--	--	--	--	--	--	--	--	--
<b>Other Assets</b>	--	--	<b>81 147</b>	<b>18 744</b>	<b>17 919</b>	<b>17 919</b>	<b>4 657</b>	<b>4 862</b>	<b>5 081</b>
<b>Biological or Cultivated Assets</b>	--	--	--	--	--	--	<b>200</b>	<b>209</b>	<b>218</b>
<i>Servitudes</i>	--	--	--	--	--	--	--	--	--
<i>Licences and Rights</i>	--	--	--	--	--	--	--	--	--
<b>Intangible Assets</b>	--	--	--	--	--	--	--	--	--
<i>Computer Equipment</i>	--	--	--	--	--	--	--	--	--
<i>Furniture and Office Equipment</i>	--	--	--	--	--	--	--	--	--
<i>Machinery and Equipment</i>	--	--	--	--	--	--	<b>110</b>	<b>114</b>	<b>120</b>
<i>Transport Assets</i>	--	--	--	--	--	--	<b>3 326</b>	<b>3 472</b>	<b>3 628</b>
<i>Libraries</i>	--	<b>36</b>	<b>1 324</b>	<b>2 480</b>	--	--	--	--	--
<i>Zoo's, Marine and Non-biological Animals</i>	--	--	--	--	--	--	--	--	--
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>270 105</b>	<b>327 959</b>	<b>726 971</b>	<b>595 025</b>	<b>758 414</b>	<b>758 413</b>	<b>359 993</b>	<b>361 539</b>	<b>377 808</b>
<i>Renewal and upgrading of Existing Assets as % of total cap</i>	<b>34,6%</b>	<b>20,8%</b>	<b>25,4%</b>	<b>52,5%</b>	<b>43,8%</b>	<b>43,8%</b>	<b>34,7%</b>	<b>49,0%</b>	<b>49,3%</b>
<i>Renewal and upgrading of Existing Assets as % of deprec</i>	<b>52,5%</b>	<b>19,4%</b>	<b>22,8%</b>	<b>56,9%</b>	<b>48,2%</b>	<b>48,2%</b>	<b>59,5%</b>	<b>62,0%</b>	<b>64,7%</b>
<i>R&amp;M as a % of PPE</i>	<b>0,0%</b>	<b>1,5%</b>	<b>8,5%</b>	<b>6,2%</b>	<b>7,1%</b>	<b>7,1%</b>	<b>1,9%</b>	<b>1,9%</b>	<b>1,9%</b>
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	<b>2,0%</b>	<b>2,0%</b>	<b>8,0%</b>	<b>8,0%</b>	<b>9,0%</b>	<b>9,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal 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 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Minister of COGTA has announced in the Back-to-Basics Programme that at least 7% of the operational budget should be allocated to Repairs and Maintenance.
3. The renewal of existing assets as a percentage of total capital budget is projected to be 31,1% during 2022/23 financial year and increases to 35,5% over MTREF. Repairs & Maintenance as a percentage of PPE for 2022/23 is 5,5% and decreases over the MTREF to 5,1%.
4. Renewal and Upgrading & Repairs & Maintenance as a percentage of PPE is at 7% for 2022/23 and decreases to 6% over the MTREF budget.
5. The following graph provides an analysis between depreciation and operational repairs and maintenance. It highlights the Municipality's strategy to address the maintenance backlog.





**Table 18: MBRR Table A10 - Basic Service Delivery Measurement**

GT481 Mogale City - Table A10 Basic service delivery measurement

Description	Ref	-2018	-2019	-2020	-2021-O	-2021-A	-2021-F	-2022	-2023	-2024
		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>	1									
<b>Water:</b>										
Piped water inside dwelling		137 412	34 565 334	216 212	216 212	216 212	202 021	203 395	204 783	206 185
Piped water inside yard (but not in dwelling)		—	—	—	—	—	—	—	—	—
Using public tap (at least min service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		137 412	34 565 334	216 212	216 212	216 212	202 021	203 395	204 783	206 185
Using public tap (< min service level)	3	9 740	9 740	9 740	9 740	9 740	9 740	9 837	9 935	10 034
Other water supply (< min service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		9 740	9 740	9 740	9 740	9 740	9 740	9 837	9 935	10 034
<b>Total number of households</b>	5	147 152	34 575 074	225 952	225 952	225 952	211 761	213 232	214 718	216 219
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		130 658	19 850 758	20 506 004	18 236 544	14 130 668	14 130 668	14 901 975	15 730 415	16 511 604
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		16 484	16 484	16 484	16 484	16 484	16 484	16 649	16 815	16 983
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		147 152	19 867 242	20 522 488	18 253 028	14 147 152	14 147 152	14 918 624	15 747 230	16 528 587
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min service level)		9 740	9 740	9 740	9 740	9 740	9 740	9 837	9 935	10 034
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		9 740	9 740	9 740	9 740	9 740	9 740	9 837	9 935	10 034
<b>Total number of households</b>	5	156 892	19 876 982	20 532 228	18 262 768	14 156 892	14 156 892	14 928 461	15 757 165	16 538 621
<b>Electricity:</b>										
Electricity (at least min service level)		127 700	127 700	127 700	127 700	127 700	127 700	128 977	130 267	131 570
Electricity - prepaid (min service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		127 700	127 700	127 700	127 700	127 700	127 700	128 977	130 267	131 570
Electricity (< min service level)		19 452	19 452	19 452	19 452	19 452	19 452	19 647	19 843	20 041
Electricity - prepaid (< min service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		19 452	19 452	19 452	19 452	19 452	19 452	19 647	19 843	20 041
<b>Total number of households</b>	5	147 152	147 152	147 152	147 152	147 152	147 152	148 624	150 110	151 611
<b>Refuse:</b>										
Removed at least once a week		119 552	119 552	201 552	201 552	201 552	201 552	202 748	203 955	205 175
Removed less frequently than once a week		119 552	119 552	201 552	201 552	201 552	201 552	202 748	203 955	205 175
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		18 000	18 000	18 000	18 000	18 000	18 000	18 180	18 362	18 546
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		18 000	18 000	18 000	18 000	18 000	18 000	18 180	18 362	18 546
<b>Total number of households</b>	5	137 552	137 552	219 552	219 552	219 552	219 552	220 928	222 317	223 721
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitre per household per month)		12 000	10 000	10 000	15 000	8 619	8 619	8 705	8 792	8 880
Sanitation (free sanitation service to indigent households)		12 000	10 000	10 000	15 000	8 619	8 619	8 705	8 792	8 880
Electricity/other energy (50kwh per household per month)		12 000	10 000	10 000	15 000	8 619	8 619	8 705	8 792	8 880
Refuse (removed at least once a week)		12 000	10 000	10 000	15 000	8 619	8 619	8 705	8 792	8 880
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitre per indigent household per month)		627	515	514	533	581	581	611	638	666
Sanitation (free sanitation service to indigent households)		12 318	19 523	20 379	—	20 637	20 637	22 453	23 441	24 473
Electricity/other energy (50kwh per indigent household per month)		1 453	1 251	2 262	2 033	2 725	2 725	2 887	3 119	3 259
Refuse (removed once a week for indigent households)		17 613	15 176	14 265	15 145	14 050	14 050	14 612	15 255	15 942
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		32 012	36 465	37 421	17 711	37 974	37 974	40 663	42 453	44 340
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		40 000	40 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Water (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		12 857 689	18 994 346	12 318 392	13 051 413	13 051 413	13 051 413	13 912 806	14 831 051	15 809 900
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		240	240	240	240	240	240	240	240	240

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- MCLM is providing water to informal settlements in rural areas by external mechanisms of rental of water tanks.
  - Water services – (below minimum service level) 10 412 households are provided by water through water tanks. These households are largely found in 'rural areas and these areas are the key focus priority of the City in eradicating poverty and low service delivery.
  - Sanitation services – MCLM is providing or renting chemical toilets to 10 412 households mostly for Informal Settlements in rural areas.
  - Electricity services – 20 795 households do not have electricity; other spheres of government are addressing the backlog by providing grants to Eskom to install electricity in rural areas and informal settlements.
- The budget provides for 13 000 households will be registered as indigent in 2022/23 currently MCLM is providing free basic services to 6 425 households. The number is

set to increase to 6 575 households over the MTREF given the rapid rate of immigration to the City, especially by poor people seeking economic opportunities.

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Executive 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 Executive Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Executive 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 Executive 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 City'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.

### **2.2 OVERVIEW OF THE ANNUAL BUDGET PROCESS**

In terms of section 21 of the MFMA, the Mayor is required to table in Council ten months before the start of the new financial year (i.e., in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Executive Mayor tabled in Council the required IDP and budget time schedule on 31 August 2021. Key dates applicable to the process were:

<b>ACTIVITIES</b>	<b>RESPONSIBLE</b>	<b>DATES</b>
<b>PLANNING PROCESS</b>		
Preparation for Revised IDP process plan	IDP	July 2021
Tabling of the 2021/22 IDP/Budget Process Plan to EXCO/Budget Committee for recommendation for approval	IDP	August 2021
Adoption of IDP/ Budget Process Plan for 2021/2022 IDP/Budget.	Council	August 2021



ACTIVITIES	RESPONSIBLE	DATES
Public notice of the adopted IDP/Budget Process Plan for 2021/22 IDP/Budget Review	IDP	September 2021
Submission of the IDP Process Plan to MEC for Local Government, National & Provincial Treasury Departments	IDP	September 2021
<b>STATUS ANALYSIS PHASE</b>		
Demographic & Service Delivery data analysis	IDP	September 2021
Socio-Economic data analysis	EDS, CDS & IDP	September 2021
Institutional data analysis	CSS& IDP	September 2021
Spatial data analysis	EDS& IDP	September 2021
Environmental sustainability data analysis	DIEM & IDP	September 2021
<b>PUBLIC CONSULTATION PHASE</b>		
Review of 2021/22 public participation to determine the following: <ul style="list-style-type: none"> <li>• What needs to be improved for the public participation?</li> <li>• What are the possible alternatives for the next public participation?</li> <li>• Presentations of Internal Departments to IDP and Budget Committee on interventions to address community inputs and Service Delivery achievements.</li> </ul>	EM: SMS; IDP and Public Participation office.	October 2021
Public Participation - IDP Roadshows/Virtual Presentations	IDP & Public Participation Office;	November/ December 2021
IDP Roadshow Report.	IDP	December 2021

ACTIVITIES	RESPONSIBLE	DATES
1. List of community priority needs 2. List of all community needs submitted to departments for consideration		
<b>STRATEGIC ALIGNMENT PHASE</b>		
Municipal Strategic Analysis	MAYCO/EXCO	Jan - March 2022
Vision and Mission	All Departments	Jan - March 2022
Objectives and development priorities	All Departments	Jan - March 2022
Priority Programme and Project Identification	All Departments	Jan - March 2022
<b>PERFORMANCE AND BUDGET REVIEW PHASE</b>		
Submission of Mid-year performance report	M&E	Jan/Feb 2022
<b>PROGRAMME AND PROJECTS PHASE</b>		
Priority Programmes and Projects	All Departments	Feb 2022
2021/22 Adjustment Budget	BTO	Feb 2022
CAPEX and OPEX costing	BTO	1-15 March 2022
<ul style="list-style-type: none"> <li>Agreement on changes proposed by Executive Mayor and Councillors on IDP/Budget</li> </ul>	BTO	15-26 March 2022
<b>ALIGNMENT OF NATIONAL &amp; PROVINCIAL PROGRAMMES PHASE</b>		
Consideration and ensuring that MEC comments are addressed	IDP	1-15 March 2022
Integration and Alignment of sectoral plans into the IDP	IDP	1-15 March 2022
Integration and Alignment of operational plans into the IDP	All Departments	March 2022



ACTIVITIES	RESPONSIBLE	DATES
<b>FINAL CONSULTATION AND APPROVAL</b>		
• Tabling of the draft IDP/Budget	IDP/Budget	March 2022
• Public Participation - IDP virtual presentations	IDP, CC & CC	April/May 2022
<ul style="list-style-type: none"> <li>• IDP Roadshow Report.</li> <li>• 1. List of community priority needs</li> <li>• 2. List of all community needs submitted to departments for consideration</li> </ul>	IDP	April/May 2022
• Tabling of Annual IDP/Budget/SDBIP for consideration/ adoption.	Council	May 2022
• Submission of the approved IDP to the MEC of Local Government	IDP Division	June 2022

## 2.3 OVERVIEW OF BUDGET RELATED POLICIES

2.3.1 Various policies approved by Council underpin governance and the financial functioning of the municipality and are relevant to the budget process. The purpose of this section of the Budget Report is to indicate the key policies in this regard and to seek approval for any new or amended policies by Council. All amendments are highlighted in red.

2.3.2 The following budget related policies that was approved by Council has been amended and recommended for approval and highlighted in red from Annexure 1 to 26.

Annexure 1: Draft Property Rates Policy

Annexure 2: Draft Property Rates By-Law

Annexure 3: Draft Cash Management & Investment Policy

Annexure 4: Reviewed Borrowing Policy

Annexure 5: Reviewed Funding and reserves

Annexure 6: Reviewed Long Term Financial Plan Policy

Annexure 7: Reviewed Asset Management Policy

Annexure 8: Reviewed Indigent Management Policy

Annexure 9: Reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy

Annexure 10: Draft Employment Equity policy

Annexure 11: Draft Recruitment Policy

Annexure 12: Draft Review Overtime Policy

Annexure 13: Reviewed Grant in Aid Policy

Annexure 14: Reviewed Indigent Burial Policy

Annexure 15: Draft Liquidity Policy

Annexure 16: Draft Waste Management norm & standard policy

Annexure 17: Reviewed Unclaimed Monies Policy

Annexure 18: Reviewed Cost Containment Policy

Annexure 19: Reviewed 2% Corporate Social Responsibility

Annexure 20: Reviewed Supply Chain Management Policy

Annexure 21: Reviewed Credit Control and Debt Collection Policy

Annexure 22: Reviewed Budget Management Policy

Annexure 23: Reviewed Adjustment Budget Policy

Annexure 24: Reviewed Virement Policy

Annexure 25: Draft Cashier Shortages and Surpluses

Annexure 26: Supplier Performance Monitoring Policy

## **2.4 OVERVIEW OF BUDGET ASSUMPTIONS**

### **2.4.1 External factors**

The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth which is supported by the implementation of the National Development Plan (NDP).

The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery. The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2021 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS. **(Source MFMA Circular No 115)**

This revision reflects a combination of the impact of changes in the global environment, along with South Africa's own unique challenges. Commodity prices, which have supported South Africa's economic recovery, slowed in the second half of 2021. Also, violent unrest in July, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains South Africa made in the first half of the year. Industrial action



in the manufacturing sector, and the re-emergence of load shedding, also slowed the pace of the recovery. Real Gross Domestic Product (GDP) growth of 2.1 per cent is projected for 2022. Over the next three years, GDP growth is expected to average 1.8 per cent. Headline inflation is expected to remain between 3 to 6 per cent target range over the 2022/23 MTEF. **(Source MFMA Circular No 115)**

**2.4.2** Mogale City must table a funded budget to remain financially viable during the COVID-19 pandemic. For municipality to table funded budget and to have financial sustainability the plan is to reduce the following expenditures:

- i. Contracted services, normal overtime & emergency and petrol & diesel whereby all departments must analyse this expenditure to determine value for money,
- ii. Non-essential expenditures must be eliminated.

#### **2.4.3 General inflation outlook and its impact on the municipal activities**

Eight key factors that have been taken into consideration in the compilation of the 2021/22 MTREF:

1. Improving the effectiveness of revenue management processes and procedures.
2. Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82.
3. Ensuring value for money through the procurement process.
4. The affordability of providing free basic services to all households.
5. Not taking on unfunded mandates.
6. Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water.
7. Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
8. Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

**The projected economic indicators used as basis of the budget are reflected hereunder:**

**Table 19: Macroeconomic performance and projections, 2020-2025**

Fiscal year	2020/21 Actual	2021/22 Estimate	2022/23	2023/24 Forecast	2024/25
CPI Inflation	2.9%	4.5%	4.8%	4.4%	4.5%

*Source: 2022 Budget Review by Minister of Finance*

#### **2.4.4 Collection rate for service charges revenue**

The rate of revenue collection is currently expressed as a percentage (91%) of annual billings. No provision has been made for collection of arrears due to the historic trends showing that the collection of long outstanding arrears is very low. The revenue

enhancement strategy and budget support plan to improve collection from all consumers that were put in place will continue to be implemented.

## 2.4.5 Salary Increases

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 the agreement is still applicable for the coming financial year. South African Local Government Bargaining Council (SALGBC), Mogale City has projected increase of 4.9% that is within the CPIX; the other percentage of increase is due to budget for critical vacancies and wage gap agreement provision.

## 2.4.7 Funding measurements

### 2.4.7.1 Table 20: Cash Backed Reserves/Accumulated Surplus Reconciliation

GT481 Mogale City - Table A8 Cash backed reserves/accumulated surplus reconciliation												
Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			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
Cash and investments available												
	Cash/cash equivalents at the year end	1	60 674	98 336	64 925	28 654	2 769	2 769	2 769	13 861	19 957	24 492
	Other current investments > 90 days		0	—	—	91 565	91 565	91 565	91 565	—	—	—
	Non current assets - investments	1	763	575	599	—	—	—	—	575	552	530
Cash and investments available:			61 437	98 912	65 524	120 219	94 334	94 334	94 334	14 436	20 509	25 022
Application of cash and investments												
	Unspent conditional transfers		139	6 468	37 408	1 298	1 298	1 298	1 298	6 787	7 099	7 425
	Unspent borrowing		—	—	—	—	—	—	—	—	—	—
	Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
	Other working capital requirements	3	478 567	571 971	436 669	510 258	507 462	507 462	507 462	425 445	391 833	348 818
	Other provisions		—	—	—	—	5 032	—	—	5 234	5 464	5 710
	Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
	Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and Investments:			478 705	578 459	474 077	511 556	513 792	508 760	508 760	437 465	404 396	361 953
Surplus(shortfall)			(417 268)	(479 547)	(408 553)	(391 337)	(419 458)	(414 426)	(414 426)	(423 030)	(383 887)	(336 931)

Table A8 above provides the cash backed reserves/accumulated surplus reconciliation which is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence, the table above 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. The outcome of this exercise would be either a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of noncompliance with the MFMA requirements that the municipality's budget must be "funded".

#### 1. Cash and investments available: the figures in table above include the following:

- 1.1 Cash/cash equivalents at the year-end project a surplus of R14 million, this figure is from cash flow (table A7) meaning Mogale City do not have sufficient cash to meet its obligations on time when they are due. All expenditures need to be reduced drastically.
- 1.2 Other current investments > 90 days: MCLM is projecting to invest 10% of money received from grants. **This investment is just a projection that can be realised or not.**
- 1.3 non-current assets – Investments is dividends to be received from Sanlam Shares.
- 1.4 Analysing the table above Mogale City have over the past three audited financial years' experience a shortfall ranging from R417,268 million to R408,553 million.
- 1.5 The table above for 2022/2023 MTREF predicts a shortfall or deficit of R423,030 million and improving over MTREF to R336,931 million, coronavirus have negatively affected global and domestic economic growth, potentially longer depending on steps taken to limit its spread and other working capital amounts are non-cash items.



## 2. Application of cash and investments: the above figures include working capital as follows:

**2.1** Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.

**2.2** Provisions for statutory requirements include the capital replacement reserve, the leave accrual, consumer deposits and retentions held. These are not included in the above table, as municipality is not anticipated to pay these at once.

**2.3** The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. Working capital is calculated as the difference between net debtors (i.e., after provision for non-payment) and creditors. In this case net debtors or assets are less than liabilities (creditors) resulting in a shortfall of R423 million, R383,887 million and R337 million respectively over the MTREF.

**2.4** Total debtors as current assets are declining due to customers not paying their debt on time because of COVID -19 pandemic effects.

**2.5** The COVID-19 pandemic effects and global economy situation will affect the municipal ability to collect revenue and implement the credit control and debt collection policy effectively; however, Mogale City has a plan to reduce the expenditure without affecting the service delivery to communities.

**2.6** The proposed cash flow has taken into consideration the payment plan agreement with Eskom that overlaps to the new financial year amounting to R87 million.

**2.4.7.2 Table 21: Budgeted Cash Flows**

GT481 Mogale City - Table A7 Budgeted Cash Flows											
Description	Ref	2019/20	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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		561 317	563 272	504 064	459 123	490 363	490 363	490 363	561 193	585 885	612 250
Service charges		1 537 183	1 688 166	1 858 265	1 715 799	1 728 424	1 728 424	1 728 424	1 841 178	1 922 190	2 031 011
Other revenue		66 861			635 406	570 607	570 607	570 607	263 770	260 932	272 460
Transfers and Subsidies - Operational	1	389 863	445 323	551 309	513 428	515 288	515 288	515 288	585 234	625 133	683 214
Transfers and Subsidies - Capital	1	323 887	213 818	235 299	217 859	255 329	255 329	255 329	340 293	240 894	249 993
Interest		59 250	49 260	37 339	51 750	48 879	48 879	48 879	51 125	50 910	53 394
Dividends		24	26	23							
Payments											
Suppliers and employees		(2 447 204)	(2 632 749)	(2 933 715)	(3 324 435)	(3 249 267)	(3 249 267)	(3 249 267)	(3 208 491)	(3 300 877)	(3 493 811)
Finance charges		(48 036)	(49 378)	(38 463)	(45 697)	(45 697)	(45 697)	(45 697)	(27 139)	(24 106)	(21 105)
Transfers and Grants	1	(2 771)	(1 701)	(346)	(3 019)	(4 804)	(4 804)	(4 804)	(3 140)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		440 413	276 037	213 776	220 214	309 121	309 121	309 121	404 023	357 682	383 980
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			10 149	3 303							
Decrease (increase) in non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		(419 842)	(198 218)	(192 312)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(419 842)	(188 069)	(189 009)	(259 784)	(341 165)	(341 165)	(341 165)	(424 391)	(319 471)	(345 846)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin	2	20 299	37 662	(33 412)	(69 683)	(62 156)	(62 156)	(62 156)	(61 064)	6 096	4 536
Cash/cash equivalents at the year end		40 375	60 674	98 336	64 925	64 925	64 925	64 925	64 925	13 661	19 937

- Cash flow statement is the first measurement in determining if the budget is funded or unfunded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- The assumption of collection rate of 91% must be realistic and attainable to be able to fund the budget.
- The proposed cash flow indicates a Surplus of R14 million increasing over MTREF to R 24 million.
- The budget in Financial Performance must be funded from the anticipated cash inflow receipts and not billing.

## **2.5 LEGISLATION COMPLIANCE STATUS**

### **2.5.1 Compliance with the MFMA implementation requirements have been 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 been submitted in time.

#### **2. Internship programme**

Mogale City is participating in the Municipal Financial Management Internship programme since March 2004 to June 2022, currently Mogale City have 12 interns undergo training in various divisions of the Financial Services, Risk Management, and Internal Audit.

#### **3. Budget and Treasury Office**

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

#### **4. Audit Committee**

Mogale City is utilizing shared district audit committee and the appointment of new members have been finalized by district.

#### **5. Service Delivery and Implementation Plan**

The SDBIP content is based on the reviewed IDP, strategic plan objectives outlined.

#### **6. Annual Report**

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

#### **7. Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette No 37922 on 18 August 2014. The ratios as prescribed in the Regulations have been complied with.

#### **8. mSCOA Implementation**

The implementation of the project is still currently on course; Mogale City have tabled the budget in the mSCOA format since 2018/2019 financial year. mSCOA requires that each item of expenditure be linked to a project, this is at the core of planning. As we implement the project, we are effectively moving away from item-based budgeting to project driven budgeting. We will table, as an attachment to this report, an annexure that details the budget by project. In the coming months more focus will be on preparing 2022/2023 budget direct from the Financial System, budgeting for Financial Position and Cash Flow to provide accurate cash flow information.