

ITEM NO. : K(ii) 2 (03/2022)  
REPORT : DRAFT BUDGET FOR MTREF 2022/2023 – 2024/2025  
COMMITTEE : 30 MARCH 2022

---

REPORT OF THE EXECUTIVE MAYOR



**Tabled March 2022**

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

**Copies of this document can be viewed:**

- **In the Office of the Speaker**
- **All public libraries within the municipality**
- **At [www.treasury.gov.za](http://www.treasury.gov.za)**

**TABLE OF CONTENTS****PART 1 – ANNUAL BUDGET**

1.1 MAYOR'S REPORT.....	4
1.2 COUNCIL RESOLUTIONS.....	4-7
1.3 EXECUTIVE SUMMARY.....	8-20
1.4 ANNUAL BUDGET TABLES.....	21-37

**PART 2 – SUPPORTING DOCUMENTATION**

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	37
2.2 OVERVIEW OF BUDGET RELATED POLICIES.....	38-40
2.3 OVERVIEW OF BUDGET ASSUMPTIONS.....	41-42
2.4 LEGISLATION COMPLIANCE STATUS.....	46
2.5 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	47

**PART 3 – SCHEDULES TO THE BUDGET**

1. SCHEDULE 1 2022/2023 PROPOSED REVENUE & EXPENDITURE BUDGET.....	48-49
2. SCHEDULE 2(a) 2022/2023 CAPITAL BUDGET PROJECT LIST.....	50-56
3. SCHEDULE 2(b) OUT-OF-BOOKS CAPITAL BUDGET PROJECT LIST.....	57
4. SCHEDULE 3 (a) PROPOSED RATES, SERVICE CHARGES TARIFFS AND USER CHARGES.....	58-103
5. SCHEDULE 3(b) PROPOSED BULK CONTRIBUTIONS & WAYLEAVES TARIFFS..	104-108
6. SUPPORTING TABLES SA1 – SA38.....	109-176
7. 2022/2023 DRAFT OPERATIONAL LAYER SDBIP.....	1-68
8. 2022/2023 DRAFT TOP LAYER SDBIP.....	1-35

**PART 4 – REVISED IDP**

1. 2022/2023 Revised Integrated Development Plan of 2021/2022-2025/2026 ( <i>See separate report</i> )	
--	--

**PART 5 - ANNEXURES: BUDGET RELATED POLICIES**

- Annexure 1: Draft Property Rates Policy
- Annexure 2: Draft Property Rates By-Law
- Annexure 3: Draft Cash Management & Investment Policy
- Annexure 4: Reviewed Borrowing Policy
- Annexure 5: Reviewed Funding and reserves
- Annexure 6: Reviewed Long Term Financial Plan Policy
- Annexure 7: Reviewed Asset Management Policy
- Annexure 8: Reviewed Indigent Management Policy
- Annexure 9: Reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy
- Annexure 10: Draft Employment Equity policy
- Annexure 11: Draft Recruitment Policy
- Annexure 12: Draft Review Overtime Policy
- Annexure 13: Reviewed Grant in Aid Policy
- Annexure 14: Reviewed Indigent Burial Policy
- Annexure 15: Draft Liquidity Policy
- Annexure 16: Draft Waste Management norm & standard policy
- Annexure 17: Reviewed Unclaimed Monies Policy
- Annexure 18: Reviewed Cost Containment Policy
- Annexure 19: Reviewed 1% Corporate Social Responsibility
- Annexure 20: Reviewed Supply Chain Management Policy
- Annexure 21: Reviewed Credit Control and Debt Collection Policy
- Annexure 22: Reviewed Budget Management Policy
- Annexure 23: Reviewed Adjustment Budget Policy
- Annexure 24: Reviewed Virement Policy
- Annexure 25: Draft Cashier Shortages and Surpluses
- Annexure 26: Draft Supplier Performance Monitoring Policy

## 1.1 Mayor's Report

Executive Mayor Cllr T Gray to deliver the budget speech on 30 March 2022 - speech to be circulated under separate cover at the Council meeting.

## 1.2 Council Resolutions

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

1.1 Of the report tabling the draft annual budget Mogale City Local Municipality for the financial years 2022/2023 and the indicative estimates for the two projected outer years for 2023/2024 and 2024/2025, as set out in the schedules listed below being tabled to present these proposals to stakeholders for consultation.

1.2 Of the report tabling of the draft annual budget and its supporting documents (draft tariffs schedules and amended budget related policies) for the 2022/2023 to 2024/2025 Medium Term Revenue & Expenditure Framework (MTREF) as required by Sec 24 of the Municipal Finance Management Act (MFMA) No.56 of 2003.

2. Of the draft annual budget of the municipality for the financial year 2022/2023 and the multi-year and single year capital appropriations as set out in accordance with Municipal Budget and Reporting (MBRR) section 9 in the following tables be considered for approval:

2.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in **(MBRR Table A1)**.

2.2 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in **(MBRR Table A2)**.

2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in **(MBRR Table A3)**.

2.4 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in **(MBRR Table A4)**.

2.5 Multi-year and single-year capital appropriations by municipal vote and functional classification and associated funding by source as contained in **(MBRR Table A5)**.

2.6 Budgeted Financial Position as contained in **(MBRR Table A6)**.

2.7 Budgeted Cash Flows as contained in **(MBRR Table A7)**.



- 2.8 Cash backed reserves and accumulated surplus reconciliation as contained in **(MBRR Table A8)**.
- 2.9 Asset management as contained in **(MBRR Table A9)**.
- 2.10 Basic service delivery measurement as contained in **(MBRR Table A10)**.
- 3. Of the provision made for a 4,9% increase in the salaries of employees which was informed by the average CPI expected and confirmed by South African Local Government Bargaining Council excluding Section 54A & 56 officials.
- 4. Of a 0% estimated increase in salaries of councillors, in terms of Public Office Bearers Act, Government Gazette No.45420 issued on 02 November 2021.
- 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 cognizance be taken of the draft Service Delivery and Budget Implementation Plan (SDBIP) which the Executive Mayor defines as the key performance indicators to evaluate progress in the implementation of the strategies, programmes, and services.
- 7. That the Executive Mayor of Mogale City Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for public participation the following tariffs:
  - 7.1 the tariffs for electricity – as set out in Schedule 3(a).
  - 7.2 the tariffs for the supply of water – as set out in Schedule 3(a).
  - 7.3 the tariffs for sanitation services – as set out in Schedule 3(a).
  - 7.4 the tariffs for property rates – as set out in Schedule 3(a).
  - 7.5 the tariffs for solid waste removal – as set out in Schedule 3(a).
  - 7.6 the tariffs for other services, as set out in Schedule 3 (a).
  - 7.7 the tariffs for bulk contributions and wayleaves, as set out in Schedule 3 (b).
- 8. That the Executive Mayor 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 public participation.
- 9. That the Executive Mayor of Mogale City Local Municipality, in terms of Section 6 of the Local Government: Municipal Property Rates Act (Act 6

of 2004) tables the rates By- laws to give effect to the rates policy for public participation.

10. That the following revised and new budget related policies and draft SDBIP be tabled for public participation and comments:

Annexure 1: Draft Property Rates Policy

Annexure 2: Draft Property Rates By-Law

Annexure 3: Draft Cash Management & Investment Policy

Annexure 4: Reviewed Borrowing Policy

Annexure 5: Reviewed Funding and reserves

Annexure 6: Reviewed Long Term Financial Plan Policy

Annexure 7: Reviewed Asset Management Policy

Annexure 8: Reviewed Indigent Management Policy

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

Annexure 10: Draft Employment Equity policy

Annexure 11: Draft Recruitment Policy

Annexure 12: Draft Review Overtime Policy

Annexure 13: Reviewed Grant in Aid Policy

Annexure 14: Reviewed Indigent Burial Policy

Annexure 15: Draft Liquidity Policy

Annexure 16: Draft Waste Management norm & standard policy

Annexure 17: Reviewed Unclaimed Monies Policy

Annexure 18: Reviewed Cost Containment Policy

Annexure 19: Reviewed 1% Corporate Social Responsibility

Annexure 20: Reviewed Supply Chain Management Policy

Annexure 21: Reviewed Credit Control and Debt Collection Policy

Annexure 22: Reviewed Budget Management Policy

Annexure 23: Reviewed Adjustment Budget Policy

Annexure 24: Reviewed Virement Policy

Annexure 25: Draft Cashier Shortages and Surpluses

Annexure 26: Draft Supplier Performance Monitoring Policy

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

1.11.1 Write Off Policy.

1.11.2 Sports & Recreation Facilities Tariff Policy.

1.11.3 General Tariff Policy.

1.11.4 Public Safety Tariff Policy.

1.11.5 Water Services By-laws.

1.11.6 Mogale City Tree Management & Conservation Policy.

1.11.7 Mogale City Parks By-Laws.

1.11.8 Fleet Management Policy.

1.11.9 Sanitation Tariff Policy.

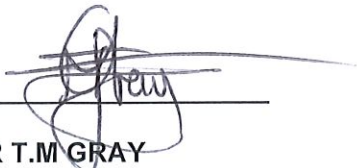
1.11.10 Methodology – Impairment Assessment of Useful lives for Assets Policy.

1.11.11 Waste Management Tariff Policy.

1.11.15 Reviewed Bulk Contributions Policy.

**12.** That Feasibility Studies must be done to determine the costs for In-Sourcing vs Sourcing security.

**13.** That the own funding capital budget projects of R115 680 680 is not affordable and that prior to the final approval of the budget, departments must reduce the proposed budget by a minimum of R30 000 000 in order to present a funded budget.

  
CLR T.M GRAY

EXECUTIVE MAYOR

DATE 24/03/2022



### 1.3 EXECUTIVE SUMMARY

#### 1. Purpose of the Report

The purpose of the report is to table before Council tabling of the Annual Budget and its Supporting Documents (draft tariffs schedules, amended and new budget related policies) for the 2022/2023 to 2024/2025 Medium – Term, Revenue and Expenditure Framework (MTREF) as required by section 16 (2) and 17(3) 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 16(2) stipulates that an annual budget must be compiled and tabled in Council by 31 March accompanied as required in terms of section 17 (3) by the reviewed Integrated Development Plan and draft Service Delivery and Budget Implementation Plan. The Municipal Structures Act 117 of 1998 section 56(2) requires the Executive Mayor to recommend to the municipal council strategies, programmes, and services to address community priority needs. On the other hand, the Municipal Systems Act 32 of 2000 section 34(a) requires that the municipality must review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41.

**2.2)** Subsequent to the budget being tabled, it should be made available for public consultation. Once the Executive Mayor have considered the inputs from communities and different stakeholders, a final budget must be submitted to Council for consideration and approval a month before the start of the financial year.

**2.3)** This budget hereto presented has been compiled based on MFMA Circular No 112 issued on 06 December 2021 and Circular No 115 issued on the 04 March 2022 by National Treasury to guide municipalities with their preparation of the 2022/2023 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. The key focus of this budget is the importance of tabling funded budgets as has been highlighted previously.

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

### 3. Planning Framework/IDP Process

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



economic issues including poverty, inequality, climate change related disasters, safety, and unemployment in the country.

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

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

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

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

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

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

#### 4. DISCUSSIONS

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

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

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

These economic challenges will continue to exert pressure on Mogale City's revenue generation and collection levels; therefore, it is critical to be conservative for revenue projections. **This budget is projecting a collection of revenue from rates and service charges at 91% and over MTREF.**

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

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

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

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

- a) Revised IDP.
- b) Council resolutions during the Adjustments budgets 2022/23.
- c) The 2022/23 Adjustments Budget priorities and targets.
- d) Cost Containment measures to, amongst other things control unnecessary spending on nice-to-have items and non-essential activities as per Municipal Cost Containment Regulations 2019 and Mogale City Cost Containment Policy.
- e) Mogale City is further committed to levying affordable tariff increases and, in this regard, we have considered zero increase in cemeteries and Tourism tariffs.



- f) The Special Covid-19 rebate is discontinued as it had already been given for 2 consecutive financial years and coupled with the 0% increase on property rates for the past 4 financial years, it is no longer affordable or sustainable for the municipality to give it with no increase in Property Rates tariffs.
- g) Consumer price index (CPI) related increase of 4, 0% increase in refuse removal, and other sundry tariffs to alleviate the burden on our customers due to higher than inflation rate tariffs increase on electricity and water.
- h) Electricity tariffs is set to increase by 9,61% as per NERSA approval.
- i) Water tariffs is increasing by 8,8% as per Rand Water proposals to Department of Water and Sanitation (DWS) still to be approved by National Parliament.
- j) Mogale City is committed to set tariffs that is affordable to all citizens and provide free basic services to all deserving households.
- k) There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- l) The implementation of mSCOA.

#### 4.5. OPERATING REVENUE FRAMEWORK

For Mogale City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs, poverty, COVID-19 pandemic, Ukraine, and Russia invasion which is affecting the globally economy. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

Description	Proposed Mid-Year Adjustment 2021/2022 Budget	Total Inputs	%	Proposed 2022/2023 Tabled Budget	Proposed 2023/2024 Tabled Budget	Proposed 2024/2025 Tabled Budget
Total revenue	3 418 288 057	210 327 954	6.2%	3 628 616 011	3 790 526 946	3 989 532 823
Total Operating expenditure	3 409 348 529	169 028 909	5.0%	3 578 377 438	3 730 713 791	3 916 076 459
Operating surplus/(deficit)	8 939 528	41 299 045	462%	50 238 573	59 813 155	73 456 364
Capital grants & subsidies	291 635 014	51 194 903	-17.6%	240 440 111	240 894 190	249 993 092
Own Funded required capital	49 529 709	66 150 971	133.6%	115 680 680	130 765 497	2 000 000
Total Expenditure (opex & capex)	3 750 513 252	282 647 872	-7.5%	3 934 498 229	4 102 373 478	4 168 069 551
Surplus(Deficit)	- 332 225 195	492 975 826	-148%	- 305 882 218	- 311 846 532	- 178 536 728

- a) The operating revenue for 2022/2023 is budgeted at R3.6 billion an increase of 6.2% or R210 million from the 2021/2022 approved adjustment budget.

Own funded capital projects amounting to R116 million is not affordable departments must prioritize their needs and reduce the budget to a level of affordability.

- b) 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 a decrease of 17% on capital grants at both National and Provincial Government, which amongst others include the Equitable Share and library funding.
- c) The Revenue Budget has been compiled based on projected billing, however provision has been made for a 91% collection rate through the provision of funds for the impairment of debtors.
- d) It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

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

Category	2021/2022	Source Of Proposed Increase	2022/2023
	Approved Tariffs Increase		Proposed Tariffs Increase
Property Rates	0%	In line with CPIX	3.0%
Electricity	15.6%	NERSA approve tariffs for Eskom	9.61%
Water: Residential Consumer	5.8%	Rand Water Proposed Application to Parliament	8.8%
Water: Business Consumer	5.8%	Rand Water Proposed Application to Parliament	8.8%
Sanitation	5.8%	Rand Water Proposed Application to Parliament	8.8%
Refuse/Solid Waste Removal	3.9%	In line with CPIX	4.0%
Sundry/Other Tariffs	3.9%	In line with CPIX	4.0%

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



#### 4.6. OPERATING EXPENDITURE FRAMEWORK

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

Mogale City's overall increase is 5.0% by 0.2% 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 5.11% above the CPI and Rand Water increase above by 4.3%.

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

Propose capital budget is R356 million, an increase of R15 million when compared to 2021/22 approved adjustment budget. The capital budget will be funded from grants both National and Provincial government to the tune of R235 million and own revenue to the value of R116 million.

Own generated funded capital projects have increased by 134% or R66 million to **fund mostly procurement of rental of water tankers, vacuum tankers and refuse trucks for service delivery amounting to R89 million and, R27 million is mainly for projects that will generate revenue and reduce electricity losses.**

Capital transfers indicate a decrease of 75% or R89 million. Mainly projects funded by Human Settlement Development Grant. Awaiting the new Provincial Gazette for 2022/2023 financial year.

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

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

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

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

## 5. PROJECTED CASH FLOW

GT481 Mogale City - Table A7 Budgeted Cash Flows

Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			561 317	563 272	504 064	459 123	490 363	490 363	561 193	585 885	612 250
Service charges			1 537 183	1 688 166	1 858 265	1 715 799	1 728 424	1 728 424	1 863 299	1 945 284	2 055 410
Other revenue			66 861	–	–	635 406	570 607	570 607	263 770	260 932	272 460
Transfers and Subsidies - Operational		1	389 863	445 323	551 309	513 428	515 288	515 288	584 216	624 121	682 136
Transfers and Subsidies - Capital		1	323 887	213 818	235 299	217 859	255 329	255 329	240 440	240 894	249 993
Interest			59 290	49 260	37 339	51 750	48 879	48 879	51 125	50 910	53 394
Dividends			24	26	23				–	–	–
Payments											
Suppliers and employees			(2 447 204)	(2 632 749)	(2 933 715)	(3 324 435)	(3 249 267)	(3 249 267)	(3 184 179)	(3 272 314)	(3 610 619)
Finance charges			(48 036)	(49 378)	(38 463)	(45 697)	(45 697)	(45 697)	(27 139)	(24 108)	(21 105)
Transfers and Grants		1	(2 771)	(1 701)	(346)	(3 019)	(4 804)	(4 804)	(3 140)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES			440 413	276 037	213 776	220 214	309 121	309 121	349 584	408 326	290 493
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				10 149	3 303				–	–	–
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets			(419 842)	(198 218)	(192 312)	(259 784)	(341 165)	(341 165)	(356 121)	(371 660)	(251 993)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(419 842)	(188 069)	(189 009)	(259 784)	(341 165)	(341 165)	(356 121)	(371 660)	(251 993)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing			(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET INCREASE/ (DECREASE) IN CASH HELD											
		2	20 299	37 662	(33 412)	(69 683)	(62 156)	(62 156)	(37 233)	4 552	4 901
Cash/cash equivalents at the year begin:			40 375	60 674	98 336	98 336	64 925	64 925	64 925	27 692	32 244
Cash/cash equivalents at the year end:		2	60 674	98 336	64 925	28 654	2 769	2 769	27 692	32 244	37 145

- ✓ The assumption of collection rate of 91% must be realistic and attainable to be able to fund the budget.
- ✓ The proposed cash flow has taken into consideration the payment for Eskom old debt of R108 million in line with signed agreement with Eskom.
- ✓ The projected cash and cash equivalent at year indicate a surplus of R28 million during 2022/23 and increases over MTREF to R37 million.



## 6. FINANCIAL IMPLICATIONS

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

**Table 3: Proposed Operating Annual Revenue**

Description	2020/2021 Audited Outcome	8 months Actuals: 28 February 2021	Proposed Mid-Year Adjustment 2021/2022 Budget	Total Adjustments	% increase / (Decrease)	2022-2023 Proposed Budget	2023-2024 Proposed Budget	2024-2025 Proposed Budget
<b>Revenue By Source</b>								
Property Rates	504 064 488	363 466 191	544 847 503	16 345 426	3.0%	561 192 929	585 885 420	612 250 265
Service charges - electricity revenue	1 029 047 317	754 868 025	1 135 922 276	109 162 130	9.6%	1 245 084 406	1 299 868 119	1 358 362 184
Service charges - water revenue	388 582 482	251 035 487	400 924 365	35 281 343	8.6%	436 205 708	455 398 757	475 691 701
Service charges - sanitation	231 439 987	166 344 517	250 150 084	22 013 207	8.6%	272 163 291	284 138 475	296 640 567
Service charges - refuse removal	127 835 247	88 778 910	133 474 057	5 338 962	4.0%	138 813 019	144 920 787	151 442 223
Revenue Foregone	-37 421 153	-25 045 993	-37 974 037	-2 689 381	7.1%	-40 663 418	-42 452 608	-44 339 534
<b>total main tariffs - Property rates &amp; service charges</b>	<b>2 243 548 368</b>	<b>1 599 447 137</b>	<b>2 427 344 248</b>	<b>185 451 687</b>	<b>7.6%</b>	<b>2 612 795 935</b>	<b>2 727 758 950</b>	<b>2 850 247 406</b>
Fines & Penalties Imposed	109 732 341	25 242 845	70 492 445	3 298 475	4.7%	73 790 920	76 103 033	79 832 081
Rental of facilities and equipment	5 866 035	2 603 022	3 898 351	155 934	4.0%	4 054 285	5 520 778	5 791 296
Interest earned - outstanding debtors	33 440 418	31 891 165	46 792 495	2 246 040	4.8%	49 038 535	48 732 322	51 120 206
Interest earned - external investment	3 898 658	1 295 165	2 066 243	-	0.0%	2 066 243	2 178 038	2 273 872
Dividends received	23 424	-	-	-	0%	-	-	-
Licences and permits	32 041	19 609	33 888	1 356	4.0%	35 244	34 018	35 685
Income from Agency Services	26 986 584	19 156 340	19 164 031	914 162	4.8%	20 078 193	21 251 902	22 194 008
Transfer recognised - operational	551 727 459	375 255 297	516 378 855	67 896 700	13.1%	584 215 555	624 121 161	682 135 661
Other revenue	40 753 787	26 282 522	40 482 487	1 618 503	4.0%	42 080 990	43 932 554	45 909 516
Investment Property Fair value adjustment	6 703 997	-	-	-	0%	-	-	-
Gains on disposal of PPE	-	-	-	-	0%	-	-	-
<b>Total Revenue (excluding capital transfers)</b>	<b>3 022 713 112</b>	<b>2 081 193 102</b>	<b>3 126 653 043</b>	<b>261 522 857</b>	<b>8.4%</b>	<b>3 388 175 900</b>	<b>3 549 632 758</b>	<b>3 739 539 731</b>
Transfer recognised - capital grants	203 961 374	125 003 560	291 635 014	-51 194 903	-17.6%	240 440 111	240 894 190	249 993 092
<b>Total Revenue (including capital transfers and contributions)</b>	<b>3 226 674 486</b>	<b>2 206 196 662</b>	<b>3 418 288 057</b>	<b>210 327 954</b>	<b>6.2%</b>	<b>3 628 616 011</b>	<b>3 790 526 946</b>	<b>3 989 532 823</b>

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

The following are key main areas of increase:

### a) Property Rates

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

The aim is to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. **(See detailed tariff schedule 3(a)).**

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

- Primary valuation reduction = R 15 000.00
- Additional Valuation reduction = R35 000.00
- Tariff Rebate = 45%
- Pensioners Rebate (Pensioners older than 70 years, property value greater than R1 million) = 100% exempted
- Other Pensioners Rebate = 100% exempted
- Indigents = 100% exempted

### b) Sale of electricity and impact of tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 17.8 per cent in the 2021/22 municipal financial year. Eskom's need for increased funding means that over the

period ahead they are applying for much higher tariff increases. In their Multi-Year Price Determination (MYPD 5) application Eskom requested approval for municipal bulk tariff increases of 20.5 per cent in 2022/23, 15 per cent in 2023/24 and 10 per cent in 2024/25. NERSA rejected this revenue application at the end of September 2021 and in October 2021 ESKOM filed an application in the High Court to review NERSA's decision. Following the deliberations, NERSA has approved a 9.6 per cent tariff increase for Eskom starting from April 2022 and this figure accounts for a 3.49 per cent increase in 2022/23.

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

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

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

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

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

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

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

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

**g) Fines and Penalties imposed**

Fines and Penalties Imposed tariff is increasing by 4.7% included in this stream of revenue is funds from disconnections for water & electricity. The relevant judicial authority determines traffic fines. However, the revenue base for traffic fines is increasing by 3.9% the municipality will issue more tickets for traffic offences as we are anticipating finalizing the contract for speed cameras.

**h) Agency services**

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



**i) Transfer recognised - operational**

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

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

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

**Table 4: Proposed Operating Annual Expenditure**

Description	scoa code	2020/2021 Audited Outcome	8 months Actuals - 28 February 2022	Proposed Mid-Year Adjustment 2021/2022 Budget	Total Adjustments	% Increase / (Decrease)	Proposed 2022/2023 Tabled Budget	Proposed 2023/2024 Tabled Budget	Proposed 2024/2025 Tabled Budget	% of total Exp
<b>Expenditure Categories</b>										
Employee related costs	2000	857 225 008	540 628 701	949 080 903	100 363 368	10.6%	1 049 444 271	1 088 130 740	1 137 096 617	29.3%
Remuneration of councillors	2100	34 492 007	21 280 883	36 365 546	-	0.0%	36 365 546	37 965 629	39 674 079	1.0%
Debt Impairment	2200	214 113 648	-	271 667 588	(7 720 487)	-2.8%	263 947 101	275 560 772	258 989 565	7.4%
Depreciation and amortisation	2300	247 958 507	83 148 642	237 275 866	9 491 032	4.0%	246 766 898	257 624 633	269 217 740	6.9%
Impairment loss/Reversal of impairments	2301	18 073	-	490 977	19 639	4.0%	510 616	533 083	557 072	0.0%
Finance Costs	2400	38 462 789	19 671 432	45 696 838	(16 719 681)	-36.6%	28 977 177	26 026 555	23 110 239	0.8%
Bulk Purchases: Electricity	2500	804 318 063	575 406 762	964 555 540	92 693 787	9.6%	1 057 249 327	1 151 344 517	1 253 814 179	29.5%
Water Inventory	2601	367 002 834	249 670 553	350 034 608	30 803 046	8.8%	380 837 654	397 594 511	415 486 264	10.6%
Other materials & Inventory Consumed	2600	-	878 533	6 627 875	861 052	13.0%	7 488 927	7 803 608	8 090 473	0.2%
Collection Costs	2700	32 156 852	17 020 839	29 290 475	(8 545 226)	-29.2%	20 745 249	21 658 040	22 632 652	0.6%
Contract Services	2700	477 852 070	287 294 616	383 926 865	(47 334 603)	-12.3%	336 592 262	310 531 820	324 504 189	9.4%
Grants and subsidies paid	2800	346 246	915 287	3 019 384	120 776	4.0%	3 140 160	3 278 327	3 425 852	0.1%
General expenses	2900	141 827 838	70 095 406	131 316 064	14 996 186	11.4%	146 312 250	152 661 556	159 477 538	4.1%
<b>TOTAL OPERATING EXPENDITURE</b>		<b>3 215 773 935</b>	<b>1 866 211 654</b>	<b>3 409 348 529</b>	<b>169 028 909</b>	<b>5.0%</b>	<b>3 578 377 438</b>	<b>3 730 713 791</b>	<b>3 916 076 459</b>	

**6.1.2** The operating expenditure for 2022/2023 is budgeted at R3, 6 billion (an increase of 5.0% from the 2021/2022 adjusted budget). This includes a provision for salary increases of 4.9%, increase in repairs and maintenance expenditure of 13%, increase in operating cost of 11.4% and decrease in contracted services of 12.3% and decrease in finance costs 36.6% due to leases coming to an end and buying vehicles owned by the municipality.

The proposed expenditure budget makes provision of the following:

a) Employees' salaries indicate overall increase of 10.6% the salary increase is due to the following:

- The proposed employee related costs budget is based on the 2017/2018 approved structure of Council Item K (ii) 12/2017.
- The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 the agreement is still applicable for the coming financial year. South African Local Government Bargaining Council (SALGBC), Mogale City has projected increase of 4.9% that is within the CPIX as per Circular No. 01/2022 from SALGA.
- The filling of critical vacancies budget for positions of employees who resigned or deceased during 2020/2021 financial year amount to R23 million. Truck Drivers and Assistants for water tanks trucks of R 5, 6 million and recruitment process of critical vacancies amounting to R 20 million.
- As part of the Municipality's cost reprioritisation and cash management strategy non-critical vacancies must be frozen for the MTREF period.**

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

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 29% for this proposed budget.

b) 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 most recent proclamation in this regard has been considered in compiling with zero increase 0%.

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

1. Water Purchases from Rand water – 8.8%, bulk water purchases is now budgeted and accounted for as inventory in line with GRAP 12 paragraph 12.
2. Electricity Purchases from Eskom – 9,61% (subject to NERSA confirmation)

d) Depreciation and impairment of assets is based on the audited performance during 2020/2021 financial year. Budget appropriations in this regard total R247 million for the 2022/23 financial and equates to 4% of the total operating expenditure. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

e) The provision of debt impairment for debtors and traffic fines has decreased by R7,7 million or -2,8 %, the provision was determined based on the projected collection rate of 91%. Mogale City is facing difficult fiscal environment due to weak economic growth that has put stress on consumers' ability to pay for services rendered. The municipality will intensify the collection on business and households owing from 60 days that can afford paying.

f) Impairment of debtors is proposed to be R238 million and for traffic fines is R25 million with a projected revenue of R2.6 billion and R63 million respectively.

g) Collection Costs, other materials, grants & subsidies paid, and general expenses has increased by average of 4.8% in line with the budget circular guidelines and within CPIX.

h) Finance Costs decreased by 36.6%, due to lower interest rates for short term loan and the ABSA loan will be paid up before the end of the current financial year.

i) Contracted services have been identified as a cost saving area for Mogale City. As part of the compilation of the 2022/23 MTREF this expenditure category was critically evaluated, and operational efficiencies must be enforced. In the 2021/22 financial year, this expenditure category totals R384 million decreasing by 12.3% or R47 million as some contracts are expiring before the end of the current financial year. For the two outer years, growth has been limited to ensure cost reduction over the medium term.



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

Table 5 10 Largest Cost drivers (Contracted Services)

Gl item name	A4 codes Internal	Project no	Project description	Proposed Mid Year Adjustment 2021/2022 Budget	Total Inputs	Proposed Tabled 2022/2023 Budget	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget
MAINTENANCE OF FINANCIAL SYSTEM	2700	361	Fin-Strategic Support_Cfo	13 103 524	524 141	13 627 665	14 227 282	14 867 510
REFUSE REMOVAL	2700	380	Iem-Refuse Collection And Litter Picking_Wm	25 802 731	-	25 802 731	26 938 051	28 150 263
RENTAL: VACUUM TANKERS	2700	076	Ums-Vacuum Service To Informal And Rural Communities	13 896 901	- 6 670 513	7 226 389	0	0
NETWORK: MATERIAL	2700	069	Ums-Maintenance Of Water Network	27 454 217	1 098 169	28 552 386	29 808 691	31 150 082
NETWORK: MATERIAL	2700	476	Ums-Maintenance Of Prepaid Water Meters	7 700 625	308 025	8 008 650	8 361 031	8 737 277
NETWORK: MATERIAL	2700	479	Ums-Maintenance Of Waste Water Network	11 175 429	447 017	11 622 446	12 133 834	12 679 857
SECURITY SERVICES	2700	238	Cds_Security Management_Ps	62 183 620	487 345	62 670 965	65 428 487	68 372 769
SECURITY SERVICES-UNPLANNED	2700	238	Cds_Security Management_Ps	15 376 086	615 043	15 991 129	16 694 739	17 446 002
RENTAL: TOILETS	2700	835	UMS-Covid-19	31 626 401	-10 734 944	20 891 457	21 810 681	22 792 162
RENTAL : WATER TANKS	2700	835	UMS-Covid-19	35 014 099	-16 806 768	18 207 332	0	0

- Most of the contracted services has increased by a small margin in order to implement cost containment measures and to improve cash flow position.
- Rental of water tanks reduced by R17 million; the municipality will procure 16 trucks.
- Vacuum tanks reduced by R6 million; the municipality will procure 5 trucks.
- Grass cutting increases by R3, 1 million for both cemeteries and suburbs.
- Operational cost comprises of various line items relating to the daily operations of the municipality. This expenditure category has also been identified as an area in which cost savings and efficiencies can be achieved. The increase was only limited to 4.8% as per the projected CPIX.

Table 6: Proposed Capital Budget per municipal votes

Departments	Approved 2021/2022 Mid- year Adjustment Budget	Total Inputs	%Increase /Decrease	Proposed Tabled 2022/2023 Budget	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget
Municipal Manager's Office	54 000	-54 000	-100%	-	-	-
Internal Audit	238 861	-187 461	-78%	51 400	-	-
Strategic Management Support	3 001 789	-2 897 789	-97%	104 000	208 000	-
Corporate Support Services	1 795 000	-1 765 000	-98%	30 000	15 279 148	2 000 000
Financial Management Services	6 020 000	-5 690 000	-95%	330 000	970 000	-
Integrated Environmental Management	26 628 139	43 939 466	165%	70 567 605	73 380 000	29 304 092
Economic Development Services	7 896 000	-7 431 000	-94%	465 000	2 000 000	-
Community Development Services	21 132 506	-2 502 719	-12%	18 629 787	14 967 000	14 000 000
Public Works, Roads & Transport	93 445 225	17 573 674	19%	111 018 899	83 612 190	101 200 000
Utilities Management Services	180 953 203	-26 029 103	-14%	154 924 100	181 243 349	105 489 000
<b>TOTAL CAPITAL BUDGET</b>	<b>341 164 723</b>	<b>14 956 068</b>	<b>4%</b>	<b>356 120 791</b>	<b>371 659 687</b>	<b>251 993 092</b>

**6.1.3** Propose capital budget has been projected to be R356 million, increase of R14 million or 4% when compared to 2021/22 approved adjustment budget.

The capital budget will be funded from grants both National and Provincial government to the tune of R234 million and R 5 million respectively. Own revenue to the value of R116 million.

Own generated funded capital projects have increased by 134% or R66 million to fund mostly procurement of rental of water tankers, vacuum tankers and refuse trucks for service delivery amounting to R89 million and, R27 million is mainly for projects that will generate more revenue and reduce electricity losses.

Capital transfers indicate reduction of 4% or R14 million. The increase is due integrated Urban Development Grant of R40 million. The Provincial Gazette is not yet finalised.

**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

Departments

Executive Committee

Joint Finance and Corporate Support Service Portfolio Committee

Budget Steering Committee

Mayoral Committee



## 1.4 Annual Budget Tables

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

Table 7: MBRR Table A1 - Budget Summary

GT481 Mogale City - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	561 317	563 272	504 064	510 137	544 848	544 848	363 466	561 193	585 885	612 250
Service charges	1 495 711	1 638 700	1 739 484	1 884 504	1 882 497	1 882 497	1 235 981	2 051 603	2 141 874	2 237 997
Investment revenue	5 100	2 537	3 899	3 205	2 086	2 086	1 295	2 086	2 178	2 274
Transfers recognised - operational	389 863	443 814	551 727	513 428	516 379	516 379	375 255	584 216	624 121	682 136
Other own revenue	224 007	234 450	223 539	245 620	180 844	180 844	117 027	189 078	195 575	204 883
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 675 997</b>	<b>2 882 773</b>	<b>3 022 713</b>	<b>3 156 894</b>	<b>3 126 653</b>	<b>3 126 653</b>	<b>2 093 024</b>	<b>3 388 176</b>	<b>3 549 633</b>	<b>3 739 540</b>
Employee costs	779 709	833 427	857 225	939 412	949 081	949 081	562 889	1 049 444	1 088 131	1 137 097
Remuneration of councillors	34 390	33 586	34 492	36 366	36 366	36 366	22 335	36 366	37 966	39 674
Depreciation & asset impairment	240 713	241 557	247 977	237 767	237 767	237 767	150 389	247 278	258 158	269 775
Finance charges	48 252	49 378	38 463	45 697	45 697	45 697	19 871	28 977	26 027	23 110
Inventory consumed and bulk purchases	981 789	1 079 891	1 171 321	1 308 219	1 321 218	1 321 218	825 956	1 445 576	1 556 743	1 677 391
Transfers and grants	2 787	1 701	346	3 019	3 019	3 019	3 019	3 140	3 278	3 426
Other expenditure	782 556	843 739	865 950	881 468	816 201	816 201	375 153	767 597	760 412	765 604
<b>Total Expenditure</b>	<b>2 870 194</b>	<b>3 083 279</b>	<b>3 215 774</b>	<b>3 451 948</b>	<b>3 409 349</b>	<b>3 409 349</b>	<b>1 959 614</b>	<b>3 578 377</b>	<b>3 730 714</b>	<b>3 916 076</b>
<b>Surplus/(Deficit)</b>	<b>(194 197)</b>	<b>(200 506)</b>	<b>(193 061)</b>	<b>(295 054)</b>	<b>(282 695)</b>	<b>(282 695)</b>	<b>133 411</b>	<b>(190 202)</b>	<b>(181 081)</b>	<b>(176 537)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	348 093	208 978	203 961	217 859	291 635	291 635	122 627	240 440	240 894	249 993
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	--	--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>153 896</b>	<b>8 472</b>	--	<b>(77 195)</b>	<b>8 940</b>	<b>8 940</b>	<b>256 037</b>	<b>50 239</b>	<b>59 813</b>	<b>73 456</b>
Share of surplus/ (deficit) of associates	--	--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) for the year</b>	<b>153 896</b>	<b>8 472</b>	--	<b>(77 195)</b>	<b>8 940</b>	<b>8 940</b>	<b>256 037</b>	<b>50 239</b>	<b>59 813</b>	<b>73 456</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	406 621	225 413	222 695	259 784	341 165	341 165	156 458	356 121	371 660	251 993
Transfers recognised - capital	347 823	208 227	203 961	217 859	291 635	291 635	133 744	240 440	240 894	249 993
Borrowing	--	--	--	--	--	--	--	--	--	--
Internally generated funds	58 798	17 186	18 733	41 925	49 530	49 530	22 714	115 681	130 765	2 000
<b>Total sources of capital funds</b>	<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>259 784</b>	<b>341 165</b>	<b>341 165</b>	<b>156 458</b>	<b>356 121</b>	<b>371 660</b>	<b>251 993</b>
<b>Financial position</b>										
Total current assets	502 212	657 034	770 934	689 650	663 765	663 765	663 765	834 311	771 390	903 258
Total non current assets	6 432 225	6 419 287	6 368 384	6 448 436	6 880 236	6 880 236	6 880 236	6 990 165	7 104 177	7 086 931
Total current liabilities	1 026 868	1 246 570	1 277 577	1 297 547	1 297 547	1 297 547	1 226 807	1 226 807	1 224 835	1 223 459
Total non current liabilities	631 376	540 399	558 116	460 115	460 115	460 115	460 115	542 926	517 171	491 417
Community wealth/Equity	5 276 194	5 289 352	5 303 625	5 380 425	5 786 340	5 786 340	5 786 340	6 054 743	6 133 561	6 275 313
<b>Cash flows</b>										
Net cash from (used) operating	440 413	276 037	213 776	220 214	309 121	309 121	--	349 584	408 326	290 493
Net cash from (used) investing	(419 842)	(189 069)	(189 009)	(259 784)	(341 165)	(341 165)	--	(356 121)	(371 660)	(251 993)
Net cash from (used) financing	(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	--	(30 696)	(32 115)	(33 599)
<b>Cash/cash equivalents at the year end</b>	<b>60 674</b>	<b>98 336</b>	<b>64 925</b>	<b>28 654</b>	<b>2 769</b>	<b>2 769</b>	<b>--</b>	<b>27 692</b>	<b>32 244</b>	<b>37 145</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	61 437	98 912	65 524	120 219	94 334	94 334	94 334	130 653	36 734	136 124
Application of cash and investments	478 705	578 459	474 077	511 556	508 760	508 760	1 099 360	432 529	399 216	356 522
<b>Balance - surplus (shortfall)</b>	<b>(417 268)</b>	<b>(479 547)</b>	<b>(408 553)</b>	<b>(391 337)</b>	<b>(414 426)</b>	<b>(414 426)</b>	<b>(1 005 026)</b>	<b>(301 875)</b>	<b>(362 482)</b>	<b>(220 399)</b>
<b>Asset management</b>										
Asset register summary (WDV)	6 431 462	6 418 712	6 367 785	6 448 436	6 880 236	6 880 236	6 880 236	6 989 590	7 103 625	7 086 401
Depreciation	268 224	241 557	247 959	237 285	237 285	237 285	237 285	246 767	257 625	269 218
Renewal and Upgrading of Existing Assets	140 749	46 881	56 541	137 036	121 691	121 691	121 691	106 110	99 105	89 304
Repairs and Maintenance	1 881	86 402	479 013	357 024	334 212	334 212	334 212	364 491	376 822	393 779
<b>Free services</b>										
Cost of Free Basic Services provided	32 012	36 465	37 421	17 711	37 974	37 974	40 776	40 776	42 570	44 462
Revenue cost of free services provided	15	15	15	15	15	15	15	15	15	15
<b>Households below minimum service level</b>										
Water:	10	10	10	10	10	10	10	10	11	11
Sanitation/sewerage:	10	10	10	10	10	10	10	10	11	11
Energy:	19	19	20	20	20	20	21	21	22	23
Refuse:	18	18	18	18	18	18	19	19	20	21

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

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



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

GT481 Mogale City - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		748 311	724 216	551 449	590 544	625 166	625 166	637 622	662 574	692 571
Executive and council		(21)	(10)	(91)	2 867	5 417	5 417	5 624	5 872	6 136
Finance and administration		748 332	724 226	551 540	587 677	619 750	619 750	631 998	656 703	686 435
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		274 127	239 712	315 497	336 103	363 023	363 023	326 348	323 094	335 872
Community and social services		15 724	19 015	206 132	24 695	30 602	30 602	23 447	23 278	24 303
Sport and recreation		7 804	10 274	321	21 900	13 874	13 874	43 301	25 878	16 962
Public safety		24 512	28 540	109 044	119 363	61 198	61 198	64 038	66 792	70 060
Housing		105 718	31 111	-	(51)	86 025	86 025	-	-	-
Health		120 370	150 772	-	170 197	171 323	171 323	195 563	207 146	224 547
<i>Economic and environmental services</i>		160 396	85 047	132 547	134 734	135 500	135 500	170 950	165 729	185 078
Planning and development		87 153	31 203	48 214	39 104	26 595	26 595	68 420	59 430	60 300
Road transport		73 243	53 845	84 332	95 629	108 905	108 905	102 530	106 298	124 778
Environmental protection		-	-	-	-	-	-	0	0	0
<i>Trading services</i>		1 840 917	2 041 809	2 222 197	2 312 971	2 294 509	2 294 509	2 493 602	2 639 043	2 775 921
Energy sources		987 075	1 063 659	1 166 982	1 243 770	1 248 073	1 248 073	1 355 335	1 430 889	1 500 425
Water management		385 512	480 823	483 078	476 389	475 862	475 862	515 349	539 274	565 186
Waste water management		274 421	259 582	281 474	310 343	301 738	301 738	332 292	351 161	371 335
Waste management		193 908	237 744	290 664	282 469	268 835	268 835	290 627	317 719	338 975
Other	4	339	967	4 985	401	90	90	94	86	91
<b>Total Revenue - Functional</b>	2	3 024 090	3 091 751	3 226 674	3 374 753	3 418 288	3 418 288	3 628 616	3 790 527	3 989 533
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		726 252	793 549	771 109	776 165	780 273	780 273	813 585	844 781	872 586
Executive and council		112 829	98 350	102 313	118 821	120 221	120 221	135 976	141 890	148 275
Finance and administration		603 551	683 269	657 903	638 320	641 254	641 254	655 057	679 330	699 690
Internal audit		9 873	11 930	10 893	19 024	18 797	18 797	22 552	23 561	24 621
<i>Community and public safety</i>		381 105	319 465	353 963	331 158	341 406	341 406	355 250	367 790	384 340
Community and social services		35 224	37 070	66 139	50 241	57 056	57 056	57 616	60 188	62 898
Sport and recreation		93 913	102 568	142 765	111 306	110 053	110 053	119 690	123 352	128 903
Public safety		216 858	136 783	130 439	115 325	122 136	122 136	116 584	120 187	125 596
Housing		9 669	12 540	14 620	17 386	15 263	15 263	21 569	22 530	23 544
Health		25 442	30 505	-	36 900	36 898	36 898	39 792	41 532	43 401
<i>Economic and environmental services</i>		189 030	209 111	188 333	220 759	216 905	216 905	232 561	233 166	243 539
Planning and development		75 260	89 191	82 644	92 734	90 748	90 748	98 091	93 326	97 406
Road transport		106 448	110 479	95 675	117 542	117 094	117 094	123 228	128 093	133 857
Environmental protection		7 323	9 441	10 013	10 483	9 062	9 062	11 242	11 748	12 276
<i>Trading services</i>		1 570 112	1 754 296	1 894 010	2 099 199	2 065 174	2 065 174	2 171 104	2 278 836	2 409 193
Energy sources		817 923	904 254	927 218	1 235 295	1 216 235	1 216 235	1 307 641	1 409 644	1 510 154
Water management		480 362	548 262	644 829	586 006	578 264	578 264	591 764	598 151	620 309
Waste water management		137 421	156 853	171 301	153 075	149 005	149 005	147 653	145 757	149 325
Waste management		134 407	144 927	150 663	144 823	121 670	121 670	124 046	125 283	129 406
Other	4	3 695	6 857	8 360	24 667	5 591	5 591	5 877	6 141	6 417
<b>Total Expenditure - Functional</b>	3	2 870 194	3 083 279	3 215 774	3 451 948	3 409 349	3 409 349	3 578 377	3 730 714	3 916 076
<b>Surplus/(Deficit) for the year</b>		153 896	8 472	10 901	(77 195)	8 940	8 940	50 239	59 813	73 456

**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)**

GT481 Mogale City - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - MUNICIPAL COUNCIL		1	7	185 628	2 870	5 395	5 395	5 604	5 850	6 114
Vote 2 - MUNICIPAL MANAGER'S OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-
Vote 4 - STRATEGIC MANAGEMENT SERVICES		323	40	34	46	46	46	48	50	52
Vote 5 - CORPORATE SUPPORT SERVICES		3 443	(2 367)	(1 952)	3 951	2 311	2 311	2 396	2 706	2 840
Vote 6 - FINANCIAL MANAGEMENT SERVICES		739 085	718 870	557 399	576 985	612 145	612 145	626 686	650 902	680 351
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		203 735	247 589	300 152	307 661	283 319	283 319	329 959	341 720	353 156
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		187 716	220 389	151 483	343 514	280 646	280 646	307 692	320 969	344 536
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		192 903	52 617	36 677	30 700	104 174	104 174	58 368	51 779	52 318
Vote 10 - UTILITIES MANAGEMENT SERVICES		1 647 009	1 804 065	1 931 534	2 030 502	2 025 673	2 025 673	2 202 975	2 321 324	2 436 946
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		49 875	50 541	65 720	78 524	104 580	104 580	94 889	95 227	113 218
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>3 024 090</b>	<b>3 091 751</b>	<b>3 226 674</b>	<b>3 374 753</b>	<b>3 418 288</b>	<b>3 418 288</b>	<b>3 628 616</b>	<b>3 790 527</b>	<b>3 989 533</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 1 - MUNICIPAL COUNCIL		61 724	52 155	56 016	65 362	66 201	66 201	68 719	71 619	74 842
Vote 2 - MUNICIPAL MANAGER'S OFFICE		8 427	8 978	8 998	7 691	7 930	7 930	8 261	8 632	9 021
Vote 3 - INTERNAL AUDIT		9 873	11 816	10 893	19 024	18 797	18 797	22 552	23 561	24 621
Vote 4 - STRATEGIC MANAGEMENT SERVICES		39 864	57 290	44 509	53 978	53 668	53 668	56 316	58 836	61 484
Vote 5 - CORPORATE SUPPORT SERVICES		126 413	131 883	122 431	140 324	132 864	132 864	146 876	153 122	160 012
Vote 6 - FINANCIAL MANAGEMENT SERVICES		400 303	359 964	297 650	354 583	353 178	353 178	351 775	363 193	369 327
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		206 835	229 895	237 800	241 125	216 785	216 785	229 235	233 899	242 910
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		354 808	387 758	419 625	374 657	378 828	378 828	385 653	400 784	418 819
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		71 699	66 158	73 315	81 251	80 613	80 613	90 195	85 792	89 653
Vote 10 - UTILITIES MANAGEMENT SERVICES		1 438 077	1 614 400	1 748 040	1 961 280	1 950 418	1 950 418	2 054 251	2 161 062	2 287 635
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		152 171	162 983	196 498	152 673	150 067	150 067	164 544	170 212	177 752
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>2 870 194</b>	<b>3 083 279</b>	<b>3 215 774</b>	<b>3 451 948</b>	<b>3 409 349</b>	<b>3 409 349</b>	<b>3 578 377</b>	<b>3 730 714</b>	<b>3 916 076</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>153 896</b>	<b>8 472</b>	<b>10 901</b>	<b>(77 195)</b>	<b>8 940</b>	<b>8 940</b>	<b>50 239</b>	<b>59 813</b>	<b>73 456</b>

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational 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)**

GT481 Mogale City - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source										
Property rates	2	561 317	563 272	504 064	510 137	544 848	544 848	561 193	585 885	612 250
Service charges - electricity revenue	2	897 696	950 080	1 026 785	1 133 889	1 133 197	1 133 197	1 242 097	1 296 750	1 355 103
Service charges - water revenue	2	305 403	379 014	388 068	398 323	400 363	400 363	435 595	454 761	475 225
Service charges - sanitation revenue	2	190 296	202 369	211 061	238 615	229 513	229 513	249 710	260 697	272 168
Service charges - refuse revenue	2	102 317	107 238	113 570	113 677	119 424	119 424	124 201	129 666	135 501
Rental of facilities and equipment		8 741	7 471	5 866	5 500	3 898	3 898	4 054	5 521	5 791
Interest earned - external investments		5 100	2 537	3 899	3 205	2 086	2 086	2 086	2 178	2 274
Interest earned - outstanding debtors		54 190	46 723	33 440	48 545	46 792	46 792	49 039	48 732	51 120
Dividends received		24	26	23	-	-	-	-	-	-
Fines, penalties and forfeits		56 335	38 416	109 732	129 492	70 492	70 492	73 791	76 103	79 832
Licences and permits		32	9	32	34	34	34	35	34	36
Agency services		26 305	20 178	26 987	31 760	19 164	19 164	20 078	21 252	22 194
Transfers and subsidies		389 863	443 814	551 727	513 428	516 379	516 379	584 216	624 121	682 136
Other revenue	2	78 379	121 628	47 458	30 290	40 462	40 462	42 081	43 933	45 910
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2 675 997	2 882 773	3 022 713	3 156 894	3 126 653	3 126 653	3 388 176	3 549 633	3 739 540
Expenditure By Type										
Employee related costs	2	779 709	833 427	857 225	939 412	949 081	949 081	1 049 444	1 088 131	1 137 097
Remuneration of councillors		34 390	33 586	34 492	36 366	36 366	36 366	36 366	37 966	39 674
Debt impairment	3	277 550	244 407	214 114	253 334	271 668	271 668	263 947	275 561	258 990
Depreciation & asset impairment	2	240 713	241 557	247 977	237 767	237 767	237 767	247 278	258 158	269 775
Finance charges		48 252	49 378	38 463	45 697	45 697	45 697	28 977	26 027	23 110
Bulk purchases - electricity	2	981 789	1 079 891	804 318	964 556	964 556	964 556	1 057 249	1 151 345	1 253 814
Inventory consumed	8	-	-	367 003	343 663	356 662	356 662	388 327	405 398	423 577
Contracted services		318 174	402 325	477 852	457 364	383 927	383 927	336 592	310 532	324 504
Transfers and subsidies		2 787	1 701	346	3 019	3 019	3 019	3 140	3 278	3 426
Other expenditure	4, 5	186 832	197 006	173 985	170 770	160 607	160 607	167 057	174 320	182 110
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		2 870 194	3 083 279	3 215 774	3 451 948	3 409 349	3 409 349	3 578 377	3 730 714	3 916 076
Surplus/(Deficit)		(194 197)	(200 506)	(193 061)	(295 054)	(282 695)	(282 695)	(190 202)	(181 081)	(176 537)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		348 093	208 978	203 961	217 859	291 635	291 635	240 440	240 894	249 993
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6									
Transfers and subsidies - capital (in-kind - all)		153 896	8 472	10 901	(77 195)	8 940	8 940	50 239	59 813	73 456
Surplus/(Deficit) after capital transfers & contributions		153 896	8 472	10 901	(77 195)	8 940	8 940	50 239	59 813	73 456
Taxation										
Surplus/(Deficit) after taxation		153 896	8 472	10 901	(77 195)	8 940	8 940	50 239	59 813	73 456
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		153 896	8 472	10 901	(77 195)	8 940	8 940	50 239	59 813	73 456
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		153 896	8 472	10 901	(77 195)	8 940	8 940	50 239	59 813	73 456

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

- This table provides a summary of the revenue and expenditure expected over the MTREF period. It distinguishes between operating revenue and capital revenue.
- Total revenue excluding capital transfers is R3,4 billion in 2022/2023 and escalates to R3,7 billion by 2024/2025.

3. Revenue to be generated from property rates is R561 million during 2022/23 financial year and increases to R612 million by 2024/25, which represents 17% of the operating revenue base of the City and therefore remains a significant funding source for the municipality.
4. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket for MCLM amounting to R2 billion for the 2022/2023 financial year and increasing to R2,3 billion by 2024/2025.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The following graph illustrates the operating revenue per type

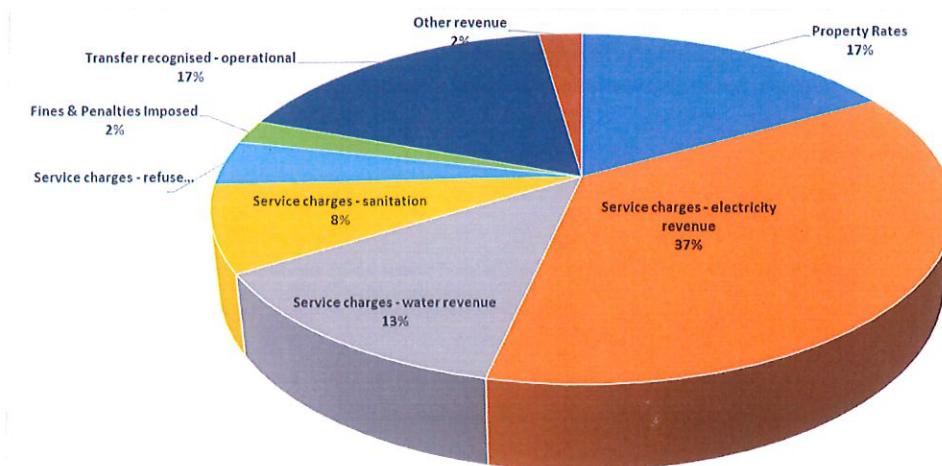


Figure 1: Operating revenue per type

The following graph illustrates the total operating expenditure per type

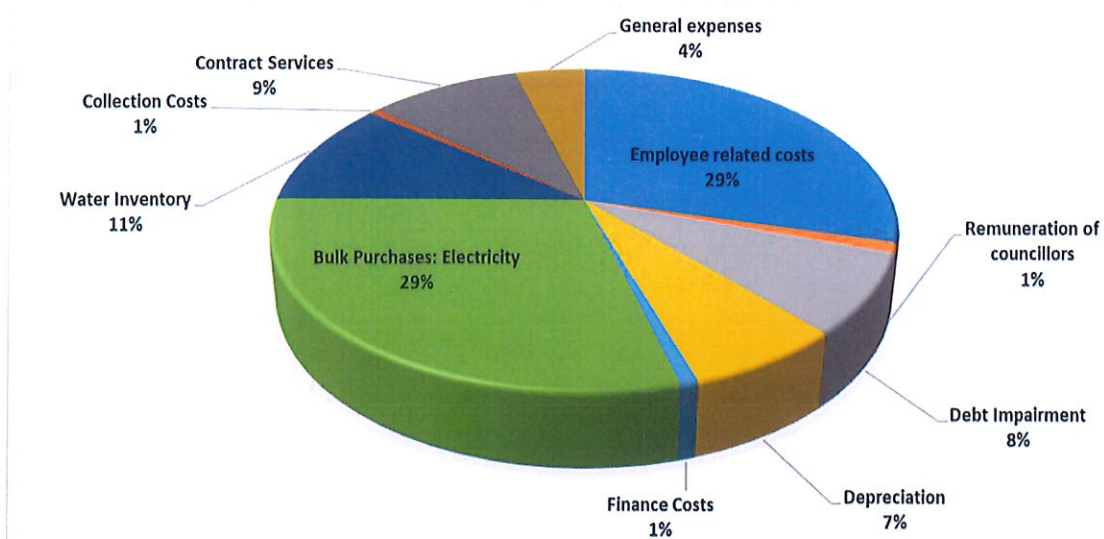


Figure 2: Operating expenditure per type



The following graph illustrates the major expenditure items per type.

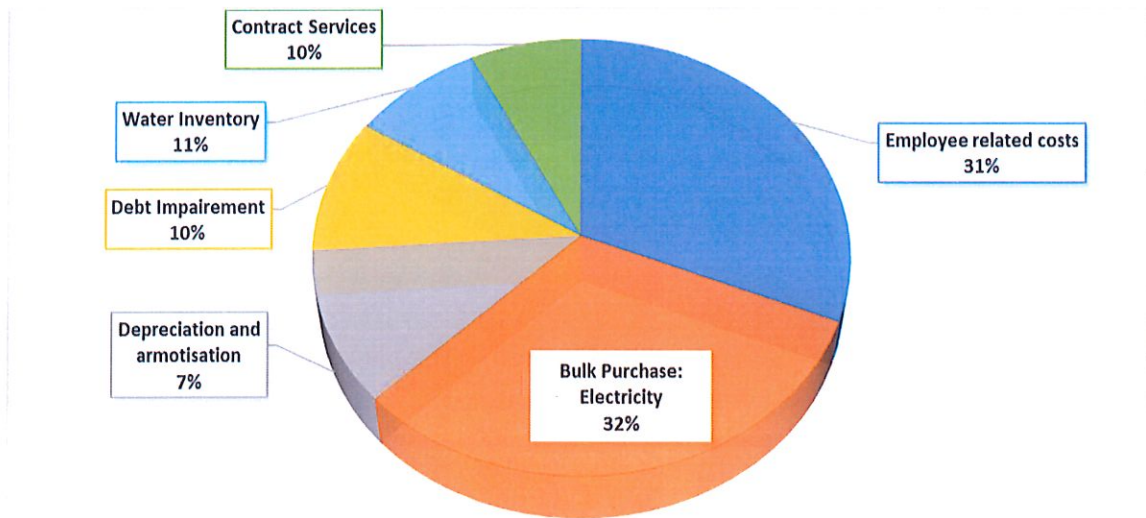


Figure 3: Expenditure by major type

6. Bulk purchases electricity has significantly increased from 2018/119 to 2024/25 period escalating from R983 million to R1,2 billion increase of 28% by Eskom over seven years.
7. Employee related costs, bulk purchases, contracted services, and debt impairment are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

## GT481 Mogale City - Table A5 Budgeted Capital Expenditure

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	<b>2</b>										
Vote 1 - MUNICIPAL COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGER'S OFFICE		—	—	—	—	—	—	—	—	—	—
Vote 3 - INTERNAL AUDIT		—	—	—	—	—	—	—	—	—	—
Vote 4 - STRATEGIC MANAGEMENT SERVICES		—	—	—	—	—	—	—	—	—	—
Vote 5 - CORPORATE SUPPORT SERVICES		—	—	—	—	—	—	—	—	1 500	2 000
Vote 6 - FINANCIAL MANAGEMENT SERVICES		—	24	—	—	—	—	—	—	—	—
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		14 926	31 299	7 249	47 000	21 250	21 250	7 401	32 971	40 000	29 304
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		21 144	25 754	5 697	6 700	7 314	7 314	1 054	4 814	14 500	14 000
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		173 632	10 000	5 564	—	7 000	7 000	3 613	—	—	—
Vote 10 - UTILITIES MANAGEMENT SERVICES		105 726	62 317	69 860	104 511	89 611	89 611	43 398	98 760	109 887	91 718
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		89 757	38 124	24 220	61 100	88 585	88 585	33 011	76 350	83 592	101 200
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>405 184</b>	<b>167 518</b>	<b>112 589</b>	<b>219 311</b>	<b>213 760</b>	<b>213 760</b>	<b>88 476</b>	<b>212 894</b>	<b>249 479</b>	<b>238 222</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - MUNICIPAL COUNCIL		—	—	743	154	281	281	1 676	—	—	—
Vote 2 - MUNICIPAL MANAGER'S OFFICE		34	—	—	54	54	54	—	—	—	—
Vote 3 - INTERNAL AUDIT		12	177	—	225	239	239	109	51	—	—
Vote 4 - STRATEGIC MANAGEMENT SERVICES		70	239	—	2 726	2 721	2 721	289	104	208	—
Vote 5 - CORPORATE SUPPORT SERVICES		338	258	—	1 645	1 645	1 645	609	30	13 779	—
Vote 6 - FINANCIAL MANAGEMENT SERVICES		57	849	655	2 235	5 920	5 920	2 246	330	970	—
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		109	785	33 086	10 479	5 378	5 378	1 734	37 597	33 380	—
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		817	1 908	16 362	11 293	14 069	14 069	1 078	13 816	467	—
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		—	31 135	17 034	896	896	896	26 162	465	2 000	—
Vote 10 - UTILITIES MANAGEMENT SERVICES		—	11 748	11 912	4 766	91 342	91 342	10 151	56 164	71 356	13 771
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		—	10 795	30 313	6 000	4 860	4 860	1 737	34 669	20	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
<b>Capital single-year expenditure sub-total</b>		<b>1 437</b>	<b>57 895</b>	<b>110 105</b>	<b>40 473</b>	<b>127 405</b>	<b>127 405</b>	<b>45 992</b>	<b>143 226</b>	<b>122 181</b>	<b>13 771</b>
<b>Total Capital Expenditure - Vote</b>		<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>259 784</b>	<b>341 165</b>	<b>341 165</b>	<b>134 468</b>	<b>356 121</b>	<b>371 660</b>	<b>251 993</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>25 794</b>	<b>1 548</b>	<b>1 398</b>	<b>7 289</b>	<b>11 110</b>	<b>11 110</b>	<b>5 095</b>	<b>515</b>	<b>16 457</b>	<b>2 000</b>
Executive and council		34	—	743	2 168	2 295	2 295	1 052	—	—	—
Finance and administration		25 748	1 370	655	4 896	8 576	8 576	3 933	464	16 457	2 000
Internal audit		12	177	—	225	239	239	110	51	—	—
<b>Community and public safety</b>		<b>129 643</b>	<b>71 648</b>	<b>41 674</b>	<b>40 222</b>	<b>120 717</b>	<b>120 717</b>	<b>55 361</b>	<b>76 130</b>	<b>34 967</b>	<b>24 000</b>
Community and social services		27 525	30 633	22 059	26 717	23 117	23 117	10 601	27 610	18 857	9 000
Sport and recreation		4 281	10 504	9 106	13 479	11 472	11 472	5 261	48 500	24 000	15 000
Public safety		—	—	—	26	52	52	24	20	110	—
Housing		97 837	31 111	9 908	—	66 076	66 076	39 475	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>139 627</b>	<b>58 852</b>	<b>64 551</b>	<b>63 996</b>	<b>94 841</b>	<b>94 841</b>	<b>43 494</b>	<b>110 484</b>	<b>85 612</b>	<b>101 200</b>
Planning and development		76 156	10 476	10 399	1 196	1 196	1 196	548	875	2 081	200
Road transport		63 470	48 376	54 152	62 800	93 645	93 645	42 946	109 609	83 531	101 000
Environmental protection		—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>110 916</b>	<b>83 275</b>	<b>115 291</b>	<b>144 777</b>	<b>107 987</b>	<b>107 987</b>	<b>49 527</b>	<b>167 992</b>	<b>234 623</b>	<b>124 793</b>
Energy services		17 825	18 094	34 692	44 777	29 777	29 777	13 656	70 764	89 356	56 718
Water management		49 412	55 769	49 171	36 000	36 000	36 000	16 510	49 160	38 887	13 771
Waste water management		38 489	676	8 682	29 000	29 100	29 100	13 345	35 000	53 000	35 000
Waste management		5 189	18 716	22 246	35 000	13 120	13 120	6 017	13 068	53 380	19 304
<b>Other</b>		<b>642</b>	<b>90</b>	<b>380</b>	<b>3 500</b>	<b>6 500</b>	<b>6 500</b>	<b>2 981</b>	<b>1 000</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>259 784</b>	<b>341 165</b>	<b>341 165</b>	<b>156 458</b>	<b>356 121</b>	<b>371 660</b>	<b>251 993</b>
<b>Funded by:</b>											
National Government		236 191	169 274	180 822	210 259	195 224	195 224	69 530	234 941	232 394	240 993
Provincial Government		111 632	38 953	23 140	7 600	96 376	96 376	44 198	5 500	8 500	9 000
District Municipality		—	—	—	—	35	35	16	—	—	—
<b>Transfers recognised - capital</b>	<b>4</b>	<b>347 823</b>	<b>208 227</b>	<b>203 961</b>	<b>217 859</b>	<b>291 635</b>	<b>291 635</b>	<b>133 744</b>	<b>240 440</b>	<b>240 894</b>	<b>249 993</b>
<b>Borrowing</b>	<b>6</b>										
Internally generated funds		58 798	17 186	18 733	41 925	49 530	49 530	22 714	115 681	130 765	2 000
<b>Total Capital Funding</b>	<b>7</b>	<b>406 621</b>	<b>225 413</b>	<b>222 695</b>	<b>259 784</b>	<b>341 165</b>	<b>341 165</b>	<b>156 458</b>	<b>356 121</b>	<b>371 660</b>	<b>251 993</b>

## 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

GT481 Mogale City - Table A6 Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
ASSETS											
Current assets											
Cash		43 210	87 929	56 475	28 654	2 769	2 769	2 769	17 542	33 229	49 779
Call investment deposits	1	17 464	10 407	8 449	91 565	91 565	91 565	91 565	102 386	3 938	98 448
Consumer debtors	1	386 187	519 032	628 231	529 362	529 362	529 362	529 362	657 129	687 357	718 976
Other debtors		35 858	22 638	62 442	22 872	22 872	22 872	22 872	30 593	32 001	33 473
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—	—
Inventory	2	19 493	17 028	15 337	17 198	17 198	17 198	17 198	16 510	15 850	15 216
Total current assets		502 212	657 034	770 934	689 650	663 765	663 765	663 765	824 161	772 375	915 892
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		763	575	599	—	—	—	—	575	552	530
Investment property		663 918	692 045	698 726	704 210	704 210	704 210	704 210	704 210	704 210	704 210
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	5 764 779	5 719 243	5 663 279	5 739 880	6 162 622	6 162 622	6 162 622	6 273 476	6 389 011	6 374 437
Biological		—	2 378	2 735	—	—	—	—	—	—	—
Intangible		2 765	5 045	3 046	4 345	13 404	13 404	13 404	11 904	10 404	7 754
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		6 432 225	6 419 287	6 368 384	6 448 436	6 880 236	6 880 236	6 880 236	6 990 165	7 104 177	7 086 931
TOTAL ASSETS		6 934 437	7 076 321	7 139 318	7 138 086	7 544 002	7 544 002	7 544 002	7 814 326	7 876 553	8 002 823
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	51 828	58 438	42 965	30 112	30 112	30 112	30 112	30 696	32 115	33 599
Consumer deposits		69 693	73 272	76 455	76 203	76 203	76 203	76 203	79 972	81 571	83 203
Trade and other payables	4	879 352	1 079 003	1 135 429	1 099 360	1 099 360	1 099 360	1 099 360	1 092 366	1 086 281	1 080 645
Provisions		25 995	35 652	22 729	91 872	91 872	91 872	91 872	23 774	24 668	26 012
Total current liabilities		1 026 868	1 246 570	1 277 577	1 297 547	1 297 547	1 297 547	1 297 547	1 226 807	1 224 835	1 223 459
Non current liabilities											
Borrowing		319 992	263 086	220 124	262 112	262 112	262 112	262 112	189 387	156 561	123 594
Provisions		311 383	277 312	337 992	198 003	198 003	198 003	198 003	353 539	360 610	367 822
Total non current liabilities		631 376	540 399	558 116	460 115	460 115	460 115	460 115	542 926	517 171	491 417
TOTAL LIABILITIES		1 658 244	1 786 969	1 835 693	1 757 661	1 757 661	1 757 661	1 757 661	1 769 733	1 742 006	1 714 875
NET ASSETS	5	5 276 194	5 289 352	5 303 625	5 380 425	5 786 340	5 786 340	5 786 340	6 044 593	6 134 546	6 287 948
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		5 252 322	5 260 838	5 269 171	5 380 425	5 786 340	5 786 340	5 786 340	6 044 593	6 134 546	6 287 948
Reserves	4	23 872	28 514	34 454	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	5 276 194	5 289 352	5 303 625	5 380 425	5 786 340	5 786 340	5 786 340	6 044 593	6 134 546	6 287 948

## 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**

GT481 Mogale City - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		561 317	563 272	504 064	459 123	490 363	490 363	561 193	585 885	612 250
Service charges		1 537 183	1 688 166	1 858 265	1 715 799	1 728 424	1 728 424	1 863 299	1 945 284	2 055 410
Other revenue		66 861	—	—	635 406	570 607	570 607	263 770	260 932	272 460
Transfers and Subsidies - Operational	1	389 863	445 323	551 309	513 428	515 288	515 288	584 216	624 121	682 136
Transfers and Subsidies - Capital	1	323 887	213 818	235 299	217 859	255 329	255 329	240 440	240 894	249 993
Interest		59 290	49 260	37 339	51 750	48 879	48 879	51 125	50 910	53 394
Dividends		24	26	23				—	—	—
Payments										
Suppliers and employees		(2 447 204)	(2 632 749)	(2 933 715)	(3 324 435)	(3 249 267)	(3 249 267)	(3 184 179)	(3 272 314)	(3 610 619)
Finance charges		(48 036)	(49 378)	(38 463)	(45 697)	(45 697)	(45 697)	(27 139)	(24 108)	(21 105)
Transfers and Grants	1	(2 771)	(1 701)	(346)	(3 019)	(4 804)	(4 804)	(3 140)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		440 413	276 037	213 776	220 214	309 121	309 121	349 584	408 326	290 493
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			10 149	3 303				—	—	—
Decrease (increase) in non-current receivables								—	—	—
Decrease (increase) in non-current investments								—	—	—
Payments										
Capital assets		(419 842)	(198 218)	(192 312)	(259 784)	(341 165)	(341 165)	(356 121)	(371 660)	(251 993)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(419 842)	(188 069)	(189 009)	(259 784)	(341 165)	(341 165)	(356 121)	(371 660)	(251 993)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								—	—	—
Borrowing long term/refinancing								—	—	—
Increase (decrease) in consumer deposits								—	—	—
Payments										
Repayment of borrowing		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)	(30 696)	(32 115)	(33 599)
NET INCREASE/ (DECREASE) IN CASH HELD										
	2	20 299	37 662	(33 412)	(69 683)	(62 156)	(62 156)	(37 233)	4 552	4 901
Cash/cash equivalents at the year begin:	2	40 375	60 674	98 336	98 336	64 925	64 925	64 925	27 692	32 244
Cash/cash equivalents at the year end:	2	60 674	98 336	64 925	28 654	2 769	2 769	27 692	32 244	37 145

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The budget in Financial Performance (table A4) must be funded from the anticipated cash inflow receipts and not billing for service charges.
4. The above table shows that cash and cash equivalents for MCLM remains positive from 2018/19 at R60 million, then decreases during 2022/23 financial year to R27 million and increases over the MTREF to R37 million.



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

GT481 Mogale City - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	60 674	98 336	64 925	28 654	2 769	2 769	–	27 692	32 244	37 145
Other current investments > 90 days		0	–	–	91 565	91 565	91 565	94 334	92 236	4 924	111 083
Non current assets - Investments	1	763	575	599	–	–	–	–	575	552	530
Cash and investments available:		61 437	98 912	65 524	120 219	94 334	94 334	94 334	120 503	37 719	148 758
Application of cash and investments											
Unspent conditional transfers		139	6 488	37 408	1 298	1 298	1 298	1 298	6 787	7 099	7 425
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	478 567	571 971	436 669	510 258	507 462	507 462	1 098 062	425 742	392 117	349 097
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		478 705	578 459	474 077	511 556	508 760	508 760	1 099 360	432 529	399 216	356 522
Surplus(shortfall)		(417 268)	(479 547)	(408 553)	(391 337)	(414 426)	(414 426)	(1 005 026)	(312 025)	(361 497)	(207 764)

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular No. 42 and 93 – Funding a Municipal Budget.
2. In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would be either a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. From the table above, it can be seen that the budget is unfunded over the MTREF period. The Budget Funding Plan is tabled with the 2022/2023 MTREF proposed budget to be adopted and approved by council to mitigate the unfunded budget.

Table 15: MBRR Table A9 - Asset Management

GT481 Mogale City - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	265 873	178 532	166 154	122 748	219 473	219 473	250 011	272 555	162 689
Roads Infrastructure		900	26 685	30 473	34 300	42 310	42 310	61 000	58 531	66 000
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		17 645	18 066	29 479	24 613	24 613	24 613	59 125	85 356	56 718
Water Supply Infrastructure		50 164	55 688	55 961	36 500	122 576	122 576	10 160	28 782	13 771
Sanitation Infrastructure		38 281	182	—	7 000	7 600	7 600	—	10 000	—
Solid Waste Infrastructure		2 288	14 606	21 810	—	—	—	—	26 280	—
Rail Infrastructure		15 020	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
<b>Infrastructure</b>		124 299	115 226	137 723	102 413	197 099	197 099	130 285	208 949	136 489
Community Facilities		16 656	8 234	5 697	7 600	5 500	5 500	5 500	10 500	9 000
Sport and Recreation Facilities		—	16 553	9 262	—	500	500	24 000	22 000	15 000
<b>Community Assets</b>		16 656	24 787	14 958	7 600	6 000	6 000	29 500	32 500	24 000
<b>Heritage Assets</b>		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
<b>Investment properties</b>		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	3 000	—
Housing		97 837	31 111	9 908	—	—	—	—	—	—
<b>Other Assets</b>		97 837	31 111	9 908	—	—	—	—	3 000	—
<b>Biological or Cultivated Assets</b>		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		75	90	400	4 000	6 858	6 858	—	21 100	2 000
<b>Intangible Assets</b>		75	90	400	4 000	6 858	6 858	—	21 100	2 000
Computer Equipment		744	7 202	1 119	8 610	9 146	9 146	1 069	534	100
Furniture and Office Equipment		354	116	—	125	371	371	459	4 313	100
Machinery and Equipment		109	—	1 302	—	—	—	90	358	—
Transport Assets		25 799	—	743	—	—	—	88 609	1 800	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>Total Renewal of Existing Assets</b>	2	85 548	27 491	38 299	—	7 750	7 750	45 000	59 105	50 000
Roads Infrastructure		1 015	4 485	13 256	—	—	—	8 000	10 000	15 000
Storm water Infrastructure		1 983	—	—	—	—	—	—	—	—
Electrical Infrastructure		179	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	7 105	—
Sanitation Infrastructure		—	—	—	—	—	—	35 000	40 000	35 000
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
<b>Infrastructure</b>		3 178	4 485	13 256	—	—	—	43 000	57 105	50 000
Community Facilities		77 556	22 553	20 042	—	7 750	7 750	1 000	—	—
Sport and Recreation Facilities		4 172	—	—	—	—	—	1 000	2 000	—
<b>Community Assets</b>		81 728	22 553	20 042	—	7 750	7 750	2 000	2 000	—
<b>Heritage Assets</b>		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
<b>Investment properties</b>		—	—	—	—	—	—	—	—	—
Operational Buildings		—	453	5 001	—	—	—	—	—	—
Housing		642	—	—	—	—	—	—	—	—
<b>Other Assets</b>		642	453	5 001	—	—	—	—	—	—
<b>Biological or Cultivated Assets</b>		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
<b>Intangible Assets</b>		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—



Table 15: MBRR Table A9 - Asset Management

GT481 Mogale City - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>Total Upgrading of Existing Assets</b>	6	55 201	19 390	18 241	137 036	113 941	113 941	61 110	40 000	39 304
Roads Infrastructure		44 552	11 911	5 290	29 000	44 335	44 335	12 000	15 000	20 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	3 152	20 000	5 000	5 000	11 639	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	20 000	20 000	20 000	-	-	-
Solid Waste Infrastructure		2 901	4 543	9 419	35 000	13 120	13 120	12 971	20 000	19 304
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		47 453	16 454	17 861	104 000	82 455	82 455	36 610	35 000	39 304
Community Facilities		7 748	2 935	-	16 536	14 736	14 736	22 000	2 000	-
Sport and Recreation Facilities		-	-	-	13 000	10 250	10 250	1 500	-	-
<b>Community Assets</b>		7 748	2 935	-	29 536	24 986	24 986	23 500	2 000	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	380	3 500	6 500	6 500	1 000	-	-
<b>Other Assets</b>		-	-	380	3 500	6 500	6 500	1 000	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	3 000	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	3 000	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	406 621	225 413	222 695	259 784	341 165	341 165	356 121	371 660	251 993
Roads Infrastructure		46 467	43 091	49 020	63 300	86 645	86 645	81 000	83 531	101 000
Storm water Infrastructure		1 983	-	-	-	-	-	-	-	-
Electrical Infrastructure		17 825	18 066	32 631	44 613	29 613	29 613	70 764	85 356	56 718
Water Supply Infrastructure		50 164	55 688	55 961	36 500	122 576	122 576	10 160	35 887	13 771
Sanitation Infrastructure		38 281	182	-	27 000	27 600	27 600	35 000	50 000	35 000
Solid Waste Infrastructure		5 189	19 149	31 229	35 000	13 120	13 120	12 971	46 280	19 304
Rail Infrastructure		15 020	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		174 830	136 166	168 841	206 413	279 554	279 554	209 895	301 054	225 793
Community Facilities		101 959	33 723	25 739	24 136	27 986	27 986	28 500	12 500	9 000
Sport and Recreation Facilities		4 172	16 553	9 262	13 000	10 750	10 750	26 500	24 000	15 000
<b>Community Assets</b>		106 131	50 276	35 001	37 136	38 736	38 736	55 000	36 500	24 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	453	5 001	-	-	-	-	3 000	-
Housing		98 479	31 111	10 289	3 500	6 500	6 500	1 000	-	-
<b>Other Assets</b>		98 479	31 564	15 290	3 500	6 500	6 500	1 000	3 000	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		75	90	400	4 000	6 858	6 858	-	24 100	2 000
<b>Intangible Assets</b>		75	90	400	4 000	6 858	6 858	-	24 100	2 000
Computer Equipment		744	7 202	1 119	8 610	9 146	9 146	1 069	534	100
Furniture and Office Equipment		354	116	-	125	371	371	459	4 313	100
Machinery and Equipment		109	-	1 302	-	-	-	90	338	-
Transport Assets		25 799	-	743	-	-	-	88 609	1 800	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		406 621	225 413	222 695	259 784	341 165	341 165	356 121	371 660	251 993

Table 15: MBRR Table A9 - Asset Management

GT481 Mogale City - Table A9 Asset Management									
R thousand	Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23
									Budget Year +1 2023/24
									Budget Year +2 2024/25
<b>ASSET REGISTER SUMMARY - PPE (MDV)</b>									
	Roads Infrastructure	5	6 431 462	6 418 712	6 367 785	6 448 436	6 880 236	6 880 236	6 989 590
	Storm water Infrastructure		2 172 417	2 164 002	2 143 524	2 165 442	2 252 087	2 252 087	2 274 043
	Electrical Infrastructure		—	—	—	500	500	500	500
	Water Supply Infrastructure		1 059 873	1 025 256	1 006 962	1 016 007	1 045 784	1 045 784	1 082 398
	Rail Infrastructure		597 636	605 780	611 779	618 000	673 500	673 500	699 151
	Coastal Infrastructure		—	—	—	—	—	—	—
	Heritage Assets		2 495	2 450	2 450	2 445	2 445	2 445	2 445
	Other Assets		284 415	257 908	232 161	258 648	258 648	258 648	253 648
	Biological or Cultivated Assets		—	2 378	2 735	—	—	—	—
	Intangible Assets		2 586	5 045	3 046	4 346	13 404	13 404	11 904
	Computer Equipment		6 826	6 844	4 489	12 208	21 166	21 166	18 932
	Furniture and Office Equipment		16 018	9 998	8 629	6 031	7 168	4 466	8 235
	Machinery and Equipment		3 976	1 687	1 839	2 412	2 412	2 412	2 537
	Transport Assets		5 624	3 831	1 498	1 827	1 827	12 122	13 118
	Land		—	14 342	12 571	5 000	5 165	5 165	37 459
	Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—
<b>TOTAL ASSET REGISTER SUMMARY - PPE (MDV)</b>									
		5	6 431 462	6 418 712	6 367 785	6 448 436	6 880 236	6 880 236	6 989 590
									7 103 625
									7 086 401
<b>EXPENDITURE OTHER ITEMS</b>									
	Depreciation	7	270 105	327 959	726 971	594 309	571 497	571 497	611 258
	Repairs and Maintenance by Asset Class	3	268 224	241 557	247 959	237 285	237 285	237 285	246 767
	Roads Infrastructure		1 881	86 402	479 013	357 024	334 212	334 212	364 491
	Storm water Infrastructure		—	31 501	71 549	38 208	35 977	35 977	39 349
	Electrical Infrastructure		—	—	—	—	—	—	—
	Water Supply Infrastructure		1 865	54 671	124 284	176 073	150 656	150 656	161 106
	Sanitation Infrastructure		—	—	—	—	—	—	—
	Solid Waste Infrastructure		—	—	139 188	60 778	66 749	66 749	75 266
	Rail Infrastructure		—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—
	Infrastructure		1 865	86 172	335 021	275 058	253 381	253 381	275 722
	Community Facilities		—	4	53 114	51 718	51 535	51 535	56 938
	Sport and Recreation Facilities		15	190	8 406	9 025	9 380	9 380	9 871
	Community Assets		15	194	61 520	60 742	60 915	60 915	66 809
	Heritage Assets		—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—
	Operational Buildings		—	—	81 147	18 744	17 475	17 475	19 420
	Housing		—	—	—	—	—	—	—
	Other Assets		—	—	81 147	18 744	17 475	17 475	19 420
	Biological or Cultivated Assets		—	—	—	—	—	—	—
	Servitudes		—	—	—	—	—	—	—
	Licences and Rights		—	—	—	—	—	—	—
	Intangible Assets		—	—	—	—	—	—	—
	Computer Equipment		—	—	—	—	—	—	—
	Furniture and Office Equipment		—	—	—	—	—	—	—
	Machinery and Equipment		—	—	—	—	—	—	—
	Transport Assets		—	—	—	—	—	—	—
	Land		—	36	1 324	2 480	2 441	2 441	2 540
	Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—
<b>TOTAL EXPENDITURE OTHER ITEMS</b>									
			270 105	327 959	726 971	594 309	571 497	571 497	611 258
									634 446
									662 996
	Renewal and upgrading of Existing Assets as % of total capex		34,6%	20,8%	25,4%	52,7%	35,7%	35,7%	29,8%
	Renewal and upgrading of Existing Assets as % of deprec		52,5%	19,4%	22,8%	57,8%	51,3%	51,3%	43,0%
	R&M as a % of PPE		0,0%	1,5%	8,5%	6,2%	5,4%	5,4%	3,8%
	Renewal and upgrading and R&M as a % of PPE		2,0%	2,0%	8,0%	8,0%	7,0%	7,0%	5,9%

## 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.



3. The renewal of existing assets as a percentage of total capital budget is projected to be 29,8% during 2022/23 financial year and increases to 35,4% over MTREF. Repairs & Maintenance as a percentage of PPE for 2022/23 is 5,8% and increases over the MTREF to 6,2%.
4. Renewal and Upgrading & Repairs & Maintenance as a percentage of PPE is at 7% throughout the MTREF budget.
5. The following graph provides an analysis between depreciation and operational repairs and maintenance. It highlights the Municipality's strategy to address the maintenance backlog.

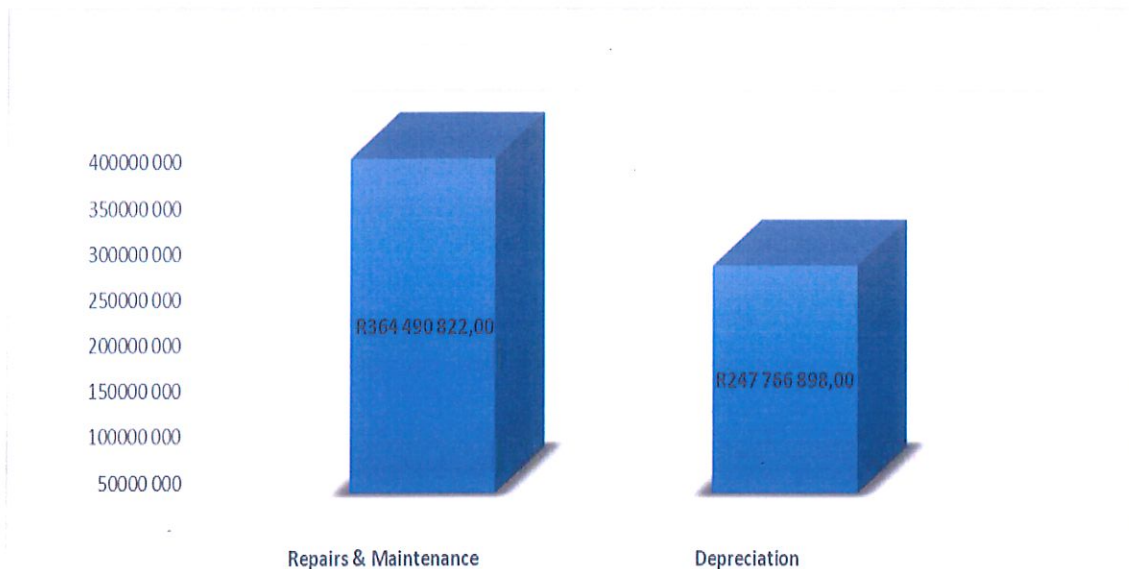


Table 16: MBRR Table A10 - Basic Service Delivery Measurement

GT481 Mogale City - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Household service targets</b>										
<b>Water:</b>										
Piped water inside dwelling	1	137 412	137 412	203 395	204 783	204 783	204 783	214 613	224 056	234 139
Piped water inside yard (but not in dwelling)	2	—	—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		137 412	137 412	203 395	204 783	204 783	204 783	214 613	224 056	234 139
Using public tap (< min.service level)	3	9 740	9 740	9 837	9 935	9 935	9 935	10 412	10 870	11 359
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply	4	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		9 740	9 740	9 837	9 935	9 935	9 935	10 412	10 870	11 359
<b>Total number of households</b>	5	147 152	147 152	213 232	214 718	214 718	214 718	225 024	234 926	245 498
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		130 668	130 668	14 901 975	131 975	131 975	131 975	138 310	114 395	150 893
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		19 736 574	20 381 820	14 016 649	14 766 815	14 766 815	14 766 815	15 496 582	16 178 432	16 906 461
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		19 867 242	20 522 488	28 918 624	14 918 790	14 918 790	14 918 790	15 634 892	16 292 827	17 057 354
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		9 740	9 740	9 837	9 935	9 935	9 935	10 412	10 870	11 359
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		9 740	9 740	9 837	9 935	9 935	9 935	10 412	10 870	11 359
<b>Total number of households</b>	5	19 876 982	20 532 228	28 928 461	14 928 725	14 928 725	14 928 725	15 645 304	16 303 697	17 068 714
<b>Energy:</b>										
Electricity (at least min.service level)		127 700	127 700	128 977	130 267	130 267	130 267	136 520	142 527	148 940
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		127 700	127 700	128 977	130 267	130 267	130 267	136 520	142 527	148 940
Electricity (< min.service level)		19 452	19 452	19 647	19 843	19 843	19 843	20 795	21 710	22 687
Electricity - prepaid (< min.service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		19 452	19 452	19 647	19 843	19 843	19 843	20 795	21 710	22 687
<b>Total number of households</b>	5	147 152	147 152	148 624	150 110	150 110	150 110	157 315	164 237	171 628
<b>Refuse:</b>										
Removed at least once a week		119 552	201 552	27 921 449	35 324 139	35 324 139	35 324 139	37 019 699	38 648 564	40 387 750
<i>Minimum Service Level and Above sub-total</i>		119 552	201 552	27 921 449	35 324 139	35 324 139	35 324 139	37 019 699	38 648 564	40 387 750
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		18 000	18 000	18 180	18 362	18 362	18 362	19 243	20 090	20 994
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		18 000	18 000	18 180	18 362	18 362	18 362	19 243	20 090	20 994
<b>Total number of households</b>	5	137 552	219 552	27 939 629	35 342 501	35 342 501	35 342 501	37 038 941	38 668 654	40 408 744
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitre per household per month)		10 000	10 000	10 000	7 759	6 425	6 425	13 000	13 500	14 900
Sanitation (free minimum level service)		10 000	10 000	10 000	7 759	6 425	6 425	13 000	13 500	14 900
Electricity/other energy (50kwh per household per month)		10 000	10 000	10 000	7 759	6 425	6 425	13 000	13 500	14 900
Refuse (removed at least once a week)		10 000	10 000	10 000	7 759	6 425	6 425	13 000	13 500	14 900
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitre per indigent household per month)		627	515	514	533	561	561	611	638	666
Sanitation (free sanitation service to indigent households)		12 318	19 523	20 379	20 637	20 637	20 637	22 453	23 441	24 473
Electricity/other energy (50kwh per indigent household per month)		1 453	1 251	2 262	2 033	2 725	2 725	2 987	3 119	3 259
Refuse (removed once a week for indigent households)		17 613	15 176	14 265	15 145	14 050	14 050	14 725	15 372	16 064
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		—	—	—	—	—	—	—	—	—
<b>Total cost of FBS provided</b>		32 012	36 465	37 421	17 711	37 974	37 974	40 776	42 570	44 462
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		40 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Water (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		12 318 392	—	—	13 912 806	13 912 806	—	—	—	—
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
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitre 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		—	—	—	—	—	—	—	—	—
<b>Total revenue cost of subsidised services provided</b>	6	15	15	15	15	15	15	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.



- a. Water services – (below minimum service level) 10 412 households are provided by water through water tanks. These households are largely found in 'rural areas and these areas are the key focus priority of the City in eradicating poverty and low service delivery.
  - b. Sanitation services – MCLM is providing or renting chemical toilets to 10 412 households mostly for Informal Settlements in rural areas.
  - c. Electricity services – 20 795 households do not have electricity; other spheres of government are addressing the backlog by providing grants to Eskom to install electricity in rural areas and informal settlements.
3. The budget provides for 13 000 households will be registered as indigent in 2022/23 currently MCLM is providing free basic services to 6 425 households. The number is set to increase to 6 575 households over the MTREF given the rapid rate of immigration to the City, especially by poor people seeking economic opportunities.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor.

The primary aim of the Budget Steering Committee is to ensure:

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

## 2.2 OVERVIEW OF THE ANNUAL BUDGET PROCESS

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

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

ACTIVITIES	RESPONSIBLE	DATES
<b>PLANNING PROCESS</b>		
Preparation for Revised IDP process plan	IDP	July 2021
Tabling of the 2021/22 IDP/Budget Process Plan to EXCO/Budget Committee for recommendation for approval	IDP	August 2021
Adoption of IDP/ Budget Process Plan for 2021/2022 IDP/Budget.	Council	August 2021
Public notice of the adopted IDP/Budget Process Plan for 2021/22 IDP/Budget Review	IDP	September 2021
Submission of the IDP Process Plan to MEC for Local Government, National & Provincial Treasury Departments	IDP	September 2021
<b>STATUS ANALYSIS PHASE</b>		
Demographic & Service Delivery data analysis	IDP	September 2021
Socio-Economic data analysis	EDS, CDS & IDP	September 2021
Institutional data analysis	CSS& IDP	September 2021
Spatial data analysis	EDS& IDP	September 2021



ACTIVITIES	RESPONSIBLE	DATES
Environmental sustainability data analysis	DIEM & IDP	September 2021
<b>PUBLIC CONSULTATION PHASE</b>		
Review of 2021/22 public participation to determine the following: <ul style="list-style-type: none"> <li>• What needs to be improved for the public participation?</li> <li>• What are the possible alternatives for the next public participation?</li> <li>• Presentations of Internal Departments to IDP and Budget Committee on interventions to address community inputs and Service Delivery achievements.</li> </ul>	EM: SMS; IDP and Public Participation office.	October 2021
Public Participation - IDP Roadshows/Virtual Presentations	IDP & Public Participation Office;	November/ December 2021
IDP Roadshow Report. <ol style="list-style-type: none"> <li>1. List of community priority needs</li> <li>2. List of all community needs submitted to departments for consideration</li> </ol>	IDP	December 2021
<b>STRATEGIC ALIGNMENT PHASE</b>		
Municipal Strategic Analysis	MAYCO/EXCO	Jan - March 2022
Vision and Mission	All Departments	Jan - March 2022
Objectives and development priorities	All Departments	Jan - March 2022
Priority Programme and Project Identification	All Departments	Jan - March 2022
<b>PERFORMANCE AND BUDGET REVIEW PHASE</b>		
Submission of Mid-year performance report	M&E	Jan/Feb 2022

ACTIVITIES	RESPONSIBLE	DATES
<b>PROGRAMME AND PROJECTS PHASE</b>		
Priority Programmes and Projects	All Departments	Feb 2022
2021/22 Adjustment Budget	BTO	Feb 2022
CAPEX and OPEX costing	BTO	1-15 March 2022
<ul style="list-style-type: none"> <li>Agreement on changes proposed by Executive Mayor and Councillors on IDP/Budget</li> </ul>	BTO	15-26 March 2022
<b>ALIGNMENT OF NATIONAL &amp; PROVINCIAL PROGRAMMES PHASE</b>		
Consideration and ensuring that MEC comments are addressed	IDP	1-15 March 2022
Integration and Alignment of sectoral plans into the IDP	IDP	1-15 March 2022
Integration and Alignment of operational plans into the IDP	All Departments	March 2022
<b>FINAL CONSULTATION AND APPROVAL</b>		
<ul style="list-style-type: none"> <li>Tabling of the draft IDP/Budget</li> </ul>	IDP/Budget	March 2022
<ul style="list-style-type: none"> <li>Public Participation - IDP virtual presentations</li> </ul>	IDP, CC & CC	April/May 2022
<ul style="list-style-type: none"> <li>IDP Roadshow Report.</li> <li>1. List of community priority needs</li> <li>2. List of all community needs submitted to departments for consideration</li> </ul>	IDP	April/May 2022
<ul style="list-style-type: none"> <li>Tabling of Annual IDP/Budget/SDBIP for consideration/ adoption.</li> </ul>	Council	May 2022
<ul style="list-style-type: none"> <li>Submission of the approved IDP to the MEC of Local Government</li> </ul>	IDP Division	June 2022



**2.3 OVERVIEW OF BUDGET RELATED POLICIES**

- 2.3.1 Various policies approved by Council underpin governance and the financial functioning of the municipality and are relevant to the budget process. The purpose of this section of the Budget Report is to indicate the key policies in this regard and to seek approval for any new or amended policies by Council. All amendments are highlighted in red.
- 2.3.2 The following budget related policies that was approved by Council has been amended and recommended for approval and highlighted in red from Annexure 1 to 26.

Annexure 1: Draft Property Rates Policy

Annexure 2: Draft Property Rates By-Law

Annexure 3: Draft Cash Management & Investment Policy

Annexure 4: Reviewed Borrowing Policy

Annexure 5: Reviewed Funding and reserves

Annexure 6: Reviewed Long Term Financial Plan Policy

Annexure 7: Reviewed Asset Management Policy

Annexure 8: Reviewed Indigent Management Policy

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

Annexure 10: Draft Employment Equity policy

Annexure 11: Draft Recruitment Policy

Annexure 12: Draft Review Overtime Policy

Annexure 13: Reviewed Grant in Aid Policy

Annexure 14: Reviewed Indigent Burial Policy

Annexure 15: Draft Liquidity Policy

Annexure 16: Draft Waste Management norm & standard policy

Annexure 17: Reviewed Unclaimed Monies Policy

Annexure 18: Reviewed Cost Containment Policy

Annexure 19: Reviewed 1% Corporate Social Responsibility

Annexure 20: Reviewed Supply Chain Management Policy

Annexure 21: Reviewed Credit Control and Debt Collection Policy

Annexure 22: Reviewed Budget Management Policy

Annexure 23: Reviewed Adjustment Budget Policy

Annexure 24: Reviewed Virement Policy

Annexure 25: Draft Cashier Shortages and Surpluses

Annexure 26: Supplier Performance Monitoring Policy

## 2.4 OVERVIEW OF BUDGET ASSUMPTIONS

### 2.4.1 External factors

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

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

This revision reflects a combination of the impact of changes in the global environment, along with South Africa's own unique challenges. Commodity prices, which have supported South Africa's economic recovery, slowed in the second half of 2021. Also, violent unrest in July, and restrictions imposed to manage the third wave of COVID-19 further eroded the gains South Africa made in the first half of the year. Industrial action in the manufacturing sector, and the re-emergence of load shedding, also slowed the pace of the recovery. Real Gross Domestic Product (GDP) growth of 2.1 per cent is projected for 2022. Over the next three years, GDP growth is expected to average 1.8 per cent. Headline inflation is expected to remain between 3 to 6 per cent target range over the 2022/23 MTEF. **(Source MFMA Circular No 115)**

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

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

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

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

1. Improving the effectiveness of revenue management processes and procedures.



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

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

**Table 17: Macroeconomic performance and projections, 2020-2025**

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

Source: 2022 Budget Review by Minister of Finance

#### 2.4.4 Collection rate for service charges revenue

The rate of revenue collection is currently expressed as a percentage (91%) of annual billings. No provision has been made for collection of arrears due to the historic trends showing that the collection of long outstanding arrears is very low. The revenue enhancement strategy to improve collection from all consumers that were put in place will continue to be implemented.

#### 2.4.5 Salary Increases

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

## 2.4.7 Funding measurements

## 2.4.7.1 Table 18: Cash Backed Reserves/Accumulated Surplus Reconciliation

GT481 Mogale City - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Cash and Investments available											
Cash/cash equivalents at the year end	1	60 674	98 336	64 925	28 654	2 769	2 769	–	27 692	32 244	37 145
Other current investments > 90 days		0	–	–	91 565	91 565	91 565	94 334	102 386	3 938	98 448
Non current assets - Investments	1	763	575	599	–	–	–	–	575	552	530
Cash and investments available:		61 437	98 912	65 524	120 219	94 334	94 334	94 334	130 653	36 734	136 124
Application of cash and investments											
Unspent conditional transfers		139	6 488	37 408	1 298	1 298	1 298	1 298	6 787	7 099	7 425
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	478 567	571 971	436 669	510 258	507 462	507 462	1 098 062	425 742	392 117	349 097
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		478 705	578 459	474 077	511 556	508 760	508 760	1 099 360	432 529	399 216	356 522
Surplus(shortfall)		(417 268)	(479 547)	(408 553)	(391 337)	(414 426)	(414 426)	(1 005 026)	(301 875)	(362 482)	(220 399)

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

In essence, the table above evaluates the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would be either a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of noncompliance with the MFMA requirements that the municipality's budget must be "funded".

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

- 1.1 Cash/cash equivalents at the year-end project a surplus of R27,692 million, this figure is from cash flow (table A7) meaning MCLM do not have sufficient cash to meet its obligations on time when they are due. All expenditures need to be reduced drastically.
- 1.2 Other current investments > 90 days: MCLM is projecting to invest 10% of money received from grants. **This investment is just a projection that can be realised or not.**
- 1.3 non-current assets – Investments is dividends to be received from Sanlam Shares.
- 1.4 Analysing the table above Mogale City have over the past three audited financial years' experience a shortfall ranging from R417,268 million to R408,553 million.
- 1.5 The table above for 2022/2023 MTREF predicts a shortfall or deficit of R301,875 million and improving over MTREF to R220,399 million, coronavirus have negatively affected global and domestic economic growth, potentially longer depending on steps taken to limit its spread and other working capital amounts are non-cash items.



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

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

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

2.3 The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. Working capital is calculated as the difference between net debtors (i.e., after provision for non-payment) and creditors. In this case net debtors or assets are less than liabilities (creditors) resulting in a shortfall of R301 million, R362 million and R220 million respectively over the MTREF.

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

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

2.6 The proposed cash flow has taken into consideration the payment plan agreement with Eskom that overlaps to the new financial year amounting to R108 million.

### 2.4.7.2 Table 19: Budgeted Cash Flows

GT481 Mogale City - Table A7 Budgeted Cash Flows																	
R thousand	Description	Ref	2018/19			2019/20			2020/21			Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Audited Outcome		Audited Outcome	Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>																	
<b>Receipts</b>																	
	Property rates		561 317	563 272	504 064	459 123	490 363	490 363				561 103	585 885	612 250			
	Service charges		1 537 183	1 688 166	1 858 265	1 715 799	1 728 424	1 728 424				1 863 299	1 945 284	2 055 410			
	Other revenue		66 851	—	—	635 406	570 607	570 607				263 770	260 932	272 460			
	Transfers and Subsidies - Operational	1	389 863	445 323	551 309	513 428	515 268	515 268				584 216	624 121	682 136			
	Transfers and Subsidies - Capital	1	323 887	213 818	235 299	217 859	255 329	255 329				240 440	240 894	249 993			
	Interest		59 290	49 260	37 339	51 750	48 878	48 878				51 125	50 910	53 394			
	Dividends		24	26	23							—	—	—			
	<b>Payments</b>																
	Suppliers and employees		(2 447 204)	(2 032 749)	(2 033 715)	(3 324 435)	(3 249 267)	(3 249 267)				(3 184 179)	(3 272 314)	(3 610 619)			
	Finance charges		(48 036)	(49 378)	(38 463)	(45 697)	(45 697)	(45 697)				(27 139)	(24 108)	(21 105)			
	Transfers and Grants	1	(2 771)	(1 701)	(346)	(3 019)	(4 804)	(4 804)				(3 140)	(3 278)	(3 426)			
	<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>440 413</b>	<b>276 037</b>	<b>213 776</b>	<b>220 214</b>	<b>309 121</b>	<b>309 121</b>	<b>—</b>	<b>349 584</b>	<b>408 326</b>	<b>290 493</b>					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>																	
<b>Receipts</b>																	
	Proceeds on disposal of PPE			10 149	3 303							—	—	—			
	Decrease (increase) in non-current receivables											—	—	—			
	Decrease (increase) in non-current investments											—	—	—			
	<b>Payments</b>																
	Capital assets		(419 842)	(198 218)	(192 312)	(259 784)	(341 165)	(341 165)				(356 121)	(371 600)	(251 933)			
	<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(419 842)</b>	<b>(188 069)</b>	<b>(189 009)</b>	<b>(259 784)</b>	<b>(341 165)</b>	<b>(341 165)</b>	<b>—</b>	<b>(356 121)</b>	<b>(371 600)</b>	<b>(251 933)</b>					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>																	
<b>Receipts</b>																	
	Short-term loans											—	—	—			
	Borrowing long-term financing											—	—	—			
	Increase (decrease) in consumer deposits											—	—	—			
	<b>Payments</b>																
	Repayment of borrowing		(272)	(50 306)	(58 179)	(30 112)	(30 112)	(30 112)				(30 696)	(32 115)	(33 599)			
	<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(272)</b>	<b>(50 306)</b>	<b>(58 179)</b>	<b>(30 112)</b>	<b>(30 112)</b>	<b>(30 112)</b>	<b>—</b>	<b>(30 696)</b>	<b>(32 115)</b>	<b>(33 599)</b>					
	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>20 299</b>	<b>37 662</b>	<b>(33 412)</b>	<b>(69 683)</b>	<b>(62 156)</b>	<b>(62 156)</b>	<b>—</b>	<b>(37 233)</b>	<b>4 552</b>	<b>4 901</b>					
	Cash/cash equivalents at the year begin:	2	40 375	68 674	98 336	98 336	64 925	64 925				64 925	27 692	32 244			
	Cash/cash equivalents at the year end:	2	60 674	98 336	64 925	28 654	2 769	2 769				27 692	32 244	37 145			

- Cash flow statement is the first measurement in determining if the budget is funded or unfunded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- The assumption of collection rate of 91% must be realistic and attainable to be able to fund the budget.
- The proposed cash flow indicates a Surplus of R28 million increasing over MTREF to R 37 million.
- The budget in Financial Performance must be funded from the anticipated cash inflow receipts and not billing.

**2.5 LEGISLATION COMPLIANCE STATUS**

- 2.5.1** Compliance with the MFMA implementation requirements have been adhered to through the following activities:

**1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has been submitted in time.

**2. Internship programme**

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

**3. Budget and Treasury Office**

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

**4. Audit Committee**

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

**5. Service Delivery and Implementation Plan**

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

**6. Annual Report**

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

**7. Policies**

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

**8. mSCOA Implementation**

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





Mogale City

Fax: (011) 660- 4043

Tel: (011) 951-2025

P O BOX 94

KRUGERSDORP

1740

**Municipal manager's quality certificate**

I **Dorothy Diale**, Acting Municipal Manager of Mogale City, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: **Dorothy Diale**

Acting Municipal Manager of Mogale City (GT481)

Signature

Date

15/03/2022