

Annual Approval

Medium Term Revenue & Expenditure
Framework 2023/2024 – 2025/2026

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ITEM NO: K(ii) 2 (06/2023)

REPORT: 2023-2024 ANNUAL APPROVAL BUDGET & MTREF

COUNCIL: 20 JUNE 2023

REPORT OF THE EXECUTIVE MAYOR

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Annexure 33: Capital project and Infrastructure Investment Policy (new)

1.1 Mayor's Report

Executive Mayor Cllr D Thupane to deliver the budget speech on 20 June 2023 - speech to be circulated under separate cover at the Council meeting.

1.2 Council Resolutions

1. That note be taken of the following:

- 1.1 Of the annual budget Mogale City Local Municipality for the financial years 2023/2024 and the indicative estimates for the two projected outer years for 2024/2025 and 2025/2026, as set out in the schedules listed below be table for approval.
- 1.2 Of the report tabling the approval of annual budget and its supporting documents (proposed tariffs schedules and amended budget related policies) for the 2023/2024 to 2025/2026 Medium Term Revenue & Expenditure Framework (MTREF) as required by section 24 (1) of the Municipal Finance Management Act (MFMA) No.56 of 2003.
2. Of the annual budget of the municipality for the financial year 2023/2024 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 table 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 5,4% 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. The municipality has budgeted remuneration to councillors 5.4% increase to avoid under budgeting an increase based on the projected average CPI percentages for 2023.
 5. Of the reviewed Integrated Development Plan (IDP) in which the Executive Mayor had identified and prioritized the community needs as well as recommending to the Municipal Council the strategies, programmes, and services to address these priority needs.

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 for approval the following tariffs:

- 6.1 the tariffs for electricity – as set out in Schedule 3 (a).
- 6.2 the tariffs for restructuring of electricity – as set out in Schedule 3 (b).
- 6.3 the tariffs for the supply of water – as set out in Schedule 3 (a).
- 6.4 the tariffs for sanitation services – as set out in Schedule 3 (a).
- 6.5 the tariffs for property rates – as set out in Schedule 3 (a).
- 6.6 the tariffs for solid waste removal – as set out in Schedule 3 (a).
- 6.7 the tariffs for other services, as set out in Schedule 3 (a).
- 6.8 the tariffs for bulk contributions and wayleaves, as set out in Schedule 3 (c).

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.
9. That the following reviewed and new budget related policies be tabled for approval:

Annexure 1: Reviewed Property Rates Policy

Annexure 2: Reviewed Property Rates By-Law

Annexure 3: Reviewed Supply Chain Management

Annexure 4: Procurement Preferential Policy (new)

Annexure 5: Reviewed Credit Control and Debt Collection Policy

Annexure 6: Tariff Policy

Annexure 7: Financial Misconduct Policy (new)

Annexure 8: Water and Sanitation Tariff Policy (new)

Annexure 9: Electricity Tariff Policy (new)



- Annexure 10: Reviewed 2% Corporate Social Responsibility
- Annexure 11: Reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy
- Annexure 12: Reviewed Cash Management & Investment Policy
- Annexure 13: Reviewed Borrowing Policy
- Annexure 14: Reviewed Funding and reserves
- Annexure 15: Reviewed Long Term Financial Plan Policy
- Annexure 16: Reviewed Asset Management Policy
- Annexure 17: Reviewed Indigent Management Policy
- Annexure 18: Reviewed Employment Equity policy
- Annexure 19: Reviewed Recruitment Policy
- Annexure 20: Reviewed Overtime Policy
- Annexure 21: Reviewed Grant in Aid Policy
- Annexure 22: Reviewed Indigent Burial Policy
- Annexure 23: Reviewed Liquidity Policy
- Annexure 24: Waste Management norm & standard policy (new)**
- Annexure 25: Reviewed Unclaimed Monies Policy
- Annexure 26: Reviewed Cost Containment Policy
- Annexure 27: Reviewed Budget Management Policy
- Annexure 28: Reviewed Adjustment Budget Policy
- Annexure 29: Reviewed Virement Policy
- Annexure 30: Reviewed Cashier Shortages and Surpluses
- Annexure 31: VAB Remuneration Policy VAB Members (new)**
- Annexure 32: Mogale City Local Municipality By-Laws for the control of outdoor advertising Signs and Hoardings. (new)**
- Annexure 33: Capital project and Infrastructure investment policy (new)**



- 10 That the following budget related policies be noted as were approved during the past financial years and remain in force for the 2023/2024 financial year:

10.1 Write Off Policy.

10.2 Sports & Recreation Facilities Tariff Policy.

10.3 Public Safety Tariff Policy.

10.4 Water Services By-laws.

10.5 Mogale City Tree Management & Conservation Policy.

10.6 Mogale City Parks By-Laws.

10.7 Fleet Management Policy.

10.8 Methodology – Impairment Assessment of Useful lives for Assets Policy

10.9 Reviewed Bulk Contributions Policy.

11. Of the need for the entire municipal management (assistant managers, managers and executive managers) within service delivery Departments (Economic Development, Integrated Environmental Management, Strategic Investments Programme and Infrastructure Development) to assist Mogale City in raising external grant funding/ financing for the implementation of the City's service delivery priorities. This would be regularised through Section 32 and 35 of the Local Government: Municipal Staff Regulations, 2021.

12. That transporting employees from their place of residence to work be stopped from **01 March 2024** and employees must be informed to make alternative means of transport. As a cost containment measure and positive financial prudence whereby, savings accrued from this practice can be redirected towards critical service delivery areas.


CLLR D. THUPANE

EXECUTIVE MAYOR

DATE 15.06.23

1.3 **EXECUTIVE SUMMARY**

1. Purpose of the Report

The purpose of the report is to table before Council the Annual Budget and it's Supporting Documents (proposed tariffs schedules, amended and new budget related policies) for the 2023/2024 to 2025/2026 Medium – Term, Revenue and Expenditure Framework (MTREF) as required by section 24 of the Municipal Finance Management Act No. 56 of 2003.

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 Executive 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 05 May to 30 May 2023. A summary of community needs collected during public participation is attached as **Annexure 1** of the IDP report. The following critical projects from community needs are funded as per the below table:

Community Needs	2023/2024	2024/2025	2025/2026
1. Maintenance of roads and stormwater	R11 163 232	R11 701 394	R12 227 957
2. Maintenance of streetlights	R7 408 366	R7 212 334	R7 536 889
3. Installation of water standpipes in rural & informal settlements	R16 782 000	R0	R0
4. Supply refuse of 240litre bins	R2 000 000	R2 000 00	R2 092 000
5. Skip bins	R1 500 000	R0	R0

6. Rural for Sport Complexes	R15 000 000	R5 000 000	R5 000 000
7. Installation and maintenance of water meters	R24 000 000	R4 000 000	R 4000 000
8. Road Marking	R636 367	R80 926	R84 649
9. Community Hall upgrades	R9 000 000	R4 000 000	R0
10. Housing Provision (Human Settlements)	R129 701 000	R149 701 000	R159 701 000

2.4) This budget hereto presented has been compiled based on MFMA Circular No 122 issued on 09 December 2022 and Circular No 123 issued on the 03 March 2023 by National Treasury to guide municipalities with their preparation of the 2023/2024 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, increase in key cost drivers to provide basic municipal services, maintain tassets and a clean environment. Customers' ability to pay services is declining, which means that less revenue will be collected.

Continuous communication with the community and other stakeholders to strengthen awareness and participation in increasing revenue and pay for services rendered is critical.

2.6) Mogale City key focus is to deliver quality services to communities by collecting revenue effectively, strengthening and developing efficient internal controls mainly in Supply Chain processes. This will assist in attracting investment in Mogale City's economy which will result in increased employment.

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 youth 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
KPA 1: Basic Services Delivery Improvement	To provide basic services of water, sanitation and electricity, roads, and other public amenities throughout Mogale City.
KPA 2: Local Economic Development	To facilitate local economic development department and facilitate Public Works job creation initiatives.
KPA 3: Accountable Governance	To promote Accountable Municipal Administration; Robust Financial Administration
KPA 4: 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.

3.4) The emphasis in this budget is for Mogale City to gradually over MTREF to comply with Section 18 of the MFMA and ensure that the budgets are funded from realistically anticipated revenues to be collected. The assumption of collection rate of 89% must be realistic and attainable as this is a fundamental to have a funded budget.

4. DISCUSSIONS

4.1) The South African economy and the inflation targets, GDP is expected to grow by 0.9 per cent in real terms in 2023, compared with an estimate of 1.4 per cent at the time of the medium-term budget policy statement (MTBPS), recovering slowly to 1.8 per cent in 2025.

The economic outlook faces a range of risks, including weaker-than-expected global growth, further disruptions to global supply chains and renewed inflationary pressures from the war in Ukraine, continued power cuts and a deterioration in port and rail infrastructure, widespread, criminal activity targeting Mogale City's infrastructure network particularly electricity assets, and any deterioration of the fiscal outlook.

National government is taking urgent measures to reduce load-shedding in the short term and transform the sector through market reforms to achieve long-term energy security. The load shedding is impacting economy in many aspects reducing the municipal revenue and raising more expenditure.

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 89% and over MTREF is 90% and 91% respectively. The collection rate for current financial year on average is at 88% as at 31 May 2023, 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. 123 was used to guide the compilation of the 2023/24 MTREF.

The main challenges experienced during the compilation of the 2023/24 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 and sanitation, 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 over extended period.
- iv. The forever 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. Electricity tariff differential between Eskom approved tariffs and the municipal approved tariffs by NERSA. Processes for restructuring electricity tariffs to be cost reflectiveness has started by submitting to NERSA cost of supply.
- vi. Investigating the completeness of revenue by reconciling the valuation roll to the billing is ongoing.
- vii. The negative impact on municipal revenue due to load shedding and additional costs of the prolonged loadshedding.
- viii. Effects of Eskom load shedding on business around Mogale City especially SMME's.
- ix. Wage increases for municipal staff that is not affordable; the need to fill critical vacancies and the growing of the organisational structure to meet the growing service delivery, governance, and compliance demands.
- x. Affordability of own funded capital projects.
- xi. Challenge of curbing, reducing, or limiting the overall expenditure while maintain its core mandate and functions.
- xii. Curbing the consumption of water and electricity by the indigents to ensure that they don't exceed their allowable subsidy.

4.3) The following budget principles and guidelines directly informed the compilation of the 2023/2024 MTREF

- a) Revised IDP.
- b) The approved 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 that is within the projected Consumer Price Index (CPI) forecasted to be within the 3 to 6% target band.
- f) Property Rates tariffs is set to increase by 6% within CPI target band, current CPI rate is 6,9%.
- g) Consumer price index (CPI) related increase of 6% 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 15,10% as per NERSA guidelines, **whereas municipalities increase to purchase electricity from Eskom will be 18,65% which is 3,55% less. The less increase of tariff to sell electricity by NERSA will put more pressure in Mogale City's cash flow and financial sustainability. Therefore, it is critical that the City manage operational expenditure diligently.**
- i) Water tariffs is increasing by 9,2% as per Rand Water approved tariffs by Parliament of South Africa.
- j) Mogale City is committed to set tariffs that is affordable to all citizens and provide free basic services to all deserving households.
- k) All grant funded projects from national and provincial grants will be appropriated budget only when grants are reflected and have been gazetted as required by the annual Division of Revenue Act.
- l) The implementation of *mSCOA* and to have an *mSCOA* compliant Financial System is critical.

4.5. OPERATING REVENUE FRAMEWORK

Mogale City faces a difficult fiscal environment like most municipalities in the country. The weak economic growth has put pressure on consumers' ability to pay for services and Eskom loadshedding, while transfers from national government are growing more slowly than in the past.

The reality is that we are faced with development backlogs, poverty, post COVID-19 pandemic effects which is affecting the growth of South African economy. Mogale City will continue improving the quality of services provided to its citizens and therefore the City needs to generate the required revenue more than ever. In these tough economic times strong revenue management to prevent revenue leaks is fundamental to the financial sustainability of the City.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices were made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Table 1: Consolidated Overview of the 2023/24 – 2025/2026 MTREF

Description	2021/2022 Audited Actuals	10 months YTD Actuals - 30 Apr 2023	Approved Special Adjustment 2022/2023 Budget	Approved Mid Year Adjustment 2022/2023 Budget	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget	Proposed Tabled 2025/2026 Budget
Total revenue	3 521 793 898	3 457 351 270	3 665 178 770	3 769 040 709	4 318 411 971	4 792 067 842	5 125 485 115
Total Operating expenditure	3 475 648 385	3 339 843 717	3 600 015 558	3 704 195 888	4 066 602 774	4 271 287 573	4 512 439 299
Operating surplus/(deficit)	46 145 513	117 507 553	65 163 212	64 844 821	251 809 197	520 780 269	613 045 816
Capital grants - National	180 821 795	214 571 161	194 793 950	215 963 211	244 067 000	235 859 000	264 887 000
Capital grants - Provincial	22 739 581	80 816 882	105 499 506	107 976 066	131 701 000	151 959 101	161 849 661
Own Funded required capital	18 733 301	35 519 244	84 097 681	46 989 106	75 117 244	163 970 093	43 128 517
Total Expenditure (opex & capex)	3 697 943 062	3 670 751 004	3 984 406 695	4 075 124 271	4 517 488 018	4 823 075 767	4 982 304 477
Surplus (Deficit)	- 176 149 164	- 213 399 734	- 319 227 925	- 306 083 562	- 199 076 047	- 31 007 925	143 180 638

- The operating revenue including funding for capital projects for 2023/2024 is budgeted at R4,3 billion an increase of 15,3% or R575 million from the 2022/2023 approved adjustment budget.
- The operating deficit for 2023/2024 has been projected at R199 million indicating a decrease of R107 million when compared to approved mid-year adjustment budget and **gradually anticipation decrease of deficit to R31 million and there's a progression of R143 million over MTREF.** Proposed budget for financial year 2023/2024 and 2024/2025 is unfunded however is being supported by Budget Support Plan attached in a separate report.
- The City is anticipating having a funded budget during the 2025/2026 financial year, this requires effective and efficient financial management prudence.
- Own funded capital projects amounting to R75 million which is covered by the operating surplus of R253 million, however departments must still prioritize their operational needs to reduce the budget to a level of overall affordability. **All departments must develop business models on how to run their departments by creating revenue streams to fund operational activities.**
- 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 on capital grants of 16% mainly due to Human Settlement Development Grant.**
- Equitable Share has increased by R63 million or 11% for Mogale City.
- The Revenue Budget has been compiled based on projected billing, however provision has been made for an 89% collection rate through the provision of funds for the impairment of debtors.

- g) 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 Mogale City is managing the gap between high-cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.
- h) 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 the City.

The other tariffs increased by 6% which is below annual consumer price inflation of 6.9% announced in January 2023 by South African Reserve Bank (SARB), the main contributors to the 6,9% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.

Mogale City is maintaining tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality hence the tariffs are below the CPI.

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

Category	2022/2023	Source Of Approved Increase	2023/2024
	Approved Tariffs		Approved Tariffs
	Increase		Increase
Property Rates	3.0%	In line with CPI	6.0%
Electricity	7.47%	NERSA approve tariffs for Eskom	15.10%
Water: Residential & Business Consumers	8.8%	Rand Water approved tariffs by South African Parliament	9.2%
Sanitation	8.8%	Rand Water approved tariffs by South African Parliament	9.2%
Refuse/Solid Waste Removal	4.0%	In line with CPI	6.0%
Sundry/Other Tariffs	4.0%	In line with CPI	6.0%

4.6. OPERATING EXPENDITURE FRAMEWORK

The 2023/2024 Medium - Term Revenue and Expenditure Framework (MTREF) for operating expenditure has been projected to be R4.1 billion, which represent an increase of 9.6%. Macroeconomic performance and projections guidelines for GDP growth is forecasting to be 5.3% during 2024 and for 2025, 2026 will be 4.9% and 4.7% respectively. **(Source: MFMA Circular No.123).**

Mogale City's overall increase operating expenditure is 10%, 4.7% 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 9.8% above the CPI and Rand Water increase above by 3.9%.

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.

4.7. CAPITAL EXPENDITURE

Approved capital budget has been projected to be R451 million, an increase of R80 million when compared to 2022/23 approved adjustment budget. The capital budget will be funded from grants both National and Provincial government to the tune of R376 million and own revenue to the value of R75 million.

Own generated funded capital projects have increased by 63% or R28 million to fund the following projects:

- a) Procurement of 4 refuse compactors to reduce the costs of leasing.
- b) Last 6 water tankers trucks.
- c) Jet Machine.
- d) Water counter and zonal meters to reduce water losses.
- e) Installation of Electricity Meters - indigents & Krugersdorp Taxi rank.
- f) Electricity Remote metering System.
- g) Bulk, and small connections funded by developers.
- h) Minor Equipment and Plant for grass cutting.
- i) Skip bins
- j) Kagiso Cemetery Hydro Survey & Drainage Construction.
- k) Purchase of Hydraulic Breaker for TLB and Hydraulic Heavy duty Jack Hammer.
- l) Tools of trade (laptops, desktops and small printers).
- m) Purchasing of Roadblock Bus for traffic fines and,
- n) Purchasing of Road Marking machine.

MFMA Circular 124 of the Municipal debt relief requires in one of the conditions the municipality to install electricity meters hence the municipality included that in the final approved budget. Installation of water meters will curb the huge loss of water revenue and curb usage of water by indigents on conventional meters that are non-functional.

Capital transfers indicate increase of R52 million. The increase is mainly on Human Settlement development grant that is allocated to the municipality after draft budget tabled in council.

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 projects identified or included in the IDP must be 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 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:

1. Streetscape Upgrades along Key Link in Krugersdorp CBD - Phase 2A & 2B: R2 million.
2. Electrification Backlog: R11,6 million.
3. Dr Montlana - W&S Infrastructure: R10 million
4. Dr Sefularo - W&S Infrastructure: R10 million
5. Aged Asbestos Cement Pipeline Replacement Project: R49,9 million.

5. PROJECTED CASH FLOW

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Properly rates		563 272	504 064	548 628	561 193	525 875	525 875	525 875	575 938	622 738	658 464
Service charges		1 642 279	1 742 667	1 928 826	1 841 178	1 872 916	1 872 916	1 872 916	2 062 747	2 469 883	2 681 503
Other revenue		45 887	115 598	67 603	263 770	431 666	431 666	431 666	509 786	536 711	565 524
Transfers and Subsidies - Operational	1	449 200	552 269	514 719	585 234	583 140	583 140	583 140	643 511	696 750	773 443
Transfers and Subsidies - Capital	1	209 940	234 340	265 887	340 293	307 358	307 358	307 358	375 768	387 818	426 737
Interest		49 260	37 339	53 370	51 125	86 192	86 192	86 192	91 364	95 567	99 963
Dividends		26	23	26	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(2 632 749)	(2 992 763)	(2 937 185)	(3 208 491)	(3 526 829)	(3 526 829)	(3 526 829)	(3 727 441)	(4 181 738)	(4 660 725)
Finance charges		(49 378)	(38 463)	(27 495)	(27 139)	(27 208)	(27 208)	(27 208)	(24 208)	(28 460)	(29 769)
Transfers and Subsidies	1	(1 701)	(346)	(1 886)	(3 140)	(8 664)	(8 664)	(8 664)	(5 861)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		276 037	154 728	412 492	404 023	244 445	244 445	244 445	501 603	597 991	511 714
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		978	3 310	4 281					-	-	-
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(189 047)	(133 270)	(296 893)	(424 391)	(354 347)	(354 347)	(354 347)	(450 885)	(551 788)	(469 865)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(460 885)	(551 788)	(469 865)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET INCREASE/ (DECREASE) IN CASH HELD		37 662	(33 412)	76 912	(51 064)	(140 598)	(140 598)	(140 598)	17 119	10 882	4 682
Cash/cash equivalents at the year begin:	2	60 674	98 336	64 924	64 925	141 837	141 837	141 837	1 239	18 358	29 240
Cash/cash equivalents at the year end:	2	98 336	64 924	141 837	13 861	1 239	1 239	1 239	18 358	29 240	33 922

1. The assumption of collection rate of 89% must be realistic and attainable to be able to fund the budget.
2. The approved cash flow has taken into consideration the payment for creditors that the municipality accrued.
3. The municipality is anticipating the application for Municipal Debt Relief to be favourable to deal with the old debts and will relief the cash flow that is heavily burden by these debts. **The municipality has reduced the interest charged on late payment by R20 million because of the application lodged with National Treasury.**
4. The projected cash and cash equivalent at year end indicates a surplus of R18 million during 2023/24 and increases to R29 million and R34 million over MTREF period respectively.

6. FINANCIAL IMPLICATIONS

Financial resources allocation as per approved budget for 2023/2024 and two outer years.

Table 3: Approved Operating Annual Revenue

Description	Audited Actuals - 30 June 2022	Approved Special Adjustment 2022/2023 Budget	Approved Mid Year Adjustment 2022/2023 Budget	Approved Mid Year Adjustment 2022/2023 Budget & 7	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget	Proposed Final 2025/2026 Budget
Statement of Financial Performance							
Revenue							
Service charges - electricity revenue	1 163 764 384	1 220 775 671	1 206 876 767	1 203 500 155	1 454 449 758	1 761 208 502	1 917 411 066
Service charges - water revenue	414 347 160	436 205 708	416 912 673	416 245 753	454 561 708	487 763 799	510 200 932
Service charges - waste water management	252 034 299	272 163 291	278 193 935	256 868 389	281 182 700	302 319 373	316 226 065
Service charges - waste management	132 969 329	138 813 019	133 794 527	120 281 907	127 498 822	133 363 766	139 498 498
Revenue Foregone - Indigents Subsidies	-	-	-	-	-	-	-
Total Service Charges	1 963 115 172	2 067 957 689	2 035 777 902	1 996 896 204	2 317 692 988	2 684 655 440	2 883 336 561
Sale of Goods and Rendering of Services	-	-	-	18 353 491	27 454 700	28 397 263	29 381 258
Income from agency services	22 305 299	20 076 193	30 557 249	30 557 249	32 390 684	33 880 655	35 439 165
Interest	-	-	-	-	-	-	-
Interest received - Outstanding debtors	50 780 655	49 038 535	82 297 824	82 297 989	87 235 868	91 248 718	95 446 159
Interest received - investments	2 418 405	2 086 243	3 894 459	3 894 459	4 128 127	4 318 021	4 516 650
Dividends received	-	-	-	-	-	-	-
Rent on Land	-	-	-	176 930	187 546	196 173	205 197
Rental of facilities and equipment	5 111 447	4 054 285	6 501 125	6 501 125	6 891 193	7 208 187	7 539 764
Exchange Revenue / Licence and permits	33 414	35 244	84 302	-	-	-	-
Exchange Revenue / Operational Revenue	51 568 792	42 080 990	68 754 666	29 505 481	37 746 732	38 554 748	19 218 857
Gains on disposal of PPE	-	-	-	-	-	-	-
Total revenue from exchange transactions	2 095 333 184	2 185 331 179	2 227 867 527	2 168 182 928	2 513 727 838	2 888 459 205	3 075 083 611
Revenue from non - exchange transactions							
Taxation revenue							
Property Rates	510 661 876	520 529 511	571 602 816	610 491 968	647 121 486	676 889 076	708 025 973
Add: Estimated Property Supplementary Valuation	-	-	-	-	-	-	-
Property Rates Net of Revenue Foregone	510 661 876	520 529 511	571 602 816	610 491 968	647 121 486	676 889 076	708 025 973
Surcharges and Taxes	-	-	-	20 685 259	21 926 375	22 934 988	23 989 997
Fines and Penalties Imposed	45 853 729	73 790 920	62 491 230	62 517 116	116 268 143	117 122 752	118 108 012
Non-Exchange Revenue / Licences or permits	-	-	-	84 302	89 360	93 471	97 771
Operational grants & subsidies	514 637 423	585 233 704	583 139 859	583 139 859	643 510 769	698 750 249	773 443 091
Capital grants & subsidies	290 865 058	300 293 456	323 939 277	323 939 277	375 768 000	387 818 101	426 736 661
Total revenue from non - exchange transactions	1 362 018 086	1 479 847 591	1 541 173 182	1 600 857 781	1 804 684 133	1 903 608 637	2 050 401 505
Total revenue	3 457 351 270	3 665 178 770	3 769 040 709	3 769 040 709	4 318 411 971	4 792 067 842	5 125 485 115
Total revenue excluding capital grants	3 166 486 212	3 364 885 314	3 445 101 432	3 445 101 432	3 942 643 971	4 404 249 741	4 698 748 454

6.1.1 The table above is a high-level summary of the 2023/2024 budget and MTREF (classified per main type of operating revenue).

The following are key main areas of increase:

a) Property Rates

The property rates will increase by 6%. Mogale City requested extension of the validity period of the General Valuation Roll 2018/2023 was obtained in accordance with Section 32(2) from the MEC: Gauteng Department of Human Settlements, Urban Planning and Traditional Affairs.

To ensure the rates base of Mogale City Local Municipality, the work on the General Valuation Roll 2025/2030 has commence with the appointed service provider, in addition to the day-to-day maintenance on the current General Valuation Roll.

The residents of Mogale City will benefit for the two years as the property valuation will remain the same for seven years until 2025 when new valuation is implemented.

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 15.10% in the 2023/24 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases. **However, the average revenue base for electricity has increased by 20,79% due to tariff increases of 15,10% and ineffective tariffs that were approved but not charged due to functional digital meters for industrial customers. Once the municipality has installed these meters the revenue will be realised.**

The Multi-Year Price Determination (MYPD) Methodology is developed for the regulation of Eskom's required revenues. It forms the basis on which the National Energy Regulator of South Africa (NERSA or 'the Energy Regulator') will evaluate the price adjustment applications received from Eskom. Eskom had applied for a 32% tariff increase for the 2023/24 year, which starts in April. The National Energy Regulator of South Africa (NERSA) has agreed to an 15.10% increase in electricity tariffs, effective from 1 July 2023 for all municipality in South Africa.

It has been realized that the current electricity tariffs structure for Mogale City has not been recovering adequate revenue to cover electricity cost and provision for capital projects. There is also a requirement or an expectation from the National Treasury as communicated through the MFMA circular no.123 that electricity tariffs must be cost reflective.

Mogale City has developed a new structure for electricity tariffs as part of tariff application to NERSA (**see attached schedule 3(b)**). The old structure has been attached as part of **schedule 3(a)** as Mogale City must first present the study of cost of supply to NERSA, COS was sent to NERSA on the 19 May 2023.

NERSA has been approving seasonal tariffs for Eskom but not necessarily for the municipality therefore, it is important that Mogale City factors in its tariff application to NERSA and illustrate the cash flow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months.

To augment the electricity revenue and comply with the MFMA Circular No.123, electricity tariffs have been reviewed and a new electricity tariffs schedule is approved. The approved electricity tariffs schedule will be submitted to the NERSA for approval and implementation by Mogale City Council.

c) Sale of water and impact of tariff increases

Water tariffs is increasing by 9.2%. 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, delivering water to

informal settlement through water tankers, 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.
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 9.2% exclusive of revenue foregone (indigents subsidies & municipal charges for internal consumption).

Rand water must collect the Water Research levy on behalf of Water Research Commission (WRC). This is not part of Rand Water's Tariff. Rand Water will inform the municipality as soon as it is gazetted and must be budgeted in 2023/24 financial year however this approved budget didn't include the levy.

d) Sanitation and impact of tariff increases

A tariff increases of 9.2% for sanitation from 1 July 2023 is approved. 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 6% in line with Consumer Price Index (CPI) inflation forecast of 3 to 6 target band. The main cost drivers for the service are purchase of new refuse compactors & leases for the remaining 4 trucks, refuse removal contract, rental of earth moving equipment, increases in general expenditure such as petrol & diesel and the cost of remuneration that were not considered in this tariff increase, if Mogale City could consider these cost drivers the increase will be enormous. Therefore, it is critical for the department to develop a business model that will sustain operational costs and investment in capital assets.

f) Rental of facilities indicates a tariff increase of 6%.

g) Fines and Penalties imposed

Fines and Penalties imposed tariff is increasing by 86% included in this stream of revenue is funds from disconnections for water & electricity and traffic fines.

However, the revenue base for traffic fines is increasing by R104 million the municipality will issue more tickets for traffic offences as we are anticipating finalizing the contract for speed cameras before the new financial year.

The municipality is also procuring roadblock bus for traffic fines and renting software system to assist to collect more revenue.

h) Agency services

Agency services revenue (DOT 20% share to Mogale City) is increasing by 6%; here also the relevant transport authority determines the tariff increase. Mogale City is negotiating for better share at least 40%.

i) Transfer recognised - operational

Transfer recognised-operational income is increasing by 13,4% based on the gazetted figures from National and Provincial Treasury (Equitable Shares, Integrated Urban Development Grant, Expanded Public Works Programme, Financial Management Grant, SRAC and WRDM/HIV).

j) Changes to municipal allocations are set out in the Division of Revenue Amendment Bill, 2023. These include local government equitable share formula.

k) **other revenue** is increasing by an average of 12% when compared to approve adjustment budget. The municipality has budgeted R8 million on advertising of outdoor and has developed by law enforcement and will be gazetted before the new financial year.

Table 4: Approved Operating Annual Expenditure

				Approved Mid Year					
	Audited Actuals - 30 June 2022	Approved Special Adjustment 2022/2023 Budget	Approved Mid Year Adjustment 2022/2023 Budget	Adjustment 2022/2023 Budget 6.7	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget	Proposed Final 2025/2026 Budget		
Description									
Statement of Financial Performance									
Expenditure									
Employee related costs	836 188 466	1 082 623 170	993 066 939	993 066 939	1 012 779 826	1 149 353 519	1 198 931 941		
Remuneration of Councillors	33 730 502	37 820 168	40 756 956	40 756 956	42 957 832	44 933 895	47 000 854		
Bulk purchases : Electricity	952 532 637	1 047 603 772	1 017 603 772	1 017 603 772	1 207 386 875	1 328 125 563	1 460 938 119		
Other materials & Inventory Consumed	2 530 402	7 500 801	6 319 723	6 139 723	8 013 195	8 891 524	9 299 139		
Water Inventory	382 647 725	380 837 654	451 990 301	451 990 301	493 573 409	529 604 268	568 265 380		
Debt impairment	266 202 205	261 759 315	225 904 074	225 904 074	351 265 350	362 396 184	350 645 238		
Depreciation and amortisation	145 728 614	246 766 898	238 766 898	238 766 898	238 766 898	251 702 235	263 028 839		
Impairment loss/Reversal of impairments	20 982 371	510 616	32 280 421	32 280 421	32 280 421	533 083	557 072		
Finance costs	25 644 558	27 139 312	27 208 312	27 208 312	24 208 312	28 459 894	29 769 049		
Collection costs	33 218 658	20 745 249	25 005 210	25 005 210	26 005 210	21 658 040	22 632 652		
Contracted services	529 832 742	335 133 125	453 651 178	453 220 897	423 740 248	342 183 305	348 798 400		
Grants and subsidies paid	1 886 492	3 140 160	3 239 158	3 239 158	5 861 193	3 278 327	3 425 852		
Irrecoverable debts written off	-	-	-	-	-	-	-		
Operational costs	108 718 345	148 433 695	188 402 405	189 012 686	199 763 464	200 167 195	209 146 199		
Losses on disposal of Assets	-	-	-	-	-	-	-		
Other Losses	-	1 623	541	541	541	541	566		
Total Operating expenditure	3 339 843 717	3 600 015 858	3 704 195 888	3 704 195 888	4 066 602 774	4 271 287 573	4 512 439 299		
Operating surplus/(deficit)	117 507 553	65 163 212	64 844 821	64 844 821	251 809 197	520 780 268	613 045 816		
Capital grants - National	214 571 161	194 793 950	215 963 211	215 963 211	244 067 000	235 859 000	264 887 000		
Capital grants - Provincial	80 816 882	105 499 506	107 976 066	107 976 066	131 701 000	151 959 101	161 849 661		
Own Funded required capital	35 519 244	84 097 681	46 989 106	46 989 106	75 117 244	163 970 093	43 128 517		
Total Expenditure (opex & capex)	3 670 751 004	3 984 406 695	4 075 124 271	4 075 124 271	4 517 488 018	4 823 075 767	4 982 304 477		
Surplus(Deficit)	- 213 399 734	- 319 227 925	- 306 083 562	- 306 083 562	- 199 078 047	- 31 007 925	- 143 180 638		

6.1.2 The operating expenditure for 2023/2024 is budgeted at R4,1 billion (an increase of 10% from the 2022/2023 approved adjusted budget).

This includes a provision for salary increases of 5.4% based on wage collective agreement, increase in other materials and inventory consumed (repairs and maintenance) expenditure of

36.8%, increase in operating cost of 8.4% and decrease the contracted services by R29 million or 6.3% million which depicts progression in reducing costs.

Zero increase in finance costs due to leases coming to an end and buying vehicles and equipment owned by the municipality, interest on loan for DBSA and Nedbank remains at the same rate respectively.

The proposed expenditure budget makes provision of the following:

a) Employees' salaries indicate overall increase of 2,1% however the salary increase is due to the following:

- i. The budget and treasury section has performed a zero-based budgeting and that resulted in savings of 3.4% as compared to 5,4% salary increase.
- ii. The proposed employee related costs budget is based on the 2022/2023 approved structure of Council Item K (ii) 09/2022 and it was discussed in committee.
- iii. The Salary and Wage Collective Agreement (SWCA) for the period 01 July 2021 to 30 June 2024 is still applicable for the coming financial year. Mogale City appropriate an increase of 5.4% on salaries as projected in the January 2023 statement of South African Reserve Bank (SARB). The projection is applied as agreed on the SWCA.
- iv. The municipality has budgeted for the 2023/2024 critical vacancies amounting to R51 million', which is phase 2 for only service delivery departments. The increase is as follows:
 1. R39 million is for service delivery departments as per list from Infrastructure Development Service (IDS), Community Development Services (CDS), Integrated Environmental Services (IEM), Economic Development Services.
 2. R12 million is for filling of vacancies due to death, retirement, and resignation from 01 July 2022 to 28 February 2023.
 3. Filling of vacancies for supporting department like (Corporate Support Services (CSS), Operations Management (OM) and Finance of R8 million will be budgeted in 2024/2025 financial year due to unfunded budget and financial constraints.

b) As part of the Municipality's cost reprioritisation and cash management strategy non-critical vacancies must be frozen for the MTREF period.

c) No inflationary increase for section 56 and 57 officials based on the Government Gazette No 47538 of November 2022 Upper limits for Senior Managers. The municipality has budgeted 3% increase to avoid under budgeting an increase based on the latest Government Gazette.

The norm of remuneration as a percentage of total expenditure as per MFMA Circular 70 is between 25% to 40%. However, Mogale City's ratio for remuneration as percentage of total operating expenditure is sitting at 26% for this proposed budget.

d) 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). The municipality has budgeted remuneration to councillors 5.4% increase to avoid under budgeting an increase based on the projected average CPI percentages for 2023.

e) Bulk purchases have been increased as follows:

1. Water Purchases from Rand water – 9.2%, bulk water purchases are now budgeted and accounted for as inventory in line with GRAP 12 paragraph 12.

2. Electricity Purchases from Eskom – 18,65% (NERSA Approval)

f) Depreciation and impairment of assets is based on the approved adjustment budget 2022/2023 financial year which included the portion of addition that will be depreciated the budget will be reviewed after audited financial statement for 2022/2023 financial year. Budget appropriations in this regard total R238 million for the 2023/24 financial and equates to 5.9% of the total operating expenditure. **The cost of depreciation must be included in the setting of cost reflective tariffs to recover the full cost of rendering the service, failing to do that has resulted in depreciation not to be cash backed over the years and main contributor to unfunded budget of the City.**

g) The provision of debt impairment for debtors and traffic fines has increased by R125 million or 55.5%, the provision was determined based on the projected collection rate of 89%. Mogale City is facing difficult fiscal environment due to weak economic growth that has put stress on consumers' ability to pay for services rendered, huge water & electricity losses and closure of businesses in Mogale City.

The City has started with the process of intensifying the collection on large users, business and households owing from 60 days that can afford to pay. Mogale City will continue implementing credit control measures vigorously through Mogale Ya Tima campaign by disconnecting large users with arrears and Government departments.

h) Impairment of debtors is proposed to be R326 million and for traffic fines is R25 million with a projected revenue of R3 billion and R105 million respectively.

g) Collection Costs increased by 4%, other materials increased by 36,8% mainly departmental inputs as follows:

- 1.1 tourism promotional materials increased R550k and consumables for by law enforcement by R500k.
- 1.2 grants & subsidies increased by 80.9% mainly due to 2% social responsibility expenditure and grant in aid was restored to the original for 2022/23 was reduced during the adjustment budget based on 7 months actual, and
- 1.3 general expenses have increased by 8.4% mainly due purchase & distribution of 240 litre bins, removal of illegal billboards, audit forensic/forensic investigation services, settlement fees, COIDA and Bursary Scheme – External.

h) Finance Costs remained equivalent to the approved adjustment budget amounting to R27 million.

i) Contracted services decreased by 6.3% amounting to R29 million, some items within the contracted services increased mainly by building maintenance for properties outside Civic Centre amounting to R18 million that are not in good state and maintenance of ICT Infrastructure for R50 million. As part of the compilation of the 2023/24 MTREF this expenditure category was critically evaluated, and operational efficiencies must be enforced. 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)

Pr No	Pr Description	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget	Proposed Final 2025/2026 Budget
380	Iem-Refuse Collection And Litter Picking_Wm	23 402 731	24 432 451	25 531 911
059	IDS-Building Maintenance And Support	11 500 000	12 282 000	13 117 176
483	IDS-Service Connections_Ep	10 563 728	11 282 062	12 049 242
835	IDS_Provision of Chemical Toilets	25 000 000	21 810 681	22 792 162
069	IDS-Maintenance Of Water Network	13 062 386	14 180 000	14 180 000
062	IDS-Administration And Management Of Fleet	21 698 234	15 628 691	15 628 691
479	IDS-Maintenance Of Waste Water Network	12 030 715	11 200 000	16 970 082
294	Css-Ict User Support_Ict	70 330 148	48 481 468	49 813 815
238	Cds_Security Management_Ps	70 000 000	30 000 000	30 000 000
238	Cds_Security Management_Ps	30 000 000	32 000 000	27 571 309

- i. Most of the contracted services has increased by a small margin or remained equivalent to the approved adjustment budget in order to implement cost containment measures and to improve cash flow position.
- ii. Security services decreased by R50 million anticipating that risk assessment to be conducted will yield the results and the municipality saves this amount.
- iii. The upgrade of financial system increased by R50 million due to municipal procuring the new system.

j) **Transportation of employees** from their residence to workplace is another cost that is contributing to negative financial positions of this City. In terms of Basic Conditions of Employment Act, Mogale City is not obligated to transport workers from their place of residence to the workplace as transportation need only to be available to the employees performing night work/night shift. Section 17(1) of the Basic Conditions of Employment Act, no 75 of 1997 defines night work as work performed after 18h00 and before 06h00 the next day. Therefore, all workers/employees working normal day shift hours need not be transported from their place of residence to the workplace.

k) As this practice is currently being practiced in Mogale City the following must be noted:

- ✓ The service delivery departments expenditure rates/patterns are abnormally high due to a possible daily overtime charge that is paid to the driver's responsible for handling the transportation of the beneficiary employees.
- ✓ Furthermore, due to possible late starts at work, the municipality is possibly also paying employees overtime as they are likely to finish work after 16:00 daily, meaning that some of the workers may be paid overtime which the transportation practice has inadvertently created.
- ✓ Higher rates of expenses on fuel and lubricants especially to service delivery departments due to an increase in wear and tear of the vehicles that first must perform transports duties on daily basis prior to undertaking transportation that is based on service delivery workload and performance as well improved productivity of workers.
- ✓ Service delivery departments are losing out on productivity from employees as possible 2 hours of productive work hours are lost due to transportation.
- ✓ The transport of employees is always a worrying aspect because accidents can occur unexpectedly and quickly. Therefore, it is a risk that need to be managed properly. It is therefore necessary to stop the transport of employees by 1 March 2024 to avoid insurance costs, IOD and death, should employees be injured the Municipality could be found to be at fault & negligent and serious repercussions may result. This must be communicated to employees before the month of March 2024.

Table 6: Approved Capital Budget per Source of Funding

	Approved Mid Year Adjustment 2022/2023 Budget	Change in Budget	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget	Proposed Final 2025/2026 Budget
Funding source description					
Human Settlement Development Grant	100 038 000	29 663 000	129 701 000	149 701 000	159 701 000
Integrated National Electrification Program	4 600 000	8 893 000	13 493 000	15 000 000	20 000 000
Integrated Urban Development Grant	133 793 950	19 998 050	153 792 000	147 088 000	153 938 000
Local Government Financial Management	110 000	-110 000	-	-	-
Neighbourhood Development Partnership	28 711 000	1 289 000	30 000 000	25 000 000	40 000 000
Sports and Recreation Grant	7 938 066	-5 938 066	2 000 000	2 258 101	2 148 661
Water Services Infrastructure Grant	48 748 261	-1 966 261	46 782 000	48 771 000	50 949 000
Transfer from Operational Revenue	46 989 106	28 128 138	75 117 244	163 970 093	43 128 517
Total	370 928 383	79 956 861	450 885 244	551 788 194	469 865 178

Table 7: Approved Capital Budget per municipal votes

Department	Proposed Mid Year Adjustment 2022/2023 Budget	Change in Budget	Proposed Final 2023/2024 Budget	Proposed Final 2024/2025 Budget	Proposed Final 2025/2026 Budget
Community Development Services	30 078 347	3 400 653	33 479 000	7 365 101	45 389 761
Corporate Support Services	30 000	956 000	986 000	20 079 148	9 410 148
Economic Development Services	55 776 000	-15 226 000	40 550 000	35 670 000	45 000 000
Financial Management Services	2 727 242	-2 119 242	608 000	1 040 000	-
Infrastructure Development Service	98 219 202	73 501 442	171 720 644	242 334 345	180 436 669
Integrated Environmental Management	68 503 257	-25 285 657	43 217 600	90 233 600	29 927 600
Internal Audit	151 400	-51 400	100 000	-	-
Municipal Council	180 935	-120 935	60 000	15 000	-
Operations Management	224 000	29 000	253 000	150 000	-
Strategic Investment Programme	115 038 000	44 873 000	159 911 000	154 901 000	159 701 000
Total	370 928 383	79 956 861	450 885 244	551 788 194	469 865 178

6.1.3 Approved capital budget has been projected to be R451 million, an increase of R 80 million when compared to 2022/23 approved adjustment budget.

The capital budget will be funded from grants both National and Provincial government to the tune of R244 million and R 132 million respectively. Own revenue to the value of R75 million.

Own generated funded capital projects have increased by 63% or R28 million to fund mostly procurement of 4 refuse compactors, remaining 6 water tankers trucks, Jet Machine, water counter and zonal meters, Kagiso Cemetery Hydro Survey & Drainage Construction, Purchase of Hydraulic Breaker for TLB, Purchase of Hydraulic Heavy duty Jack Hammer. Installation of Electricity Meters - indigents & Taxi rank, UMS Remote metering System, bulk, and small connections.

Installation and replacement of water meters targeting indigents and affluent areas in Mogale City will be funded from Integrated Urban Development Grant (IUDG) to the tune of R20 million, this will reduce water losses.

The upgrading of Electrical infrastructure, conversion of analogue to digital electrical meters, replacement have been provided for in the next financial year (2024 / 2025).

Capital transfers indicate increase of R52 million. The increase is mainly on Human Settlement development grant that is allocated to the municipality after draft budget.

Table 8: Approval Capital Projects funded by National and Provincial Grants

Function	Item	Msoa funding description code	Pr N°	Pr Description	Approved Mid	2023/2024	2024/2025	2025/2026
					Year Adjustment	PROPOSED	PROPOSED	PROPOSED
					Budget	BUDGET	BUDGET	BUDGET
1110	90273	Integrated Urban Development Grant	549	IDS-Laptops X4_Pmu	135 000	-	-	-
1110	90273	Integrated Urban Development Grant	957	IDS-Desktops_Pmu	60 000	-	-	-
1110	90274	Integrated Urban Development Grant	101	IDS-Office Furniture_Pmu	200 000	-	-	-
1110	90274	Integrated Urban Development Grant	946	IDS-Printer PMU	15 000	-	-	-
1202	90267	Sports and Recreation Grant	537	CDS-Purchase of ICT Equipment	200 000	650 000	733 883	698 315
1202	90267	Sports and Recreation Grant	892	CDS-Refurbishment Of Libraries	400 000	-	-	-
1202	90267	Sports and Recreation Grant	915	CDS-Installation of modular libraries	3 138 066	-	-	-
1202	90274	Sports and Recreation Grant	909	CDS-Purchasing Of Library Furniture & Equipment_Ls_01	200 000	850 000	959 693	913 181
1202	90277	Sports and Recreation Grant	144	CDS-Purchase Of Books_Amasondo_Su	-	-	-	-
1202	90277	Sports and Recreation Grant	144	CDS-Purchase of information resources	4 000 000	500 000	564 525	537 165
1208	90267	Integrated Urban Development Grant	547	CDS-Construction of Tarlton Sport Complex	-	-	-	1 000 000
1208	90267	Integrated Urban Development Grant	714	CDS-Refurbishment of Krugersdorp Museum	-	6 000 000	-	-
1208	90267	Integrated Urban Development Grant	876	CDS-Construction of Ga Mogale Sports Complex	5 000 000	15 000 000	5 000 000	-
1208	90267	Integrated Urban Development Grant	877	CDS-Construction of eThembalethu Sport Complex	-	-	-	5 000 000
1208	90267	Integrated Urban Development Grant	895	CDS-Refurbishment Of Athletics Facility - Kagiso Sports Complex	-	-	-	15 000 000
1215	90261	Integrated Urban Development Grant	848	IEM-West Haven Cemetery Access Roads_P&C	18 963 000	-	-	-
1215	90262	Integrated Urban Development Grant	849	IEM-West Haven Cemetery Detention Ponds_P&C	7 417 000	-	-	-
1215	90266	Integrated Urban Development Grant	504	IEM-Luipaardsvlei Landfill Site_Wm	15 488 197	30 000 000	63 733 600	15 000 000
1220	90267	Integrated Urban Development Grant	501	IEM-Coronation Park Development_Pm	2 350 000	-	-	5 000 000
1259	90267	Integrated Urban Development Grant	540	CDS-Construction Of Kagiso Elderly Service Centre_Sd	17 000 000	9 000 000	-	-
1259	90267	Integrated Urban Development Grant	972	CDS-Refurbishment of Rietvallei Hall	-	-	-	4 000 000
1259	90267	Integrated Urban Development Grant	975	CDS-Construction Rietvallei Edcc	-	-	-	5 241 100
1259	90267	Integrated Urban Development Grant	976	CDS-construction Tarlton Edcc	-	-	-	5 000 000
1310	90277	Neighbourhood Development Partnership Grant	981	EDS-Construction of New Municipal Building	28 711 000	30 000 000	25 000 000	40 000 000
1310	90277	Integrated Urban Development Grant	981	EDS- Municipal Infrastructure Development	29 891 650	15 000 000	10 000 000	5 000 000
1340	90267	Integrated Urban Development Grant	685	IEM-Krugersdorp Game Reserve_Lion Enclosure Upgrade_Tm	1 600 000	-	-	-
1409	90263	Integrated National Electrification Programme Gra 572	572	IDS_Electrification Backlog - Munsieville Ext 5 & Pangoville Informal Settlement_E	-	13 493 000	-	-
1409	90263	Integrated National Electrification Programme Gra 779	779	IDS-MCLM Electrification of Soul City Social Housing_EDS	4 600 000	-	-	-
1409	90263	Integrated National Electrification Programme Gra 807	807	IDS-Singqobile 132/11Kv 3X20 Mva New Substation_Eds	-	-	15 000 000	20 000 000
1409	90263	Human Settlement Development Grant	958	IDS-Leratong New Substation- Eds	-	-	-	-
1410	90261	Integrated Urban Development Grant	802	IDS-Construction of Robin Road Extension_Rs	5 000 000	3 000 000	-	-
1410	90267	Integrated Urban Development Grant	566	IDS-Upgrade Of Lanwen Hostel_Bms	-	-	-	1 000 000
1410	90267	Integrated Urban Development Grant	728	IDS-Kromdraai : Community Hall Refurbishment	-	-	-	2 000 000
1410	90267	Integrated Urban Development Grant	983	IDS-Munsieville : Community Hall Refurbishment	-	-	-	2 000 000
1410	90277	Integrated Urban Development Grant	953	IDS-Chamdor Infrastructure Development	-	10 000 000	40 000 000	30 000 000
1450	90264	Water Services Infrastructure Grant	784	IDS-Aged asbestos cement pipeline replacement project	-	-	-	-
1450	90264	Water Services Infrastructure Grant	784	IDS-Replacement Of Aged Water Pipelines_Pwds	-	-	13 771 000	-
1450	90264	Water Services Infrastructure Grant	837	IDS-Rural and informal Areas Water Supply	10 160 000	16 782 000	-	-
1450	90264	Water Services Infrastructure Grant	984	IDS-Tarlton Matsilapaad Rural Settlement_Ws	3 588 261	-	-	-
1450	90264	Human Settlement Development Grant	916	IDS-Brickvale Housing Initiative	70 038 000	119 701 000	149 701 000	159 701 000
1450	90264	Integrated Urban Development Grant	592	IDS- Smart Conventional Water Meters_Pwds_Ws	-	10 000 000	-	15 000 000
1460	90261	Integrated Urban Development Grant	792	IDS-Upgrade Robert Broom Drive Widening_Rs	1 550 000	-	1 000 000	5 000 000
1460	90261	Integrated Urban Development Grant	801	IDS-Pr4:Roads Rehabilitation And Resurfacing In Kagiso And Krugersdorp West_Rs	9 000 000	5 000 000	5 000 000	5 000 000
1460	90262	Integrated Urban Development Grant	553	IDS-Pr2: Rietvallei Ext. 2 Roads And Stormwater_Rs	-	-	-	-
1460	90262	Integrated Urban Development Grant	199	IDS-Pr15 Western Rural Areas Roads And Stormwater_Rs	2 600 000	-	-	-
1460	90262	Integrated Urban Development Grant	551	IDS-Pr10: Rietvallei Ext. 1 And Proper_Rs	477 545	1 000 000	5 000 000	5 000 000
1460	90262	Integrated Urban Development Grant	555	IDS-Pr5: Rietvallei Ext.5 Roads And Stormwater_Rs	5 450 043	1 000 000	5 000 000	5 000 000
1460	90262	Integrated Urban Development Grant	556	IDS-Pr7: Muldersdrift Roads And Stormwater_Rs	488 165	-	-	-
1460	90262	Integrated Urban Development Grant	764	IDS-Upgrade of Helena Stree Storm Water	1 000 000	-	-	-
1460	90262	Integrated Urban Development Grant	793	IDS-Pr3: Kagiso Ext.13 Roads And Stormwater_Rs	-	1 000 000	5 000 000	7 000 000
1470	90265	Water Services Infrastructure Grant	175	IDS-Magalisburg Water Care Works Phase 1_Wtws	8 500 000	-	-	-
1470	90265	Water Services Infrastructure Grant	883	IDS-Flip Human Wwtw Refurbishment	16 000 000	20 000 000	20 000 000	50 949 000
1470	90265	Water Services Infrastructure Grant	884	IDS-Percy Steward Wwtw Refurbishment	10 500 000	10 000 000	15 000 000	-
1501	90264	Human Settlement Development Grant	913	Sip-Leratong 15ml New Reservoir Phase 2 - Hs	30 000 000	10 000 000	-	-
1501	90264	Integrated Urban Development Grant	913	Sip-Leratong 15ml New Reservoir Phase 1 - Hs	15 000 000	20 000 000	-	-
1501	90264	Integrated Urban Development Grant	913	Sip-Leratong 15ml New Reservoir Phase 2 - Hs	-	10 000 000	-	-
1502	90267	Integrated Urban Development Grant	981	IDS- Municipal Buildings Infrastructure	-	-	-	-
1734	90273	Local Government Financial Management Grant	495	FIN-Laptops Interns_Bto	110 000	-	-	-
1450	90264	Integrated Urban Development Grant	172	IDS-Smart Conventional Water Meters_indigent_Ws	-	10 000 000	-	-
1409	90273	Integrated Urban Development Grant	827	IDS- Analog To Digital Meter Replacement_Eds	-	7 900 350	7 354 400	7 696 900

Table 9: Approved Capital Projects funded by Internal Generating Funds

Function	Item	Pr. No.	Pr. Description	Approved Mid Year Adjustment 2022/2023 Budget	2023/2024 PROPOSED BUDGET	2024/2025 PROPOSED BUDGET	2025/2026 PROPOSED BUDGET
1104	90273	955	OM-Laptops M&E&R	30 000	-	-	-
1111	90273	955	OM-Laptops M&E&R	90 000	-	-	-
1113	90273	881	OM-Laptops_Cc	19 000	195 000	-	-
1113	90273	885	OM-Dual Camera (Specialised) cc	-	-	-	-
1115	90274	759	OM-Administration Support Mva Substation (Projector Screen & Projector)_ldp	15 000	-	-	-
1131	90273	955	MC- Laptops mayoral	180 935	60 000	-	-
1209	90273	955	CDS-Laptops X4_Sr	-	100 000	-	-
1215	90266	120	ICM-Lulpaardsvlei Landfill Site_W&Aqm	-	-	16 900 000	-
1215	90266	803	ICM- Magaliesburg Transfer And Recycling_Wm	-	-	300 000	-
1215	90266	803	ICM-Establishment of Material Recycling Facility at Lulpaardsvlei landfill site	-	-	9 000 000	-
1215	90266	944	ICM-Weighbridges going & outgoing X2 Wm	100 000	-	-	-
1215	90266	989	ICM-Office Furniture_Wm	10 000	-	-	-
1215	90274	882	ICM-Compliance Camera X1_Wm	10 000	-	-	-
1215	90274	939	ICM-Leaf blowing Machine X6_Wm_01	20 000	-	-	-
1215	90274	940	ICM-Air Quality Analyzer X1_Wm_01	5 000	-	250 000	-
1215	90274	943	ICM-Bush Cutters X2_Wm_01	13 000	-	-	-
1215	90274	946	ICM-Purchase Of 3 X Printer Wheelbridge_Wm_01	10 000	-	-	-
1215	90274	947	ICM-Grass Cutting Machine Lulpaardsvlei_Wm_01	30 000	-	50 000	-
1215	90274	948	ICM-Microwave And Fridge Lulpaardsvlei_Wm	10 000	-	-	-
1215	90277	197	ICM-Refuse Compacter Trucks X4 Phase 1	-	9 927 600	-	9 927 600
1215	90277	502	ICM-Skip Bins_Wm	-	1 500 000	-	-
1215	90277	941	ICM-Three Tons Trucks X 2 For Recycling_Wm	-	-	-	-
1215	90277	949	ICM-Acquisition Of Roll Ons Trucks X4 & TLB_Wm	7 500 000	-	-	-
1215	90277	950	ICM-Acquisition Of Skip Loaders X4_Wm	7 328 384	-	-	-
1215	90277	951	ICM-Landfill Site Compacter Truck X4_Wm	5 000 000	-	-	-
1215	90277	950	ICM- Vehicle for Illegal dumping X2_Wm	574 416	-	-	-
1220	90276	951	ICM-Purchase Of Tractors X4_Pm	1 700 000	-	-	-
1220	90277	499	ICM-Minor Equipment & Plants_Pm	600 000	600 000	-	-
1221	90273	955	ICM-Laptops X6_EM	51 060	-	-	-
1230	90273	849	ICM-Kapisa Cemetery Hydro Survey & Drainage Construction_Pm	1 000 000	1 000 000	-	-
1230	90273	957	ICM-Purchase of Desktop (X1)_Pm	25 000	-	-	-
1230	90273	719	ICM-Purchase of 8 kw Generators (X2)_Pm	22 000	-	-	-
1230	90277	991	ICM-Purchase of Hydraulic Breaker for TLB (X1)_Pm	160 000	160 000	-	-
1230	90277	992	ICM-Purchase of Hydraulic Heavy duty Jack Hammer (X2)_Pm	30 000	30 000	-	-
1259	90273	955	CDS-Kapisa Ed 12 Community Hall	-	-	-	4 000 000
1259	90273	955	CDS-Laptops X6_SD	-	150 000	-	-
1259	90274	946	CDS-Printer X2	10 000	-	-	-
1259	90274	955	CDS-Filling cabinets_SD	-	-	-	-
1259	90277	920	CDS Loud Hailing Equipment_Sd	25 000	-	-	-
1301	90274	953	EDS-Projector	-	-	20 000	-
1409	90263	719	ID5- Installation of Electricity Meters - Indigents & Taxi rank	-	12 350 000	-	-
1409	90263	719	ID5-Clear View Fencing Taxi Rank	-	-	1 500 000	-
1409	90263	719	ID5-Fire Walls (Taxi Rank)	-	-	1 500 000	-
1409	90263	719	ID5-Razor Wire (Taxi Rank)	-	-	1 500 000	-
1409	90263	719	ID5-Enterprise Development Laptops X7	-	150 000	-	-
1409	90263	955	ID5- Special Economic Initiatives 1 Laptop and 1 Desktop	-	50 000	-	-
1409	90263	799	ID5-Building Development Management X4 Laptops_Bdm	300 000	-	-	-
1409	90263	952	ID5-Building Development X 5 Desktop	60 000	-	-	-
1409	90263	952	ID5 Equipments for Outdoor Advertising Building Development	-	-	150 000	-
1409	90263	952	ID5-Development Planning X10 Laptops & 7 Desktops	105 000	250 000	-	-
1409	90263	954	ID5-Installation Of Transformer For Agriparks Ed_01	-	-	1 000 000	-
1409	90263	955	ID5-Tourism develop Laptops X8	-	100 000	-	-
1409	90263	955	ID5-Factoria Capacity Upgrading Of Transmission Line Between Factoria & Liberta	-	-	15 000 000	-
1409	90263	810	ID5-Chamdor 33/11/6.6kV Substation Upgrade_Eds	-	-	-	-
1409	90263	810	ID5-Botetona 6.6kV-6kV MVA Substation Refurbishment_Eds	-	-	-	-
1409	90263	814	ID5-Krugersdorp North 33/11kV 3x20 MVA substation refurbishment_EDS_01	-	-	-	9 109 340
1409	90263	815	ID5-6.6kV Swithouses substation refurbishment_EDS_01	-	-	-	12 343 750
1409	90263	815	ID5-Richardson New Public Lighting_Eds	-	-	-	2 175 000
1409	90263	826	ID5-Remote metering System_EDS_01	-	5 000 000	-	-
1409	90263	899	ID5-11kV & 6.6kV Miniature Substations Spares_Eds	-	-	8 281 250	-
1409	90263	899	ID5-33kV Control System And Protection_Eds	-	-	3 000 000	-
1409	90263	899	ID5-Leriting new substations	-	-	-	-
1409	90263	899	ID5-BULK CONNECTIONS EDS	2 000 000	-	-	-
1409	90263	899	ID5-SMALL CONNECTIONS EDS	-	16 000 000	-	-
1409	90263	899	ID5-Laptops X4_BM	25 000	7 141 075	7 455 282	7 790 769
1409	90263	899	ID5-Generators Building Maintenance X1_BM	-	-	-	-
1409	90263	899	ID5-Water Pipeline Replacement_Ws	-	-	19 000 000	-
1409	90263	899	ID5-Telemetry System Upgrade & Refurbishment	-	-	1 500 000	-
1409	90263	899	ID5-Counter water meters	-	-	1 500 000	-
1409	90263	899	ID5-Zonal water meters X22	-	-	1 500 000	-
1409	90263	899	ID5-Service connections W&E	-	-	1 411 115	-
1409	90263	899	ID5-Strategic Support (Office Furniture)_Ws	-	-	200 000	-
1409	90263	899	ID5-Water Tankers And Vacuum Tanker Trucks X6	11 572 625	11 572 625	-	-
1409	90263	899	ID5-Jetting Machine W	-	-	6 000 000	-
1409	90263	899	ID5-Service connections R&T	-	448 829	-	-
1409	90263	899	ID5-Laptops_EM	-	30 000	-	-
1409	90263	899	ID5-Office Furniture_EM	-	-	50 000	-
1409	90263	899	ID5-Laptops_Fleet X3 Hovers	13 000	-	-	-
1409	90263	899	ID5-Laptops_Fleet X3 Laptops	90 000	-	-	-
1409	90263	899	ID5-Office Furniture_Fleet	100 000	-	-	-
1409	90263	899	ID5-Mechanical breakdown Bakkie	-	400 000	-	-
1409	90263	899	ID5-TLB	2 600 000	-	-	-
1409	90263	899	ID5-Enviro-Locks Toilets_Wvws	-	-	10 000 000	-
1409	90263	899	ID5-Sewer Pipeline Network Extensions & Replacement	-	-	10 000 000	-
1409	90263	899	ID5- Laptops W&S	400 000	300 000	-	-
1409	90263	899	ID5-Capital Spares_WWTV	2 094 888	-	-	-
1409	90263	899	SIP- Old Age Home Fencing and Guard House	-	-	1 094 563	-
1409	90263	899	SIP- Renovation of Flats	-	-	2 000 000	-
1409	90263	899	SIP- Fire Station	-	-	2 000 000	-
1409	90263	899	SIP- Laptops X6	-	150 000	-	-
1409	90263	899	SIP-Desktops	-	60 000	-	-
1409	90263	899	SIP-Desk printer X2	-	-	200 000	-
1409	90263	899	SIP-Furniture	-	-	-	-
1409	90263	899	OM- Strategic Support (Laptops X2)_Em	60 000	-	-	-
1409	90263	899	CSS-Strategic Support_Admin Assttntant Office chairs_Em	-	-	-	-
1409	90263	899	CSS-Strategic Support_Admin Assttntant Office desk_Em	-	-	-	-
1409	90263	899	OM-Administration Support (Office furniture)_EM	-	-	100 000	-
1409	90263	899	IA-Ethics Program (Projector)_Cc	-	-	-	-
1409	90263	899	IA-Assurance Service Office furniture_IA	51 400	100 000	-	-
1409	90263	899	CSS-New/ Conversion Of Ibm Server To Vm _lct	-	-	1 000 000	-
1409	90263	899	CSS-Automated Backup System_lct	-	-	600 000	-
1409	90263	899	CSS-Lighting Protection Solution_lct	-	-	3 000 000	-
1409	90263	899	CSS-Auditorium Recording System	-	-	750 000	-
1409	90263	899	CSS-Data loss Prevention Systems	-	-	700 000	-
1409	90263	899	CSS-Host based Anti-Virus Enterprise Solution	-	-	3 000 000	-
1409	90263	899	CSS-Physical Access Control (Biometrics & Surveillance)	-	-	1 500 000	-
1409	90263	899	CSS-Security Management Applications	-	-	100 000	-
1409	90263	899	CSS-Data Center Infrastructure_lct	-	-	2 000 000	-
1409	90263	899	CSS-Network Monitoring System_lct	-	-	7 000 000	-
1409	90263	899	CSS-Laptops	-	150 000	-	-
1409	90263	899	CSS-Firewall and Intrusion Prevention System	-	-	1 000 000	-
1409	90263	899	CSS-Network access control_lct	-	-	60 000	-
1409	90263	899	CSS- OFFICE FURNITURE_lct	-	-	800 000	-
1409	90263	899	CSS-Installation of Fibre Network (From Traffic to DIEM)	-	-	200 000	-
1409	90263	899	CSS-Human Capital Management Laptops	300 000	-	179 148	-
1409	90263	899	CSS-Leave Administration (Chairs X12)_lct	-	-	50 000	-
1409	90263	899	CSS-Screen and Projector_L&D	-	-	80 000	-
1409	90263	899	CSS-Eye Testing Machine_OHS	-	350 000	-	-
1409	90263	899	CSS-Records Management_Laptops X14	-	180 000	-	-
1409	90263	899	CSS-Secretariat Laptops X7	-	-	175 000	-
1409	90263	899	CSS-Corporate Administration Small Printers X2_lct	30 000	-	-	-
1409	90263	899	CSS-Records Management Office Furniture	-	-	150 000	-
1409	90263	899	OM-Administration Support (Office Furniture)_Cc	10 000	400 000	50 000	-
1409	90263	899	FIN- Laptops Interns_Bm	700 000	-	-	-
1409	90263	899	FIN-Office furniture (Chairs) x30	-	-	-	-
1409	90263	899	FIN-Office furniture (Chairs)_Rm	-	-	-	-
1409	90263	899	FIN-Computers RM	82 785	-	-	-
1409	90263	899	FIN-Hand Held Devices X2_Rm	15 000	-	970 000	-
1409	90263	899	FIN-Cash Drawers (Rm)	-	-	-	-
1409	90263	899	FIN-Fridge_Rm	15 000	25 000	-	-
1409	90263	899	FIN-Expenditure Laptop x1	12 191	-	-	-
1409	90263	899	FIN-Expenditure Laptops x1	27 266	-	-	-
1409	90263	899	FIN-Laptops scm	-	75 000	-	-
1409	90263	899	FIN-Laptops X3_Scm	-	75 000	-	-
1409	90263	899	FIN-Desktops Logistics x3	-	-	-	-
1409	90263	899	FIN-Logistics Laptops x3	100 000	-	70 000	-
1409	90263	899	FIN-Logistics Cameras Chamdoor yard	-	-	-	-
1409	90263	899	FIN-Laptops X1_OHO	-	33 000	-	-
1409	90263	899	CDS-Desktops x8_PS	-	70 000	-	-
1409	90263	899	CDS-Office furniture x4 (Ps)	29 063	-	-	-
1409	90263	899	CDS-Digital Cameras X3 (Ps)	76 218	-	107 000	-
1409	90263	899	CDS-Purchasing of Road block Bus for traffic fines	-	500 000	-	-
1409	90263	899	CDS- Road Marking machine	-	559 000	-	-

7. 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.

8. BUSINESS RISK IMPLICATIONS

Meeting financial obligations and services delivery mandate.

9. STAKEHOLDERS CONSULTED

Accounting Officer

Executive Committee

Departments

Finance 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 2023/24 budget and MTREF as approved by the Council.

Table 7: MBRR Table A1 - Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	563 272	504 064	548 628	561 193	610 492	610 492	610 492	647 121	676 889	708 026
Service charges	1 638 700	1 739 484	1 925 204	2 027 294	1 996 896	1 996 896	1 996 896	2 317 693	2 684 655	2 883 337
Investment revenue	2 537	3 899	2 589	2 086	3 894	3 894	3 894	2 086	4 128	4 517
Transfer and subsidies - Operational	443 814	551 727	515 775	585 234	583 140	583 140	585 234	643 511	698 750	773 443
Other own revenue	234 450	222 477	234 211	189 078	250 679	250 679	189 078	330 191	339 637	329 426
Total Revenue (excluding capital transfers and contributions)	2 882 773	3 021 652	3 226 406	3 364 885	3 445 101	3 445 101	3 383 786	3 942 644	4 404 250	4 698 748
Employee costs	833 427	857 225	850 483	1 082 636	993 067	993 067	993 067	1 012 780	1 149 354	1 198 932
Remuneration of councillors	33 586	34 492	33 922	37 820	40 757	40 757	37 820	42 958	44 934	47 001
Depreciation and amortisation	242 048	245 657	255 962	247 278	271 047	271 047	271 047	271 047	252 235	263 586
Finance charges	49 378	38 463	27 495	27 139	27 208	27 208	27 139	24 208	28 460	29 769
Inventory consumed and bulk purchases	1 080 639	1 172 940	1 346 294	1 435 942	1 476 698	1 476 698	1 476 698	1 708 973	1 866 621	2 038 503
Transfers and subsidies	1 701	346	1 886	3 140	3 239	3 239	3 239	5 861	3 278	3 426
Other expenditure	842 500	941 730	959 606	766 060	892 179	892 179	928 036	1 000 775	926 405	931 223
Total Expenditure	3 083 279	3 290 854	3 475 648	3 600 016	3 704 196	3 704 196	3 737 046	4 066 603	4 271 288	4 512 439
Surplus/(Deficit)	(200 506)	(269 202)	(249 243)	(235 130)	(259 094)	(259 094)	(353 260)	(123 959)	132 962	186 309
Transfers and subsidies - capital (monetary allocations)	208 978	203 961	295 388	340 293	323 939	323 939	300 293	375 768	387 818	426 737
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	8 472	(65 240)	46 145	105 163	64 845	64 845	(52 967)	251 809	520 780	613 046
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	8 472	(65 240)	46 145	105 163	64 845	64 845	(52 967)	251 809	520 780	613 046
Capital expenditure & funds sources										
Capital expenditure	225 413	222 695	330 907	424 391	370 928	370 928	370 928	450 885	551 788	469 865
Transfers recognised - capital	208 227	203 961	295 388	340 293	323 939	323 939	323 939	375 768	387 818	426 737
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 186	18 733	35 519	84 098	46 989	46 989	46 989	75 117	163 970	43 129
Total sources of capital funds	225 413	222 695	330 907	424 391	370 928	370 928	370 928	450 885	551 788	469 865
Financial position										
Total current assets	657 034	749 304	911 269	675 493	996 842	996 842	996 842	841 576	900 043	957 681
Total non current assets	6 419 287	6 311 401	6 378 673	6 545 496	6 475 452	6 475 452	6 475 452	7 416 082	7 716 168	7 923 005
Total current liabilities	1 246 570	1 262 646	1 477 126	1 294 967	1 294 967	1 294 967	1 294 967	1 566 246	1 654 633	1 746 950
Total non current liabilities	540 399	558 113	514 716	578 256	578 256	578 256	578 256	514 431	494 466	471 288
Communally wealth/Equity	5 289 352	5 239 946	5 298 100	5 347 765	5 599 071	5 599 071	5 599 071	6 176 981	6 467 112	6 662 447
Cash flows										
Net cash from (used) operating	276 037	154 728	412 492	404 023	244 445	244 445	244 445	501 603	597 991	511 714
Net cash from (used) investing	(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(450 885)	(551 788)	(469 865)
Net cash from (used) financing	(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
Cash/cash equivalents at the year end	98 336	64 924	141 837	13 861	1 239	1 239	1 239	18 358	29 240	33 922
Cash backing/surplus reconciliation										
Cash and investments available	98 912	65 523	142 353	14 460	1 838	1 838	1 838	18 957	29 839	34 521
Application of cash and investments	1 122 615	1 161 878	1 430 129	955 839	875 461	875 461	868 441	1 035 087	1 077 047	1 141 844
Balance - surplus (shortfall)	(1 023 703)	(1 096 354)	(1 287 776)	(941 380)	(873 623)	(873 623)	(866 603)	(1 016 130)	(1 047 208)	(1 107 323)
Asset management										
Asset register summary (WDV)	6 418 712	6 310 802	6 378 157	6 544 897	6 491 434	6 491 434	6 703 553	7 003 639	7 210 475	-
Depreciation	241 557	245 639	247 959	237 285	238 767	238 767	238 767	251 702	263 029	-
Renewal and Upgrading of Existing Assets	46 881	56 541	129 297	132 114	122 384	122 384	88 892	235 014	176 949	-
Repairs and Maintenance	86 402	479 013	413 279	112 715	621 453	621 453	717 484	741 936	774 818	-
Free services										
Cost of Free Basic Services provided	19 523	20 379	20 747	-	-	-	-	-	-	-
Revenue cost of free services provided	331 767	328 574	339 685	14 765	15	15	15	15	15	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	14	21	21	22	22	22	23	24	26	-
Energy:	10	8	3	4	4	4	4	4	5	-
Refuse:	6	6	6	7	7	7	7	8	9	-

Table 8: MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional										
<i>Governance and administration</i>		724 233	554 013	676 669	644 361	733 026	733 026	782 996	839 849	871 422
Executive and council		7	10	2 238	9 808	9 534	9 534	9 622	5 881	6 151
Finance and administration		724 226	554 003	674 410	634 554	723 491	723 491	773 374	833 968	865 270
Internal audit		—	—	22	—	—	—	—	—	—
<i>Community and public safety</i>		239 712	332 195	327 392	445 646	421 226	421 226	505 163	496 355	570 428
Community and social services		20 612	19 824	21 288	26 824	24 630	24 630	26 181	27 269	26 126
Sport and recreation		8 477	(2 342)	617	34 924	28 005	26 005	50 168	34 681	57 831
Public safety		28 540	109 044	44 547	64 119	51 791	51 791	54 875	57 399	60 040
Housing		31 111	16 699	88 076	115 000	115 089	115 089	184 622	154 732	164 733
Health		150 772	188 970	174 863	204 779	203 711	203 711	209 317	222 273	261 698
<i>Economic and environmental services</i>		85 030	112 154	124 324	106 983	102 031	102 031	107 207	106 516	128 702
Planning and development		31 267	29 748	23 684	64 917	51 150	51 150	67 104	52 034	66 704
Road transport		53 763	82 406	100 640	42 066	50 881	50 881	40 102	54 483	61 999
Environmental protection		—	—	—	0	0	0	—	—	—
<i>Trading services</i>		2 041 809	2 222 162	2 392 836	2 507 094	2 511 644	2 511 644	2 912 925	3 344 220	3 549 800
Energy sources		1 063 659	1 166 964	1 290 869	1 328 741	1 334 831	1 334 831	1 616 823	1 940 399	2 096 685
Water management		480 823	483 055	519 028	514 558	531 856	531 856	603 847	624 917	671 136
Waste water management		259 682	281 478	292 111	332 264	329 304	329 304	363 011	391 793	416 110
Waste management		237 744	290 664	290 829	331 532	315 653	315 653	329 244	387 110	365 869
Other	4	967	5 090	572	1 094	1 115	1 115	10 122	5 127	5 133
Total Revenue - Functional	2	3 091 751	3 225 613	3 521 794	3 705 179	3 769 041	3 769 041	4 318 412	4 792 068	5 125 485
Expenditure - Functional										
<i>Governance and administration</i>		784 474	775 714	808 145	860 929	898 846	898 846	990 563	926 389	960 158
Executive and council		69 717	73 827	72 272	132 807	134 415	134 415	108 047	104 018	108 745
Finance and administration		702 827	690 995	724 221	705 570	747 344	747 344	864 976	803 798	832 000
Internal audit		11 930	10 893	11 651	22 552	17 087	17 087	17 640	18 574	19 413
<i>Community and public safety</i>		328 909	363 824	314 555	353 048	367 834	367 834	391 968	450 028	425 244
Community and social services		37 068	36 754	47 740	58 628	57 039	57 039	57 079	65 663	66 496
Sport and recreation		112 010	152 717	100 473	117 605	148 186	148 186	165 589	143 997	150 483
Public safety		136 783	130 439	119 412	114 722	106 483	106 483	106 045	177 551	142 612
Housing		12 543	14 651	14 043	22 333	20 629	20 629	21 953	22 294	23 301
Health		30 505	29 263	32 887	39 760	35 496	35 496	41 302	40 522	42 352
<i>Economic and environmental services</i>		208 697	196 952	238 772	228 220	218 369	218 369	227 463	242 454	253 379
Planning and development		91 590	84 719	84 579	94 436	86 783	86 783	98 344	109 371	114 306
Road transport		117 107	102 233	154 193	122 542	120 344	120 344	129 118	133 083	139 074
Environmental protection		—	—	—	11 242	11 242	11 242	—	—	—
<i>Trading services</i>		1 754 341	1 955 004	2 109 049	2 151 999	2 213 377	2 213 377	2 447 808	2 643 313	2 864 141
Energy sources		904 300	982 010	1 115 521	1 292 072	1 291 474	1 291 474	1 504 248	1 653 276	1 809 728
Water management		548 262	648 349	683 523	600 099	676 327	676 327	689 295	719 981	766 843
Waste water management		156 653	174 982	173 444	139 347	132 547	132 547	141 519	150 449	162 541
Waste management		144 927	150 663	136 580	120 481	113 029	113 029	112 748	119 627	125 029
Other	4	6 857	8 360	5 128	5 819	5 770	5 770	8 702	9 104	9 517
Total Expenditure - Functional	3	3 083 279	3 290 854	3 475 648	3 600 016	3 704 196	3 704 196	4 066 603	4 271 288	4 512 439
Surplus/(Deficit) for the year		8 472	(65 240)	46 145	105 163	64 845	64 845	251 809	520 780	613 046

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 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.
- 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.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 9: MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Revenue by Vote	1									
Vote 1 - MUNICIPAL COUNCIL		7	10	23	5 607	5 304	5 304	5 622	5 881	6 151
Vote 2 - MUNICIPAL MANAGER'S OFFICE		-	-	2 215	4 000	4 000	4 000	-	-	-
Vote 3 - INTERNAL AUDIT		-	-	22	-	-	-	-	-	-
Vote 4 - OPERATIONS MANAGEMENT		40	34	47	48	81	81	86	90	94
Vote 5 - CORPORATE SUPPORT SERVICES		(2 367)	(1 952)	(186)	2 455	(1 938)	(1 938)	(2 422)	(3 068)	(3 316)
Vote 6 - FINANCIAL MANAGEMENT SERVICES		720 020	558 199	672 227	626 696	725 028	725 028	768 229	803 230	840 223
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		246 692	295 167	296 774	361 507	338 935	338 935	325 985	383 405	366 947
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		219 240	335 267	256 724	320 030	311 278	311 278	389 161	388 665	448 677
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		18 442	20 765	12 692	60 050	46 080	46 080	62 595	46 174	61 596
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		31 462	17 108	86 561	114 858	115 066	115 066	165 021	155 149	165 170
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		1 858 216	2 001 016	2 194 696	2 209 929	2 225 207	2 225 207	2 604 135	3 012 543	3 239 943
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	3 091 751	3 225 613	3 521 794	3 705 179	3 769 041	3 769 041	4 318 412	4 792 068	5 125 485
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL COUNCIL		52 155	56 013	55 677	70 103	70 036	70 036	78 056	77 361	80 893
Vote 2 - MUNICIPAL MANAGER'S OFFICE		8 978	8 998	5 731	12 261	13 928	13 928	14 104	12 104	12 642
Vote 3 - INTERNAL AUDIT		11 930	10 893	11 651	22 552	17 087	17 087	17 640	18 574	19 413
Vote 4 - OPERATIONS MANAGEMENT		57 290	44 509	47 250	58 916	57 967	57 967	59 113	60 929	63 687
Vote 5 - CORPORATE SUPPORT SERVICES		131 769	122 623	123 487	220 438	170 264	170 264	267 169	261 901	272 623
Vote 6 - FINANCIAL MANAGEMENT SERVICES		359 962	313 000	361 198	340 213	314 971	314 971	334 643	376 802	382 019
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		223 037	229 425	209 617	219 615	206 777	206 777	204 185	226 659	235 491
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		387 760	419 779	406 096	364 260	473 202	473 202	434 816	392 103	388 477
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		60 472	67 025	62 040	72 144	66 452	66 452	75 325	83 177	86 953
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		12 543	14 651	14 042	22 363	20 659	20 659	20 953	22 294	23 301
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		1 777 383	2 003 740	2 178 860	2 197 149	2 292 853	2 292 853	2 560 599	2 739 385	2 946 941
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	3 083 279	3 290 854	3 475 648	3 600 016	3 704 196	3 704 196	4 066 603	4 271 288	4 512 439
Surplus/(Deficit) for the year	2	8 472	(65 240)	46 146	105 163	64 845	64 845	251 809	520 780	613 046

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Mogale City. This means it is possible to present the operating surplus or deficit of a vote.

Table 10: MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
Revenue										
Exchange Revenue										
Service charges - Electricity	2	950 080	1 026 785	1 161 151	1 217 789	1 203 500	1 203 500	1 454 450	1 761 209	1 917 411
Service charges - Water	2	379 014	388 068	413 767	435 595	416 246	416 246	454 562	487 764	510 201
Service charges - Waste Water Management	2	202 369	211 061	231 287	249 710	256 868	256 868	281 183	302 319	316 226
Service charges - Waste Management	2	107 238	113 570	118 999	124 201	120 282	120 282	127 499	133 364	139 498
Sale of Goods and Rendering of Services						18 353	18 353	27 455	28 397	29 381
Agency services		20 178	25 125	22 305	20 078	30 557	30 557	32 391	33 881	35 439
Interest										
Interest earned from Receivables		46 723	33 440	50 781	49 040	82 298	82 298	87 236	91 249	95 446
Interest earned from Current and Non Current Assets		2 537	3 899	2 589	2 086	3 894	3 894	4 128	4 318	4 517
Dividends		28	23	28						
Rent on Land						177	177	188	196	205
Rental from Fixed Assets		7 471	5 866	5 112	4 054	6 501	6 501	6 891	7 208	7 540
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		81 524	41 554	70 526	40 952	29 506	29 505	37 747	38 555	19 219
Non-Exchange Revenue										
Property rates	2	563 272	504 064	548 628	561 193	610 492	610 492	647 121	676 889	708 026
Surcharges and Taxes						20 685	20 685	21 926	22 935	23 990
Fines, penalties and forfeits		38 416	109 732	62 491	74 918	62 517	62 517	116 268	117 123	118 108
Licences or permits		9	32	33	35	84	84	89	93	98
Transfer and subsidies - Operational		443 814	551 727	515 775	585 234	583 140	583 140	643 511	698 750	773 443
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets										
Other Gains		40 104	6 704	22 936						
Discontinued Operations										
Total Revenue (excluding capital transfers and contri		2 882 773	3 021 652	3 226 406	3 364 895	3 445 101	3 445 101	3 942 644	4 404 250	4 698 748
Expenditure										
Employee related costs	2	833 427	857 225	850 483	1 082 636	993 067	993 067	1 012 780	1 149 354	1 198 932
Remuneration of councillors		33 586	34 492	33 922	37 820	40 757	40 757	42 958	44 934	47 001
Bulk purchases - electricity	2	734 153	804 318	952 533	1 047 604	1 017 604	1 017 604	1 207 387	1 328 126	1 460 938
Inventory consumed	8	346 486	368 622	393 761	388 338	459 094	459 094	501 587	538 496	577 565
Debt impairment	3	243 916	214 114	266 202	261 769	225 904	225 904	351 265	362 396	350 645
Depreciation and amortisation		242 048	245 657	255 962	247 278	271 047	271 047	271 047	252 235	263 586
Interest		49 378	38 463	27 495	27 139	27 208	27 208	24 208	28 460	29 769
Contracted services		402 325	546 541	545 654	335 120	444 778	444 778	423 740	342 183	348 798
Transfers and subsidies		1 701	346	1 886	3 140	3 239	3 239	5 861	3 278	3 426
Irrecoverable debts written off										
Operational costs		196 258	181 076	147 750	169 179	221 496	221 496	225 769	221 825	231 779
Losses on disposal of Assets										
Other Losses				83	2	1	1	1	1	1
Total Expenditure		3 083 279	3 290 854	3 475 648	3 600 016	3 704 196	3 704 196	4 086 603	4 271 288	4 512 439
Surplus/(Deficit)		(200 506)	(269 202)	(249 243)	(235 130)	(259 094)	(259 094)	(123 959)	132 962	186 309
Transfers and subsidies - capital (monetary	6	208 978	203 961	235 388	340 293	323 939	323 939	375 768	387 818	426 737
Transfers and subsidies - capital (in-kind)	6									
Surplus/(Deficit) after capital transfers & contributions		8 472	(65 240)	46 145	105 163	64 845	64 845	251 809	520 780	613 046
Income Tax										
Surplus/(Deficit) after income tax		8 472	(65 240)	46 145	105 163	64 845	64 845	251 809	520 780	613 046
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		8 472	(65 240)	46 145	105 163	64 845	64 845	251 809	520 780	613 046
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/(Deficit) for the year	1	8 472	(65 240)	46 145	105 163	64 845	64 845	251 809	520 780	613 046

Table 11: MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification, and funding source

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGER'S OFFICE		—	—	—	51	—	—	—	—	—	—
Vote 3 - INTERNAL AUDIT		—	—	—	44	10	10	10	—	—	—
Vote 4 OPERATIONS MANAGEMENT		—	—	—	80	—	—	—	986	14 679	6 960
Vote 5 - CORPORATE SUPPORT SERVICES		24	—	—	300	—	—	—	—	—	—
Vote 6 - FINANCIAL MANAGEMENT SERVICES		31 299	7 249	35 572	96 054	2 930	2 930	2 930	9 928	—	9 928
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		25 754	5 897	4 230	25 630	9 276	9 276	9 276	15 850	14 000	45 000
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		10 000	5 564	10 701	405	28 816	28 816	28 816	40 000	30 000	174 701
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		—	—	—	—	—	—	—	159 701	219 435	154 888
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		100 440	94 079	161 232	92 670	68 193	68 193	68 193	60 033	143 995	154 888
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		—	—	—	—	—	—	—	—	—	—
Vote 12 - (NAME OF VOTE 12)		—	—	—	—	—	—	—	—	—	—
Vote 13 - (NAME OF VOTE 13)		—	—	—	—	—	—	—	—	—	—
Vote 14 - (NAME OF VOTE 14)		—	—	—	—	—	—	—	—	—	—
Vote 15 - (NAME OF VOTE 15)		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	167 518	112 559	211 734	215 214	109 226	109 226	109 226	286 497	416 108	391 477
Single-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL COUNCIL		—	743	1 676	—	181	181	181	60	15	—
Vote 2 - MUNICIPAL MANAGER'S OFFICE		—	—	44	—	—	—	—	500	—	—
Vote 3 - INTERNAL AUDIT		—	177	109	—	151	151	151	100	—	—
Vote 4 OPERATIONS MANAGEMENT		239	—	693	—	154	154	154	253	150	—
Vote 5 - CORPORATE SUPPORT SERVICES		258	—	1 349	30	90	90	90	—	5 400	2 450
Vote 6 - FINANCIAL MANAGEMENT SERVICES		849	855	4 129	30	2 697	2 697	2 697	608	—	—
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		785	33 085	2 534	24 057	67 203	67 203	67 203	3 290	26 500	5 000
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		1 908	18 952	12 742	6 000	20 802	20 802	20 802	6 129	107	43 241
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		31 135	17 034	67 858	40 000	25 360	25 360	25 360	550	5 520	—
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		—	—	—	—	23 843	23 843	23 843	39 210	5 200	—
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		22 543	42 224	27 638	139 000	121 221	121 221	121 221	111 686	91 748	27 697
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		57 895	110 108	119 173	209 177	261 703	261 703	261 703	164 385	135 680	78 385
Total Capital Expenditure - Vote		225 413	222 668	330 907	424 391	370 929	370 928	370 928	450 885	551 788	469 865
Capital Expenditure - Functional											
Governance and administration		1 548	1 398	8 000	75 515	45 295	45 295	45 295	82 217	96 591	84 410
Executive and council		—	743	1 720	—	181	181	181	30 270	5 215	—
Finance and administration		1 370	555	6 171	75 454	44 952	44 952	44 952	51 947	91 376	84 410
Internal audit		—	—	109	51	151	151	151	100	—	—
Community and public safety		71 848	41 074	33 215	81 630	47 651	47 651	47 651	45 447	7 258	64 317
Community and social services		30 033	22 059	17 050	41 610	34 563	34 563	34 563	12 569	2 258	34 390
Sport and recreation		10 504	9 109	9 109	40 000	13 088	13 088	13 088	32 888	5 000	28 928
Public safety		—	—	—	—	—	—	—	—	—	—
Housing		31 111	9 908	7 034	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		58 852	64 551	155 283	92 375	142 932	142 932	142 932	159 121	180 421	191 701
Planning and development		10 476	10 399	78 704	70 976	99 308	99 308	99 308	147 243	159 371	164 701
Road transport		48 376	54 152	76 579	21 500	43 623	43 623	43 623	11 879	21 050	27 000
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		93 275	115 291	128 468	173 871	135 051	135 051	135 051	164 100	267 518	126 437
Energy services		18 054	34 892	18 513	34 600	36 600	36 600	36 600	49 534	80 719	35 488
Water management		55 789	49 171	51 709	49 160	25 721	25 721	25 721	53 065	40 471	27 000
Waste water management		676	8 882	29 470	35 000	37 095	37 095	37 095	56 095	50 949	15 000
Waste management		18 716	22 248	28 793	55 111	35 635	35 635	35 635	31 500	90 234	1 000
Other		90	380	5 923	1 500	—	—	—	—	—	—
Total Capital Expenditure - Functional	3	225 413	222 668	330 907	424 391	370 928	370 928	370 928	450 885	551 788	469 865
Funded by:											
National Government		169 274	180 822	202 836	264 794	215 963	215 963	215 963	244 067	235 859	264 887
Provincial Government		38 053	23 140	92 552	75 500	107 976	107 976	107 976	131 701	151 959	161 850
District Municipality		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind)		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	208 227	203 961	295 388	340 293	323 939	323 939	323 939	375 768	387 818	426 737
Borrowing	6										
Internally generated funds		17 166	18 733	35 519	84 098	46 989	46 989	46 989	75 117	163 970	43 129
Total Capital Funding	7	225 413	222 668	330 907	424 391	370 928	370 928	370 928	450 885	551 788	469 865

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 12: MBRR Table A6 - Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		98 330	64 924	141 857	122 077	1 239	1 239	1 239	16 358	20 240	33 922
Trade and other receivables from exchange transactions	1	320 189	348 313	442 188	115 463	380 776	380 776	380 776	468 719	490 310	517 277
Receivables from non-exchange transactions	1	198 844	276 310	277 423	120 307	303 182	303 182	303 182	294 069	311 713	328 857
Current portion of non-current receivables	2	—	—	—	85	85	85	85	—	—	—
Inventory		17 028	15 337	5 874	15 337	15 337	15 337	15 337	13 471	18 602	23 684
VAT		22 542	44 334	43 910	295 224	295 224	295 224	295 224	46 940	50 179	53 642
Other current assets		99	95	97	—	—	—	—	19	—	—
Total current assets		657 034	749 304	911 269	675 403	996 842	996 842	996 842	841 576	900 643	957 681
Non current assets											
Investments		575	599	516	599	599	599	599	599	599	599
Investment property		692 045	687 975	714 605	698 724	698 724	698 724	698 724	698 724	698 724	698 724
Property, plant and equipment	3	5 716 793	5 014 597	5 054 273	5 840 417	5 770 373	5 770 373	5 770 373	6 703 553	7 003 639	7 210 475
Biological assets		—	—	—	—	—	—	—	—	—	—
Living and non-living resources		2 378	2 735	3 167	2 735	2 735	2 735	2 735	2 735	2 735	2 735
Heritage assets		2 450	2 450	2 450	—	—	—	—	2 450	2 450	2 450
Intangible assets		5 045	3 048	3 501	3 022	3 022	3 022	3 022	8 022	8 022	8 022
Trade and other receivables from exchange transactions		—	—	—	—	—	—	—	—	—	—
Non-current receivables from non-exchange transactions		—	—	—	—	—	—	—	—	—	—
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		6 419 287	6 311 401	6 378 073	6 545 496	6 475 452	6 475 452	6 475 452	7 416 082	7 716 168	7 923 085
TOTAL ASSETS		7 076 321	7 060 705	7 289 342	7 220 899	7 472 295	7 472 295	7 472 295	8 257 658	8 616 211	8 880 766
LIABILITIES											
Current liabilities											
Bank overdraft		—	—	—	—	—	—	—	—	—	—
Financial liabilities		58 430	42 907	30 789	42 905	42 905	42 905	42 905	32 202	33 680	35 377
Consumer deposits		73 272	76 455	80 077	76 455	76 455	76 455	76 455	65 603	61 509	67 823
Trade and other payables from exchange transactions	4	890 650	881 088	1 234 141	896 110	986 110	986 110	986 110	1 314 360	1 368 650	1 462 915
Trade and other payables from non-exchange transactions	5	81 032	101 590	110 431	81 403	81 403	81 403	81 403	118 051	125 724	132 630
Provision		17 531	8 447	289	98 035	98 035	98 035	98 035	16 031	17 073	18 182
VAT		—	—	—	—	—	—	—	—	—	—
Other current liabilities		24 809	51 690	21 399	—	—	—	—	—	—	—
Total current liabilities		1 246 070	1 262 646	1 477 126	1 294 967	1 294 967	1 294 967	1 294 967	1 566 246	1 654 633	1 748 956
Non current liabilities											
Financial liabilities	6	263 080	220 122	189 333	189 428	189 428	189 428	189 428	157 131	125 308	89 730
Provision	7	377 312	337 992	325 383	388 828	388 828	388 828	388 828	357 301	369 158	381 558
Long term portion of trade payables		—	—	—	—	—	—	—	—	—	—
Other non-current liabilities		—	—	—	—	—	—	—	—	—	—
Total non current liabilities		640 392	558 114	514 716	578 256	578 256	578 256	578 256	514 431	494 466	471 288
TOTAL LIABILITIES		1 886 462	1 820 760	1 991 842	1 873 223	1 873 223	1 873 223	1 873 223	2 080 677	2 149 100	2 220 244
NET ASSETS		5 200 359	5 239 945	5 298 100	5 347 676	5 599 071	5 599 071	5 599 071	6 176 981	6 467 112	6 659 442
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	5 200 830	5 205 489	5 256 105	5 347 765	5 599 071	5 599 071	5 599 071	6 176 981	6 467 112	6 659 442
Reserves and funds	9	28 514	34 457	41 647	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	10	5 229 344	5 239 946	5 298 106	5 347 765	5 599 071	5 599 071	5 599 071	6 176 981	6 467 112	6 659 442

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.
- 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 13: MBRR Table A7 - Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		563 272	504 064	548 628	561 193	525 875	525 875	525 875	575 938	622 738	658 464
Service charges		1 642 279	1 742 667	1 928 826	1 841 178	1 872 916	1 872 916	1 872 916	2 062 747	2 469 883	2 681 503
Other revenue		45 887	115 598	67 603	263 770	431 666	431 666	431 666	509 786	536 711	565 524
Transfers and Subsidies - Operational	1	449 200	552 269	514 719	585 234	583 140	583 140	583 140	643 511	698 750	773 443
Transfers and Subsidies - Capital	1	209 940	234 340	265 887	340 293	307 358	307 358	307 358	375 768	387 818	426 737
Interest		49 260	37 339	53 370	51 125	86 192	86 192	86 192	91 364	95 567	99 963
Dividends		26	23	26	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(2 632 749)	(2 992 763)	(2 937 185)	(3 208 491)	(3 526 829)	(3 526 829)	(3 526 829)	(3 727 441)	(4 181 738)	(4 660 725)
Finance charges		(49 378)	(38 463)	(27 495)	(27 139)	(27 208)	(27 208)	(27 208)	(24 208)	(28 460)	(29 769)
Transfers and Subsidies	1	(1 701)	(346)	(1 886)	(3 140)	(8 664)	(8 664)	(8 664)	(5 861)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		276 037	154 728	412 492	404 023	244 445	244 445	244 445	501 603	597 991	511 714
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		978	3 310	4 281					–	–	–
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(189 047)	(133 270)	(296 893)	(424 391)	(354 347)	(354 347)	(354 347)	(450 885)	(551 788)	(469 865)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(450 885)	(551 788)	(469 865)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	37 662	(33 412)	76 912	(51 064)	(140 598)	(140 598)	(140 598)	17 119	10 882	4 682
Cash/cash equivalents at the year end:	2	60 674	98 336	64 924	64 925	141 837	141 837	141 837	1 239	18 358	29 240
	2	98 336	64 924	141 837	13 861	1 239	1 239	1 239	18 358	29 240	33 922

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 2023/24 at R19 million, then an increases during 2024/25 financial year to R30 million and increases over the MTREF to R35 million.

Table 14: MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	98 336	64 924	141 837	13 861	1 239	1 239	1 239	18 358	29 240	33 922
Other current investments > 90 days		575	599	516	599	599	599	599	599	599	599
Investments - Property, plant and equipment	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		98 912	65 523	142 353	14 460	1 838	1 838	1 838	18 957	29 839	34 521
Application of cash and investments											
Trade payables from Non-exchange transactions: Other		80 671	101 999	110 431	91 403	91 403	91 403	91 403	118 051	125 724	132 639
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	22 542	44 334	43 910	296 224	296 224	296 224	296 224	46 940	50 179	53 642
Other working capital requirements	3	990 888	981 088	1 234 141	568 213	487 835	487 835	480 815	870 096	901 144	955 563
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	28 514	34 457	41 647	-	-	-	-	-	-	-
Total Application of cash and investments:		1 122 815	1 161 878	1 430 129	955 839	875 461	875 461	868 441	1 035 087	1 077 047	1 141 844
Surplus(shortfall)		(1 023 703)	(1 096 354)	(1 287 776)	(941 380)	(873 623)	(873 623)	(866 603)	(1 016 130)	(1 047 208)	(1 107 323)

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 2023/2024 MTREF proposed budget to be adopted and approved by council to mitigate the unfunded budget in long term.**
5. **Cash and investments available are not enough to meet the municipality liabilities.**

Table 15: MBRR Table A9 - Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	178 532	166 154	201 610	292 277	248 544	248 544	361 994	316 774	292 916
Roads Infrastructure		26 685	30 473	36 689	-	-	-	3 449	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		18 066	29 479	18 513	20 000	4 600	4 600	49 534	71 610	35 488
Water Supply Infrastructure		55 688	55 961	126 357	10 160	81 198	81 198	200 894	149 701	174 701
Sanitation Infrastructure		182	-	6 966	35 000	38 588	38 588	-	10 000	-
Solid Waste Infrastructure		14 606	21 810	-	-	100	100	-	9 300	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	8 050	4 550
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		115 226	137 723	188 525	65 160	124 486	124 486	253 877	248 681	214 739
Community Facilities		8 234	5 697	2 876	22 500	8 738	8 738	24 859	9 758	12 390
Sport and Recreation Facilities		16 553	9 262	476	-	-	-	15 000	5 150	6 000
Community Assets		24 787	14 959	3 352	22 500	8 738	8 738	39 859	14 908	18 390
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	40 000	53 711	53 711	40 000	30 000	45 000
Operational Buildings		-	-	-	-	-	-	-	2 000	-
Housing		31 111	9 908	-	-	-	-	-	-	-
Other Assets		31 111	9 908	-	40 000	53 711	53 711	40 000	32 000	45 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		90	400	3 860	-	-	-	-	11 600	3 600
Intangible Assets		90	400	3 860	-	-	-	-	11 600	3 600
Computer Equipment		7 202	1 119	5 204	1 177	23 375	23 375	3 199	1 202	781
Furniture and Office Equipment		116	-	145	385	971	971	160	1 984	429
Machinery and Equipment		-	1 302	524	6 055	730	730	2 998	6 420	50
Transport Assets		-	743	-	157 000	36 533	36 533	21 900	-	9 928
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	27 491	38 299	12 135	110 514	121 384	121 384	88 892	222 514	142 949
Roads Infrastructure		4 485	13 256	-	21 500	38 428	38 428	8 000	20 000	22 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	32 000	32 000	-	9 109	-
Water Supply Infrastructure		-	-	-	-	-	-	-	32 771	12 000
Sanitation Infrastructure		-	-	-	-	-	-	30 000	35 000	50 949
Solid Waste Infrastructure		-	-	-	70 014	37 456	37 456	30 000	80 634	15 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		4 485	13 256	-	91 514	107 884	107 884	68 000	177 514	99 949
Community Facilities		22 553	20 042	12 135	17 000	4 000	4 000	6 000	-	8 000
Sport and Recreation Facilities		-	-	-	2 000	9 500	9 500	-	-	-
Community Assets		22 553	20 042	12 135	19 000	13 500	13 500	6 000	-	8 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		453	5 001	-	-	-	-	14 892	45 000	35 000
Housing		-	-	-	-	-	-	-	-	-
Other Assets		453	5 001	-	-	-	-	14 892	45 000	35 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-

Table 15: MBRR Table A9 - Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
Total Upgrading of Existing Assets	6	19 390	18 241	117 163	21 600	1 000	1 000	-	12 500	34 000
Roads Infrastructure		11 911	5 290	39 798	-	-	-	-	1 000	5 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	3 152	-	4 600	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	22 000	-	-	-	-	10 000	-
Solid Waste Infrastructure		4 543	9 419	29 209	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		16 454	17 861	91 008	4 600	-	-	-	11 000	5 000
Community Facilities		2 935	-	11 957	16 000	-	-	-	-	8 000
Sport and Recreation Facilities		-	-	8 275	-	-	-	-	-	20 000
Community Assets		2 935	-	20 232	16 000	-	-	-	-	28 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	380	5 923	1 000	1 000	1 000	-	-	1 000
Other Assets		-	380	5 923	1 000	1 000	1 000	-	-	1 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	1 500	-
Intangible Assets		-	-	-	-	-	-	-	1 500	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	225 413	222 695	330 907	424 391	370 928	370 928	450 885	551 788	469 865
Roads Infrastructure		43 081	49 020	76 487	21 500	38 428	38 428	11 449	21 000	27 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		18 066	32 631	18 513	24 600	36 600	36 600	49 534	80 719	35 488
Water Supply Infrastructure		55 688	55 961	126 357	10 160	81 198	81 198	200 894	182 472	186 701
Sanitation Infrastructure		182	-	28 966	35 000	38 588	38 588	30 000	55 000	50 949
Solid Waste Infrastructure		19 149	31 229	29 209	70 014	37 556	37 556	30 000	89 934	15 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	8 050	4 550
Infrastructure		136 166	168 841	279 533	161 274	232 370	232 370	321 877	437 174	319 688
Community Facilities		33 723	25 739	26 968	55 500	12 738	12 738	30 859	9 758	28 390
Sport and Recreation Facilities		16 553	9 262	8 751	2 000	9 500	9 500	15 000	5 150	26 000
Community Assets		50 276	35 001	35 719	57 500	22 238	22 238	45 859	14 908	54 390
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		453	5 001	-	40 000	53 711	53 711	54 892	75 000	80 000
Housing		31 111	10 289	5 923	1 000	1 000	1 000	-	2 000	1 000
Other Assets		31 564	15 290	5 923	41 000	54 711	54 711	54 892	77 000	81 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		90	400	3 860	-	-	-	-	13 100	3 600
Intangible Assets		90	400	3 860	-	-	-	-	13 100	3 600
Computer Equipment		7 202	1 119	5 204	1 177	23 375	23 375	3 199	1 202	781
Furniture and Office Equipment		116	-	145	385	971	971	160	1 984	429
Machinery and Equipment		-	1 302	524	6 055	730	730	2 998	6 420	50
Transport Assets		-	743	-	157 000	36 533	36 533	21 900	-	9 928
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		225 413	222 695	330 907	424 391	370 928	370 928	450 885	551 788	469 865

Table 15: MBRR Table A9 - Asset Management

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CAPITAL EXPENDITURE											
ASSET REGISTER SUMMARY - PPE (WDV)		5	6 418 712	6 308 008	6 374 970	6 544 897	6 474 853	6 474 853	6 703 553	7 003 639	7 210 475
Roads Infrastructure			2 164 002	2 141 751	2 134 784	25 108	28 036	28 036	29 687	24 042	18 548
Storm water Infrastructure			—	—	—	10 114	10 114	10 114	10 114	15 114	25 114
Electrical Infrastructure			1 025 258	992 502	988 075	5 697 879	5 699 879	5 699 879	5 699 756	5 708 521	5 674 509
Water Supply Infrastructure			605 780	606 885	614 175	80 160	83 786	83 786	149 351	98 994	65 216
Sanitation Infrastructure			570 010	539 385	519 349	35 000	35 000	35 000	30 261	48 675	62 190
Solid Waste Infrastructure			—	—	—	54 591	49 863	49 863	19 863	103 973	112 302
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			4 365 046	4 280 521	4 238 383	5 902 852	5 906 678	5 906 678	5 929 033	5 999 319	5 957 879
Community Assets			1 057 136	1 065 627	1 164 754	41 306	(25 580)	(25 580)	21 892	149 136	324 577
Heritage Assets			2 450	2 450	2 450	—	—	—	2 450	2 450	2 450
Investment properties			692 045	667 975	714 685	698 724	698 724	698 724	698 724	698 724	698 724
Other Assets			257 908	212 571	198 805	20 427	9 358	9 358	10 274	90 519	158 519
Biological or Cultivated Assets			2 378	—	—	2 735	2 735	2 735	2 735	2 735	2 735
Intangible Assets			5 045	3 048	3 561	3 022	3 022	3 022	8 022	8 022	8 022
Computer Equipment			6 444	4 601	2 546	(18 623)	(15 496)	(15 496)	9 308	28 031	30 889
Furniture and Office Equipment			9 998	8 005	7 045	(143 189)	(143 405)	(143 405)	7 923	8 991	9 053
Machinery and Equipment			1 687	1 787	1 219	5 305	6 095	6 095	7 284	14 781	15 744
Transport Assets			3 611	2 962	6 599	32 353	32 724	32 724	6 908	2 932	1 884
Land			14 342	38 522	37 923	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
Living Resources			—	2 735	3 187	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	6 418 712	6 310 602	6 378 187	6 544 897	6 474 853	6 474 853	6 703 553	7 003 639	7 210 475
EXPENDITURE OTHER ITEMS			327 959	724 652	651 238	350 000	660 220	660 220	958 250	993 638	1 037 847
Depreciation		7	241 557	245 639	247 950	237 285	238 767	238 767	238 767	251 702	203 029
Repairs and Maintenance by Asset Class		3	86 402	479 013	413 279	112 715	621 453	621 453	717 484	741 936	774 818
Roads Infrastructure			31 501	71 549	116 455	11 721	39 233	39 233	38 806	40 618	42 449
Storm water Infrastructure			—	—	—	—	—	—	—	—	—
Electrical Infrastructure			54 671	124 284	154 943	15 752	103 659	103 659	104 669	106 535	111 332
Water Supply Infrastructure			—	—	—	36 741	52 939	52 939	48 015	50 319	51 770
Sanitation Infrastructure			—	139 188	65 426	33 217	88 462	88 462	63 592	63 668	71 011
Solid Waste Infrastructure			—	—	—	—	—	—	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			86 172	335 021	338 624	97 432	264 293	264 293	255 082	261 139	277 361
Community Facilities		4	53 114	49 782	49 782	5 744	54 754	54 754	49 247	61 369	64 133
Sport and Recreation Facilities			190	8 406	9 050	175	10 641	10 641	11 280	11 809	12 340
Community Assets			194	61 620	58 842	6 919	65 394	65 394	60 527	79 178	76 473
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			—	81 147	16 169	4 657	29 776	29 776	48 992	44 759	47 061
Housing			—	—	—	—	—	—	—	—	—
Other Assets			—	81 147	16 169	4 657	29 776	29 776	48 992	44 759	47 061
Biological or Cultivated Assets			—	—	—	200	200	200	—	—	—
Services			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—	—	—
Computer Equipment			—	—	—	—	—	—	—	—	—
Furniture and Office Equipment			—	—	—	—	—	—	—	—	—
Machinery and Equipment			—	—	—	110	74 458	74 458	74 285	69 423	83 799
Transport Assets			—	—	—	3 326	186 474	186 474	274 268	288 918	288 918
Land		36	—	1 324	1 444	1 072	858	858	4 337	1 449	1 510
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
Mature			—	—	—	—	—	—	—	—	—
Immature			—	—	—	—	—	—	—	—	—
Living Resources			—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS			327 959	724 652	651 238	350 000	660 220	660 220	958 250	993 638	1 037 847
Renewal and upgrading of Existing Assets as % of total capex			20,6%	25,4%	39,7%	31,7%	33,0%	33,0%	19,7%	42,6%	37,7%
Renewal and upgrading of Existing Assets as % of depren			19,4%	23,0%	52,1%	58,7%	51,3%	51,3%	37,2%	93,4%	67,3%
R&M as a % of PPE			1,5%	8,5%	7,3%	1,0%	10,8%	10,8%	12,4%	11,7%	11,7%
Renewal and upgrading and R&M as a % of PPE			2,0%	8,0%	9,0%	4,0%	11,0%	11,0%	12,0%	14,0%	13,0%

Explanatory notes to Table A9 - Asset Management

- 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.
- 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.
- The renewal of existing assets as a percentage of total capital budget is projected to be 19.7% during 2023/24 financial year and increases to 37,7% over MTREF. Repairs & Maintenance as a percentage of PPE for 2023/24 is 12.4% and decreases over the MTREF to 11.1%.
- Renewal and Upgrading & Repairs & Maintenance as a percentage of PPE is at 12% for 2023/24 and increases to 13% over the MTREF budget.

Table 16: MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets	1									
Water:										
Piped water inside dwelling		71 482	72 121	72 439	76 058	76 058	76 058	79 861	83 854	88 047
Piped water inside yard (but not in dwelling)		—	—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	2	5 405	11 291	11 291	11 614	11 614	11 614	12 405	13 029	13 676
Other water supply (at least min.service level)	4	8 450	9 831	9 831	10 323	10 323	10 323	10 839	11 361	11 950
Minimum Service Level and Above sub-total		85 340	93 243	93 518	96 195	96 195	96 195	103 105	108 260	113 673
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	85 340	93 243	93 518	96 195	96 195	96 195	103 105	108 260	113 673
Sanitation services:										
Flush toilet (connected to sewerage)		71 482	72 121	72 439	76 058	76 058	76 058	79 861	83 854	88 046
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		13 858	21 112	21 082	22 136	22 136	22 136	23 243	24 405	25 625
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		85 340	93 243	93 518	96 194	96 194	96 194	103 104	108 259	113 671
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		13 858	21 112	21 082	22 136	22 136	22 136	23 243	24 405	25 625
No toilet provisions		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		13 858	21 112	21 082	22 136	22 136	22 136	23 243	24 405	25 625
Total number of households	6	99 198	114 345	114 600	120 330	120 330	120 330	128 347	132 664	139 298
Electricity:										
Electricity (at least min.service level)		10 375	16 830	16 646	20 511	20 511	20 511	22 562	24 616	27 300
Electricity - prepaid (min.service level)		8 580	8 478	9 564	10 520	10 520	10 520	11 572	12 729	14 002
Minimum Service Level and Above sub-total		24 956	26 008	26 210	31 031	31 031	31 031	34 134	37 547	41 302
Electricity (< min.service level)		9 856	8 316	3 303	3 633	3 633	3 633	3 996	4 366	4 838
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		9 856	8 316	3 303	3 633	3 633	3 633	3 996	4 366	4 838
Total number of households	5	34 824	34 334	31 513	34 664	34 664	34 664	38 130	41 943	46 138
Refuse:										
Removed at least once a week		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		18 000	18 000	18 000	18 362	18 362	18 362	20 198	22 218	24 440
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		18 000	18 000	18 000	18 362	18 362	18 362	20 198	22 218	24 440
Total number of households	5	18 000	18 000	18 000	18 362	18 362	18 362	20 198	22 218	24 440
Households receiving Free Basic Services	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Informal Settlements										
Cost of Free Basic Services provided - Formal Settlements (R000)										
Water (6 kilolitres per indigent household per month)		515 008	514 318	560 446	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		19 622 528	20 378 291	20 747 221	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		1 251 493	2 262 483	2 667 855	2 667 855	2 667 855	2 667 855	2 667 855	2 667 855	2 667 855
Refuse (removed once a week for indigent households)		15 175 576	14 205 061	13 970 340	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Settlements (R000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided	8	—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		0	0	0	0	0	0	0	0	0
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
Revenue cost of subsidised services provided (R000)	9									
Property rates (net of adjustments) (impermissible values per section 17 of MPRSA)		15	15	15	15	15	15	15	15	15
Property rates, exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRSA		331 767	328 659	339 670	14 750	14 750	14 750	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	6	331 767	328 674	339 685	14 765	14 765	14 765	15	15	15

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 and the municipality is in a process of procuring trucks to eliminate outsourcing the service.
 - Water services – (below minimum service level) 10 813 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 10 813 households mostly for Informal Settlements in rural areas.
 - Electricity services – 3 996 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.

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 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, considering 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 29 July 2022. Key dates applicable to the process were:

ACTIVITIES	RESPONSIBLE	DATES
PLANNING PROCESS		
Preparation for Revised IDP process plan	IDP	July 2022
IDP Technical Forum	IDP	July 2022
Tabling of the 2023/24 IDP/Budget Process Plan to EXCO/Budget Committee for recommendation for approval	IDP	August 2022
Adoption of IDP/ Budget Process Plan for 2023/2024 IDP/Budget.	Council	August 2022
Public notice of the adopted IDP/Budget Process Plan for 2023/24 IDP/Budget Review	IDP	September 2022
Submission of the IDP Process Plan to MEC for Local Government, National & Provincial Treasury Departments	IDP	September 2022
STATUS ANALYSIS PHASE		
Demographic & Service Delivery data analysis	IDP	September 2022
Socio-Economic data analysis	EDS, CDS & IDP	September 2022
Institutional data analysis	CDS& IDP	September 2022
Spatial data analysis	EDS& IDP	September 2022
Environmental sustainability data analysis	DIEM & IDP	September 2022
IDP Technical Forum	IDP	September 2022

ACTIVITIES	RESPONSIBLE	DATES
PUBLIC CONSULTATION PHASE		
Review of 2022/23 public participation to determine the following: <ul style="list-style-type: none"> What needs to be improved for the public participation? What are the possible alternatives for the next public participation? 	EM: SMS; IDP and Public Participation office.	October 2022
Present draft Mayoral Roadshow Presentations to Mayoral Committee	EM: SMS; IDP and Public Participation office.	Oct / Nov 2022
Public Participation - IDP Roadshows/Virtual Presentations	IDP & Public Participation Office;	Nov/Dec 2022
IDP Roadshow Report. <ol style="list-style-type: none"> List of community priority needs List of all community needs submitted to departments for consideration 	IDP	December 2022
IDP Technical Forum	IDP	Jan 2023
STRATEGIC ALIGNMENT PHASE		
Vision and Mission	All Departments	Jan/Feb 2023
Objectives and development priorities	All Departments	Jan/Feb 2023
Priority Programme and Project Identification	All Departments	Jan/Feb 2023
PERFORMANCE AND BUDGET REVIEW PHASE		
Submission of Mid-year performance report	M&E	Jan/Feb 2023
Adjustment Budget	BTO	Feb 2023
Municipal Strategic Analysis	MAYCO/EXCO	Jan/Feb2023
PROGRAMME AND PROJECTS PHASE		
Priority Programmes and Projects	All Departments	Feb 2023
IDP Technical Forum	IDP	Feb 2023
2022/23 Adjustment Budget	BTO	Feb 2023

ACTIVITIES	RESPONSIBLE	DATES
CAPEX and OPEX costing	BTO	March 2023
<ul style="list-style-type: none"> Agreement on changes proposed by Executive Mayor and Councillors on IDP/Budget 	BTO	March 2023
ALIGNMENT OF NATIONAL & PROVINCIAL PROGRAMMES PHASE		
Consideration and ensuring that MEC comments are addressed	IDP	1-15 March 2023
Integration and Alignment of sectoral plans into the IDP	IDP	1-15 March 2023
Integration and Alignment of operational plans into the IDP	All Departments	March 2023
FINAL CONSULTATION AND APPROVAL		
<ul style="list-style-type: none"> Tabling of the draft IDP/Budget 	IDP/Budget	March 2023
<ul style="list-style-type: none"> Public Participation - IDP Roadshows/Virtual Presentations 	IDP, CC & CC	April/May 2023
<ul style="list-style-type: none"> IDP Roadshow Report. List of community priority needs. List of all community needs submitted to municipality departments for consideration 	IDP	April/May 2023
<ul style="list-style-type: none"> IDP Technical Forum 	IDP	May 2023
<ul style="list-style-type: none"> Tabling of Annual IDP/Budget/SDBIP for consideration/ adoption. 	Council	May / June 2023
<ul style="list-style-type: none"> Submission of the approved IDP to the MEC of Local Government 	IDP Division	June 2023

Activities, Responsibilities and Timeframe for IDP Process Plan

2.2 OVERVIEW OF BUDGET RELATED POLICIES

2.2.1 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 the additions and amendments are highlighted in red. There are 8 new policies as listed below.

2.2.2 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 33.

Annexure 1: Reviewed Property Rates Policy

Annexure 2: Reviewed Property Rates By-Law

Annexure 3: Reviewed Supply Chain Management

Annexure 4: Procurement Preferential Policy (**new**)

Annexure 5: Reviewed Credit Control and Debt Collection Policy

Annexure 6: Tariff Policy (**new**)

Annexure 7: Financial Misconduct Policy (**new**)

Annexure 8: Water and Sanitation Tariff Policy (**new**)

Annexure 9: Electricity Tariff Policy (**new**)

Annexure 10: Reviewed 2% Corporate Social Responsibility

Annexure 11: Reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy

Annexure 12: Reviewed Cash Management & Investment Policy

Annexure 13: Reviewed Borrowing Policy

Annexure 14: Reviewed Funding and reserves

Annexure 15: Reviewed Long Term Financial Plan Policy

Annexure 16: Reviewed Asset Management Policy

Annexure 17: Reviewed Indigent Management Policy

Annexure 18: Reviewed Employment Equity policy

Annexure 19: Reviewed Recruitment Policy

Annexure 20: Reviewed Overtime Policy

Annexure 21: Reviewed Grant in Aid Policy

Annexure 22: Reviewed Indigent Burial Policy

Annexure 23: Reviewed Liquidity Policy

Annexure 24: Reviewed Waste Management norm & standard policy **(new)**

Annexure 25: Reviewed Unclaimed Monies Policy

Annexure 26: Reviewed Cost Containment Policy

Annexure 27: Reviewed Budget Management Policy

Annexure 28: Reviewed Adjustment Budget Policy

Annexure 29: Reviewed Virement Policy

Annexure 30: Reviewed Cashier Shortages and Surpluses

Annexure 31: VAB Remuneration Policy VAB Members **(new)**

Annexure 32: Mogale City Local Municipality By-Laws for the control of outdoor advertising Signs and Hoardings **(new)**

Annexure 33: Capital project and Infrastructure investment policy **(new)**

2.3 OVERVIEW OF BUDGET ASSUMPTIONS

2.3.1 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 economic outlook faces a range of risks, including weaker-than-expected global growth, further disruptions to global supply chains and renewed inflationary pressures from the war in Ukraine, continued power cuts and a deterioration in port and rail infrastructure, widespread criminal activity, and any deterioration of the fiscal outlook. **(Source MFMA Circular No 123)**

GDP is expected to grow by 0.9 per cent in real terms in 2023, compared with an estimate of 1.4 per cent at the time of the medium-term budget policy statement (MTBPS), recovering slowly to 1.8 per cent in 2025. **(Source MFMA Circular No 123).**

2.3.2 Mogale City must table a funded budget to remain financially viable. 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. Security services costs.
- iii. Curb all revenue leaks.
- iv. Non-essential expenditures must be eliminated.
- v. Interest charged on late payments for bulk services, which result in fruitless expenditure.
- vi. Reduce irregular expenditure by tightening supply chain management processes.
- vii. All service delivery departments must develop business models that will increase revenue and minimise wastage.

2.3.3 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. Automate business services where possible to increase efficiencies and lower customer Costs.
8. Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
9. 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 8: Macroeconomic performance and projections, 2021-2026

Fiscal year	2021/22 Actual	2022/23 Estimate	2023/24	2024/25 Forecast	2025/26
CPI Inflation	4.9%	6.9%	5.3%	4.9%	4.7%

Source: 2023 Budget Review by Minister of Finance

2.3.4 Collection rate for service charges revenue

The rate of revenue collection is currently expressed as a percentage (89%) 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 to improve collection from all consumers that were put in place will continue to be implemented.

2.3.5 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. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 an increase based on the projected average CPI percentages for 2023, 5.4 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023). South African Local Government Bargaining Council (SALGBC), Mogale City has projected increase of 5.4% that is within the CPI; the other percentage of increase is due to insourcing and budget for critical vacancies.

2.3.6 Funding measurements

2.3.6.1 Table 9: Budgeted Cash Flows

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 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 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			563 272	504 064	548 628	561 193	525 875	525 875	525 875	575 938	622 738	658 464
Service charges			1 642 279	1 742 667	1 928 826	1 841 178	1 872 916	1 872 916	1 872 916	2 062 747	2 469 883	2 681 503
Other revenue			45 887	115 598	67 603	263 770	431 666	431 666	431 666	509 786	536 711	565 524
Transfers and Subsidies - Operational	1		449 200	552 269	514 719	585 234	583 140	583 140	583 140	643 511	698 750	773 443
Transfers and Subsidies - Capital	1		209 940	234 340	265 887	340 293	307 358	307 358	307 358	375 768	387 818	426 737
Interest			49 260	37 339	53 370	51 125	86 192	86 192	86 192	91 364	95 567	99 963
Dividends			26	23	26	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(2 632 749)	(2 992 763)	(2 937 185)	(3 208 491)	(3 526 829)	(3 526 829)	(3 526 829)	(3 727 441)	(4 181 738)	(4 660 725)
Finance charges			(49 378)	(38 463)	(27 495)	(27 139)	(27 208)	(27 208)	(27 208)	(24 208)	(28 460)	(29 769)
Transfers and Subsidies	1		(1 701)	(346)	(1 886)	(3 140)	(8 664)	(8 664)	(8 664)	(5 861)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES			276 037	154 728	412 492	404 023	244 445	244 445	244 445	501 603	597 991	511 714
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			978	3 310	4 281					-	-	-
Decrease (increase) in non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(189 047)	(133 270)	(296 893)	(424 391)	(354 347)	(354 347)	(354 347)	(450 885)	(551 788)	(469 865)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(450 885)	(551 788)	(469 865)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:	2		37 662	(33 412)	76 912	(51 064)	(140 598)	(140 598)	(140 598)	17 119	10 882	4 682
Cash/cash equivalents at the year end:	2		60 674	98 336	64 924	64 925	141 837	141 837	141 837	1 239	18 358	29 240
	2		98 336	64 924	141 837	13 861	1 239	1 239	1 239	18 358	29 240	33 922

1. Cash flow statement is the first measurement in determining if the budget is funded or unfunded.



2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The assumption of collection rate of 89% must be realistic and attainable to be able to fund the budget.
4. The projected cash and cash equivalent at year end indicates a surplus of R18 million during 2023/24 and increases to R29 million and increase over the MTREF to R33 million.
5. The budget in Financial Performance must be funded from the anticipated cash inflow receipts and not billing.

2.4 LEGISLATION COMPLIANCE STATUS

2.4.1 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 2023, 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. *m*SCOA Implementation

The implementation of the project is still currently on course; Mogale City have tabled the budget in the *m*SCOA format since 2018/2019 financial year. *m*SCOA 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.