

REPORT OF THE EXECUTIVE MAYOR

Tabled March 2023

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

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ITEM NO: K(ii) 01 (03/2023)

REPORT: DRAFT BUDGET FOR MTREF 2023/24 – 2025/26

COUNCIL: 31 MARCH 2023

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- Annexure 1: Draft reviewed Property Rates Policy
- Annexure 2: Draft reviewed Property Rates By-Law
- Annexure 3: Draft reviewed Supply Chain Management
- Annexure 4: Draft Procurement Preferential Policy (new)
- Annexure 5: Draft reviewed Credit Control and Debt Collection Policy
- Annexure 6: Draft Tariff Policy (new)
- Annexure 7: Financial Misconduct Policy (new)
- Annexure 8: Draft Water and Sanitation Tariff Policy (new)
- Annexure 9: Draft Electricity Tariff Policy
- Annexure 10: Draft reviewed 2% Corporate Social Responsibility
- Annexure 11: Draft reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy
- Annexure 12: Draft reviewed Cash Management & Investment Policy
- Annexure 13: Draft reviewed Borrowing Policy
- Annexure 14: Draft reviewed Funding and reserves
- Annexure 15: Draft reviewed Long Term Financial Plan Policy
- Annexure 16: Draft reviewed Asset Management Policy
- Annexure 17: Draft reviewed Indigent Management Policy

Annexure 18: Draft reviewed Employment Equity policy

Annexure 19: Draft reviewed Recruitment Policy

Annexure 20: Draft reviewed Overtime Policy

Annexure 21: Draft reviewed Grant in Aid Policy

Annexure 22: Draft reviewed Indigent Burial Policy

Annexure 23: Draft reviewed Liquidity Policy

Annexure 24: Draft reviewed Waste Management norm & standard policy

Annexure 25: Draft reviewed Unclaimed Monies Policy

Annexure 26: Draft reviewed Cost Containment Policy

Annexure 27: Draft reviewed Budget Management Policy

Annexure 28: Draft reviewed Adjustment Budget Policy

Annexure 29: Draft reviewed Virement Policy

Annexure 30: Draft reviewed Cashier Shortages and Surpluses

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

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

1.1 Mayor's Report

Executive Mayor Cllr T Gray to deliver the budget speech on 31 March 2023 - 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 2023/2024 and the indicative estimates for the two projected outer years for 2024/2025 and 2025/2026, as set out in the schedules listed below 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 2023/2024 to 2025/2026 Medium Term Revenue & Expenditure Framework (MTREF) as required by section 16 of the Municipal Finance Management Act (MFMA) No.56 of 2003.
2. Of the draft annual budget of the municipality for the financial year 2023/2024 and the multi-year and single year capital appropriations as set out in accordance with Municipal Budget and Reporting (MBRR) section 9 in the following tables be considered for approval:
 - 2.1 Schedule 1 2023/2024 Summary of Proposed Revenue & Expenditure.
 - 2.2 Schedule 2 (a) 2023/2024 Proposed Capital Budget Project List.
 - 2.3 Schedule 2 (b) 2023/2024 Out – Of – Books Capital Budget Project List
 - 2.4 Schedule 3 (a) 2023/2024 Proposed Rates, Service Charges Tariffs and User Charges.
 - 2.5 Schedule 3 (b) 2023/2024 Proposed Electricity Tariffs Restructuring
 - 2.6 Schedule 3 (c) 2023/2024 Proposed Tariffs Bulk Contributions & Wayleaves Tariffs.
3. Of the provision made for a 5,4% increase in the salaries of employees which was informed by the average CPI expected.
4. The municipality has budgeted remuneration to councillors 5.4% increase to avoid under budgeting an increase based on the projected average CPI percentages for 2023.
5. Of the reviewed Integrated Development Plan (IDP) in which the Executive Mayor had identified and prioritized the community needs as well as recommending to the Municipal Council the strategies, programmes and services to address these priority needs.

6. That 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 restructuring of electricity – as set out in Schedule 3 (b).
 - 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 (c).
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 reviewed & new budget related policies and draft SDBIP be tabled for public participation and comments:
 - Annexure 1: Draft reviewed Property Rates Policy
 - Annexure 2: Draft reviewed Property Rates By-Law
 - Annexure 3: Draft reviewed Supply Chain Management
 - Annexure 4: Draft Procurement Preferential Policy (**new**)
 - Annexure 5: Draft reviewed Credit Control and Debt Collection Policy
 - Annexure 6: Draft Tariff Policy
 - Annexure 7: Financial Misconduct Policy (**new**)
 - Annexure 8: Draft Water and Sanitation Tariff Policy (**new**)

- Annexure 9: Draft Electricity Tariff Policy (**new**)
- Annexure 10: Draft reviewed 2% Corporate Social Responsibility
- Annexure 11: Draft reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy
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- Annexure 21: Draft reviewed Grant in Aid Policy
- Annexure 22: Draft reviewed Indigent Burial Policy
- Annexure 23: Draft reviewed Liquidity Policy
- Annexure 24: Draft reviewed Waste Management norm & standard policy (**new**)
- Annexure 25: Draft reviewed Unclaimed Monies Policy
- Annexure 26: Draft reviewed Cost Containment Policy
- Annexure 27: Draft reviewed Budget Management Policy
- Annexure 28: Draft reviewed Adjustment Budget Policy
- Annexure 29: Draft reviewed Virement Policy
- Annexure 30: Draft reviewed Cashier Shortages and Surpluses
- Annexure 31: Draft VAB Remuneration Policy VAB Members (**new**)
- Annexure 32: Draft Mogale City Local Municipality By-Laws for the control of outdoor advertising Signs and Hoardings. (**new**)



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

1.11.1 Write Off Policy.

1.11.2 Sports & Recreation Facilities Tariff Policy.

1.11.3 Public Safety Tariff Policy.

1.11.4 Water Services By-laws.

1.11.5 Mogale City Tree Management & Conservation Policy;

1.11.6 Mogale City Parks By-Laws;

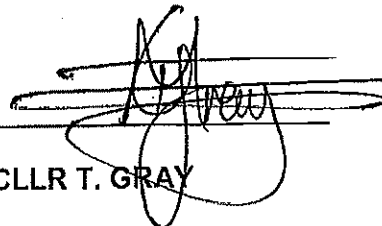
1.11.7 Fleet Management Policy.

1.11.8 Methodology – Impairment Assessment of Useful lives for Assets Policy

1.11.9 Reviewed Bulk Contributions Policy.

12. That an item on transporting employees from their place of residence to work be drafted and tabled to Exco and various Portfolio Committees as well as the Local Labour Forum in order to ensure that this practice be stopped from 01 July 2023 as a cost containment measure and positive financial prudence whereby savings accrued from this practice can be redirected towards critical service delivery areas.

13. That a cost analysis be done by Financial Services and Corporate Support Services be done to determine the financial and operational productivity impact on the municipality.



CLLR T. GRAY

EXECUTIVE MAYOR

DATE 29/03/2023

1.3 EXECUTIVE SUMMARY

1. Purpose of the Report

The purpose of the report is to table before Council committee the Annual Budget and it's Supporting Documents (draft tariffs schedules, amended and new budget related policies) for the 2023/2024 to 2025/2026 Medium – Term, Revenue and Expenditure Framework (MTREF) as required by section 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 System 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 122 issued on 09 December 2022 and Circular No 123 issued on the 03 March 2023 by National Treasury to guide municipalities with their preparation of the 2023/2024 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. The 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 because of the economic landscape, must ensure that they render basic services, maintain their assets and a clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to strengthen awareness and participation and to improve the municipality's reputation 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.

2.5) Mogale City key focus is to deal with corruption and fraud by strengthening and developing efficient internal control mainly in Supply Chain processes. This will assist in attracting investment in Mogale City's economy which will result in increased employment.

3. Planning Framework/IDP Process

3.1) The Municipal Systems Act, act 32 of 2000, requires that local government structures prepare Integrated Development Plans (IDP's). The Integrated Development Plan enhances integrated service delivery and development and promotes sustainable, integrated communities, providing a full basket of services, as communities cannot be developed in a fragmented manner.

IDP has been prepared against the backdrop of Mogale City Local Municipality's primary objective, which is in line with the government's aim of addressing the challenges of major socio-economic issues including poverty, inequality, climate change related disasters, safety and youth unemployment in the country.

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

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

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

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

KPA 4: Community Participation	Services is largely responsible for public liaison Community consultation, planning, communication, and reporting
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Requests for resources not in support of the abovementioned KPA's were only considered in exceptional circumstances.

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

3.4) The emphasis in this budget is for Mogale City to gradually over MTREF to comply with Section 18 of the MFMA and ensure that the budgets are funded from realistically anticipated revenues to be collected. The assumption of collection rate of 92% must be realistic and attainable as this is a fundamental to have a funded budget.

4. DISCUSSIONS

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

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

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

These economic challenges will continue to exert pressure on Mogale City's revenue generation and collection levels; therefore, it is critical to be conservative for revenue projections. **This budget is projecting a collection of revenue from rates and service charges at 92% and over MTREF.**

4.2) National Treasury's MFMA Circular No. 123 was used to guide the compilation of the 2023/24 MTREF.

The main challenges experienced during the compilation of the 2023/24 MTREF can be summarised as follows:

- i. The on-going difficulties in the national and local economy, including limited growth which is also evident in the local economy.
- ii. Aging water and sanitation, roads, and electricity infrastructure.



- iii. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality.
- 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. Electricity tariff differential between Eskom approved tariffs and the municipal approved tariffs by NERSA. Processes for investigating the cost reflectiveness of all the tariffs for the services rendered by the municipality.
- vi. Investigating the completeness of revenue by reconciling the valuation roll to the billing.
- vii. The negative impact on municipal revenue because of load shedding and additional costs of the prolonged loadshedding.
- viii. Effects of Eskom load shedding on business around Mogale City especially SMME's.
- ix. Wage increases for municipal staff that is not affordable; the need to fill critical vacancies and the growing of the organisational structure to meet the growing service delivery, governance and compliance demands.
- x. Affordability of own funded capital projects.
- xi. Challenge of curbing, reducing, or limiting the overall expenditure while maintain its core mandate and functions.
- xii. Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

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

- a) Revised IDP.
- b) The proposed Adjustments budgets 2022/23 council resolutions.
- c) The 2022/23 Adjustments Budget priorities and targets.
- d) Cost Containment measures to, amongst other things control unnecessary spending on nice-to-have items and non-essential activities as per Municipal Cost Containment Regulations 2019 and Mogale City Cost Containment Policy.
- e) Mogale City is further committed to levying affordable tariff increases that is within the projected Consumer Price Index (CPI) forecasted to be within the 3 to 6% target band. .
- f) Property Rates tariffs is set to increase by 6% within CPI target band.
- g) Consumer price index (CPI) related increase of 6% increase in refuse removal, and other sundry tariffs to alleviate the burden on our customers due to higher than inflation rate tariffs increase on electricity and water.
- h) Electricity tariffs is set to increase by 18,65% as per NERSA approval given to Eskom.
- i) Water tariffs is increasing by 9,2% 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) All grant funded projects from national and provincial grants will be appropriated budget only when grants are reflected and have been gazetted as required by the annual Division of Revenue Act.
- l) The implementation of mSCOA and to have an mSCOA compliant Financial System is critical.

4.5. OPERATING REVENUE FRAMEWORK

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

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

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

Description	2021-2022 Audited Actuals	8 months YTD Actuals - 28 February 2023	Approved Special Adjustment 2023/2024 Budget	Proposed Mid Year Adjustment 2022/2023 Budget	Total Inputs	%	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget	Proposed Tabled 2025/2026 Budget
Total revenue	3 521 793 858	2 337 538 269	3 665 178 770	3 752 453 709	408 150 386	10,9%	4 160 610 055	4 588 153 331	4 805 435 586
Total operating expenditure	3 475 648 385	2 097 607 727	3 690 015 558	3 704 155 088	368 058 455	9,5%	4 072 294 343	4 134 054 148	4 411 862 677
Operating surplus/(deficit)	46 145 473	239 930 542	45 163 212	48 298 621	40 091 931	83%	88 315 712	454 099 183	393 572 909
Capital grants & subsidies	295 398 043	97 524 041	340 293 456	307 358 277	249 666 650	81%	241 166 650	237 504 600	257 150 100
Own Funded required capital	35 519 244	23 088 138	84 097 691	46 568 106	78 856 167	163%	69 416 019	173 754 404	33 280 917
Total Expenditure (oper & capex)	3 806 585 672	2 218 280 506	4 024 406 695	4 058 543 271	686 621 272	17%	4 382 907 012	4 545 362 152	4 702 253 694
Surplus/(deficit)	284 761 774	119 257 763	359 227 925	306 083 562	288 470 886	94%	222 296 913	43 791 179	103 181 892

- The operating revenue including funding for capital projects for 2023/2024 is budgeted at R4,2 billion an increase of 10,9% or R408 million from the 2022/2023 proposed adjustment budget and seven (7) months actuals.
- The operating deficit for 2023/2024 has been projected at R222 million indicating a reduction of R84 million when compared to proposed mid-year adjustment budget and gradually improving to a surplus of R44 million and R103 million over MTREF.
- Own funded capital projects amounting to R69 million which is covered by the operating surplus of R88 million, however the municipality must still prioritize their operational needs to reduce the budget to a level of overall affordability.
- 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 19% on capital grants at both National and Provincial Government, which amongst others include the Human Settlement Development grant (HSDG) and library funding (SRAC).
- Equitable Share has increased by R63 million or 11% for Mogale City.

- f) The Revenue Budget has been compiled based on projected billing, however provision has been made for a 92% collection rate through the provision of funds for the impairment of debtors.
- g) It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing Mogale City is managing the gap between high-cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.
- h) The water and electricity tariff increases are above the projected inflation targets, given that this tariff increases are determined by external agencies. The impact of cost of the provision of services are largely outside the control of our municipality.

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

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

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

Category	2022/2023 Approved Tariffs Increase	Source of Proposed Increase	2023/2024 Proposed Tariffs Increase
Property Rates	3.0%	In line with CPI	6.0%
Electricity	7.47%	NERSA Approve tariffs for Eskom	18.65%
Water: Residential	8.8%	Rand Water Proposed Application to Parliament	9.2%
Water: Business Consumer	8.8%	Rand Water Proposed Application to Parliament	9.2%
Sanitation	8.8%	Rand Water Proposed Application to Parliament	9.2%
Refuse/Solid Waste Removal	4%	In line with CPI	6.0%
Sundry/Other Tariffs	4%	In line with CPI	6.0%

4.6. OPERATING EXPENDITURE FRAMEWORK

The 2023/2024 Medium - Term Revenue and Expenditure Framework (MTREF) for operating expenditure has been projected to be R4.1 billion, which represent an increase of 9.9% or R369 million. Macroeconomic performance and projections guidelines for GDP growth is forecasting to be 5.3% during 2024 and for 2025, 2026 will be 4.9% and 4.7% respectively. **(Source: MFMA Circular No.123).**

Mogale City's overall increase operating expenditure is 9.9%, 4.76 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 13.35% above the CPI and Rand Water increase above by 3.9%.

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

4.7. CAPITAL EXPENDITURE

Propose capital budget has been projected to be R311 million, a decrease of R44 million when compared to 2022/23 proposed adjustment budget. The capital budget will be funded from grants both National and Provincial government to the tune of R241 million and own revenue to the value of R69 million.

Own generated funded capital projects have increased by 48% or R22 million to fund mostly procurement of 4 refuse compactors, remaining 6 water tankers trucks, Jet Machine, water counter and zonal meters, bulk, and small connections.

Upgrading of Electrical infrastructure, conversation of analog to digital electrical meters, replacement of water pipelines to reduce water losses have provided for in the next financial year (2024 / 2025).

Capital transfers indicate reduction of R66 million. The decrease is mainly on Human Settlement development grant that is not allocated to the municipality.

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:

1. Streetscape Upgrades along Key Link in Krugersdorp CBD - Phase 2A & 2B: R2 million.
2. Electrification Backlog: R11 million.

3. Dr Montlana - W&S Infrastructure: R10 million
4. Dr Sefularo - W&S Infrastructure: R10 million
5. Aged Asbestos Cement Pipeline Replacement Project: R49,9 million

5. PROJECTED CASH FLOW

0 - Table A7 Budgeted Cash Flows

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			563 272	504 064	548 628	561 193	525 875	525 875	525 875	557 427	583 069	609 890
Service charges			1 642 279	1 742 667	1 928 826	1 841 178	1 872 916	1 872 916	1 872 916	2 210 611	2 509 545	2 694 156
Other revenue			45 887	115 638	67 603	263 770	431 666	431 666	431 666	504 164	268 492	280 158
Transfers and Subsidies - Operational	1		449 200	552 269	514 719	585 234	583 140	583 140	583 140	626 442	702 003	778 737
Transfers and Subsidies - Capital	1		209 940	234 340	265 887	340 293	307 358	307 358	307 358	249 105	237 505	155 292
Interest			49 260	37 339	53 370	51 125	86 192	86 192	86 192	91 364	95 567	98 963
Dividends			26	23	26	–	–	–	–	–	–	–
Payments												
Suppliers and employees			(2 632 749)	(2 992 763)	(2 937 185)	(3 208 491)	(3 526 829)	(3 526 829)	(3 526 829)	(3 991 906)	(3 915 922)	(4 264 562)
Finance charges			(49 378)	(38 463)	(27 495)	(27 139)	(27 208)	(27 208)	(27 208)	(27 208)	(28 460)	(29 769)
Transfers and Subsidies	1		(1 701)	(346)	(1 886)	(3 140)	(8 664)	(8 664)	(8 664)	(4 861)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES			278 037	154 728	412 492	404 023	244 445	244 445	244 445	215 137	448 519	330 439
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			978	3 310	4 281					–	–	–
Decrease (increase) in non-current receivables										–	–	–
Decrease (increase) in non-current investments										–	–	–
Payments												
Capital assets			(189 047)	(133 270)	(296 893)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(290 391)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(290 391)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										–	–	–
Borrowing long term/refinancing										–	–	–
Increase (decrease) in consumer deposits										–	–	–
Payments												
Repayment of borrowing			(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET INCREASE/ (DECREASE) IN CASH HELD												
	2		37 662	(33 412)	76 912	(51 064)	(140 598)	(140 598)	(140 598)	(129 075)	1 895	2 881
Cash/cash equivalents at the year begin:			60 674	98 336	64 924	64 925	141 837	141 837	141 837	141 837	12 762	14 657
Cash/cash equivalents at the year end:	2		98 336	64 924	141 837	13 861	1 239	1 239	1 239	12 762	14 657	17 539

1. The assumption of collection rate of 92% must be realistic and attainable to be able to fund the budget.
2. The proposed cash flow has taken into consideration the payment for Eskom old debt of R344 million in line with debt agreement with Eskom.
3. The municipality is anticipating Municipal Debt Relief to be favourable to deal with the old debts and the municipality and that will relief the cash flow that is heavily burden. Mogale City is waiting for the MFMA Circular from National Treasury to guide on the relief.
4. The projected cash and cash equivalent at year end indicates a surplus of R13 million during 2023/24 and increases to R18 million over MTREF period.

6. FINANCIAL IMPLICATIONS

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

Table 3: Proposed Operating Annual Revenue

Description	Voucher	2021/2022 Audited	9 months YTD	Approved Special	Approved Mid	Total Inputs	%	Proposed Tabled	Proposed Tabled	Proposed Tabled
		Actuals	Actuals - 28 February 2023	Adjustment	Year Adjustment			2023/2024 Budget	2024/2025 Budget	2025/2026 Budget
Statement of Financial Performance										
Revenue										
Service charges - electricity revenue	0300	1 163 618 626	741 179 130	1 220 775 071	1 205 876 767	295 082 518	24,45%	1 501 959 285	1 761 952 355	1 921 527 136
Service charges - water revenue	0400	414 347 161	273 312 034	135 205 709	116 912 673	34 355 970	9,2%	155 268 613	188 503 253	210 574 401
Service charges - sanitation revenue	0500	252 034 300	181 696 750	272 163 291	276 193 935	25 593 844	9,2%	303 767 779	325 964 296	340 956 611
Service charges - refuse revenue	0600	132 968 328	93 157 956	138 613 019	133 794 527	6 027 672	6,0%	141 822 199	148 346 018	155 169 931
Revenue Foregone - Indigents Subsidies	1100	-	-	-	-	-	0%	-	-	-
Service Charges		1 925 289 553	1 292 445 870	2 067 557 689	2 035 777 902	367 060 004	18,0%	2 402 937 906	2 727 755 912	2 928 430 115
Rental of facilities and equipment	0800	5 111 407	4 063 088	4 054 285	4 501 125	390 078	6,0%	6 891 153	7 208 187	7 539 764
Interest received - investments	0900	2 589 194	3 080 901	2 096 215	3 894 159	233 668	6,0%	4 128 127	4 318 021	4 516 650
Interest received - Outstanding debtors	1000	50 740 655	55 397 456	49 034 535	47 297 421	4 537 469	6,0%	47 235 655	91 218 555	95 415 969
Licences and Permit	1300	33 114	34 191	35 241	64 302	5 058	6,0%	89 360	93 471	97 771
Income from agency services	1400	22 305 242	22 056 782	20 078 193	36 557 249	1 633 435	6,0%	32 340 694	33 880 655	35 429 165
Other income	1600	70 526 107	13 506 103	12 050 990	68 754 666	10 586 202	15,4%	79 350 863	82 072 675	84 730 605
Dividends received	1100	26 074	-	-	-	-	0%	-	-	-
Gains on disposal of PPE	1700	-	-	-	-	-	0%	-	-	-
Total revenue from exchange transactions		2 076 575 905	1 421 406 401	2 185 331 179	2 227 867 527	385 056 304	17,3%	2 612 923 831	2 946 587 456	3 136 208 038
Revenue from non - exchange transactions										
Taxation revenue										
Property Rates	0200	540 627 737	301 234 256	520 529 511	571 602 016	34 296 169	6,0%	605 090 905	633 770 340	662 923 775
Add: Estimated Property Supplementary Value	0203	-	-	-	-	-	0%	-	-	-
Property Rates Net of Revenue Foregone		540 627 737	301 234 256	520 529 511	571 602 016	34 296 169	6,0%	605 090 905	633 770 340	662 923 775
Operational grants & subsidies	1500	515 774 648	419 164 401	565 233 704	583 139 859	43 302 000	7,4%	626 441 859	702 003 160	778 736 660
Capital grants & subsidies	3300	295 308 013	97 694 042	300 293 156	307 358 277	58 253 561	-19,0%	249 104 716	237 504 600	155 292 100
Transfer and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	3400	-	-	-	-	-	0%	-	-	-
Fines and Penalties Imposed	1200	62 491 230	18 139 109	73 790 920	62 491 230	3 749 474	6,0%	66 240 704	69 287 775	72 475 013
Investment Property Fair value adjustment	1613	22 936 335	-	-	-	-	0%	-	-	-
Short - Term Debt (Overdraft)	1612	-	-	-	-	-	0%	-	-	-
Total revenue from non - exchange transactions		1 445 217 393	916 131 859	1 479 847 591	1 524 592 182	23 094 082	1,5%	1 547 686 264	1 642 565 875	1 659 427 549
Total revenue		3 521 793 298	2 337 538 260	3 665 178 770	3 752 459 709	408 150 386	10,9%	4 160 610 095	4 589 153 331	4 805 635 586

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

The following are key main areas of increase:

a) Property Rates

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

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

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

b) Sale of electricity and impact of tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 18.65% in the 2023/24 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases.

The Multi-Year Price Determination (MYPD) Methodology is developed for the regulation of Eskom's required revenues. It forms the basis on which the National Energy Regulator of



South Africa (NERSA or 'the Energy Regulator') will evaluate the price adjustment applications received from Eskom. Eskom had applied for a 32% tariff increase for the 2023/24 year, which starts in April. The National Energy Regulator of South Africa (NERSA) has agreed to an 18.65% increase in electricity tariffs, effective from 1 April 2023.

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

Mogale City has developed a new structure for electricity tariffs as part of tariff application to NERSA public participation (see attached schedule 4(b)). **The old structure has been attached as part of schedule 4(a) as Mogale City must first present the study of cost of supply to NERSA.** NERSA has been approving seasonal tariffs for Eskom but not necessarily for the municipality therefore, it is important that Mogale City factors in its tariff application to NERSA and illustrate the cash flow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months.

To augment the electricity revenue and comply with the circular, electricity tariffs have been reviewed and a new electricity tariffs schedule is proposed. The is proposed electricity tariffs schedule will be submitted to the NERSA for approval and implementation by Mogale City Council.

c) Sale of water and impact of tariff increases

Water tariffs is increasing by 9.2%. If cost reflective tariffs could be, implemented indicating all costs related in delivering water to our customers the increase would be enormous. Main cost drivers for the service are water network maintenance, vehicle leases, 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 9.2% exclusive of revenue foregone (indigents subsidies & municipal charges for internal consumption).

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

d) Sanitation and impact of tariff increases

A tariff increases of 9.2% for sanitation from 1 July 2023 is 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 6% in line with Consumer Price Index (CPI) inflation forecast of 3 to 6 target band. The main cost drivers for the service are purchase of new vehicle leases, refuse removal contract, rental of earth moving, 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 6%.

g) Fines and Penalties imposed

Fines and Penalties Imposed tariff is increasing by 6% 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 6% the municipality will issue more tickets for traffic offences as we are anticipating finalizing the contract for speed cameras before the new financial year.

h) Agency services

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

i) Transfer recognised - operational

Transfer recognised-operational income is increasing by 7.4% 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, 2023. These include local government equitable share formula.

k) **other revenue** is increasing by 6% when compared to approve adjustment budget.

Table 4: Proposed Operating Annual Expenditure

Description	2021/2022 Audited Actuals	8 months YTD Actuals - 28 February 2023	Approved Special Adjustment 2022/2023 Budget	Approved Mid Year Adjustment 2022/2023 Budget	Total Inputs	Proposed Tabled Budget			
						2023/2024 Budget	2024/2025 Budget	2025/2026 Budget	
Expenditure									
Employee related costs	2000 850 483 351	603 209 129	1 022 623 170	993 066 939	19 610 831	2.0%	1 012 677 770	1 058 251 600	1 105 872 843
Remuneration of Councillors	2100 33 922 375	26 837 733	37 820 168	40 756 956	2 200 876	5.4%	42 957 832	44 933 895	47 000 651
Debt Impairment	2200 266 202 205	-	261 759 315	225 904 074	27 895 639	12.3%	253 799 763	295 164 632	314 730 921
Depreciation and amortisation	2300 234 979 615	141 167 281	246 766 898	238 766 898	-	0.0%	238 766 898	251 702 235	263 328 839
Impairment loss/Reversal of impairments	2301 20 982 371	-	510 616	32 280 421	-	0.0%	32 280 421	533 093	557 072
Finance costs	2400 27 494 539	16 220 290	27 139 312	27 208 312	-	0.0%	27 208 312	26 159 894	29 769 049
Bulk purchases : Electricity	2500 551 532 537	640 885 886	1 017 603 772	1 017 603 772	189 783 103	18.65%	1 207 386 875	1 328 125 563	1 460 938 119
Collection costs	4000 33 218 658	16 685 393	20 745 249	25 005 210	1 000 000	4.0%	26 805 210	21 658 040	22 632 652
Other materials & Inventory Consumed	2600 -	2 803 677	7 500 801	7 104 409	3 152 736	44.4%	10 257 145	10 717 140	11 208 733
Water Inventory	2601 351 096 212	296 009 291	380 837 654	451 990 301	41 583 108	9.2%	493 573 409	529 601 269	563 265 380
Contracted services	2700 545 653 534	255 317 461	335 133 125	452 778 118	50 893 753	11.2%	503 671 901	339 246 791	349 544 350
Grants and subsidies paid	2800 1 686 492	742 162	3 140 160	3 239 158	1 622 035	50.1%	4 861 193	3 278 327	3 425 652
General expenses	2900 116 196 333	97 659 427	148 435 318	188 451 290	30 356 324	16.1%	218 847 614	222 383 680	224 688 013
Total Operating expenditure	3 475 648 385	2 097 607 727	3 606 015 558	3 704 195 898	368 098 455	9.9%	4 072 294 343	4 134 055 140	4 411 662 677
Operating surplus/(deficit)	46 145 513	239 930 542	65 163 212	48 263 821	40 051 931	83.0%	81 315 752	45 804 185	393 772 903
Capital grants & subsidies	295 388 013	97 594 041	340 293 456	307 358 277	249 666 650	81.2%	211 165 650	237 501 600	257 190 100
Own Funded required capital	35 519 244	23 088 738	84 097 681	46 989 106	78 656 167	167.8%	69 445 019	173 792 404	33 200 917
Total Expenditure (opex & capex)	3 806 555 672	2 219 290 506	4 024 406 695	4 058 543 271	696 621 272	17.2%	4 382 907 012	4 545 362 152	4 702 253 694
Surplus/(Deficit)	- 284 761 774	119 247 763	- 359 227 925	- 306 083 562	- 364 941 810	119%	- 222 296 917	- 43 781 179	103 381 882

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

This includes a provision for salary increases of 5.4% based on wage collective agreement, increase in other materials and inventory consumed (repairs and maintenance) expenditure of 44.4%, increase in operating cost of 16% and increase in contracted services of 11.2%, and

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

The proposed expenditure budget makes provision of the following:

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

- The budget and treasury division has performed a zero-based budgeting and that resulted in savings of 3.4% as compared to 5.4% salary increase.
- The proposed employee related costs budget is based on the 2022/2023 approved structure of Council Item K (ii) 09/2022 and it was discussed in committee.
- The Salary and Wage Collective Agreement (SWCA) for the period 01 July 2021 to 30 June 2024 is still applicable for the coming financial year. Mogale City appropriate an increase of 5.4% on salaries as projected in the January 2023 statement of South African Reserve Bank (SARB). The projection is applied as agreed on the SWCA.
- The filling of critical vacancies, the municipality has budget positions for 2023/2024 financial year amounting to R51 million this is phase 2 for only service delivery departments the increase as follows:

- R39 million is for service delivery departments as per list from Infrastructure Development Service (IDS), Community Development Services (CDS), Integrated Environmental Services (IEM), Economic Development Services.
- R12 million is for filling of vacancies due to death, retirement, and resignation from 01 July 2022 to 28 February 2023.
- Filling of vacancies for supporting department of (CSS and OM) R8 million will be budgeted in 2024/2025 financial year due to unfunded budget.

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

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

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

- d) The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The municipality has budgeted remuneration to councillors 5.4% increase to avoid under budgeting an increase based on the projected average CPI percentages for 2023.

- e) Bulk purchases have been increased as follows:

1. Water Purchases from Rand water – 9.2%, bulk water purchases are now budgeted and accounted for as inventory in line with GRAP 12 paragraph 12.
2. Electricity Purchases from Eskom – 18,65% (NERSA Approved)

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

- g) The provision of debt impairment for debtors and traffic fines has increased by R254 million or 12.3%, the provision was determined based on the projected collection rate of 92%. Mogale City is facing difficult fiscal environment due to weak economic growth that has put stress on consumers' ability to pay for services rendered and huge water losses. The municipality will intensify the collection on large users, business and households owing from 60 days that can afford to pay. Mogale City will continue implementing credit control measures and intensify Mogale Ya Tima campaign disconnecting large users with arrears.

- h) Impairment of debtors is proposed to be R229 million and for traffic fines is R25 million with a projected revenue of R3 billion and R55 million respectively.

- g) Collection Costs increased by 4%, other materials increased by 44,4% mainly departmental inputs as follows:

- 1.1 tourism promotional materials increased R550k and consumables for by law enforcement by R500k.
- 1.2 grants & subsidies increased by 80.9% mainly due to 2% social responsibility expenditure and grant in aid was restored to the original for 2022/23 was reduced during the adjustment budget based on 7 months actual, and
- 1.3 general expenses have increased by average of 13.5% purchase & distribution of 240 litre bins, removal of illegal billboards, audit forensic/forensic investigation services, settlement fees, COIDA and Bursary Scheme – External.

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

i) Contracted services increased by 11.2% amounting to R51 million, mainly due to the budget of building maintenance for properties outside Civic Centre amounting to R18 million that are not in good state and maintenance of IT Infrastructure for R30 million. As part of the compilation of the 2023/24 MTREF this expenditure category was critically evaluated, and operational efficiencies must be enforced. For the two outer years, growth has been limited to ensure cost reduction over the medium term.

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

Table 5 10 Largest Cost drivers (Contracted Services)

Pr No	Item Description	A4 codes Internal	Proposed Mid Year Adjustment 2022/2023 Budget	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget	Proposed Tabled 2025/2026 Budget
380	REFUSE REMOVAL	2700	23 402 731	23 402 731	24 432 451	25 531 911
076	RENTAL: VACUUM TANKERS	2700	12 226 389	12 226 389	0	0
069	NETWORK: MATERIAL	2700	13 062 386	13 062 386	29 808 691	31 150 082
835	RENTAL: TOILETS	2700	37 091 457	37 091 457	21 810 681	22 792 162
835	RENTAL : WATER TANKS	2700	28 107 332	20 000 000	0	0
479	NETWORK: MATERIAL	2700	5 872 446	12 030 715	12 133 834	12 679 857
297	LEGAL COST	2700	10 034 743	15 034 743	5 256 272	5 492 804
238	SECURITY SERVICES	2700	102 000 000	87 000 000	78 300 000	78 300 000
238	SECURITY SERVICES-UNPLANNED	2700	48 000 000	48 000 000	43 200 000	43 200 000
062	VEHICLE LEASES	2700	21 698 234	21 698 234	0	0

- Most of the contracted services has increased by a small margin or remained equivalent to the proposed adjustment budget in order to implement cost containment measures and to improve cash flow position.
- Security services decreased by R15 million anticipating that risk assessment to be conduct will yield the results and the municipality saves that amount.
- Rental of water tanks reduced by R8 million; the municipality will receive 6 trucks out of 12 trucks ordered before the start of the new financial year.

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

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

- ✓ The service delivery departments expenditure rates/patterns are abnormally high due to a possible daily overtime charge that is paid to the driver's responsible for handling the transportation of the beneficiary employees.
- ✓ Furthermore, due to possible late starts at work, the municipality is possibly also paying employees overtime as they are likely to finish work after 16:00 daily, meaning that some

of the workers may be paid overtime which the transportation practice has inadvertently created.

- ✓ Higher rates of expenses on fuel and lubricants especially to service delivery departments due to an increase in wear and tear of the vehicles that first must perform transports duties on daily basis prior to undertaking transportation that is based on service delivery workload and performance as well improved productivity of workers.
- ✓ Service delivery departments are losing out on productivity from employees as possible 2 hours of productive work hours are lost due to transportation.
- ✓ The transport of employees is always a worrying aspect because accidents can occur unexpectedly and quickly. Therefore, it is a risk that need to be managed properly. It is therefore necessary to stop the transport of employees properly or gradually to avoid insurance costs, IOD and death, should employees be injured the Municipality could be found to be at fault & negligent and serious repercussions may result.

Table 6: Proposed Capital Budget per Source of Funding

Funding source description	Proposed Mid Year Adjustment 2022/2023 Budget	Total Inputs	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget	Proposed Tabled 2025/2026 Budget	Change in Budget
Human Settlement Development Grant	100 038 000	-	-	-	-	- 100 038 000
Integrated National Electrification Programme Grant	4 600 000	-	13 493 000	15 000 000	20 000 000	8 893 000
Integrated Urban Development Grant	145 923 950	- 4 215 000	145 891 650	139 733 600	146 241 100	32 300
Local Government Financial Management Grant	110 000	-	-	-	-	- 110 000
Neighbourhood Development Partnership Grant	-	-	30 000 000	25 000 000	40 000 000	30 000 000
Sports and Recreation Grant	7 938 066	5 000 000	5 000 000	9 000 000	-	- 2 938 066
Transfer from Operational Revenue	46 989 106	- 113 950 272	69 446 019	173 798 404	33 200 917	22 456 913
Water Services Infrastructure Grant	48 748 261	-	46 782 000	48 771 000	50 949 000	- 1 966 261
Total	354 347 383	- 113 165 272	310 612 669	411 303 004	290 391 017	- 43 734 714

Table 7: Proposed Capital Budget per municipal votes

Department	Proposed Mid Year Adjustment 2022/2023 Budget	Total Inputs	Proposed Tabled 2023/2024 Budget	Proposed Tabled 2024/2025 Budget	Proposed Tabled 2025/2026 Budget	Change in Budget
Community Development Services	13 078 347	- 3 000 000	21 407 000	14 000 000	33 241 100	8 328 653
Corporate Support Services	90 000	- 2 455 000	6 050 000	19 050 000	19 410 148	5 960 000
Economic Development Services	25 465 000	- 40 025 000	41 695 000	34 500 000	45 000 000	16 230 000
Financial Mangement Services	2 727 242	- 1 180 000	2 145 000	-	-	- 582 242
Infrastructure Development Service	87 669 202	- 50 227 672	152 530 069	233 191 804	162 739 769	64 860 867
Integrated Environmental Magement	28 235 060	- 11 277 600	11 977 600	35 827 600	5 000 000	- 16 257 460
Internal Audit	151 400	-	-	-	-	- 151 400
Municipal Council	180 935	-	95 000	-	-	- 85 935
Operations Management	164 000	-	303 000	-	-	139 000
Strategic Investment Programme	196 586 197	- 5 000 000	74 410 000	74 733 600	25 000 000	- 122 176 197
Total	354 347 383	- 113 165 272	310 612 669	411 303 004	290 391 017	- 43 734 714

6.1.3 Propose capital budget has been projected to be R311 million, a decrease of R 44 million when compared to 2022/23 proposed adjustment budget.

The capital budget will be funded from grants both National and Provincial government to the tune of R236 million and R 5 million respectively. Own revenue to the value of R69 million.

Own generated funded capital projects have increased by 48% or R22 million to fund mostly procurement of 4 refuse compactors, remaining 6 water tankers trucks, Jet Machine, water counter and zonal meters, bulk, and small connections. Upgrading of Electrical infrastructure, conversation of analog to digital electrical meters, replacement of water pipelines to reduce water losses have provided for in the next financial year (2024 / 2025).

Capital transfers indicate reduction of R66 million. The decrease is mainly Human Settlement development grant that is not allocated to the municipality.

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 Management Committee

Joint Finance and Corporate Support Portfolio Committee

Budget Steering Committee

Mayoral Committee

1.4 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 9 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2023/24 budget and MTREF as approved by the Council.

Table 7: MBRR Table A1 - Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	563 272	504 064	548 628	561 193	561 193	561 193	561 193	605 899	633 770	652 924
Service charges	1 638 700	1 739 484	1 925 204	2 027 294	2 027 294	2 027 294	2 027 294	2 402 838	2 727 766	2 928 430
Investment revenue	2 537	3 859	2 589	2 086	2 086	2 086	2 086	4 128	4 318	4 517
Transfer and subsidies - Operational	443 814	551 727	515 775	585 234	585 234	585 234	585 234	626 442	702 003	778 737
Other own revenue	234 450	222 477	234 211	189 078	189 078	189 078	189 078	272 199	283 791	275 738
Total Revenue (excluding capital transfers and contributions)	2 882 773	3 021 652	3 226 406	3 364 885	3 364 885	3 364 885	3 364 885	3 911 505	4 351 649	4 650 343
Employee costs	833 427	857 225	850 483	1 082 636	1 082 636	1 082 636	1 082 636	1 012 678	1 058 252	1 105 873
Remuneration of councillors	33 586	34 492	33 922	37 820	37 820	37 820	37 820	42 958	44 934	47 001
Depreciation and amortisation	242 048	245 657	255 962	247 278	247 278	247 278	247 278	271 047	252 235	263 586
Finance charges	49 378	38 463	27 495	27 139	27 139	27 139	27 139	27 208	28 460	29 769
Inventory consumed and bulk purchases	1 080 639	1 172 940	1 348 294	1 435 942	1 435 942	1 435 942	1 435 942	1 711 217	1 868 447	2 040 412
Transfers and subsidies	1 701	346	1 886	3 140	3 140	3 140	3 140	4 861	3 278	3 426
Other expenditure	842 500	941 730	959 606	766 060	766 060	766 060	766 060	1 002 324	878 453	921 796
Total Expenditure	3 083 279	3 290 854	3 475 646	3 600 016	3 600 016	3 600 016	3 600 016	4 072 294	4 134 059	4 411 863
Surplus/(Deficit)	(200 506)	(269 202)	(249 243)	(235 130)	(235 130)	(235 130)	(235 130)	(160 789)	217 590	238 481
Transfers and subsidies - capital (monetary allocations)	208 978	203 961	295 388	340 293	340 293	340 293	340 293	249 105	237 505	155 292
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	8 472	(65 240)	46 146	105 163	65 163	65 163	65 163	88 316	455 094	393 773
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	8 472	(65 240)	46 146	105 163	65 163	65 163	65 163	88 316	455 094	393 773
Capital expenditure & funds sources										
Capital expenditure	225 413	222 695	330 907	424 391	384 391	384 391	384 391	310 613	411 303	290 391
Transfers recognised - capital	208 227	203 961	295 388	340 293	300 293	300 293	300 293	241 167	237 505	257 190
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 186	18 733	35 519	84 098	84 098	84 098	84 098	69 446	173 798	33 201
Total sources of capital funds	225 413	222 695	330 907	424 391	384 391	384 391	384 391	310 613	411 303	290 391
Financial position										
Total current assets	657 034	749 304	911 289	675 493	675 493	675 493	675 493	833 738	881 391	935 318
Total non current assets	6 419 287	6 311 401	6 378 873	6 545 496	6 505 496	6 505 496	6 505 496	7 288 772	7 614 236	7 510 388
Total current liabilities	1 246 570	1 262 646	1 477 126	1 294 967	1 294 967	1 294 967	1 294 967	1 568 246	1 654 633	1 746 950
Total non current liabilities	540 399	558 113	514 716	578 258	578 258	578 258	578 258	607 938	587 508	566 172
Community wealth/Equity	5 289 352	5 239 946	5 298 100	5 347 765	5 307 765	5 307 765	5 307 765	5 946 325	6 253 485	6 132 585
Cash flows										
Net cash from (used) operating	276 037	154 728	412 492	404 023	244 445	244 445	244 445	215 137	448 519	330 439
Net cash from (used) investing	(188 059)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(290 391)
Net cash from (used) financing	(50 306)	(58 179)	(42 987)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
Cash/cash equivalents at the year end	98 336	64 924	141 837	13 861	1 239	1 239	1 239	12 762	14 657	17 539
Cash backing/surplus reconciliation										
Cash and investments available	6 135 317	6 027 834	6 236 298	6 077 957	6 037 957	6 037 957	6 037 957	7 058 224	7 407 962	7 332 933
Application of cash and investments	1 122 615	1 161 878	1 430 129	955 825	932 375	932 375	932 375	974 643	1 072 035	1 144 232
Balance - surplus (shortfall)	5 012 702	4 865 957	4 806 169	5 122 132	5 105 582	5 105 582	5 105 582	6 083 581	6 335 927	6 188 701
Asset management										
Asset register summary (WDV)	6 418 712	6 310 802	6 378 157	6 544 897	6 504 897	6 504 897	6 576 743	6 902 994	6 798 118	-
Depreciation	241 557	245 639	247 959	237 285	238 767	238 767	238 767	251 702	263 029	-
Renewal and Upgrading of Existing Assets	46 881	56 541	129 297	132 114	132 114	132 114	109 792	235 014	176 949	-
Repairs and Maintenance	86 402	479 013	413 279	112 715	112 715	112 715	669 408	669 831	706 227	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	331 767	328 559	339 670	14 750	14 750	14 750	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-



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

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional	1									
<i>Governance and administration</i>		724 258	554 402	676 699	644 361	644 361	644 361	773 554	803 587	842 232
Executive and council		(10)	(91)	2 238	9 808	9 808	9 808	9 628	5 868	6 131
Finance and administration		724 268	554 493	674 410	634 554	634 554	634 554	763 925	797 719	835 101
Internal audit		—	—	22	—	—	—	—	—	—
<i>Community and public safety</i>		238 712	332 118	327 282	445 646	445 646	445 646	341 385	361 884	388 339
Community and social services		170 159	206 627	21 288	26 824	26 824	26 824	241 490	264 963	287 796
Sport and recreation		10 274	321	617	34 924	34 924	34 924	25 610	25 602	16 063
Public safety		28 540	108 964	44 547	64 119	64 119	64 119	54 612	57 333	59 971
Housing		31 111	16 639	85 076	115 000	115 000	115 000	15 000	10 121	10 737
Health		(373)	(495)	174 653	204 779	204 779	204 779	4 574	3 845	3 972
<i>Economic and environmental services</i>		85 068	111 836	124 324	100 983	88 983	88 983	183 661	145 444	155 222
Planning and development		31 203	29 337	23 684	64 917	24 917	24 917	51 111	42 304	58 085
Road transport		53 803	82 499	100 640	42 066	42 066	42 066	52 690	103 139	97 137
Environmental protection		—	—	—	0	0	0	—	—	—
<i>Trading services</i>		2 941 659	2 222 170	2 382 838	2 507 094	2 507 094	2 507 094	2 940 749	3 278 132	3 419 509
Energy sources		1 063 641	1 166 974	1 290 869	1 328 741	1 328 741	1 328 741	1 648 959	1 926 593	2 077 918
Water management		480 823	483 728	519 028	514 558	514 558	514 558	575 908	637 563	575 845
Waste water management		259 600	280 804	292 111	332 264	332 264	332 264	361 624	380 629	414 877
Waste management		237 744	290 664	290 829	331 532	331 532	331 532	354 258	323 377	350 869
Other	4	867	5 080	572	1 094	1 094	1 094	1 122	127	133
Total Revenue - Functional	2	3 891 751	3 225 613	3 521 794	3 705 179	3 665 178	3 665 178	4 160 610	4 589 153	4 803 635
Expenditure - Functional	2									
<i>Governance and administration</i>		793 483	783 334	808 145	880 928	880 928	880 928	961 018	873 041	907 586
Executive and council		98 350	102 310	72 772	132 807	132 807	132 807	63 466	53 581	56 050
Finance and administration		683 203	670 132	724 221	705 570	705 570	705 570	679 514	800 885	832 104
Internal audit		11 930	10 893	11 851	22 552	22 552	22 552	18 040	18 574	19 413
<i>Community and public safety</i>		319 465	353 572	314 535	353 048	353 048	353 048	383 300	378 360	399 467
Community and social services		67 575	66 019	47 740	58 628	58 628	58 628	101 373	104 915	109 654
Sport and recreation		102 568	142 494	100 473	117 605	117 605	117 605	155 016	129 452	135 280
Public safety		136 783	130 439	119 412	114 722	114 722	114 722	114 968	122 710	128 243
Housing		12 540	14 620	14 943	22 333	22 333	22 333	21 923	22 264	23 270
Health		—	—	32 687	39 760	39 760	39 760	19	—	26
<i>Economic and environmental services</i>		209 132	189 584	238 772	228 220	228 220	228 220	235 342	248 241	259 397
Planning and development		89 191	83 478	84 576	94 436	94 436	94 436	99 434	106 096	110 882
Road transport		110 500	95 864	154 193	122 542	122 542	122 542	121 848	127 655	133 296
Environmental protection		9 441	10 222	—	11 242	11 242	11 242	14 061	14 561	15 219
<i>Trading services</i>		1 754 341	1 955 064	2 109 949	2 151 999	2 151 999	2 151 999	2 473 931	2 824 344	2 838 915
Energy sources		904 300	982 010	1 115 621	1 292 072	1 292 072	1 292 072	1 487 494	1 635 964	1 790 868
Water management		548 262	648 346	683 523	600 099	600 099	600 099	712 144	730 789	778 792
Waste water management		156 853	174 982	173 444	139 347	139 347	139 347	155 850	136 095	144 368
Waste management		144 927	150 663	136 560	120 481	120 481	120 481	118 443	119 491	124 887
Other	4	6 857	8 380	5 128	5 818	5 818	5 818	8 702	9 104	9 517
Total Expenditure - Functional	3	3 083 278	3 280 854	3 475 648	3 600 016	3 600 015	3 600 016	4 072 284	4 134 059	4 411 853
Surplus/(Deficit) for the year		8 472	(65 240)	46 146	105 163	65 163	65 163	88 318	455 094	393 773

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas, which enables the National Treasury to compile 'whole of government' reports.
- Note the total revenue on this table includes capital revenues (transfers recognised – capital) and therefore does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

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

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Revenue by Vote	1									
Vote 1 - MUNICIPAL COUNCIL		7	10	23	5 607	5 607	5 607	9 622	5 881	6 151
Vote 2 - MUNICIPAL MANAGER'S OFFICE		—	—	2 215	4 000	4 000	4 000	—	—	—
Vote 3 - INTERNAL AUDIT		—	—	22	—	—	—	—	—	—
Vote 4 - OPERATIONS MANAGEMENT		40	34	47	48	48	48	86	90	94
Vote 5 - CORPORATE SUPPORT SERVICES		(2 367)	(1 952)	(186)	2 455	2 455	2 455	(2 488)	(3 068)	(3 316)
Vote 6 - FINANCIAL MANAGEMENT SERVICES		720 020	558 199	672 227	626 696	626 696	626 696	768 220	803 230	840 223
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		246 692	295 167	296 774	361 507	361 507	361 507	375 971	338 671	355 947
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		219 240	335 267	256 724	320 030	320 030	320 030	322 627	354 280	387 049
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		18 442	20 785	12 692	60 050	20 050	20 050	40 745	27 548	42 523
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		31 462	17 108	86 561	114 858	114 858	114 858	15 429	10 570	11 206
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		1 858 216	2 001 016	2 194 696	2 209 929	2 209 929	2 209 929	2 630 399	3 051 951	3 165 759
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	3 091 751	3 225 613	3 621 794	3 705 179	3 665 179	3 665 179	4 160 610	4 589 153	4 605 636
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL COUNCIL		52 155	56 013	55 677	70 103	70 103	70 103	78 056	77 361	80 693
Vote 2 - MUNICIPAL MANAGER'S OFFICE		8 978	8 998	5 731	12 261	12 261	12 261	(66 630)	(77 821)	(81 321)
Vote 3 - INTERNAL AUDIT		11 930	10 893	11 651	22 552	22 552	22 552	18 040	18 574	19 413
Vote 4 - OPERATIONS MANAGEMENT		57 290	44 509	47 250	58 916	58 916	58 916	61 128	63 228	66 089
Vote 5 - CORPORATE SUPPORT SERVICES		131 769	122 823	123 487	220 438	220 438	220 438	259 060	231 901	242 859
Vote 6 - FINANCIAL MANAGEMENT SERVICES		359 962	313 000	361 198	340 213	340 213	340 213	352 020	352 047	368 000
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		223 037	229 425	209 617	219 615	219 615	219 615	219 221	225 190	235 350
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		387 760	419 779	406 096	364 260	364 260	364 260	480 184	450 367	465 191
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		60 472	67 025	62 040	72 144	72 144	72 144	76 825	83 677	87 453
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		12 543	14 651	14 042	22 363	22 363	22 363	21 953	22 294	23 301
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		1 777 383	2 003 740	2 178 860	2 197 149	2 197 149	2 197 149	2 572 437	2 687 243	2 904 635
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	3 083 279	3 290 854	3 475 646	3 600 016	3 600 016	3 600 016	4 072 294	4 134 059	4 411 863
Surplus/(Deficit) for the year	2	8 472	(65 240)	146 148	105 163	65 163	65 163	88 316	455 094	393 773

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

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



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

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue	1										
Exchange Revenue											
Service charges - Electricity	2	950 080	1 026 785	1 161 151	1 217 789	1 217 789	1 217 789	1 217 789	1 501 959	1 764 952	1 921 327
Service charges - Water	2	379 014	388 088	413 767	435 595	435 595	435 595	435 595	455 260	485 503	510 974
Service charges - Waste Water Management	2	202 360	211 061	231 287	249 710	249 710	249 710	249 710	303 788	325 964	340 959
Service charges - Waste Management	2	107 238	113 570	118 599	124 201	124 201	124 201	124 201	141 822	148 346	155 170
Sale of Goods and Rendering of Services											
Agency services		20 178	25 129	22 395	20 078	20 078	20 078	20 078	32 391	33 861	35 439
Interest											
Interest earned from Receivables		46 723	33 440	50 781	49 040	49 040	49 040	49 040	87 236	91 249	95 446
Interest earned from Current and Non Current Assets		2 537	3 899	2 589	2 086	2 086	2 086	2 086	4 128	4 318	4 517
Dividends		26	23	26							
Rent on Land											
Rental from Fixed Assets		7 471	5 866	5 112	4 054	4 054	4 054	4 054	6 891	7 208	7 540
Licence and permits		9	32	33	35	35	35	35	89	93	98
Operational Revenue		81 524	41 554	70 526	40 952	40 952	40 952	40 952	79 351	82 073	84 739
Non-Exchange Revenue											
Property rates	2	563 272	594 064	548 628	561 193	561 193	561 193	561 193	605 899	633 770	662 924
Surcharges and Taxes											
Fines, penalties and forfeits		38 416	109 732	62 491	74 918	74 918	74 918	74 918	66 241	69 288	72 475
Licences or permits											
Transfer and subsidies - Operational		443 814	551 727	515 775	585 234	585 234	585 234	585 234	626 442	702 003	778 737
Interest											
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets											
Other Gains		40 104	6 704	22 936							
Discontinued Operations											
Total Revenue (excluding capital transfers and contri		2 882 773	3 021 652	3 226 406	3 364 885	3 364 885	3 364 885	3 364 885	3 911 505	4 351 649	4 650 343
Expenditure											
Employee related costs	2	833 427	857 225	850 483	1 082 636	1 082 636	1 082 636	1 082 636	1 012 678	1 058 252	1 105 873
Remuneration of councillors		33 586	34 492	33 922	37 820	37 820	37 820	37 820	42 958	44 934	47 001
Bulk purchases - electricity	2	734 153	804 316	952 533	1 047 604	1 047 604	1 047 604	1 047 604	1 207 387	1 328 126	1 469 938
Inventory consumed	8	146 486	368 622	303 761	388 338	388 338	388 338	388 338	503 831	540 321	574 474
Debt impairment	3	243 516	214 114	266 202	261 759	261 759	261 759	261 759	253 800	255 165	214 731
Depreciation and amortisation		242 040	245 657	255 662	247 278	247 278	247 278	247 278	271 047	252 235	263 586
Interest		49 378	38 463	27 495	27 139	27 139	27 139	27 139	27 208	28 460	29 789
Contracted services		402 325	546 541	545 654	335 120	335 120	335 120	335 120	503 672	339 247	349 544
Transfers and subsidies		1 701	346	1 886	3 140	3 140	3 140	3 140	4 861	3 278	3 426
Inrecoverable debts written off											
Operational costs		195 258	181 076	147 750	169 179	169 179	169 179	169 179	244 853	244 042	257 521
Losses on disposal of Assets											
Other Losses				83	2	2	2	2			
Total Expenditure		3 083 279	3 290 854	3 475 649	3 600 016	3 600 016	3 600 016	3 600 016	4 072 294	4 134 059	4 411 863
Surplus/(Deficit)		(200 506)	(269 202)	(249 243)	(235 130)	(235 130)	(235 130)	(235 130)	(160 789)	217 590	238 481
Transfers and subsidies - capital (monetary)	6	208 978	203 561	255 388	340 293	300 293	300 293	300 293	249 105	237 505	155 292
Transfers and subsidies - capital (in-kind)	6										
Surplus/(Deficit) after capital transfers & contributions		8 472	(65 240)	46 146	105 163	65 163	65 163	65 163	88 316	455 094	393 773
Income Tax											
Surplus/(Deficit) after Income tax		8 472	(65 240)	46 146	105 163	65 163	65 163	65 163	88 316	455 094	393 773
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		8 472	(65 240)	46 146	105 163	65 163	65 163	65 163	88 316	455 094	393 773
Share of Surplus/Deficit attributable to Associate	7										
Intercompany/Parent subsidiary transactions											
Surplus/(Deficit) for the year	1	8 472	(65 240)	46 146	105 163	65 163	65 163	65 163	88 316	455 094	393 773

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

Vote Description	Ref	2018/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcomes	Audited Outcomes	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote	1										
Multi-year expenditure - to be appropriated	2										
Vote 1 - MUNICIPAL COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGER'S OFFICE		—	—	—	—	—	—	—	—	—	—
Vote 3 - INTERNAL AUDIT		—	—	—	51	51	51	51	—	—	—
Vote 4 - OPERATIONS MANAGEMENT		—	—	—	44	44	44	44	—	—	—
Vote 5 - CORPORATE SUPPORT SERVICES		—	—	—	60	60	60	60	—	13 500	5 000
Vote 6 - FINANCIAL MANAGEMENT SERVICES		24	—	—	300	300	300	300	—	—	—
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		31 299	7 249	35 572	98 054	98 054	98 054	98 054	—	—	—
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		25 754	5 697	4 230	25 630	25 630	25 630	25 630	14 000	—	—
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		10 000	5 564	10 701	405	405	405	405	40 000	30 000	45 000
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		—	—	—	—	—	—	—	30 000	63 734	15 000
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		100 440	94 079	181 232	92 670	92 670	92 670	92 670	80 033	150 737	152 740
Vote 12 - (NAME OF VOTE 12)		—	—	—	—	—	—	—	—	—	—
Vote 13 - (NAME OF VOTE 13)		—	—	—	—	—	—	—	—	—	—
Vote 14 - (NAME OF VOTE 14)		—	—	—	—	—	—	—	—	—	—
Vote 15 - (NAME OF VOTE 15)		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	167 518	112 889	211 734	215 214	215 214	215 214	215 214	168 733	271 970	217 740
Single-year expenditure - to be appropriated	2										
Vote 1 - MUNICIPAL COUNCIL		—	743	1 676	—	—	—	—	95	—	—
Vote 2 - MUNICIPAL MANAGER'S OFFICE		—	—	44	—	—	—	—	—	—	—
Vote 3 - INTERNAL AUDIT		177	—	109	—	—	—	—	—	—	—
Vote 4 - OPERATIONS MANAGEMENT		239	—	693	—	—	—	—	403	—	—
Vote 5 - CORPORATE SUPPORT SERVICES		258	—	1 349	30	30	30	30	—	5 550	4 410
Vote 6 - FINANCIAL MANAGEMENT SERVICES		849	655	4 126	30	30	30	30	2 045	—	—
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		785	33 086	2 934	24 057	24 057	24 057	24 057	11 878	35 828	5 000
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		1 906	16 362	12 742	6 000	6 000	6 000	6 000	8 757	—	43 241
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		31 135	17 034	67 858	40 000	40 000	40 000	40 000	1 695	4 600	—
Vote 10 - STRATEGIC INVESTMENT PROGRAMMES		—	—	—	—	—	—	—	38 410	5 000	—
Vote 11 - INFRASTRUCTURE DEVELOPMENT SERVICES		22 543	42 224	27 638	139 000	139 000	139 000	139 000	77 497	88 435	20 000
Vote 12 - (NAME OF VOTE 12)		—	—	—	—	—	—	—	—	—	—
Vote 13 - (NAME OF VOTE 13)		—	—	—	—	—	—	—	—	—	—
Vote 14 - (NAME OF VOTE 14)		—	—	—	—	—	—	—	—	—	—
Vote 15 - (NAME OF VOTE 15)		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total		87 885	110 105	119 473	209 177	169 177	169 177	169 177	141 840	198 333	72 651
Total Capital Expenditure - Vote		255 413	222 995	330 907	424 391	384 391	384 391	384 391	310 573	470 303	290 391
Capital Expenditure - Functional											
Governance and administration		1 548	1 398	8 000	75 515	75 515	75 515	75 515	163 060	94 050	84 410
Executive and council		743	743	1 720	—	—	—	—	30 905	5 000	—
Finance and administration		1 370	655	6 171	75 464	75 464	75 464	75 464	72 555	89 050	84 410
Internal audit		177	—	109	51	51	51	51	—	—	—
Community and public safety		71 648	41 074	33 215	61 630	61 630	61 630	61 630	46 528	23 928	52 241
Community and social services		30 033	22 059	17 050	41 610	41 610	41 610	41 610	14 840	9 000	32 241
Sport and recreation		10 504	9 106	9 109	40 000	40 000	40 000	40 000	31 888	14 928	20 000
Public safety		—	—	—	—	—	—	—	—	—	—
Housing		31 111	9 908	7 034	—	—	—	—	20	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		58 832	64 651	155 283	93 375	93 375	93 375	93 375	17 645	36 800	39 060
Planning and development		10 476	10 389	78 704	70 875	70 875	70 875	70 875	5 337	9 500	5 000
Road transport		48 376	54 162	76 579	21 500	21 500	21 500	21 500	12 309	21 000	27 000
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		93 276	115 291	126 465	173 871	173 871	173 871	173 871	143 380	262 825	120 740
Energy services		16 094	34 892	18 513	34 600	34 600	34 600	34 600	39 005	63 921	27 791
Water management		55 789	49 171	51 709	49 160	49 160	49 160	49 160	40 426	34 271	27 000
Waste water management		676	8 882	29 470	35 000	35 000	35 000	35 000	31 095	55 000	50 849
Waste management		18 716	22 246	28 793	55 111	55 111	55 111	55 111	32 050	89 634	15 000
Other		90	380	1 083	1 000	1 000	1 000	1 000	—	—	—
Total Capital Expenditure - Functional	3	225 413	222 995	330 907	424 391	384 391	384 391	384 391	310 573	470 303	290 391
Funded by:											
National Government		169 274	180 822	202 635	264 794	224 794	224 794	224 794	238 167	228 505	257 190
Provincial Government		38 953	23 140	92 552	75 500	75 500	75 500	75 500	5 600	9 600	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind)		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital		208 227	203 961	293 388	340 293	300 293	300 293	300 293	241 167	237 595	257 190
Borrowing		17 186	10 733	35 518	84 096	84 096	84 096	84 096	84 445	173 798	33 201
Internally generated funds		—	—	—	—	—	—	—	—	—	—
Total Capital Funding	7	225 413	222 995	330 907	424 391	384 391	384 391	384 391	310 573	470 303	290 391

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality.

Table 12: MBRR Table A6 - Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		98 336	84 924	141 837	122 077	122 077	122 077	122 077	12 762	14 657	17 539
Trade and other receivables from exchange transactions	1	320 188	348 313	442 180	116 463	116 463	116 463	116 463	468 719	490 310	517 277
Non-current portion of non-current receivables	1	198 844	276 310	277 423	126 307	126 307	126 307	126 307	294 069	311 713	328 857
Inventory	2	17 028	15 337	6 874	15 337	15 337	15 337	15 337	11 227	14 532	18 004
VAT	2	22 542	44 334	43 910	286 224	286 224	286 224	286 224	46 840	50 179	53 642
Other current assets		96	85	37	—	—	—	—	19	—	—
Total current assets		657 034	749 304	811 269	675 493	675 493	675 493	675 493	633 738	681 391	735 318
Non-current assets											
Investments		575	599	516	599	599	599	599	599	599	599
Investment property		692 045	687 975	714 685	698 724	698 724	698 724	698 724	698 724	698 724	698 724
Property, plant and equipment	3	5 716 793	5 614 597	5 654 273	5 840 417	5 840 417	5 840 417	5 840 417	5 876 743	5 902 994	6 758 118
Biological assets		—	—	—	—	—	—	—	—	—	—
Intangible and non-current intangibles		2 378	2 735	3 187	2 735	2 735	2 735	2 735	2 735	3 485	4 135
Intangible assets		2 450	2 450	2 450	—	—	—	—	2 450	2 450	2 450
Intangible assets		5 045	3 046	3 551	3 022	3 022	3 022	3 022	5 522	5 983	6 363
Trade and other receivables from exchange transactions		—	—	—	—	—	—	—	—	—	—
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non-current assets		6 419 287	6 311 401	6 378 673	6 543 496	6 543 496	6 543 496	6 543 496	7 246 772	7 614 238	7 510 389
TOTAL ASSETS		7 076 321	7 060 705	7 289 942	7 220 989	7 189 989	7 189 989	7 189 989	8 120 508	8 495 627	8 445 706
LIABILITIES											
Current liabilities											
Bank overdraft		—	—	—	—	—	—	—	—	—	—
Financial liabilities		58 438	42 967	30 789	42 965	42 965	42 965	42 965	32 202	33 668	35 377
Consumer deposits		73 272	76 455	80 077	76 455	76 455	76 455	76 455	85 803	91 509	97 823
Trade and other payables from exchange transactions	4	890 888	981 088	1 234 141	956 110	956 110	956 110	956 110	1 314 360	1 395 650	1 462 915
Trade and other payables from non-exchange transactions	5	81 632	101 999	110 431	91 403	91 403	91 403	91 403	118 051	125 724	132 639
Provision		17 531	6 447	289	98 035	98 035	98 035	98 035	16 031	17 073	18 182
VAT		—	—	—	—	—	—	—	—	—	—
Other current liabilities		24 808	51 690	21 399	—	—	—	—	—	—	—
Total current liabilities		1 246 570	1 262 646	1 477 126	1 234 967	1 234 967	1 234 967	1 234 967	1 568 346	1 654 633	1 745 950
Non-current liabilities											
Financial liabilities	6	253 086	220 122	189 333	189 428	189 428	189 428	189 428	230 637	219 350	184 613
Provision	7	277 312	337 992	325 383	388 828	388 828	388 828	388 828	357 301	369 158	381 538
Long term portion of trade payables		—	—	—	—	—	—	—	—	—	—
Other non-current liabilities		—	—	—	—	—	—	—	—	—	—
Total non-current liabilities		540 398	558 114	514 716	578 256	578 256	578 256	578 256	607 938	589 508	566 172
TOTAL LIABILITIES		1 786 968	1 820 760	1 991 842	1 813 224	1 813 224	1 813 224	1 813 224	2 176 284	2 244 141	2 312 122
NET ASSETS		5 289 352	5 239 945	5 298 099	5 407 765	5 376 765	5 376 765	5 376 765	5 944 224	6 251 486	6 133 584
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	5 260 838	5 205 489	5 256 453	5 347 765	5 307 765	5 307 765	5 307 765	5 946 325	6 253 485	6 132 585
Reserves and funds	9	28 514	34 457	41 647	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	10	5 289 352	5 239 946	5 298 100	5 347 765	5 307 765	5 307 765	5 307 765	5 946 325	6 253 485	6 132 585

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice and improves understandability for councillors and management of the impact of the budget on the statement of financial position.
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version, which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e., assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Table A6 is supported by an extensive table of notes in (SA3) providing a detailed analysis of the major components of a number of items, including:
 - ✓ Call investments deposits.
 - ✓ Consumer debtors.
 - ✓ Property, plant and equipment.
 - ✓ Trade and other payables.
 - ✓ Provisions non-current.
- Any movement on the Budgeted Financial Performance (A4) or the Capital Budget (A5) will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will affect the cash position of the municipality and subsequently inform the level of

cash and cash equivalents at year-end. The funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13: MBRR Table A7 - Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		563 272	504 064	548 628	561 193	525 875	525 875	525 875	557 427	583 069	609 890
Service charges		1 642 279	1 742 667	1 928 826	1 841 178	1 872 916	1 872 916	1 872 916	2 210 611	2 509 545	2 694 156
Other revenue		45 887	115 598	67 603	263 770	431 666	431 666	431 666	504 164	268 492	280 158
Transfers and Subsidies - Operational	1	449 200	552 269	514 719	585 234	583 140	583 140	583 140	626 442	702 003	778 737
Transfers and Subsidies - Capital	1	208 940	234 340	265 887	340 293	307 358	307 358	307 358	249 105	237 505	155 292
Interest		48 260	37 339	53 370	51 125	86 192	86 192	86 192	91 364	95 567	99 983
Dividends		26	23	26	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(2 632 749)	(2 992 763)	(2 937 185)	(3 208 491)	(3 526 829)	(3 526 829)	(3 526 829)	(3 991 906)	(3 915 922)	(4 254 562)
Finance charges		(49 378)	(38 463)	(27 495)	(27 139)	(27 208)	(27 208)	(27 208)	(27 208)	(28 460)	(29 769)
Transfers and Subsidies	1	(1 701)	(346)	(1 886)	(3 140)	(8 664)	(8 664)	(8 664)	(4 861)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES		276 037	154 726	412 492	404 023	244 445	244 445	244 445	215 137	448 519	330 439
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		978	3 310	4 281					-	-	-
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(189 047)	(133 270)	(296 893)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(280 391)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(280 391)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/financing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(50 306)	(58 179)	(42 967)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET INCREASE/(DECREASE) IN CASH HELD		37 662	(33 412)	76 912	(51 064)	(140 598)	(140 598)	(140 598)	(129 073)	1 895	2 881
Cash/cash equivalents at the year begin:	2	60 674	98 338	64 924	64 925	141 837	141 837	141 837	141 837	12 762	14 657
Cash/cash equivalents at the year end:	2	98 336	64 924	141 837	13 861	1 239	1 239	1 239	12 762	14 657	17 539

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 2019/20 at R98 million, then decreases during 2023/24 financial year to R13 million and increases over the MTREF to R18 million.

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

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash and investments available											
Cash/cash equivalents at the year end	1	98 336	64 924	141 837	13 851	1 239	1 239	1 239	12 762	14 657	17 539
Other current investments > 90 days		575	599	516	599	599	599	599	599	599	599
Investments - Property, plant and equipment	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		98 912	65 523	142 353	14 450	1 838	1 838	1 838	13 361	15 256	18 137
Application of cash and investments											
Trade payables from Non-exchange transactions: Other		80 671	101 999	110 431	91 403	91 403	91 403	91 403	118 051	125 724	132 639
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	22 542	44 334	43 910	296 224	296 224	296 224	296 224	46 940	50 179	53 642
Other working capital requirements	3	990 888	991 088	1 234 141	568 199	544 749	544 749	544 749	809 652	896 132	957 951
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	28 514	34 457	41 647	-	-	-	-	-	-	-
Total Application of cash and investments:		1 122 615	1 161 878	1 430 129	955 825	932 375	932 375	932 375	974 643	1 072 035	1 144 232
Surplus(shortfall)		(1 023 703)	(1 096 354)	(1 287 776)	(941 366)	(930 537)	(930 537)	(930 537)	(961 282)	(1 056 779)	(1 126 094)

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

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular No. 42 and 93 – Funding a Municipal Budget.
- 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.
- 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".
- From the table above, it can be seen that the budget is unfunded over the MTREF period. The Budget Funding Plan is tabled with the 2023/2024 MTREF proposed budget to be adopted and approved by council to mitigate the unfunded budget.



Table 15: MBRR Table A9 - Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	178 532	166 154	201 610	292 277	252 277	252 277	200 821	176 289	113 442
Roads Infrastructure		26 685	30 473	36 889	-	-	-	3 449	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		18 066	29 479	18 513	20 000	20 000	20 000	39 809	74 812	27 791
Water Supply Infrastructure		65 688	55 981	126 357	10 160	10 160	10 160	51 193	-	15 000
Sanitation Infrastructure		182	-	6 966	35 000	35 000	35 000	-	18 050	4 550
Solid Waste Infrastructure		14 606	21 810	-	-	-	-	300	9 000	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	2 000	-
Infrastructure		115 226	137 723	188 525	85 160	65 160	65 160	94 751	101 862	47 341
Community Facilities		8 234	5 697	2 876	22 500	22 500	22 500	12 950	16 500	10 241
Sport and Recreation Facilities		16 553	9 262	476	-	-	-	15 150	5 000	6 000
Community Assets		24 787	14 958	3 352	22 500	22 500	22 500	28 109	21 500	16 241
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	40 000	-	-	40 000	30 000	45 000
Housing		31 111	9 908	-	-	-	-	-	2 000	-
Other Assets		31 111	9 908	-	40 000	-	-	40 000	32 000	45 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		90	400	3 860	-	-	-	-	11 000	3 600
Intangible Assets		90	400	3 860	-	-	-	-	11 000	3 600
Computer Equipment		7 202	1 119	5 204	1 177	1 177	1 177	3 348	-	781
Furniture and Office Equipment		116	-	145	385	385	385	3 447	-	429
Machinery and Equipment		-	1 302	524	6 055	6 055	6 055	8 903	-	50
Transport Assets		-	743	-	157 000	157 000	157 000	22 280	9 928	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Seedlings		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	27 491	38 299	12 135	110 514	110 514	110 514	109 792	222 514	142 949
Roads Infrastructure		4 485	13 258	-	21 500	21 500	21 500	8 000	20 000	22 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	9 109	-
Water Supply Infrastructure		-	-	-	-	-	-	-	32 771	12 000
Sanitation Infrastructure		-	-	-	-	-	-	30 000	35 000	50 949
Solid Waste Infrastructure		-	-	-	70 014	70 014	70 014	30 000	60 634	15 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		4 485	13 258	-	91 514	91 514	91 514	68 000	177 514	99 949
Community Facilities		22 553	20 042	12 135	17 000	17 000	17 000	6 900	-	8 000
Sport and Recreation Facilities		-	-	-	2 000	2 000	2 000	-	-	-
Community Assets		22 553	20 042	12 135	19 000	19 000	19 000	6 900	-	8 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		453	5 001	-	-	-	-	34 892	45 000	35 000
Housing		-	-	-	-	-	-	-	-	-
Other Assets		453	5 001	-	-	-	-	34 892	45 000	35 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-



Table 15: MBRR Table A9 - Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Total Upgrading of Existing Assets	6	19 390	18 241	117 163	21 600	21 600	21 600	-	12 500	34 008
Roads Infrastructure		11 911	5 290	39 798	-	-	-	-	1 000	5 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	3 152	-	4 600	4 600	4 600	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	22 000	-	-	-	-	10 000	-
Solid Waste Infrastructure		4 543	9 419	29 209	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		16 454	17 861	91 009	4 600	4 600	4 600	-	11 000	5 000
Community Facilities		2 935	-	11 957	16 000	16 000	16 000	-	-	8 000
Sport and Recreation Facilities		-	-	8 275	-	-	-	-	-	20 000
Community Assets		2 935	-	20 232	16 000	16 000	16 000	-	-	28 600
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	380	5 923	1 000	1 000	1 000	-	-	1 000
Other Assets		-	380	5 923	1 000	1 000	1 000	-	-	1 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	1 500	-
Intangible Assets		-	-	-	-	-	-	-	1 500	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Matule		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	225 413	222 695	330 907	424 391	384 391	384 391	310 613	411 303	290 391
Roads Infrastructure		43 081	49 020	76 487	21 500	21 500	21 500	11 449	21 000	27 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		18 066	32 631	18 513	24 600	24 600	24 600	39 809	83 921	27 791
Water Supply Infrastructure		55 688	55 961	126 357	10 160	10 160	10 160	51 193	32 771	27 000
Sanitation Infrastructure		182	-	28 966	35 000	35 000	35 000	30 000	61 050	55 499
Solid Waste Infrastructure		19 149	31 229	29 209	70 014	70 014	70 014	30 300	89 634	15 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	2 000	-
Infrastructure		136 166	168 841	279 633	161 274	161 274	161 274	162 751	299 375	152 290
Community Facilities		33 723	25 739	26 988	55 500	55 500	55 500	19 850	16 500	28 241
Sport and Recreation Facilities		16 553	9 262	8 751	2 000	2 000	2 000	15 150	5 000	26 000
Community Assets		50 276	35 001	35 719	57 500	57 500	57 500	35 000	21 500	52 241
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		453	5 001	-	40 000	-	-	74 892	75 000	80 000
Housing		31 111	10 289	5 923	1 000	1 000	1 000	-	2 000	1 000
Other Assets		31 564	15 290	5 923	41 000	1 000	1 000	74 892	77 000	81 000
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		90	400	3 860	-	-	-	-	12 500	3 600
Intangible Assets		90	400	3 860	-	-	-	-	12 500	3 600
Computer Equipment		7 202	1 119	5 204	1 177	1 177	1 177	3 340	-	781
Furniture and Office Equipment		116	-	145	385	385	385	3 447	-	429
Machinery and Equipment		-	1 302	524	6 055	6 055	6 055	8 903	-	50
Transport Assets		-	743	-	157 000	157 000	157 000	22 280	9 928	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Matule		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		225 413	222 695	330 907	424 391	384 391	384 391	310 613	411 303	290 391



Table 15: MBRR Table A9 - Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
ASSET REGISTER SUMMARY - PPE (WDV)	5	6 418 712	6 308 088	6 374 870	6 544 897	6 504 897	6 504 897	6 576 743	6 902 994	6 798 118
Roads Infrastructure		2 164 002	2 141 751	2 134 784	25 108	25 108	25 108	6 759	11 083	8 630
Storm water Infrastructure		—	—	—	10 114	10 114	10 114	10 114	10 114	10 114
Electrical Infrastructure		1 025 256	992 502	988 075	5 697 879	5 697 879	5 697 879	5 660 031	5 868 145	5 683 591
Water Supply Infrastructure		605 780	606 885	614 175	80 160	80 160	80 160	57 235	57 752	58 586
Sanitation Infrastructure		570 010	539 385	519 349	35 000	35 000	35 000	31 672	49 610	46 829
Solid Waste Infrastructure		—	—	—	54 591	54 591	54 591	24 591	50 224	47 224
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		4 365 048	4 280 521	4 236 383	5 902 852	5 902 852	5 902 852	5 790 403	6 046 928	5 664 976
Community Assets		1 057 136	1 065 627	1 164 754	41 303	1 303	1 303	4 394	1 372	1 082
Heritage Assets		2 450	2 450	2 450	—	—	—	2 450	2 450	2 450
Investment properties		692 045	687 975	714 685	698 724	698 724	698 724	698 724	699 724	698 724
Other Assets		257 908	212 571	198 805	20 427	20 427	20 427	20 938	102 330	180 993
Biological or Cultivated Assets		2 378	—	—	2 735	2 735	2 735	2 735	3 485	4 135
Intangible Assets		5 045	3 046	3 561	3 022	3 022	3 022	5 522	5 983	6 363
Computer Equipment		6 844	4 601	2 546	(18 623)	(18 623)	(18 623)	1 938	1 658	1 803
Furniture and Office Equipment		9 998	8 005	7 045	(143 199)	(143 199)	(143 199)	11 348	13 231	22 734
Machinery and Equipment		1 687	1 787	1 219	5 305	5 305	5 305	5 698	5 698	5 698
Transport Assets		3 831	2 962	5 599	32 353	32 353	32 353	32 594	21 135	9 161
Land		14 342	38 522	37 923	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Living Resources		—	2 735	3 187	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	6 418 712	6 310 892	6 378 157	6 544 897	6 504 897	6 504 897	6 576 743	6 902 994	6 798 118
EXPENDITURE OTHER ITEMS		327 959	724 652	661 238	350 000	351 482	351 482	908 173	921 534	969 255
Depreciation	7	241 557	245 639	247 959	237 285	238 767	238 767	238 767	251 702	263 029
Repairs and Maintenance by Asset Class	3	86 402	479 013	413 279	112 715	112 715	112 715	669 406	669 831	706 227
Roads Infrastructure		31 501	71 549	116 455	11 721	11 721	11 721	38 872	40 668	42 503
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		54 671	124 284	154 943	15 752	15 752	15 752	104 667	108 533	111 330
Water Supply Infrastructure		—	—	—	36 741	36 741	36 741	51 063	65 352	88 307
Sanitation Infrastructure		—	139 188	65 426	33 217	33 217	33 217	82 199	52 457	54 830
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		86 172	335 021	336 824	97 432	97 432	97 432	276 892	285 021	276 969
Community Facilities		4	53 114	49 782	5 744	5 744	5 744	55 490	58 079	60 695
Sport and Recreation Facilities		190	8 406	9 060	175	175	175	11 280	11 809	12 340
Community Assets		194	61 520	58 842	5 919	5 919	5 919	66 770	69 888	73 035
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	81 147	16 169	4 657	4 657	4 657	37 492	32 495	33 962
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	81 147	16 169	4 657	4 657	4 657	37 492	32 495	33 962
Biological or Cultivated Assets		—	—	—	200	200	200	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	110	110	110	73 995	53 805	56 239
Transport Assets		—	—	—	3 326	3 326	3 326	213 097	247 426	264 767
Land		36	1 324	1 444	1 072	1 072	1 072	1 249	1 204	1 255
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Mature		—	—	—	—	—	—	—	—	—
Immature		—	—	—	—	—	—	—	—	—
Living Resources		—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS		327 959	724 652	661 238	350 000	351 482	351 482	908 173	921 534	969 255
Renewal and upgrading of Existing Assets as % of total capex		20,8%	25,4%	39,1%	31,1%	34,4%	34,4%	35,3%	57,1%	60,9%
Renewal and upgrading of Existing Assets as % of deprec		19,4%	23,0%	52,1%	55,7%	55,3%	55,3%	48,0%	93,4%	67,3%
R&M as a % of PPE		1,5%	8,5%	7,3%	1,8%	1,9%	1,9%	11,5%	10,2%	10,2%
Renewal and upgrading and R&M as a % of PPE		2,0%	8,0%	9,0%	4,0%	4,0%	4,0%	12,0%	13,0%	13,0%



Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Minister of COGTA has announced in the Back-to-Basics Programme that at least 7% of the operational budget should be allocated to Repairs and Maintenance.
3. The renewal of existing assets as a percentage of total capital budget is projected to be 35.3% during 2023/24 financial year and increases to 60,9% over MTREF. Repairs & Maintenance as a percentage of PPE for 2023/24 is 11.5% and decreases over the MTREF to 10.2%.
4. Renewal and Upgrading & Repairs & Maintenance as a percentage of PPE is at 12% for 2023/24 and increases to 13% over the MTREF budget.



Table 16: MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2016/20	2016/21	2017/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service tariffs	1									
Water										
Piped water inside dwelling		71 482	72 121	72 438	76 058	76 058	76 058	76 651	83 654	88 047
Piped water inside yard (not in dwelling)		—	—	—	—	—	—	—	—	—
Using public tap (at least min. service level)	2	5 405	11 251	11 251	11 814	11 814	11 814	12 406	13 025	13 678
Other water supply (at least min. service level)	4	6 450	9 631	9 631	10 323	10 323	10 323	10 839	11 361	11 950
Minimum Service Level and Above sub-total		83 340	93 003	93 319	98 195	98 195	98 195	103 105	108 250	113 673
Using public tap (< min. service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min. service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	83 340	93 003	93 319	98 195	98 195	98 195	103 105	108 250	113 673
Sanitation/sewerage										
Flush toilet (connected to sewerage)		71 482	72 121	72 438	76 058	76 058	76 058	76 651	83 654	88 047
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		13 858	21 112	21 082	22 136	22 136	22 136	23 243	24 405	25 625
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min. service level)		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		85 340	93 233	93 519	98 194	98 194	98 194	103 104	108 259	113 671
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min. service level)		13 858	21 112	21 082	22 136	22 136	22 136	23 243	24 405	25 625
No toilet provisions		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		13 858	21 112	21 082	22 136	22 136	22 136	23 243	24 405	25 625
Total number of households	8	99 198	114 345	114 600	120 330	120 330	120 330	126 347	132 664	139 296
Electricity										
Electricity (at least min. service level)		10 376	16 930	16 648	20 511	20 511	20 511	22 602	24 818	27 300
Electricity - prepaid (min. service level)		6 580	9 478	9 544	10 520	10 520	10 520	11 672	12 729	14 002
Minimum Service Level and Above sub-total		24 833	39 008	38 210	31 031	31 031	31 031	34 134	37 547	41 302
Electricity (< min. service level)		8 665	6 316	3 303	3 633	3 633	3 633	3 996	4 305	4 636
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		8 665	6 316	3 303	3 633	3 633	3 633	3 996	4 305	4 636
Total number of households	9	34 824	34 324	31 313	34 664	34 664	34 664	38 130	41 853	46 138
Refuse										
Removed at least once a week		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		18 000	18 000	18 000	18 362	18 362	18 362	20 198	22 218	24 440
No rubbish disposal		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		18 000	18 000	18 000	18 362	18 362	18 362	20 198	22 218	24 440
Total number of households	6	18 000	18 000	18 000	18 362	18 362	18 362	20 198	22 218	24 440
Household electricity Free Basic Service	7									
Water (6 kilolitre per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Informal Settlements										
Cost of Free Basic Services provided - Informal Settlements (R000)										
Water (6 kilolitre per indigent household per month)		615 006	514 318	500 445	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		10 520 826	20 379 301	20 747 221	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		1 251 463	2 262 483	2 687 655	2 687 655	2 687 655	2 687 655	2 687 655	2 687 655	2 687 655
Refuse (removed once a week for indigent households)		13 176 878	14 265 081	13 670 340	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Settlements (R000)										
Total cost of FBS provided	8									
Highest level of free services provided per household										
Property rates (at value threshold)		50 000	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
Electricity (kwh per household per month)		60	60	60	60	60	60	60	60	60
Refuse (average litres per week)		240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R000)										
Property rates (after adjustment) (impermissible values per section 17 of MPRSA)		—	—	—	—	—	—	—	—	—
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRSA		331 767	326 650	339 670	14 766	14 766	14 766	—	—	—
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 once removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	9	331 767	326 650	339 670	14 766	14 766	14 766	—	—	—

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- MCLM is providing water to informal settlements in rural areas by external mechanisms of rental of water tanks and the municipality is in a process of procuring trucks to eliminate outsourcing the service.
 - Water services – (below minimum service level) 10 813 households are provided by water through water tanks. These households are largely found in 'rural areas and these areas are the key focus priority of the City in eradicating poverty and low service delivery.
 - Sanitation services – MCLM is providing or renting chemical toilets to 10 813 households mostly for Informal Settlements in rural areas.
 - Electricity services – 3 996 households do not have electricity; other spheres of government are addressing the backlog by providing grants to Eskom to install electricity in rural areas and informal settlements.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

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

2.2 OVERVIEW OF THE ANNUAL BUDGET PROCESS

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

The Executive Mayor tabled in Council the required IDP and budget time schedule on 29 July 2022. Key dates applicable to the process were:

ACTIVITIES	RESPONSIBLE	DATES
PLANNING PROCESS		
Preparation for Revised IDP process plan	IDP	July 2022
IDP Technical Forum	IDP	July 2022
Tabling of the 2023/24 IDP/Budget Process Plan to EXCO/Budget Committee for recommendation for approval	IDP	August 2022



ACTIVITIES	RESPONSIBLE	DATES
Adoption of IDP/ Budget Process Plan for 2023/2024 IDP/Budget.	Council	August 2022
Public notice of the adopted IDP/Budget Process Plan for 2023/24 IDP/Budget Review	IDP	September 2022
Submission of the IDP Process Plan to MEC for Local Government, National & Provincial Treasury Departments	IDP	September 2022
STATUS ANALYSIS PHASE		
Demographic & Service Delivery data analysis	IDP	September 2022
Socio-Economic data analysis	EDS, CDS & IDP	September 2022
Institutional data analysis	CDS& IDP	September 2022
Spatial data analysis	EDS& IDP	September 2022
Environmental sustainability data analysis	DIEM & IDP	September 2022
IDP Technical Forum	IDP	September 2022
PUBLIC CONSULTATION PHASE		
Review of 2022/23 public participation to determine the following: <ul style="list-style-type: none"> What needs to be improved for the public participation? What are the possible alternatives for the next public participation? 	EM: SMS; IDP and Public Participation office.	October 2022
Present draft Mayoral Roadshow Presentations to Mayoral Committee	EM: SMS; IDP and Public Participation office.	Oct / Nov 2022
Public Participation - IDP Roadshows/Virtual Presentations	IDP & Public Participation Office;	Nov/Dec 2022
IDP Roadshow Report. 1. List of community priority needs 2. List of all community needs submitted to departments for consideration	IDP	December 2022
IDP Technical Forum	IDP	Jan 2023
STRATEGIC ALIGNMENT PHASE		

ACTIVITIES	RESPONSIBLE	DATES
Vision and Mission	All Departments	Jan/Feb 2023
Objectives and development priorities	All Departments	Jan/Feb 2023
Priority Programme and Project Identification	All Departments	Jan/Feb 2023
PERFORMANCE AND BUDGET REVIEW PHASE		
Submission of Mid-year performance report	M&E	Jan/Feb 2023
Adjustment Budget	BTO	Feb 2023
Municipal Strategic Analysis	MAYCO/EXCO	Jan/Feb 2023
PROGRAMME AND PROJECTS PHASE		
Priority Programmes and Projects	All Departments	Feb 2023
IDP Technical Forum	IDP	Feb 2023
2022/23 Adjustment Budget	BTO	Feb 2023
CAPEX and OPEX costing	BTO	March 2023
<ul style="list-style-type: none"> Agreement on changes proposed by Executive Mayor and Councillors on IDP/Budget 	BTO	March 2023
ALIGNMENT OF NATIONAL & PROVINCIAL PROGRAMMES PHASE		
Consideration and ensuring that MEC comments are addressed	IDP	1-15 March 2023
Integration and Alignment of sectoral plans into the IDP	IDP	1-15 March 2023
Integration and Alignment of operational plans into the IDP	All Departments	March 2023
FINAL CONSULTATION AND APPROVAL		
<ul style="list-style-type: none"> Tabling of the draft IDP/Budget 	IDP/Budget	March 2023
<ul style="list-style-type: none"> Public Participation - IDP Roadshows/Virtual Presentations 	IDP, CC & CC	April/May 2023
<ul style="list-style-type: none"> IDP Roadshow Report. List of community priority needs. List of all community needs submitted to municipality departments for consideration 	IDP	April/May 2023

ACTIVITIES	RESPONSIBLE	DATES
• IDP Technical Forum	IDP	May 2023
• Tabling of Annual for IDP/Budget/SDBIP consideration/ adoption.	Council	May / June 2023
• Submission of the approved IDP to the MEC of Local Government	IDP Division	June 2023

Activities, Responsibilities and Timeframe for IDP Process Plan

2.2 OVERVIEW OF BUDGET RELATED POLICIES

2.2.1 Various policies approved by Council underpin governance and the financial functioning of the municipality and are relevant to the budget process. The purpose of this section of the Budget Report is to indicate the key policies in this regard and to seek approval for any new or amended policies by Council. All the additions and amendments are highlighted in red. There are 8 new policies as listed below.

2.2.2 The following budget related policies that was approved by Council has been amended and recommended for approval and highlighted in red from Annexure 1 to 32.

Annexure 1: Draft reviewed Property Rates Policy

Annexure 2: Draft reviewed Property Rates By-Law

Annexure 3: Draft reviewed Supply Chain Management

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

Annexure 5: Draft reviewed Credit Control and Debt Collection Policy

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

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

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

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

Annexure 10: Draft reviewed 2% Corporate Social Responsibility

Annexure 11: Draft reviewed Fruitless, Wasteful, Irregular & Unauthorised Expenditure Policy

Annexure 12: Draft reviewed Cash Management & Investment Policy

Annexure 13: Draft reviewed Borrowing Policy

Annexure 14: Draft reviewed Funding and reserves

Annexure 15: Draft reviewed Long Term Financial Plan Policy

Annexure 16: Draft reviewed Asset Management Policy

- Annexure 17: Draft reviewed Indigent Management Policy
- Annexure 18: Draft reviewed Employment Equity policy
- Annexure 19: Draft reviewed Recruitment Policy
- Annexure 20: Draft reviewed Overtime Policy
- Annexure 21: Draft reviewed Grant in Aid Policy
- Annexure 22: Draft reviewed Indigent Burial Policy
- Annexure 23: Draft reviewed Liquidity Policy
- Annexure 24: Draft reviewed Waste Management norm & standard policy **(new)**
- Annexure 25: Draft reviewed Unclaimed Monies Policy
- Annexure 26: Draft reviewed Cost Containment Policy
- Annexure 27: Draft reviewed Budget Management Policy
- Annexure 28: Draft reviewed Adjustment Budget Policy
- Annexure 29: Draft reviewed Virement Policy
- Annexure 30: Draft reviewed Cashier Shortages and Surpluses
- Annexure 31: Draft VAB Remuneration Policy VAB Members **(new)**
- Annexure 32: Draft Mogale City Local Municipality By-Laws for the control of outdoor advertising Signs and Hoardings **(new)**

2.3 OVERVIEW OF BUDGET ASSUMPTIONS

2.3.1 External factors

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

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

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

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

- i. Contracted services, normal overtime & emergency, and petrol & diesel whereby all departments must analyse this expenditure to determine value for money,
- ii. Non-essential expenditures must be eliminated.
- iii. Interest charged on late payments for bulk services, which result in fruitless expenditure.

2.3.3 General inflation outlook and its impact on the municipal activities

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

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

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

Table 8: Macroeconomic performance and projections, 2021-2026

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

Source: 2023 Budget Review by Minister of Finance

2.3.4 Collection rate for service charges revenue

The rate of revenue collection is currently expressed as a percentage (92%) of annual billings. No provision has been made for collection of arrears due to the historic trends showing that the collection of long outstanding arrears is very low. The revenue enhancement strategy to improve collection from all consumers that were put in place will continue to be implemented.

2.3.5 Salary Increases

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 the agreement is still applicable for the coming financial year. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 an increase based on the projected average CPI percentages for 2023, 5.4 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023). South African Local Government Bargaining Council (SALGBC), Mogale City has projected increase of 5.4% that is within the CPI; the other percentage of increase is due to insourcing and budget for critical vacancies.

2.3.7 Funding measurements

2.3.7.1 Table 9: Budgeted Cash Flows

0 - Table A7 Budgeted Cash Flows

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year+1 2024/25	Budget Year+2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			563 272	504 054	548 628	561 193	525 875	525 875	525 875	557 427	583 069	609 890
Service charges			1 642 279	1 742 657	1 928 826	1 841 178	1 872 916	1 872 916	1 872 916	2 210 611	2 509 545	2 654 155
Other revenue			45 887	115 593	67 603	263 770	431 666	431 665	431 665	504 164	268 492	280 158
Transfers and Subsidies - Operational	1		449 200	552 269	514 719	585 234	583 140	583 140	583 140	626 442	702 003	778 737
Transfers and Subsidies - Capital	1		209 940	234 340	265 887	340 293	307 358	307 358	307 358	249 105	237 505	155 292
Interest			49 260	37 339	53 370	51 125	86 192	86 192	86 192	91 364	95 567	99 953
Dividends			26	23	26	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(2 632 749)	(2 992 763)	(2 937 185)	(3 208 491)	(3 526 829)	(3 526 829)	(3 526 829)	(3 991 506)	(3 915 922)	(4 254 562)
Finance charges			(49 378)	(38 463)	(27 495)	(27 139)	(27 208)	(27 208)	(27 208)	(27 203)	(28 450)	(29 769)
Transfers and Subsidies	1		(1 701)	(345)	(1 885)	(3 140)	(8 664)	(8 664)	(8 664)	(4 651)	(3 278)	(3 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES			276 637	154 728	412 492	404 623	244 445	244 445	244 445	215 137	448 519	330 439
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			978	3 310	4 281					-	-	-
Decrease (increase) in non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(189 047)	(133 270)	(296 893)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(290 391)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(188 069)	(129 961)	(292 613)	(424 391)	(354 347)	(354 347)	(354 347)	(310 613)	(411 303)	(290 391)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short-term loans										-	-	-
Borrowing long-term financing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			(50 306)	(58 179)	(42 567)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(50 306)	(58 179)	(42 567)	(30 696)	(30 696)	(30 696)	(30 696)	(33 599)	(35 321)	(37 167)
NET INCREASE/(DECREASE) IN CASH HELD			37 662	(33 412)	76 912	(51 064)	(140 598)	(140 598)	(140 598)	(129 075)	1 895	2 881
Cash/cash equivalents at the year begin:	2		60 674	99 336	64 924	64 925	141 837	141 837	141 837	141 837	12 762	14 657
Cash/cash equivalents at the year end:	2		98 336	64 924	141 837	13 861	1 239	1 239	1 239	12 762	14 657	17 539

1. Cash flow statement is the first measurement in determining if the budget is funded or unfunded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The assumption of collection rate of 92% must be realistic and attainable to be able to fund the budget.

4. The projected cash and cash equivalent at year end indicates a surplus of R13 million during 2023/24 and increases to R18 million over MTREF period.
5. The budget in Financial Performance must be funded from the anticipated cash inflow receipts and not billing.

2.4 LEGISLATION COMPLIANCE STATUS

- ### **2.4.1**
- Compliance with the MFMA implementation requirements have been adhered to through the following activities:

1. In year reporting

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

2. Internship programme

Mogale City is participating in the Municipal Financial Management Internship programme since March 2004 to June 2020, 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

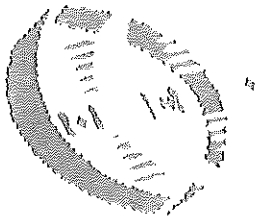
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette No 37922 on 18 August 2014. The ratios as prescribed in the Regulations have been complied with.

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.



Mogale City
Local Municipality



Mogale City

Email: mm@mogalecity.gov.za

Tel: (011) 951-2025

P O BOX 94

KRUGERSDORP


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Municipal manager's quality certificate

I **Makhosana Msezana**, 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: **Makhosana Msezana**

Municipal Manager of Mogale City (GT481)

Signature 
Date 