



**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK
FOR THE FINANCIAL YEAR**

2022/2023-2024/2025

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
EXCO	Executive Committee
FBS	Free basic services
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
mSCOA	Municipal Standard Charts of Account
MTBPS	Medium Term Budget Policy Statement
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
NDP	National Development Plan, 2030
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

1 Table of Contents

PART 1 – ANNUAL BUDGET	4
1.1 MAYOR’S REPORT (BUDGET SPEECH)	4
1.2 COUNCIL RESOLUTIONS	11
1.3 EXECUTIVE SUMMARY	13
1.4 CAPITAL EXPENDITURE	33
1.5 ANNUAL BUDGET TABLES.....	39
PART 2 – SUPPORTING DOCUMENTATION	54
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	54
2.2. IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	55
2.3 COMMUNITY CONSULTATION.....	57
2.4 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP.....	57
2.5 FREE BASIC SERVICES: BASIC SOCIAL SERVICES PACKAGE FOR HOUSEHOLDS	67
2.6 PROVIDING CLEAN WATER AND MANAGING WASTE WATER	67
2.7 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	67
2.8 OVERVIEW OF BUDGET RELATED POLICIES	69
2.9 OVERVIEW OF BUDGET ASSUMPTIONS	70
2.11 EXPENDITURE ON ALLOCATION AND GRANT PROGRAMME	80
2.12 ANNUAL BUDGET AND SDBIP – INTERNAL DEPARTMENTS	82
2.13 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	82
2.14 MONTHLY TARGET FOR REVENUE, EXPENDITURE AND CASH FLOW	82
2.15 LEGISLATION COMPLIANCE STATUS	86
2.16 QUALITY CERTIFICATION	87
ANNEXURE 1: BUDGET TABLES	88
ANNEXURE 2: TARIFF BOOK	88
ANNEXURE 3: AMENDED BUDGET RELATED POLICIES AND BY-LAWS	88
ANNEXURE 4: ORGANIZATIONAL STRUCTURE	88
ANNEXURE 5: SERVICE STANDARDS	88
ANNEXURE 6: STRATEGIC RISK REGISTER	88

Part 1 – Annual Budget

1.1 Mayor’s Report (Budget speech)

Speaker of Council,

Members of the Executive Committee,

Whip of Council,

Honourable Councillors,

The Acting Municipal Manager,

Senior Managers,

Ladies and Gentlemen,

Good Morning,

Speaker,

The Municipal Finance Management Act (MFMA), Section 16 (1) requires the Municipal Council to approve an annual budget for each financial year, before the start of that financial year.

In terms of Section 16 (2), I am required to table the annual budget in council at least 90 days before the start of the new financial year.

INTRODUCTION

It is my honour and privilege to table before this Council the 2022/2023 annual budget and IDP.

Today I am tabling the following documents:

Approved Final Budget Related Policies

Approved Final Budget Financial Performance (Revenue)

Approved Final Budget Financial Performance (Expenditure)

Budget Summary Narrations

Budget Assumption

Approved Final Tariffs

Summary Of the final Grants (Operating 2022/2023-25)

Summary of the Final Grants (Capital)

Capital Budgets and

Proposed Own Funded Capital Expenditure

Madam Speaker, we stand here encouraged by the State of the Nation Address delivered by His Excellency President Cyril Ramaphosa on 10 February 2022.

The President reminded us that even as we face steep and daunting challenges ahead, like we have done in the past, we shall as a country and as a people, overcome those challenges.

To do so, we need to strike a critical balance between saving lives and livelihoods, while supporting inclusive growth. This budget attempts to present this balance.

Madam speaker,

When the Finance Minister, Enoch Godongwana delivered his maiden budget speech in February 2022, little did he know that Russia would invade Ukraine the very next day, immediately changing both the world and South Africa's economic outlook for 2022 and beyond.

THE IMPACT OF THE RUSSIA-UKRAINE WAR ON SOUTH AFRICA AND THE RAND

Despite the rebound in economic growth since the COVID-19 recession, more time and growth are needed to get the economy back to pre-COVID levels. We note that whilst the economy is stagnating, the population growth is not – thus creating a challenge of a record high unemployment rate in the country.

The invasion of Ukraine by Russian forces created a new economic crisis for South Africans, such as rising prices in essential commodities like fuel, fertilizers and a combination of agricultural products which will further hurt the already drained pockets of the consumer.

Another headwind for the trade balance is the price of oil, our biggest import item, which has jumped on average from \$50 per barrel (which is equivalent to approximately R774.00) last year to over \$110 (approximately R1 702.80) per barrel this year. This is an increase of more than 100 percent within a very short period of time.

Economists are predicting that if a ceasefire is not reached soon enough, the oil price could still rise to record high levels. It is also expected that the trade surplus should turn back to a deficit in the next year which is bad news for the local currency.

SOUTH AFRICAN ECONOMIC OUTLOOK

The South African economy has not been insulated from these global developments. This reflects a combination of the impact of changes in the global environment, along with our own unique challenges.

In addition, violent unrests in July 2021, as well as the restrictions imposed to manage the third wave of COVID-19, further eroded the gains we made in the first half of the year. Industrial

action in the manufacturing sector, and the re-emergence of load shedding, also slowed the pace of the economic recovery.

Honourable Speaker,

Despite the prevailing circumstances brought about by the Covid-19 Pandemic and the Russia-Ukraine war, the Municipality must still uphold its Constitutional mandate of rendering services to the community in an effective and sustainable manner.

The Municipality has been able to continue with the provision of basic and essential services throughout these difficult times.

Yes, there have been challenges at times, with regards to the consistent rendering of services due to inter alia, ageing infrastructure, lack of adequate human capital as well as limited financial resources.

The challenges mentioned above should however not absolve the Municipality of its constitutional obligations to fully discharge its functions.

We are cognizant of the fact that there is an urgent need to improve our customer relations and service delivery standards, which will inform our turnaround time particularly in restoring service delivery interruptions.

There is provision from own source and external funding to conduct proactive maintenance and refurbishment of bulk infrastructure to prolong the lifespan and meet the demand from consumers.

Due to the dynamic nature of service delivery, there are backlogs which need to be addressed as a matter of urgency.

Honourable members,

There has been a significant loss of jobs particularly within the Tourism sector which is a major contributor in our town's economy. This has resulted in increased unemployment figures. As a result, the general sustainable household income has been dealt a major blow.

This resulted in low revenue collection by the Municipality due to the inability of ratepayers to service their debts. Programs and projects had to be reprioritized to balance the status quo.

In an effort to address the situation, the Municipality (in particular the office of the Mayor), has embarked on a project to revive the tourism sector by engaging with the relevant stakeholders.

The Municipality established the Local Economic Development Forum which comprised of various structures of civil society representing business and other sectors of the economy.

The Local Economic Development Forum's main objective is to explore economic opportunities in offer and to initiate programs and projects suitable for sustainable business development and employment opportunities. Interested role players are encouraged to participate in the forum.

We have been taking extraordinary measures through our Local Economic Development Division to enable businesses to grow and create jobs alongside expanded public employment and social protection.

The Municipality has finalized the Local Economic Development Strategy that will serve as a Master Plan for Economic Development in the Bela- Bela Municipal jurisdiction.

The Local Economic Development Strategy document is available on the Municipal website. Alternatively, the document can be accessed at the Municipal main building at Chris Hani Drive.

By now, we can all agree that government does not create jobs and that instead, it is the business sector which creates jobs. According to the President's 2022 State of the Nation Address, around 80 per cent of all the people employed in South Africa are employed in the private sector.

The key task of government is to create the conditions that will enable the private sector – both big and small – to emerge, to grow, to access new markets, to create new products, and to hire more employees.

Madam Speaker,

The National Treasury will be implementing the results of a recently completed review of the Public-Private Partnerships framework. In my recent Newspaper Mayoral Column quarterly publication, I did invite the business community to take advantage of the Public Private Partnership (PPP) and to submit their PPP business proposals to the Municipality.

Honourable Speaker,

We have shown our commitment as the Municipality to include empowerment programs for the Youth, Women and Persons with Disabilities. We also went an extra mile with the relevant stakeholders to ensure that our Elderly Citizens have access to available government programs aimed at addressing their needs.

In its Youth Development endeavours, the Municipality has prioritized the implementation of educational programs that will foster a culture of learning and result in a self-reliant society that will contribute in the general development of our town.

In addition, the office of the Mayor has embarked on a program to visits the schools within our Municipal jurisdiction and to encourage the learners to excel in their academic programs. We believe in the words of our late struggle stalwart, Nelson Mandela when he said..."Education is the most powerful weapon which you can use to change the world".

Honorable Councillors,

I wish to record that the Municipality has for the first time in recent years, received a "Disclaimer-Audit Opinion" from the Auditor General, South Africa.

The implication of this is that the auditee (the Municipality in this case), provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

We record that whilst this is regrettable and disappointing, all findings raised by the Auditor General South Africa have been subjected to a consequence management exercise conducted by the Financial Misconduct Board. Recommendations for recourse will be presented to Council upon completion of investigations.

Honourable Speaker, as required by Section 25 of the Municipal Systems Act (Act 32 of 2000), each Municipal Council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan (IDP).

The IDP is a strategic plan that guides and informs all planning processes, activities, decision making, budgeting and management in the Municipality.

The Process Plan outlines how the process will unfold (i.e. the planning process to be undertaken, organizational structures and the distribution of roles and responsibilities etc.) in the review process.

The 2022/2023 IDP will inform the Municipal Performance Management System (PMS) and the Medium Term Expenditure Framework (Budgets).

Honourable Speaker,

We conducted robust engagements with members of the community through intense meetings during which the proposed Budget and the Integrated Development Plan for the 2022/2023 financial year were discussed.

Community members are impatient with the rate at which government, including the Municipalities, generally addresses service delivery backlogs, which includes:

Water supply;

Refuse removal;

Electricity supply;

Sewerage collection and disposal;

Maintenance of roads and storm water drainage;

Maintenance of street lighting;

Maintenance of parks, recreational facilities and cemeteries;

All these valuable inputs have been taken into consideration and has to a greater extent informed the final draft Integrated Development and Budget presented here today for Council Adoption.

Justice has been done in as far as public participation is concerned. I wish to thank all Councilors and the broader Management team for the commitment shown and efforts made in ensuring the success of the IDP/Budget roadshows.

We managed to adhere to the schedule without postponements. This has assisted in ensuring that this Council meeting is held today without any delays.

Honourable members,

The Municipality is fully committed to complete all approved projects under its infrastructure grants, which have been allocated for the 2022/2023 financial year.

We have been allocated various infrastructure grants from the National Treasury. The first of these is the Municipal Infrastructure Grant (MIG), which will assist the Municipality in implementing Capital Projects which will address some of the service delivery issues. These include the refurbishment of roads and storm water, the establishment and maintenance of the new landfill site. The landfill site has reached a saturation point, and as such there is an urgent need to establish a new land fill site.

We also have the water services grant which will assist in addressing the water and sanitation challenges. Of importance to note is that the refurbishment of the Bela Bela Wastewater Treatment has already commenced and will continue in the next financial year.

There is a project to upgrade the pump station in the township that will address the challenges pertaining to the outflow sewer which causes spillages around the R101 Road. This project will also be rolled over into the coming financial year.

We have budgeted from our own source about R5, 5 Million to resuscitate the incomplete Substation Project in order to have the necessary capacity to electrify more households, particularly in Extension 9 and in Koppewaai. At the moment, we are unable to increase on the number of households to electrify due to a lack of capacity. The resuscitation of the substation will greatly assist in increasing our bulk electricity.

We have been allocated a Million rand from the Integrated National Electrification Program. This is the money allocated for the infill for the 124 houses that could not be completed previously due to budget constraints.

Honourable speaker,

We are rebuilding this Municipality and restoring trust and pride in our people.

While this Council is aware that we have limited resources to address all the challenges facing our community, it is also important to bear in mind that this budget seeks to manage the balance between our priorities. It is up to this Council, its leadership and the leadership in the administration to deliver outcomes with the resources we have.

And let it be known that I will not accept excuses when it comes to failure to deliver services to the community.

This Council knows that, of the total budget, the vast majority goes towards the direct provision of services.

So let us all agree that while we are creating the conditions for business to thrive, we understand that we can only succeed as a town if we provide for all of our residents, no matter what their income.

That was the pledge that we made to the electorate and it is the promise upon which we are delivering, because in our town, a better life for all is not just a poster – it's a reality.

In conclusion, I must remind the house that the purpose of this Council Item is to table the proposed budget for the financial year 2022/2023.

I therefore present Item SMC 103/05/2022 to SMC 111/05/2022 for Council' consideration and adoption.

Honourable Speaker, I thank you!

1.2 Council Resolutions

Since the council was sworn in during the 2021 election, year 2022 will be the first annual budget item the council approves. In terms of the Municipal Systems Act, new council will be expected to draft through prescribed consultation with all stakeholders a 5-year Municipality Integrated Development Plan which will prioritise all government spending and be aligned to the National Development Planning programs during 2022. Therefore, the current budget for financial period 2022/23 will be the first council budget to implement the planning as formulated during the council seating in 2022 financial year.

The strategic direction that the Municipality will undertake is set out in its five-year Integrated Development Plan (IDP).

The Medium-Term Revenue and Expenditure Framework (MTREF) allows for a three-year planning and spending framework. The MTREF planning horizon allows Municipality to improve planning and to project the impact of policy choices on future budgets.

Since current council was sworn in during 2021, the 2022/2023 MTREF will mark as the first term for the councillors to approve the annual budget which seek to improve the service delivery of Bela-Bela Local Community.

National Treasury issued Municipal Finance Management Act (MFMA) circular numbers 107 and 115 to guide the compilation of the 2022/2023 medium term revenue and expenditure framework (MTREF). Among the objectives of this Circulars, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate.

As a result of the stipulated requirement in the budget circular, the 2022/2023 Medium Term Revenue and Expenditure will seek to address any service delivery in the community of Bela-Bela and unable the sworn council to implement any proposed project emulating from previous financial year together with the newly identified service delivery projects.

In terms of Section 16(2) of the Municipal Finance Management Act (56 of 2003), "the mayor of the municipality must table the annual budget at a council meeting *at least 90 days before the start of the budget year*. This budget is usually referred to as the "draft budget". Paragraph 9 and Schedule A of the Municipal Budget and Reporting Regulations prescribe the format and contents of the budgets of municipalities and municipal entities.

The Mayor of Bela-Bela Local Municipality approved final budget, in terms of section 16(2) of the MFMA after public consultation. At the meeting, the following resolutions will be approved:

1. The Council of Bela-Bela Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the Municipality for the financial year 2022/2023 and the multi-year and single-year capital appropriations as set out in the below following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 16;
 - 1.1.2. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 18; and
 - 1.1.3. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 19.

- 1.2. The cash flow budget, cash-backed reserve/accumulated surplus and asset management are approved as set out in the following tables:
 - 1.2.1. Budgeted Cash Flows as contained in Table 21;
 - 1.2.2. Asset management as contained in Table 23.

2. The Council of Bela-Bela Local Municipality approved the following 2022/2023 revised budget related policies and By-Laws as set out in Annexure 1:
 - 2.1. Property rates
 - 2.2. Debt and credit control
 - 2.3. Budget implementation and monitoring
 - 2.4. Supply Chain Management
 - 2.5. Indigent consumers
 - 2.6. Funding and reserves
 - 2.7. Cash and Investment management
 - 2.8. Long term financial plan
 - 2.9. Tariffs
 - 2.10. Borrowing
 - 2.11. Management and Disposal of Assets
 - 2.12. Infrastructure Investment and Capital Projects
 - 2.13. Petty cash policy
 - 2.14. Prioritisation Model for Capital Assets Investment
 - 2.15. Doubtful debt and writing off of irrecoverable debt
 - 2.16. Cell phone policy
 - 2.17. Property rates by-law
 - 2.18. Indigents support by-law
 - 2.19. Credit control and debt collection by-law
 - 2.20. Tariffs By-Law

All other budget related policies and By-Laws remain unchanged from the previous year.

3. The Council of Bela-Bela Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2022 the rates and tariffs as set out in Annexure 2:
 - 3.1. Property rates tariffs for all classes of properties will be increased by 3.9%.
 - 3.2. Refuse and Sanitation rates increased by 4.8%
 - 3.3. Water tariff estimated to be increased by 11.51%
 - 3.4. Electricity tariffs proposed to increase by 7.47% while the cost to buy Electricity from Eskom increased by 17.9%.
 - 3.5. Sundry Tariffs increased by 4.8%

4. To give proper effect to the municipality's annual budget, the Council of Bela-Bela Local Municipality approves:
 - 4.1. That the municipality is not budgeting to raise long-term loans to fund the capital budget.

5. That the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

1.3 Executive Summary

National Treasury has in the past, published budget review notes where spending plans were outlined and commitment to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking account of the constrained fiscal environment. It provides the foundation for structural reforms and is focused on the transformation essentials which will ultimately accelerate growth, create work opportunities and build an equal society. The emphasis of the National Budget is placed on ensuring that expenditure is allocated in an efficient manner, that management is enhanced and that cutting of waste occur. It is therefore imperative that we follow the tone at the top and ensure that our own local budget exhibits the same potential for being a developmental local government and implement cost containing measures to eliminate non-priority spending.

Circular number 107 which was issued in December 2020 and the subsequently 115 issued in March 2022 guides municipalities with their preparation of the 2022/23 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars. A great emphasis is on the current economic state and inflation targets of South Africa which is enormously affected by the impact of the Covid-19 pandemic. The economic effects of the pandemic is extensive. It is stated that, the economy is contracted by an estimated 1.4 per cent in 2023 compared with the 1.4 per cent contraction projected in the 2024 Medium Term Budget Policy Statement (MTBPS). GDP is expected to grow at 1,4% in 2023, 1,4% in 2024 and 1.4% in 2025.

The Service Delivery and Budget Implementation Plan (SDBIP) give effect to the IDP and the budget of the municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes that will be implemented by the administration for the financial period from 1 July 2022 to 30 June 2023 (Municipality's financial year). It includes the service delivery targets and performance indicators for each quarter which is linked to the performance agreements of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the Acting Municipal Manager to monitor the performance of the Senior Managers, the Mayor/Council to monitor the performance of the Acting Municipal Manager, and the Community to monitor the performance of the Municipality as a whole.

The process of developing the municipality's annual budget is mostly guided by the strategic thrust and operational priorities of Bela-Bela's Integrated Development Plan (IDP) as well as the MTREF that sets out the expected annual revenue and projected expenditure for the budget year under consideration, plus the outer years.

The municipality has been subjected to statutory audit from the beginning of September 2021 to the end of March 2022; The Office of the Auditor General is responsible for all the statutory audit function of the Municipality.

Despite the collective effort in driving municipality to improve on its audit outcome, municipality received disclaimer audit opinion in the 2020/21 financial year. The audit findings which led to disclaimer largely driven by disagreement on the application of the GRAP standard.

Audit finding which led to disclaimer are well known and quantified by the Municipality and this form part of the developed AGSA action plan. Extra effort has been put in place through the established AGSA action plan committee which seek to address any issues raised. To ensure the committee is effectively discharge; the accounting officer oversee the committee as the chairperson. Municipality plan to improve audit outcome in the 2022/2023 financial year and will use 2020/2021 financial year as the learning curve to any shortcoming experienced.

Bela-Bela Local Municipality will strive on each financial reporting years to recognise the application of sound financial management principles for the compilation of the municipality's financial plan as essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Amongst this strategies, the municipality has developed a funding plan in order to outline mechanisms for dealing with the current identified challenges. Covid-19 pandemic has impacted the ability of municipality to optimize revenue collection. A critical review was also undertaken of expenditures on noncore and 'nice to have' items and which led to implementation of cost containment measures. The municipality prepared a budget that is **cost containment measures** oriented while taking into consideration the importance of service delivery. Fixed term service providers contracts are continually reviewed with a view to reduce the monthly fixed costs.

m-SCOA Implementation

Bela-Bela Local Municipality has successfully migrated into m-SCOA as from 1st of July 2017. Municipality had from 2017/2018 to 2020/2021 financial period manage to compile its annual financial statement based on the m-SCOA chart of account.

New challenges were however experienced during the compilation of the 2020/2021 annual financial statement relating to segment not being properly set to allow proper budgeting which result in unauthorized expenditure particularly in the employee related line items mainly affected by the migration between two systems. Municipality has embarked on project to correct this starting from the time of the 2021/22 adjustment budget compilation and optimistic for completion during the finalization of 2022/2023 budget. In addition to the project Municipality developed a roadmap to address any challenges related to mSCOA in order to comply fully with the requirement.

Municipality had established a committee which oversee the implementation of the plan to resolve the challenges as outlined above. The committee consist among others National Treasury and Provincial Treasury delegate and the System vendor representative.

Bela-Bela Local Municipality had also played a vital role on specific strategies and interventions required by local government in achieving economic stability and higher levels of growth as outlined in the Medium-Term Budget Policy Statement and include, among others:

- a. Intervention in expanding public sector investment in infrastructure through ensuring the budgets and MTREF's acknowledge that capital programmes need a balanced funding structure addressing not only backlogs in services, but also investment in new infrastructure as well as renewing current infrastructure which also sustain the Bela-Bela Local Municipality as an eco-tourism hub;
- b. The Municipality continue to create a joint planning with its community and business sectors. This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor friendly and competitively productive.
- c. Before compilation of the 2022/2023 to 2024/2025 planning and budget process, a review to the municipality's service delivery prioritises were done. Strategic planning sessions where planning of the 2022/2023 budget was held during February 2021. The compilation of the 2022/2023 budget was further guided by prescribed budget legislative, policy frameworks and budget circulars.

The following budget principles and assumptions directly informed the compilation of the 2022/2023 MTREF;

- a. National Treasury's MFMA Circular No. 48, 51, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 80, 86, 89, 91, 93, 94, 99, 107, 108 and 115 were used to guide the compilation of the 2021/2022 MTREF.
- b. Headline inflation predictions;
- c. National outcomes and priorities as contained in the NDP, MTBPS, the President's State of the Nation Address and the 2022 national budget;
- d. NERSA guidelines;
- e. The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- f. The 2021/2022 Adjustment Budget priorities and targets, as well as the base line allocations contained in Adjustments Budget were adopted as the upper limits for the new baseline for the 2022/2023 annual budget;
- g. Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs. In this vein, the municipality will in future appoint specialists to remodel the water, electricity and sanitation tariffs to be cost reflective;
- h. There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- i. An assessment of the relative human resources capacity to implement the Budget;
- j. The need to enhance the municipality's revenue base;
- k. All conditional grants should always be cash backed;
- l. Cash flow projections should be strictly maintained to ensure the municipality's ability to meet its obligations;
- m. Operational cost will be maintained at current levels or reduced as cost containment measures will continue to be implemented; and
- n. Expenditure will be strictly monitored and be limited to the "absolutely necessary" items. Expenditure on the "nice to have" will be stopped forthwith.

During the compilation of 2022/2023 MTREF Municipality determined few challenges which will have an impact on the revenue and expenditure projections as follows:

- i. The on-going difficulties in the national and local economy;
- ii. The modestly increasing debt as a result of non-payment;
- iii. Aging and insufficiently funded maintenance for water, roads and electricity infrastructure;
- iv. Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the Municipality's cash position into account;
- v. The increased cost of bulk water and electricity (due to tariff increases from Magalies Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- vi. Bloated organisational structure;

- vii. Insufficient Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources; and

During the 2022/2023 budget no re-modelling on tariff has been done other than applying normal tariff rate increase linked to Consumer Price Inflation (CPI) of 4.8% as recommended in circular 115 issued by National Treasury during month of March 2022.

Tariffs on sundry services, service charges and property rates have increased by 3.9% in the 2022/2023 financial year in line with the relevant guidance provided. Circular 115 provide that any increase in tariff rates above 4.8% will require justification to be narrated on each increase above such rates. The justification on each tariff are details on the tariff summary sections in this budget book.

On the expenditure side, the percentage increases were as follows:

- (a) Overall expenditures increased by at least 1% from adjusted budget of R478 millions to R483 millions.
- (b) Employee related cost has increased in line with guideline outlined in circular 115, furthermore with the consideration of the proposed CPI. SALGA bargaining council has agreed that the increase of salaries will be in line with inflation. The 4.3% overall increase is inclusive of the 4.9% increase on the current employees.
- (c) Debt impairment has increased by 4% from the adjusted budget.
- (d) Major differences on contracted services, other expenditure and inventory consumed paint a picture of increase but realistically the increases are mainly caused by reclassification in alignment to meet mSCOA classification requirements.

Municipality held public participation sessions with the communities after the budget have been tabled to council at the end of March 2022 in terms of the relevant legislation. The sessions were conducted in the month of April 2022 in line with the prescribed budget regulations dealing with consultation requirements. Most of the issues raised were around complaints with regard to billing accounts, implementation of credit control policy, housing, security, use of drugs, lack of recreational facilities for the youth and sewer treatment. These issues will continue to be considered when planning for MTRE and allow the issues to be taken through the governance structures for further processing.

The budget benchmarking exercise with relevant treasury was also part of the 2022/2023 budget compilation process to allow sector Department to perform assessment for credibility, relevance and sustainability. The inputs from the session were incorporated in this budget. In terms of compliance assessment, this budget was considered to be unfunded by the Provincial Treasury due to completeness of information. Where necessary few budget tables (A Schedule) have been adjusted to obtain full compliance and to align to mSCOA requirement.

Council has in the past resolved to build up a Capital Reserve Fund over the medium-term in terms of the long-term financial plan/policy. This resolution was not successfully implemented during 2021/2022 budget year. Over the MTREF outer years Council expects to have built up enough cash reserve in order to fund own source projects. Municipality plan to have surplus of R22 million in the 2022/23 budget year and the reserve will be kept which will assist Municipality to fund any internal capital projects. Municipality has no own source fund projects on the approved budget although Municipality is optimistically to incorporate own source in the outer years after realisation of the surpluses.

With regards to grant funding, MIG is allocated around R 29 million, INEP R1 million and with water infrastructure (WSIG) having received higher allocation of R62,010 million in the 2022/2023 budget year.

The credit and debt collection drive that Council embarked on in the past financial year resulted in the payment level improved. In this regard, the administration is continuing to implement the following:

Efficient revenue management, which aims to ensure a minimum of 85% annual collection rate for property rates and other key service charges.

- i. Consistent and sustainable implementation of credit control action to all households and other consumers that can afford payment of services, including reminder letters, telephone, sms and other means of reminding consumers of the obligation with regard to their municipal accounts;
- ii. Compilation of indigent register;
- iii. Resolution of the current non-payment by the farmers;
- iv. Accurate and predictable monthly billing of municipal services, which requires that accounts are sent regularly and on time can enable consumers to plan or arrange for payment of services;
- v. Conduct electricity and water meter audit in order to address the losses; and
- vi. A continuance campaign that is led by the respective ward Councillor to promote payment of services within each ward. This campaign should include all stakeholders and the ward committees.

1.3.1. Budget Overview for the 2022/2023-2024/2025 MTREF

This section provides an overview of Bela-Bela Local Municipality's 2022/2023 to 2024/2025 MTREF. It focuses on the billing and revenue environment of the Municipality; the expenditure framework includes an assessment of how the budget links with the National and Provincial government contexts along with a review of the fiscal position of the municipality. As mentioned in the preceding paragraph, this budget continues to be assessed by both National and Provincial Treasuries during consultation and thereafter for:

- a. Credibility – revenue and expenditure estimates are realistic;
- b. Relevance – to the legislation (compliance), IDP and national government priorities; and
- c. Sustainability – the revenue, expenditure and cash flow estimates are achievable over the short to medium term.

1.3.1.1. Budget related By-Laws

Constitution of the republic gives Local Councils powers to pass laws in a form of By-Laws. By-Laws are local laws that are only applicable in the Jurisdiction of the Local Municipality.

Tariffs By-Law

The tariff By-Law give the Municipality powers to levy tariffs as outlined on the Municipal Systems Act. Tariffs that are levied by the Municipality includes the following services:

- i. Electricity services
- ii. Water services
- iii. Sanitation services

- iv. Waste removal
- v. Cemetery services
- vi. Other sundry tariffs as listed on the tariff book.

There are no major changes in the 2022/2023 financial year other than a normal increase in tariff at rate below or equivalent to CPI.

Property Rates By-Law

Property By-Law is adopted in terms of Local Government: Municipal Property Rates Act, 2004 in order to give effect to the implementation of its property rates policy; the by-laws may differentiate between the different categories of properties and different categories of owners of properties liable for the payment of rates.

Indigent's By-Law

The main objective of the Indigent By-Law is to ensure that the poor households within the Municipal jurisdiction get access to basic services. The by law also paves a way for the council to draft the Indigent policy which outlines the qualification criteria's and the quantity of free services that the approved consumers will receive on a monthly basis.

Credit control and debt collection By-Law

The credit control and debt collection by-law give the Municipal Council to draft a Credit Control and Debt collection policy which guides the municipality on the frequency of billing for the services rendered, closing dates of accounts payments. The By-Laws also gives the Municipality powers to disconnect services in the event of misuse or non-payment.

1.3.1.2. Budget related policies

Council has a role to draft policies that are used in the running of the Municipality. Policies are used for the smooth running of administration. The Municipal budget related policies are as follows:

- i. Credit Control and Debt Collection Policy
- ii. Property Rates Policy
- iii. Assets Management Policy
- iv. Indigent Policy
- v. Borrowing framework policy
- vi. Budget Implementation and Monitoring Policy
- vii. Cash Management and Investment Policy
- viii. Funding Reserves Policy
- ix. Prioritisation Model for Capital Assets Investment
- x. Policy on Infrastructure Investment and Capital Projects
- xi. Policy on Long Term Financial Planning
- xii. Policy on Provision for doubtful debts and writing off of irrecoverable debts
- xiii. Principles and Policy on Tariffs
- xiv. Petty Cash Policy
- xv. Supply Chain Management Policy

xvi. Tariff policy

There were few changes made on the following policies:

Supply Chain Management Policy

The policy was reviewed in order to align it with the Supply Chain Management regulations. Special emphasis was also taken into consideration in order to address shortcoming in supporting local small business.

One other consideration taken into the policy was the review in order to provide transparency in the procurement process and eliminate any non-compliance raised by AG in the past.

1.3.1.3. Operating Revenue Framework

Despite financial challenges experienced by Bela-Bela Local Municipality, the council will continue improving the quality of services provided to its citizens and generate the required revenue levels without creating heavy burden to the community. In these tough economic times, strong revenue management is fundamental to the financial sustainability of the municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices and trade-off have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- a. Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- b. Achievement of full cost recovery of specific user charges especially in relation to trading services;
- c. Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- d. The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- e. Increase ability to extend new services and recover costs;
- f. The municipality's Indigent Policy and rendering of free basic services; and
- g. Tariff policies of the municipality
- h. National Treasury's guidelines and macroeconomic policy;
- i. Growth in the municipality and continued economic development;
- j. Efficient revenue management, which aims to ensure at least 85% annual collection rate for property rates and other key service charges;
- k. Continuous engagements with key stakeholders, particularly farmers and business, to collect outstanding debt and improve current collection levels;

The following table is a summary of the 2022/2023-2024/2025 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	68 761	74 792	79 461	92 979	92 979	92 979	74 137	113 620	119 073	124 313
Service charges - electricity revenue	2	109 446	115 233	114 709	164 229	164 229	164 229	112 520	154 398	151 329	157 987
Service charges - water revenue	2	27 255	31 806	35 636	43 783	43 783	43 783	34 488	43 824	45 927	47 948
Service charges - sanitation revenue	2	15 479	17 855	19 439	29 179	29 179	29 179	17 294	21 024	22 033	23 002
Service charges - refuse revenue	2	7 596	8 585	9 207	8 746	8 746	8 746	8 227	9 958	10 436	10 895
Rental of facilities and equipment		1 376	1 412	1 366	1 588	1 588	1 588	1 470	1 666	1 746	1 822
Interest earned - external investments		1 764	1 719	95	1 247	1 177	1 177	80	1 911	2 003	2 091
Interest earned - outstanding debtors		11 024	11 528	12 963	14 265	14 335	14 335	13 197	14 775	56 017	58 481
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6 224	6 671	16 067	8 520	8 520	8 520	1 029	8 861	9 286	9 694
Licences and permits		1 241	1 415	0	5 800	1 800	1 800	2 821	4 737	4 964	5 183
Agency services		2 497	3 490	4 593	-	4 000	4 000	3 819	4 567	4 786	4 996
Transfers and subsidies		85 053	94 046	119 288	108 804	108 964	108 964	108 039	122 518	131 450	142 874
Other revenue	2	7 909	6 369	4 107	7 370	7 370	7 370	2 716	3 992	4 183	4 367
Gains		2 820	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		348 445	374 922	416 931	486 510	486 670	486 670	379 838	505 848	563 233	593 655

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Bela-Bela Local Municipal budget is financed through realistically anticipated revenue streams.

Revenue generated from rates and services charges forms a significant percentage of the Revenue basket for the Municipality. Rates and service charge revenues comprise of 68% of the total revenue mix.

Other revenue consists of various items such as income received from, renting out of properties. Departments review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Bela-Bela Local Municipality anticipate collecting operating revenue (total operating revenue less revenue forgone) during the 2022/2023 financial year of an estimated R505 million which translate into an overall increase of 3.8% in comparison with adjustment budget.

Operating grants which are guided by Division of Revenue Act (DoRa) has increased from R108 Million to R122 million which represent 12.9%. Grant to fund capital spending increased from R69 million to R96 million which represent 39% in the 2022/2023 financial year.

Overall service charges revenue decreased by 8% from the 2021/2022 adjusted budget. The decrease was mainly caused by the decrease electricity and sanitation revenue streams.

Details analysis of revenue sources

Property Rates

Property rates tariff has increased by 3.9% for the 2022/2023 budget year. Furthermore, the total property rates revenue has increase adjusted budge and will take into account any outcome of objections.

The following stipulations in the reviewed Property Rates Policy are highlighted:

Municipal properties

Municipal properties are exempted from paying property rates.

Residential properties

All residential properties shall be granted R50 000 exemption on the market value and rebate of 10%. Indigents households shall be granted 100% rebate on property rates i.t.o Indigent Policy.

Farms used for residential purposes shall be granted a R50 000 exemption on the market value and further rebate of 30%.

Bona Fide Farmers shall be granted rebate of 55%

The council shall grant additional rebate of 30% to pensioners/disabled people's i.t.o Property Rates Policy

Public Service Infrastructure

Public Services Infrastructure is exempted from paying rates as it provides essential services to the community.

Public Benefit Organisations

Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

Residential properties exemptions will automatically apply and no application is thus required by the owners of such property. Exemptions for other property categories will not automatically apply and the owners of such properties are required to submit applications. Property rates tariffs are depicted in table 4 below

Cash management and investment policy

Money deposited into the Municipality's bank account by unknown persons without traceable reference that remains unallocated for a period of 24 months will be classified as Municipality's

other revenue after a notice has been published in the local newspaper as prescribed in the Municipal policy.

Table 2: Property rates tariffs

Rating Category	2021/2022	2022/2023
	R/c	R/c
BUSINESS & COMMERCIAL	0.0169	0.0176
AGRICULTURAL	0.0033	0.0034
FARMS OTHER	0.0169	-
FARMS RESIDENTIAL	0.0135	0.0140
VACANT LAND	0.0169	0.0176
INDUSTRIAL	0.0169	0.0176
MUNICIPAL PROPERTY	0.0169	0.0176
PRIVATE OPEN SPACE	0.0135	0.0140
PUBLIC OPEN SPACE	-	0.0130
PROPERTIES USED FOR PUBLIC BENEFIT ACTIVITIES	0.0033	0.0034
RESIDENTIAL	0.0135	0.0140
STATE-OWNED PROPERTY	0.0169	0.0176
ILLEGAL USE	-	0.0169

The approved increase of 3.9% for property rates are in the rand for 2022/2023 the financial year.

Rates Exemptions and Rebates

All residential properties shall be granted R50 000 exemption on the market value and rebate of 10%. Indigents households shall be granted 100% rebate on property rates i.t.o Indigent Policy. Farms used for residential purpose shall be granted a R50 000 exemption on market value and further rebate of 30%. Bona Fide Farmers shall be granted rebate of 55% The council shall grant additional rebate of 30% to pensioners/disabled persons i.t.o Property Rates Policy

Table 3: Service charge: Electricity

2021/2022				2022/2023			
	Basic charge	Capacity charge	Energy charge		Basic Charge	Capacity Charge	Energy Charge
	Rand/ Month	R/ Amp/m	c/kWh		Rand/ Month	R/ Amp/m	c/kWh
Domestic Prepaid (Indigents)	0	0	205.67	Domestic Prepaid (Indigents)	0	0	221.03
Domestic Prepaid	0	0	205.67	Domestic Prepaid	0	0	221.03
Domestic Conventional	0	0	205.67	Domestic Conventional	0	0	221.03
General Tariffs							
	Basic charge	Capacity charge	Energy charge		Basic Charge	Capacity Charge	Energy Charge
General Tariffs: Government, Business	Rand/ Month	R/ Amp/m	c/kWh	General Tariffs: Government, Business	Rand/ Month	R/ Amp/m	c/kWh
General Tariffs Prepaid 30 Amp			264.15	General Tariffs Prepaid 30 Amp			283.88
General Tariffs Prepaid > 30Amp 1 Phase	74.90	20.55	177.91	General Tariffs Prepaid > 30Amp 1 Phase	80.50	22.09	191.20
General Tariffs Conventional Business and Government	74.90	20.55	177.91	General Tariffs Conventional Business and Government	80.50	22.09	191.20
Single Phase:	74.90	20.55	177.91	Single Phase:	80.50	22.09	191.20
Three Phase:	112.36	20.55	167.50	Three Phase:	120.75	22.09	180.01
Industrial Tariffs							
	Basic charge	Demand charge	Energy charge		Basic charge	Demand charge	Energy charge
Industrial Tariffs	Rand/ Month	R/ Amp/m	c/kWh	Industrial Tariffs	Rand/ Month	R/ Amp/m	c/kWh
Low Voltage	1736.17	186.28	153.23	Low Voltage	1865.86	200.20	164.68
Medium Voltage	4113.56	214.19	151.11	Medium Voltage	4420.84	230.19	162.40
Agricultural Tariffs							
	Basic charge	Capacity charge	Energy charge		Basic charge	Capacity charge	Energy charge
Agricultural Tariffs (Prepaid and Conventional)	Rand/ Month	R/ Amp/m	c/kWh	Agricultural Tariffs (Prepaid and Conventional)			c/kWh
Low Voltage	224.70	20.55	177.91	Low Voltage	241.49	22.09	191.20

Service charge: Electricity

The total cost of distributing electricity in the 2022/2023 financial year will be R127 million, the Municipality will only raise revenue to the value of R154 million. It is clear that the Municipality will be selling electricity at a surplus in the 2022/2023 financial year. However, the resulted surpluses didn't take into account the electricity loses which Municipality experienced from the past financial year due to illegal connection.

The National Energy Regulator of South Africa (NERSA) publishes their "Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval. Process for the 2021/2022 Financial Year" is completed and NERSA approved a guideline for increase of 7.47%. It is the responsibility of NERSA for price determination of the bulk costs for electricity.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.

Indigent Subsidy related to electricity is 50kwh free on prepaid electricity i.t.o Indigent Policy.

Furthermore, the municipality has proposed the following tariff for 2022/2023 financial year:

Water

Water tariffs for 2022/2023 will increase in line with Magalies Water tariffs. The proposed increase for 2022/2023 is 11.51% as per Municipality tariff book.

Therefore, the resulted increase is not within the recommended CPI of 2022/2023 budget year. Magalies continues to increase its bulk tariffs each financial period which is always above the CPI increased tariff rates. Hence, the municipality increase is above the recommended CPI.

Indigent Subsidy

Indigent households receive 6kl free on water charges i.t.o Indigent Policy

NB: As per Budget Circular No 85, Municipalities must provide for drought penalty tariff

Table 4: Water tariffs (Variable cost)

	2021/2022		2022/2023	
	Rand		Rand	
Range	Residential, Churches, School, PBO, Hospitals - State	Commercial, Government, hotels, Resorts and Other	Residential, Churches, School, PBO, Hospitals – State	Commercial, Government, hotels, Resorts and Other
	Rate (R/kl)	Rate (R/kl)	Rate (R/kl)	Rate (R/kl)
0 kl - 30 kl	17.09	25.64	19.06	28.59
31 kl - 50 kl	20.50	30.77	22.86	34.31
51 kl - 80 kl	24.60	36.91	27.44	41.16
81kl – 100kl	27.05	40.60	30.16	45.27
101kl – 130kl	27.05	40.60	30.16	45.27
131kl – 210kl	27.05	40.60	30.16	45.27
211kl – more	27.05	40.60	30.16	45.27

NB: The above water inclining block tariffs will also be applied in charging drought penalties (Budget circular No 85)

The variable cost components are as follows:

Table 5: Water tariffs (Fixed costs)

2021/2022		2022/2023	
Rand		Rand	
Residential, Churches, School, PBO, Hospitals - State	Commercial, Government, hotels, Resorts and Other	Residential, Churches, School, PBO, Hospitals - State	Commercial, Government, hotels, Resorts and Other
Rate per meter	Rate per meter	Rate per meter	Rate per meter
90.05	140.38	100.42	156.54

Sewerage (Sanitation)

The proposed increase in sanitation tariff for 2022/2023 MTREF is 4.8%.

Table 6: Sanitation tariffs

Description	2021/2022	2022/2023
	Rand	Rand
a) Residential/Flats/ Security Villages	225	236
b) Commercial/Government/Resorts/Hotels and Other	451	473
c) Churches/Schools/PBO	225	236
d) Hospitals – State	225	236
e) Hospitals – Private	451	473

Indigent's households receive full subsidy (100%) on sanitation levy i.t.o Indigent Policy

Refuse (Solid Waste)

The proposed increase on refuse for 2022/2023 financial year is 4.8%.

Table 7: Refuse tariffs

Description	2021/2022	2022/2023
	Rand	Rand
a) Residential		
Smaller than 800m ²	85	89
Larger than 800m ²	197	207
b) Commercial	394	413
c) Security Villages (per container)	3862	4047
d) Churches	197	207
e) Schools – State	394	413
f) Hospitals – State	394	413
g) Hospitals – Private	3188	3341

NB: Flats are charged residential tariffs and

The refuse tariffs have been adjusted in order to be cost reflective.

Indigent Subsidy. Indigents households shall be granted full subsidy (100%) on refuse charges i.t.o Indigent Policy

Sundry Services

The proposed sundry tariff increase for 2022/2023 is 4.8%.

Table 8 Cemetery

Description Item	2021/2022		2022/2022	
	Adults (per grave)	Children (per grave)	Adults (per grave)	Children (per grave)
a) Cemetery A	1431	1348	1500	1413
b) Cemetery B	1431	1348	1500	1413
c) Cemetery C	1431	1348	1500	1413
d) Cemetery D (Muslim Section)	1472	1348	1500	1413
e) Cemetery E	640	522	671	547
f) Cemetery F (Masakhane)	640	522	671	547
g) Non Residents	2674	2405	2802	2520
h) To open grave for second burial		697		731
i) Booking on Friday for same weekend		890		933
j) Exhumation		890		933
k) Burial of Ashes		697		731
l) Tombstones (permission)		357		374

m) Enlarging of graves (double graves compulsory)	Double applicable tariff per section	Double applicable tariff per section
n) Use of TLB for burial purposes	203	213

NB: Booking of graves can be done from Mondays- Thursdays between 08h00 and 16h00, Fridays between 08:00 and 12:00 for burials taking place on the immediate weekend. There will be an additional fee of R759 charged for bookings made on Friday after 12:00 for burials taking place on the immediate weekend.

Conclusion remarks on tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of CPI. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment and community unrest.

The percentage increases of Magalies Water bulk tariffs are above the mentioned inflation target. Material purchases were set to increase by 11.51%. These tariff increases are determined by external agencies, the impact they have is largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement, etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Grants

Bela-Bela Local Municipality had in the past financial period met all condition as per the allocated grant, with exception to 2020/21 where roll over on project was applied. Bela-Bela Local Municipality further anticipate implementing approved 2022/2023 projects within the time frame as stipulated in the grant conditions.

The following table provides a breakdown of the various capital and operating grants and subsidies allocated to the municipality over the medium term:

Table 9 - Transfers and Grant Receipts (2021/2022)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework
------------------	-----	---------	---------	---------	----------------------	---

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
	1										
Funded by:											
National Government		1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	-	-	4 151	0	0	0	10	6 625	1 500	-
Total Capital Funding	7	1 038 034	1 051 179	55 238	60 920	69 444	69 444	35 974	97 309	95 022	95 952

Total capital allocation is sitting at R90 million with majority of the allocation being channelled to water infrastructure. While total capital funding including internally generated funds is R97 million.

Table 10 - 2022/2023 MTREF Capital Allocations

Description	2022/23 Medium Term Revenue & Expenditure Framework		
	Budget Year 2022/23	Budget Year +1 2022/24	Budget Year +2 2023/24
MIG	R 27,673,500.00	R 28,771,700.00	R 29,940,200.00
WSIG	R 62,010,000.00	R 55,750,000.00	R 56,908,000.00
INEP	R 1,000,000.00	R 9,000,000.00	R 9,104,000.00
OWN SOURCE	R 6,625,000.00	R -	R -
TOTAL	R 95,183,500.00	R 93,521,700.00	R 95,952,200.00

Table 11 - 2022/2023 MTREF Operational Allocations

Description	2022/23 Medium Term Revenue & Expenditure Framework		
	Budget Year 2022/23	Budget Year +1 2022/24	Budget Year +2 2023/24
Local Government Equitable Share	R 117,909,000.00	R 128,236,000.00	R 139,598,000.00
Financial Management Grant	R 1,650,000.00	R 1,700,000.00	R 1,700,000.00
EPWP	R 1,502,000.00	R -	R -
MIG (opex)	R 1,456,500.00	R 1,514,300.00	R 1,575,800.00
TOTAL	R 122,517,500.00	R 131,450,300.00	R 142,873,800.00

Operating grant dependence

Grant dependence ratio is sitting at 24% of total revenue of R505 million. The ratio measures the extent to which the municipality's total operating expenditure is funded through internally generated funds or borrowings. The rate of 24% indicates that municipality is not significantly grant dependent regarding funding of operations. Municipality does not as well relied on borrowings.

Debt Management

Bela-Bela Local Municipality debtors book have in the past financial year slight increased. Majority of Municipality debtor's book relate to debt over 120 days. Further reason for steady collection to reduce old debts which have become difficult to collect, relate to difficulties in

locating or tracing some of the debtors. The situation is currently worsened by impact of Covid-19 pandemic and economic conditions (increase in inflation).

The set collection rate for 2022/2023 is 95% of the projected billing revenue. Municipality will enforce the issue of credit control by making sure the credit control policy is fully implemented.

The Municipality has also promulgated the Credit Control and Debt Collection policy to strengthen the internal credit control and debt collection procedures through handing over of all debt over 60 days to legal Division.

Further plans to reduce debt

- a. Write-off debt and interest on irrecoverable accounts upon council approval.
- b. Develop revenue enhancement strategy with the assistance of DBSA.
- c. Municipality is still in the process of negotiating with ESKOM to assist with the implement credit control measures in Pienaarsrivier and Masakhane.
- d. Collection of outstanding government debt through the Intervention of provincial debt forum on the government debt.
- e. Arrangement with consumers with outstanding debt to be made on how they should pay (Payment arrangements).

There are approved indigents who are failing to settle their accounts due to lack of income or low income. We are therefore unable to recover the debt from this group of customers. The debt will be taken to council to request approval for write-off during 2022/2023 financial year.

Communications will be sent out through stating that interest will be written off when the account is settled in full (as per Doubtful and Irrecoverable Debt Policy). The aim is to encourage more consumers to settle their accounts in full.

We are also in the process of correcting the billing data Extension 9 and Extension 25 to ensure completeness and accuracy of revenue. However, not all properties in this section require such intervention. Most of the stands were opened incorrectly on the system due to encroachments of the stands in this area. Most of their bills are incorrect.

Decision during 2021/2022 was made to ensure the top 100 businesses will be prioritised for immediate collection in the next financial year.

All consumers who failed to make full payment on the due date will result in their electricity being disconnected excluding consumers who honoured their agreements.

1.3.1.4. Operating Expenditure Framework

The following table is a high-level summary of the 2022/2023-2024/2025 budget and MTREF (classified per type of expenditure):

Table 12 Summary of operating expenditure by type

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Expenditure By Type											
Employee related costs	2	119 514	149 584	151 948	159 212	159 212	159 212	120 800	166 174	173 524	178 568
Remuneration of councillors		7 364	7 072	7 509	7 737	7 737	7 737	4 911	8 047	8 433	8 433
Debt impairment	3	36 880	28 437	66 820	12 000	10 000	10 000	57	10 400	10 899	10 899
Depreciation & asset impairment	2	29 951	30 432	37 699	32 000	30 000	30 000	389	31 200	32 698	32 698
Finance charges		7 368	9 529	4 747	13 000	7 177	7 177	561	10 000	10 480	10 480
Bulk purchases - electricity	2	85 000	96 526	98 910	120 000	120 000	120 000	99 787	127 000	138 336	138 336
Inventory consumed	8	16 457	9 985	5 834	27 281	39 661	39 661	-	39 769	47 257	47 326
Contracted services		22 463	26 815	39 081	58 887	57 152	57 152	32 121	47 510	49 307	50 158
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	39 491	42 246	34 162	28 953	44 878	44 878	20 105	43 640	42 199	42 513
Losses		4 183	5 727	290	-	-	-	-	-	-	-
Total Expenditure		368 671	406 353	446 998	459 071	475 818	475 818	278 731	483 739	513 132	519 411

The anticipated operating expenditure for 2022/2023 financial year has increased to R483 million which represent at least 1.7% increase from adjusted budget. Realistically when looking at historic result, operating expense has been increasing when comparing audited result. This is as result of Municipal response to unfunded budget as raised in past financial year by National Treasury.

Some of the key features of the expenditure framework are:

- Overall expenditure increased by at least 1.7% from adjusted budget of R475 million to R483 million.
- Debt impairment and depreciation both increased by 4% from the adjusted budget.
- Finance charges has increased by 39%, while contracted services was reduced by 17% from the adjusted budget respectively. Other expenditure decreased by 2.8% against the the 2021/2022 adjustment budget.
- Electricity bulk purchases increase by 6% from the adjusted budget despite the linked tariff hike by regulators.
- Personnel cost increases informed by the decisions of the SALGA Bargaining Council and the Remuneration of Public Office Bearers Act. The municipalities are advised to budget in alignment to the affordability. Overall, there is an increase in the total employee costs by 4.4% from the adjusted budget.
- Balanced budget constraint (operating expenditure should not exceed operating revenue except for non-cash provisions) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Municipality has undergone an exercise to cut expenditure without compromising expenditure which relate to service delivery.

Employee costs

The budgeted allocation for employee related costs for the 2022/2023 financial year totals R166 million, which equals 34% of the total operating expenditure. MFMA circular 71 sets the norm to be between 25% and 40%. Bela-Bela Municipality is seating at 34%, which is favourable to the municipality. The proportion of personnel expenditure to total operating expenditure for the municipality is favourable at an average of 34% over the medium term.

This leaves around 66% of operating expenditure available for other major service delivery expenditure items such as bulk water and electricity purchases, contracted services and finance charges.

Municipality has made provision of at least 4.9% increase from 2022/2023. The budget will further allow final outcomes of the Salary and Wage Collective Agreement.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). In this regard, the most recent proclamation of an increase of 6% has been considered in compiling the municipality's budget.

Bulk Purchases

Bulk purchases increased despite the linked tariff hike by regulators. This increase relates to total spending measured against the expected volumes to be consumed.

Repairs and maintenance

The National Treasury Municipal Budget Circular number 66 for the 2011/2012 MTREF stated that municipalities must "secure the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance. The municipality has, over the last two financial years, struggled to increase the investment in repairs and maintenance due to cash flow challenges. Municipality to be able to be within the norm, this means will need to budget at least R90 million in single year which will therefore represent huge spending to be incurred in a single year. The municipality will not be able to achieve the 8% norm in one year but will gradually improve to achieve that norm over the medium term.

Finance charges

Finance charges entails cost associated with the finance lease contract as prescribed in General Recognised Accounting Practice General (GRAP). Municipality finance lease entailed leases over fleet vehicles, the finance charges on the actuarial gains and employment benefit.

Contracted Services

The municipality anticipates to utilise contracted services in the 2022/2023 with spending of R47 million of the total operating expenditure of R483 million.

The budgeted spending is above the norm of 5% as advised by National Treasury. Despite effort by Municipality to reduce this spending to an acceptable norm of 5%. Certain cost drivers are non-avoidable fees which were included in the contracted fees, such as security services, legal cost, Landfill site management and traffic fines management.

However, in a long run, municipality intends not to solely rely on the contracted services to avoid reliance on the consultant. The municipality constantly monitors the consultants and ensures skills transfer is being done to the internal staff.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The number of households budgeted

during the 2022/2023 MTREF is approximately 5000. The total cost of free basic services amounts to R 34 million for the 2022/2023 financial year.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The Municipality will provide free basic services as follows:

- a. Electricity – 50 kWh per month
- b. Water – 6 Kl per month
- c. Sanitation – 100% rebate
- d. Property rates – 100% Rebate
- e. Waste collection – 100% Rebate (four collections per month or once a week)

Depreciation

Depreciation for 2022/2023 increased to R31 million from adjusted budget of R30 million. The increase was to ensure realistic estimate being achieved. The budgeting was also in realistic when comparing to 2021 audit outcome.

Other expenditure

Other expenditure has reduced from R44 million of the 2021/22 adjusted budget to R43 million in 2022/23 budget year. The reduction was mainly affected by the reclassification of segments in accordance with the MScoa guidelines and is part of the plans to improve on Municipality funding model without impacting on services delivery.

1.3.1.5. Operating Surplus / Deficit

Table 13: Operating cash surplus/ deficit

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Surplus/(Deficit)		(20 226)	(31 431)	(30 067)	27 440	10 852	10 852	101 107	22 108	50 101	74 244
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		87 320	66 353	73 298	60 920	69 444	69 444	38 048	90 683	93 522	96 252
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496

Municipality anticipate realising surplus of R 22 million by the end of the 2022/2023 budget year. The below table which depict the surplus include operational income and operational expenditure, together with non-cash item relating to depreciation and debt impairment.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure for 2022/2023 Medium-term capital budget per vote.

Table 14: 2021/2022 MTREF Grant Allocations

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Funded by:											
National Government		1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Provincial Government District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	4 151	0	0	0	10	6 625	1 500	-
Total Capital Funding	7	1 038 034	1 051 179	55 238	60 920	69 444	69 444	35 974	97 309	95 022	95 952

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure – Vote	1										
Multi-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		104 138	105 399	27 020	-	-	-	10	-	-	-
Vote 2 - Corporate Services		880	1 316	138	-	-	-	-	1 125	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		26 405	35 985	20 903	3 759	3 056	3 056	2 510	14 354	10 457	7 939
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1 011 768	1 030 452	44 199	57 161	66 388	66 388	33 454	81 829	84 565	88 014
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Total Capital Expenditure – Vote		1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Capital Expenditure - Functional											
Governance and administration		105 018	106 715	27 159	-	-	-	10	1 125	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		105 018	106 715	27 159	-	-	-	10	1 125	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	7 025	2 396	2 156	2 156	1 875	-	4 800	7 939
Community and social services		-	-	7 025	2 396	2 156	2 156	1 875	-	4 800	7 939
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		415 816	415 677	9 964	22 075	22 778	22 778	12 094	13 319	19 815	22 002
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		415 816	415 677	9 964	22 075	22 778	22 778	12 094	13 319	19 815	22 002
Trading services		622 357	650 759	48 113	36 449	44 510	44 510	21 996	82 864	70 407	66 012
Energy sources		121 388	126 818	11 599	3 000	3 000	3 000	1 516	6 500	9 000	9 104
Water management		284 506	289 994	28 062	10 991	9 226	9 226	5 903	23 706	-	41 908
Waste water management		190 058	197 962	(5 426)	21 085	31 384	31 384	13 942	38 224	55 750	15 000
Waste management		26 405	35 985	13 878	1 363	900	900	635	14 354	5 657	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure – Functional	3	1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Funded by:											
National Government		1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	-	-	4 151	0	0	0	10	6 625	1 500	-
Total Capital Funding	7	1 038 034	1 051 179	55 238	60 920	69 444	69 444	35 974	97 309	95 022	95 952

Total capital expenditure allocation is R97 million for 2022/2023 financial year including PMU cost and internally generated funds. This allocation is mainly for MIG, WSIG, INEP and OWN Source with R 27,673,500.00, R 62,010,000.00, R 1,000,000.00 and R 6,625,000.00

Tables 13 below detail the municipality's three-year consolidated MIG infrastructure investment program for 2022/2023 to 2024/2025 MTREF.

Municipal Infrastructure Grant (MIG) allocation of R29,130,00.00 including PMU cost for 2023/2024 will be allocated as follows:

Table 15: Capital programme

Table 15.1 - MUNICIPAL INFRASTRUCTURE GRANT (MIG) FUNDED PROJECTS

MIG FUNDING				
PROJECT DESCRIPTION	Project Value	22/23 Budget	23/24 BUDGET	24/25 BUDGET
Construction of Road paving & Stormwater in Bela Bela Kgosana, Matshapa and street 49 (Ward 5)	R 2,786,878.36	R 2,786,878.36	R -	R -
Construction of Road Paving and Stormwater in Bela Bela X6 - Phase 2 (Ward 7)	R 6,550,500.00	R 6,550,500.00	R -	R -
Construction of Road Paving and Stormwater in Bela Bela X8 - Phase 2 (Ward 4)	R 3,132,000.00	R 3,132,000.00	R -	R -
Upgrading of the Bela Bela Municipal landfill site Phase 1 (Ward 2)	R 20,010,750.00	R 14,354,121.64	R 5,656,628.36	R -
Construction of Road Paving and Stormwater in Bela Bela X8 - Phase 3 (Ward 4)	R 10,500,000.00	R 500,000.00	R 10,000,000.00	R -
Construction of Road Paving and Stormwater in Bela Bela X6 - Phase 3 (Ward 7)	R 8,399,491.81	R 350,000.00	R 8,049,491.81	R -
Development of sports facilities in Masakhane (Ward 9)	R 4,800,000.00	R -	R 4,800,000.00	R -
Construction of Road Paving and Bulk stormwater in Bela Bela X8 - Phase 4	R 22,000,000.00	R -	R 265,579.83	R 15,001,700.00
Construction of Road Paving and Stormwater in Bela Bela X5 - Phase 1	R 7,000,000.00	R -	R -	R 7,000,000.00
Construction of Road Paving and Stormwater in Bela Bela X6 - Phase 4	R 7,500,000.00	R -	R -	R -
Develop New Cemetery - Pienaarsrivier	R 12,000,000.00	R -	R -	R 7,938,500.00
Construction of Road Paving and Bulk stormwater in Masakhane -Phase 1	R 7,500,000.00	R -	R -	R -
Construction of Road Paving and Stormwater in Bela Bela X6 - Phase 5	R 8,000,000.00	R -	R -	R -
Construction of Road Paving and Stormwater in Rapotokwane -Phase 1	R 14,000,000.00	R -	R -	R -
Construction of Road Paving and Stormwater in Bela Bela X8- Phase 5	R 14,820,600.00	R -	R -	R -
TOTAL MIG BUDGET		R 27,673,500.00	R28,771,700.00	R29,940,200.00

Municipality is allocated R29 million on Municipal Infrastructure Grant (MIG) after considering PMU cost of R1.4 million.

Table 15.2 - WATER SERVICES INFRASTRUCTURE GRANT (WSIG) FUNDED PROJECTS

WSIG FUNDING				
PROJECT DESCRIPTION	Project Value	22/23 Budget	23/24 Budget	24/25 Budget
Water Conservation and Demand Management (WCDM): Replacement of damaged valves and the Installation of Bulk Zonal Meters in Bela Bela Town & Township (Wards 1 to 7) and the Installation of Counter Bulk Meters on all Magalies Draw Points	R 3,886,300.10	R3,886,300.10		
Construction of Sewer outfall from Aventura PS to WWTW (Ward 1 & 2)	R 3,198,108.71	R3,198,108.71		
Refurbishment and Automation of the Bela Bela Waste Water Treatment Works - Phase 1B (Ward 2)	R 8,703,969.00	R8,703,969.00		
Refurbishment and Automation of the Bela Bela Waste Water Treatment Works - Phase 1C (Ward 2)	R 19,906,114.00	R12,000,000.00	R7,906,114.00	
Refurbishment of the sewer network and yard connections in Bela-Bela Ext 9 (Ward 4)	R 10,165,508.19	R6,321,622.19	R3,843,886.00	
Upgrading of the Ext 6 Sewer Pump Station (Ward 6)	R 15,000,000.00	R5,000,000.00	R10,000,000.00	
Upgrading of the Sewer Rising Main from the Ext 6 Pump Station to the WWTW (Ward 2&6)	R 14,000,000.00	R1,000,000.00	R13,000,000.00	
Upgrading of the Leseding Sewer Pump Station (Ward 6)	R 15,000,000.00	R1,000,000.00	R14,000,000.00	
Upgrading of the Sewer Rising Main from the Leseding Pump Station to the WWTW (Ward 2&6)	R 8,000,000.00	R1,000,000.00	R7,000,000.00	
Replacement of the 2ML steel elevated water tank in Pienaarsrivier (Ward 8)	R 7,500,000.00	R7,500,000.00		

Replacement of the 1ML steel elevated water tank in Rapotokwane (Ward 8)	R 4,500,000.00	R4,500,000.00		
Supply and installation of 8 X Diesel operated 3-phase back-up generators for Lapa Raw Water Pump Station, Bela Bela Water Treatment Works, Renaissance Reservoir Water Pump Station, Aventura Pump Station, Leseding Pump Station, Settlers Pump Station, Ext 6 Pump Station and Bospoort Pump Station (Ward 1, 2, 6, 9).	R 4,900,000.00	R4,900,000.00		
Redrilling, Equipping, concrete housing and electrification of 3X Boreles in Masakhane	R 3,000,000.00	R3,000,000.00		
Construction of 10ML Concrete Reservoir in Bela-Bela Town Ext 25 and 26 (Ward 9)	R 15,000,000.00	R0.00	R0.00	R15,000,000.00
Construction of a new Ext 25 and 26 1ML Waste Water Treatment Plant (Ward 9)	R 19,500,000.00	R0.00	R0.00	R15,000,000.00
Refurbishment of the Bela-Bela 12ML Concrete Reservoir (Ward 1)	R 3,500,000.00	R0.00	R0.00	R2,000,000.00
Construction of a bulk water supply pipeline from Rooiberg to Vingerkraal (Ward 9)	R 19,500,000.00	R0.00	R0.00	R10,908,000.00
Construction of the new 4ML Steel Elevated Tank in Vingerkraal (Ward 9)	R 14,000,000.00	R0.00	R0.00	R14,000,000.00
Refurbishment of Industrial outfall sewer line (Ward 2)	R 12,000,000.00	R0.00	R0.00	R0.00
Refurbishment of the Bela-Bela Water Treatment Works	R 19,500,000.00	R0.00	R0.00	R0.00
Upgrading of the Bela-Bela Waste Water Treatment Works (10ML/d)	R 19,500,000.00	R0.00	R0.00	R0.00
TOTAL WSIG BUDGET		R 62,010,000.00	R55,750,000.00	R 56,908,000.00

The table above depict allocation of R62 millions of WSIG which will be utilized as per the conditions of the grants.

Table 15.3 - INTEGRATED NATIONAL ELECTRIFICATION (INEP) FUNDED PROJECTS

ELECTRICAL PROJECTS - INEP FUNDING			
PROJECT DESCRIPTION	22/23 Budget	23/24 Budget	24/25 Budget
Electrification Bela Bela X9 (900HH) - Phase 2B (Shortfall)	R 1,000,000.00	R -	
Construction of the Bela-Bela 132/11kVA 2 X 20MVA Sub-Station	R -	R 9,000,000.00	R 9,104,000.00
Electrification X 25 (Koppewaai)(250 HH)	R -	R -	R -
Electrification Bela Bela X9 (135HH) - Phase 3	R -	R -	R -
Bela-Bela Ext 5 (Sun Valley) (86HH)	R -	R -	R -
TOATL INEP BUDGET	R 1,000,000.00	R 9,000,000.00	R 9,104,000.00

The table above depict allocation of R1 million of WSIG which will be utilized as per the conditions of the grants.

Table – 15.4 - OWN FUNDED PROJECTS

OWN FUNDING				
PROJECT DESCRIPTION	TOTAL BUDGET	22/23 Budget	23/24 Budget	24/25 Budget
Construction of the Bela-Bela 132/11kVA 2 X 20MVA Sub-Station	R 9,273,445.33	R 5,500,000.00	R -	R -
Resealing of Luna Road	R 2,000,000.00	R -	R -	R -
Resealing of Pretoria Road	R 1,500,000.00	R -		
Bela Bela: Replacement/ Upgrading of old 11kV underground cables (Various as per IDP)	R 12,974,023.00	R -	R -	R -
Procurement of laptops, desktops and telephones	R 700,000.00	R 700,000.00	R -	R -
Procurement of server	R 200,000.00	R 200,000.00	R -	R -
Industrial Vacuum Cleaner	R 25,000.00	R 25,000.00	R -	R -
Printers	R 200,000.00	R 200,000.00	R -	R -
OWN FUNDING ALLOCATION		R 6,625,000.00	R -	R -

The table above depict own funded capital expenditure of R6.6 million which will be utilized as per the conditions set out.

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/2023 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes.

Table 16 - MBRR TableA1 - Budget Summary

Explanatory notes to MBRR Table A1 - Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Financial Performance										
Property rates	68 761	74 792	79 461	92 979	92 979	92 979	74 137	113 620	119 073	124 313
Service charges	159 776	173 479	178 992	245 937	245 937	245 937	172 529	229 203	229 725	239 833
Investment revenue	1 764	1 719	95	1 247	1 177	1 177	80	1 911	2 003	2 091
Transfers recognised - operational	85 053	94 046	119 288	108 804	108 964	108 964	108 039	122 518	131 450	142 874
Other own revenue	33 090	30 887	39 096	37 543	37 613	37 613	25 052	38 596	80 981	84 545
Total Revenue (excluding capital transfers and contributions)	348 445	374 922	416 931	486 510	486 670	486 670	379 838	505 848	563 233	593 655
Employee costs	119 514	149 584	151 948	159 212	159 212	159 212	120 800	166 174	173 524	178 568
Remuneration of councillors	7 364	7 072	7 509	7 737	7 737	7 737	4 911	8 047	8 433	8 433
Depreciation & asset impairment	29 951	30 432	37 699	32 000	30 000	30 000	389	31 200	32 698	32 698
Finance charges	7 368	9 529	4 747	13 000	7 177	7 177	561	10 000	10 480	10 480
Inventory consumed and bulk purchases	101 458	106 511	104 744	147 281	159 661	159 661	99 787	166 769	185 593	185 662
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	103 017	103 225	140 352	99 840	112 031	112 031	52 283	101 550	102 404	103 570
Total Expenditure	368 671	406 353	446 998	459 071	475 818	475 818	278 731	483 739	513 132	519 411
Surplus/(Deficit)	(20 226)	(31 431)	(30 067)	27 440	10 852	10 852	101 107	22 108	50 101	74 244
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	87 320	66 353	73 298	60 920	69 444	69 444	38 048	90 683	93 522	96 252
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	67 094	34 922		88 360	80 297	80 297	139 155	112 792	143 622	170 496
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	67 094	34 922	-	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Capital expenditure & funds sources										
Capital expenditure	1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Transfers recognised - capital	1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	4 151	0	0	0	10	6 625	1 500	-
Total sources of capital funds	1 038 034	1 051 179	55 238	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Financial position										
Total current assets	58 292	108 859	111 604	268 673	246 606	246 606	233 055	267 947	349 246	456 487
Total non current assets	1 025 233	1 054 465	1 119 405	1 122 603	1 133 127	387 629	1 154 990	1 228 475	1 290 799	1 354 054
Total current liabilities	205 052	250 301	266 129	152 896	149 427	(123 255)	297 075	152 824	152 824	152 824
Total non current liabilities	68 089	81 879	89 957	55 000	55 000	(55 000)	89 957	55 500	55 500	55 500
Community wealth/Equity	755 756	811 729	924 689	1 183 381	1 175 306	1 175 306	980 417	1 288 098	1 431 721	1 602 217

Cash flows										
Net cash from (used) operating	(98 805)	5 029	345 896	75 891	60 278	60 278	193 037	102 175	126 416	150 614
Net cash from (used) investing	-	-	(70 870)	(60 920)	(69 444)	(69 444)	(50 411)	(97 309)	(95 022)	(95 952)
Net cash from (used) financing	-	-	372	-	-	-	170	-	-	-
Cash/cash equivalents at the year end	(98 805)	5 029	285 599	53 657	29 520	29 520	155 313	45 553	76 947	131 608
Cash backing/surplus reconciliation										
Cash and investments available	13 087	10 202	12 517	53 657	29 590	29 590	47 115	45 553	76 947	131 608
Application of cash and investments	153 753	125 930	102 516	(42 955)	(48 088)	(320 770)	2 348	(52 510)	(94 337)	(139 478)
Balance - surplus (shortfall)	(140 667)	(115 728)	(90 000)	96 612	77 678	350 360	44 767	98 063	171 284	271 087
Asset management										
Asset register summary (WDV)	916 577	904 452	941 484	1 121 240	1 132 129	1 132 129	1 132 129	1 214 121	1 261 788	1 315 939
Depreciation	29 951	30 432	37 699	32 000	30 000	30 000	30 000	31 200	32 698	32 698
Renewal and Upgrading of Existing Assets	26 405	34 353	30 215	18 424	27 804	27 804	27 804	58 058	59 063	2 000
Repairs and Maintenance	16 373	9 532	17 375	24 844	15 583	15 583	15 583	13 134	13 866	13 909
Free services										
Cost of Free Basic Services provided	-	-	-	(31 330)	(31 330)	(31 330)	(34 781)	(34 781)	(36 450)	(38 054)
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Above table is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

1. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
2. The operating surplus/deficit (after total expenditure and before capital spending) is positive over the MTREF.
3. The MTREF for 2022/2023 depicts a surplus of R22 million after taking non-cash (depreciation) item into consideration.

Table 17- MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional	1									
Governance and administration		172 687	183 270	209 444	219 427	224 023	224 023	256 985	312 917	332 330
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		172 687	183 270	209 444	219 427	224 023	224 023	256 985	312 917	332 330
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		10 535	13 275	21 134	6 557	6 585	6 585	9 762	10 230	10 680
Community and social services		6 528	1 469	469	636	681	681	402	421	439
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		4 006	11 807	20 665	5 921	5 904	5 904	9 360	9 809	10 241
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		37 959	23 740	26 117	28 234	28 321	28 321	29 740	30 926	32 184
Planning and development		429	410	1 961	2 400	2 487	2 487	2 067	2 154	2 244
Road transport		37 530	23 330	24 156	25 834	25 834	25 834	27 674	28 772	29 940
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		214 584	220 990	233 535	293 213	297 186	297 186	300 045	302 682	314 713
Energy sources		117 047	123 725	127 384	169 160	167 884	167 884	156 073	161 036	168 130
Water management		71 785	69 070	75 529	81 427	88 201	88 201	109 759	105 791	109 151
Waste water management		16 523	19 087	20 847	32 423	31 263	31 263	23 171	24 284	25 352
Waste management		9 229	9 107	9 776	10 202	9 837	9 837	11 041	11 571	12 080
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	435 765	441 275	490 230	547 430	556 114	556 114	596 531	656 755	689 907

Expenditure - Functional										
Governance and administration		138 751	170 917	183 109	159 214	178 936	178 936	156 968	165 313	167 494
Executive and council		10 649	9 616	11 118	26 216	27 383	27 383	25 040	26 896	27 159
Finance and administration		123 338	156 509	168 943	129 599	148 184	148 184	128 603	134 992	136 836
Internal audit		4 764	4 793	3 048	3 399	3 369	3 369	3 325	3 425	3 498
Community and public safety		36 321	40 392	50 208	37 523	32 948	32 948	55 555	60 272	62 177
Community and social services		20 665	24 961	21 720	18 673	15 409	15 409	31 124	35 200	36 339
Sport and recreation		-	-	-	205	55	55	2 769	3 040	3 168
Public safety		15 656	15 431	28 488	18 645	17 483	17 483	21 663	22 032	22 671
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		33 299	27 621	26 082	52 664	47 725	47 725	48 178	48 670	49 379
Planning and development		12 059	11 818	12 772	21 508	22 208	22 208	20 915	20 053	20 551
Road transport		21 240	15 804	13 310	31 156	25 518	25 518	27 264	28 617	28 828
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		172 497	182 602	205 340	209 669	216 220	216 220	223 038	238 878	240 361
Energy sources		108 921	122 973	127 323	147 508	141 478	141 478	146 683	160 594	161 051
Water management		30 324	27 418	38 147	20 925	36 929	36 929	33 858	39 621	39 621
Waste water management		18 841	13 877	16 912	24 451	21 111	21 111	22 236	20 000	20 507
Waste management		14 412	18 334	22 958	16 784	16 702	16 702	20 261	18 663	19 182
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	380 869	421 532	464 739	459 071	475 829	475 829	483 739	513 132	519 411
Surplus/(Deficit) for the year		54 896	19 743	25 490	88 360	80 285	80 285	112 792	143 622	170 496

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.
2. Table A2 was one of the budget tables which are re-aligned to comply with mSCOA.

Table 18 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Chief Financial Officer		169 460	179 672	207 799	217 839	222 340	222 340	255 387	311 243	330 582
Vote 2 - Corporate Services		3 228	3 598	1 644	1 588	1 683	1 683	1 597	1 674	1 748
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		429	410	673	1 040	1 127	1 127	610	640	668
Vote 7 - Social and Community Services		19 763	22 383	30 910	16 759	16 422	16 422	20 803	21 801	22 761
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		242 885	235 212	247 915	308 845	313 183	313 183	316 677	319 883	332 573
Vote 10 - Technical Services		-	-	1 288	1 360	1 360	1 360	1 457	1 514	1 576
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	435 765	441 275	490 230	547 430	556 114	556 114	596 531	656 755	689 907
Expenditure by Vote to be appropriated	1									
Vote 1 - Chief Financial Officer		81 691	95 847	107 889	75 278	85 913	85 913	91 215	90 119	91 111
Vote 2 - Corporate Services		37 372	56 395	56 870	50 662	57 124	57 124	31 528	37 735	38 405
Vote 3 - Mayor		528	756	49	2 315	1 756	1 756	1 226	1 285	1 285
Vote 4 - Municipal Manager		6 998	6 457	6 788	20 065	21 564	21 564	16 943	21 970	22 277
Vote 5 - Internal Audit		4 768	4 793	3 048	3 399	3 369	3 369	3 325	3 425	3 498
Vote 6 - Planning and Economic Development		10 845	10 133	10 913	17 481	18 181	18 181	13 701	15 162	15 459
Vote 7 - Social and Community Services		50 734	58 726	73 165	54 308	49 650	49 650	75 816	78 935	81 360
Vote 8 - Speaker		7 394	6 669	8 465	7 496	9 209	9 209	11 156	8 816	8 866

Vote 9 - Technical Services		179 325	180 072	195 693	224 041	225 036	225 036	230 041	248 831	250 007
Vote 10 - Technical Services		1 214	1 685	1 860	4 027	4 027	4 027	4 244	2 752	2 858
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	380 869	421 532	464 739	459 071	475 829	475 829	479 195	509 032	515 126
Surplus/(Deficit) for the year	2	54 896	19 743	25 490	88 360	80 285	80 285	117 336	147 723	174 781

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote; and
2. The table shows that technical services is the largest generator of revenue. This is due to the size of the department as well as its responsibility over service delivery projects such as water, electricity and sanitation.

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) by type

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	68 761	74 792	79 461	92 979	92 979	92 979	74 137	113 620	119 073	124 313
Service charges - electricity revenue	2	109 446	115 233	114 709	164 229	164 229	164 229	112 520	154 398	151 329	157 987
Service charges - water revenue	2	27 255	31 806	35 636	43 783	43 783	43 783	34 488	43 824	45 927	47 948
Service charges - sanitation revenue	2	15 479	17 855	19 439	29 179	29 179	29 179	17 294	21 024	22 033	23 002
Service charges - refuse revenue	2	7 596	8 585	9 207	8 746	8 746	8 746	8 227	9 958	10 436	10 895
Rental of facilities and equipment		1 376	1 412	1 366	1 588	1 588	1 588	1 470	1 666	1 746	1 822
Interest earned - external investments		1 764	1 719	95	1 247	1 177	1 177	80	1 911	2 003	2 091
Interest earned - outstanding debtors		11 024	11 528	12 963	14 265	14 335	14 335	13 197	14 775	56 017	58 481
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6 224	6 671	16 067	8 520	8 520	8 520	1 029	8 861	9 286	9 694
Licences and permits		1 241	1 415	0	5 800	1 800	1 800	2 821	4 737	4 964	5 183
Agency services		2 497	3 490	4 593	-	4 000	4 000	3 819	4 567	4 786	4 996
Transfers and subsidies		85 053	94 046	119 288	108 804	108 964	108 964	108 039	122 518	131 450	142 874
Other revenue	2	7 909	6 369	4 107	7 370	7 370	7 370	2 716	3 992	4 183	4 367
Gains		2 820	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		348 445	374 922	416 931	486 510	486 670	486 670	379 838	505 848	563 233	593 655
Expenditure By Type											
Employee related costs	2	119 514	149 584	151 948	159 212	159 212	159 212	120 800	166 174	173 524	178 568
Remuneration of councillors		7 364	7 072	7 509	7 737	7 737	7 737	4 911	8 047	8 433	8 433
Debt impairment	3	36 880	28 437	66 820	12 000	10 000	10 000	57	10 400	10 899	10 899
Depreciation & asset impairment	2	29 951	30 432	37 699	32 000	30 000	30 000	389	31 200	32 698	32 698
Finance charges		7 368	9 529	4 747	13 000	7 177	7 177	561	10 000	10 480	10 480
Bulk purchases - electricity	2	85 000	96 526	98 910	120 000	120 000	120 000	99 787	127 000	138 336	138 336
Inventory consumed	8	16 457	9 985	5 834	27 281	39 661	39 661	-	39 769	47 257	47 326
Contracted services		22 463	26 815	39 081	58 887	57 152	57 152	32 121	47 510	49 307	50 158
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	39 491	42 246	34 162	28 953	44 878	44 878	20 105	43 640	42 199	42 513
Losses		4 183	5 727	290	-	-	-	-	-	-	-
Total Expenditure		368 671	406 353	446 998	459 071	475 818	475 818	278 731	483 739	513 132	519 411
Surplus/(Deficit)		(20 226)	(31 431)	(30 067)	27 440	10 852	10 852	101 107	22 108	50 101	74 244
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		87 320	66 353	73 298	60 920	69 444	69 444	38 048	90 683	93 522	96 252

Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		67 094	34 922	43 231	88 360	80 297	80 297	139 155	112 792	143 622	170 496

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

1. Municipality anticipate receiving revenue of R505 million in 2022/2023 as compared to the 2021/2022 adjusted budget revenue of R486 million. This represents the percentage increase of 4% against adjusted budget. Municipality major tariff were increased by 4.8% which is the same as Consumer Price Index (CIP) as recommended by National Treasury under circular 115 and are summarised on the tariff-book;
2. Revenue to be generated from property rates is projected to be R113 million in the 2022/2023 financial year (before taking into account revenue forgone) which has increased by 22.8% compared to the 2021/2022 adjusted budget of R92 million;
3. Revenue for traffic fines was slightly increased as compared to previous financial year. It should be noted that assessment between the outcomes for the 2022/2023 financial year has been done despite challenges faced with the traffic system which is currently not intergraded with main financial system and as result, having lower reported revenue;
4. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R229 million for the 2022/2023 financial year which increased from R245 million of 2021/2022 adjusted budget. Services charges constitute 45% of the total revenue (excluding grants) base and 39% total revenue grants inclusive. This has reflected growth of an average of 7% per annum;
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government; and
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		104 138	105 399	27 020	-	-	-	10	-	-	-
Vote 2 - Corporate Services		880	1 316	138	-	-	-	-	1 125	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		26 405	35 985	20 903	3 759	3 056	3 056	2 510	14 354	10 457	7 939
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1 011 768	1 030 452	44 199	57 161	66 388	66 388	33 454	81 829	84 585	88 014
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Total Capital Expenditure - Vote		1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Capital Expenditure - Functional											
Governance and administration		105 018	106 715	27 159	-	-	-	10	1 125	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		105 018	106 715	27 159	-	-	-	10	1 125	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	7 025	2 396	2 156	2 156	1 875	-	4 800	7 939
Community and social services		-	-	7 025	2 396	2 156	2 156	1 875	-	4 800	7 939
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		415 816	415 677	9 964	22 075	22 778	22 778	12 094	13 319	19 815	22 002
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		415 816	415 677	9 964	22 075	22 778	22 778	12 094	13 319	19 815	22 002
Trading services		622 357	650 759	48 113	36 449	44 510	44 510	21 996	82 864	70 407	66 012
Energy sources		121 388	126 818	11 599	3 000	3 000	3 000	1 516	6 500	9 000	9 104
Water management		284 506	289 994	28 062	10 991	9 226	9 226	5 903	23 786	-	41 908
Waste management		190 068	197 962	(5 426)	21 095	31 384	31 384	13 942	38 224	55 750	15 000
Other		26 405	35 985	13 878	1 363	900	900	635	14 354	5 657	-
Total Capital Expenditure - Functional	3	1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Funded by											
National Government		1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	-	-	4 151	0	0	0	10	6 625	1 500	-
Total Capital Funding	7	1 038 034	1 051 179	55 238	60 920	69 444	69 444	35 974	97 309	95 022	95 952

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 (single - 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 department;

2. Single-year capital expenditure has been appropriated at R90 million for the 2022/2023 before taking into consideration PMU cost of R1.3 Million;
3. Various internal funded project has been proposed for 2022/2023 and they are budgeted in the approved budget; and
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

Table 21 MBRR Table A6 -Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
ASSETS											
Current assets											
Cash		12 031	9 469	12 176	50 571	26 504	26 504	46 172	42 466	73 860	128 522
Call investment deposits	1	1 056	733	341	3 086	3 086	3 086	943	3 086	3 086	3 086
Consumer debtors	1	12 073	37 839	38 180	173 726	175 726	175 726	81 591	178 222	228 127	280 706
Other debtors		33 133	60 818	60 907	41 290	41 290	41 290	97 762	44 172	44 172	44 172
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	-	-	-	0	0	0	6 587	(0)	(0)	(0)
Total current assets		58 292	108 859	111 604	268 673	246 606	246 606	233 055	267 947	349 246	456 487
Non current assets											
Long-term receivables		182	113	73	-	-	-	73	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		284 836	279 139	279 139	287 684	287 684	287 684	279 139	289 184	289 184	289 184
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	737 497	772 814	837 932	833 557	844 081	98 583	873 517	937 224	1 000 487	1 064 681
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		2 178	1 860	1 722	823	823	823	1 722	989	50	(889)
Other non-current assets		539	539	539	539	539	539	539	1 078	1 078	1 078
Total non current assets		1 025 233	1 054 465	1 119 405	1 122 603	1 133 127	387 629	1 154 990	1 228 475	1 290 799	1 354 054
TOTAL ASSETS		1 083 525	1 163 324	1 231 009	1 391 276	1 379 734	634 235	1 388 046	1 496 422	1 640 044	1 810 541
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		6 196	6 441	6 813	5 836	5 836	5 836	6 983	6 136	6 136	6 136
Trade and other payables	4	170 233	213 840	219 229	139 809	136 341	(136 341)	250 004	139 438	139 438	139 438
Provisions		28 623	30 019	40 088	7 250	7 250	7 250	40 088	7 250	7 250	7 250
Total current liabilities		205 052	250 301	266 129	152 896	149 427	(123 255)	297 075	152 824	152 824	152 824
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		68 089	81 879	89 957	55 000	55 000	(55 000)	89 957	55 500	55 500	55 500
Total non current liabilities		68 089	81 879	89 957	55 000	55 000	(55 000)	89 957	55 500	55 500	55 500
TOTAL LIABILITIES		273 141	332 180	356 086	207 896	204 427	(178 255)	387 032	208 324	208 324	208 324
NET ASSETS	5	810 384	831 144	874 922	1 183 381	1 175 306	812 490	1 001 014	1 288 098	1 431 721	1 602 217
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		755 756	811 729	924 689	1 183 381	1 175 306	1 175 306	980 417	1 288 098	1 431 721	1 602 217
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	755 756	811 729	924 689	1 183 381	1 175 306	1 175 306	980 417	1 288 098	1 431 721	1 602 217

Explanatory notes to Table A6 - Budgeted Financial Position

1. 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
2. Table A6 is aligned with Municipal Standard Chart of Account (mSCOA).
3. Table A6 is also 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 (balance sheet);
4. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - i. Call investments deposits;
 - ii. Consumer debtors;
 - iii. Property, plant and equipment;
 - iv. Trade and other payables;
 - v. Provisions non-current liabilities;

- vi. Changes in net assets; and
 - vii. Reserves.
5. The Municipal's equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community; and
 6. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.
 7. The Municipal total assets value is seating at just over R1.1 billion for the 2021/2022 financial period and expected to grow to over R1.2 billion during 2022/2023 budget year.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		0	23 197	57 316	80 869	80 869	80 869	56 924	102 518	141 892	148 135
Service charges		6	43 959	110 665	219 335	219 335	219 335	156 489	201 963	201 177	210 029
Other revenue		16 723	50 674	35 554	19 786	19 786	19 786	32 253	24 721	25 907	27 047
Transfers and Subsidies - Operational	1	43 699	129 274	127 724	108 804	108 964	108 964	123 179	122 518	131 450	142 874
Transfers and Subsidies - Capital	1	61 080	48 000	59 623	60 920	69 444	69 444	35 086	90 683	93 522	96 252
Interest		-	148	-	1 247	1 177	1 177	-	1 911	2 003	2 091
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(212 945)	(280 694)	(44 985)	(402 071)	(426 297)	(426 297)	(210 894)	(432 139)	(459 055)	(465 334)
Finance charges		(7 368)	(9 529)	-	(13 000)	(13 000)	(13 000)	-	(10 000)	(10 480)	(10 480)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM(USED) OPERATING ACTIVITIES		(98 805)	5 029	345 896	75 891	60 278	60 278	193 037	102 175	126 416	150 614
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	(70 870)	(60 920)	(69 444)	(69 444)	(50 411)	(97 309)	(95 022)	(95 952)
NET CASH FROM(USED) INVESTING ACTIVITIES		-	-	(70 870)	(60 920)	(69 444)	(69 444)	(50 411)	(97 309)	(95 022)	(95 952)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	372	-	-	-	170	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM(USED) FINANCING ACTIVITIES		-	-	372	-	-	-	170	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(98 805)	5 029	275 397	14 971	(9 166)	(9 166)	142 796	4 866	31 394	54 662
Cash/cash equivalents at the year begin:	2	-	-	10 202	38 686	38 686	38 686	12 517	40 686	45 553	76 947
Cash/cash equivalents at the year end:	2	(98 805)	5 029	285 599	53 657	29 520	29 520	155 313	45 553	76 947	131 608

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; and
3. The cash position will continue to be managed by strict implementation of the credit control policy and cost containment measures.

Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	(98 805)	5 029	285 599	53 657	29 520	29 520	155 313	45 553	76 947	131 608
Other current investments > 90 days		111 892	5 173	(273 083)	0	70	70	(108 197)	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		13 087	10 202	12 517	53 657	29 590	29 590	47 115	45 553	76 947	131 608
Application of cash and investments											
Unspent conditional transfers		11 290	21 847	18 366	-	-	-	32 189	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	142 464	104 083	84 151	(42 955)	(48 088)	(320 770)	(29 841)	(52 510)	(94 337)	(139 478)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		153 753	125 930	102 516	(42 955)	(48 088)	(320 770)	2 348	(52 510)	(94 337)	(139 478)
Surplus (shortfall)		(140 667)	(115 728)	(90 000)	96 612	77 678	350 360	44 767	98 063	171 284	271 087

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2022/2023 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. The table shows that the budget is funded over the medium term, taking into account the working capital requirements.

Table 24 MBRR Table A9 - Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	1 116 786	1 138 798	62 045	42 496	41 641	41 641	39 250	35 959	93 952
Roads Infrastructure		262 653	262 730	(5 877)	22 075	22 778	22 778	13 319	18 315	22 002
Storm water Infrastructure		152 947	152 947	3 377	-	-	-	-	-	-
Electrical Infrastructure		121 388	126 818	11 119	3 000	3 000	3 000	6 500	9 000	9 104
Water Supply Infrastructure		284 506	289 994	22 889	3 725	213	213	8 786	-	39 908
Sanitation Infrastructure		190 273	199 594	(1 050)	11 300	13 494	13 494	9 520	3 844	15 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		1 011 768	1 032 083	30 459	40 100	39 484	39 484	38 125	31 159	86 014
Community Facilities		-	-	-	-	-	-	-	-	7 939
Sport and Recreation Facilities		-	-	2 985	2 396	2 156	2 156	-	4 800	-
Community Assets		-	-	2 985	2 396	2 156	2 156	-	4 800	7 939
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		646	407	-	-	-	-	-	-	-
Intangible Assets		646	407	-	-	-	-	-	-	-
Computer Equipment		349	1 749	208	-	-	-	1 100	-	-
Furniture and Office Equipment		234	604	118	-	-	-	25	-	-
Machinery and Equipment		26	191	452	-	-	-	-	-	-
Transport Assets		-	-	27 822	-	-	-	-	-	-
Land		103 763	103 763	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	26 405	35 985	16 557	7 266	9 014	9 014	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	5 173	7 266	9 014	9 014	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		26 405	35 985	13 878	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		26 405	35 985	19 051	7 266	9 014	9 014	-	-	-
Community Facilities		-	-	(2 494)	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	(2 494)	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
<u>Total Upgrading of Existing Assets</u>	6	(0)	(1 632)	13 658	11 159	18 790	18 790	58 058	59 063	2 000
Roads Infrastructure		0	-	-	-	-	-	0	1 500	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	5 829	-	0	0	0	15 000	-	2 000
Sanitation Infrastructure		(0)	(7 461)	8 087	9 795	17 890	17 890	28 704	51 906	-
Solid Waste Infrastructure		-	-	-	1 363	900	900	14 354	5 657	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		(0)	(1 632)	8 087	11 159	18 790	18 790	58 058	59 063	2 000
Community Facilities		-	-	4 780	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	791	-	-	-	-	-	-
Community Assets		-	-	5 571	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	1 143 191	1 173 151	92 260	60 920	69 444	69 444	97 309	95 022	95 952
<i>Roads Infrastructure</i>		262 653	262 730	(5 877)	22 075	22 778	22 778	13 319	19 815	22 002
<i>Storm water Infrastructure</i>		152 947	152 947	3 377	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		121 388	126 818	11 119	3 000	3 000	3 000	6 500	9 000	9 104
<i>Water Supply Infrastructure</i>		284 506	295 823	28 062	10 991	9 226	9 226	23 786	-	41 908
<i>Sanitation Infrastructure</i>		190 273	192 133	7 037	21 095	31 384	31 384	38 224	55 750	15 000
<i>Solid Waste Infrastructure</i>		26 405	35 985	13 878	1 363	900	900	14 354	5 657	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		1 038 173	1 066 437	57 597	58 524	67 288	67 288	96 184	90 222	88 014
Community Facilities		-	-	2 286	-	-	-	-	-	7 939
Sport and Recreation Facilities		-	-	3 777	2 396	2 156	2 156	-	4 800	-
Community Assets		-	-	6 063	2 396	2 156	2 156	-	4 800	7 939
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		646	407	-	-	-	-	-	-	-
Intangible Assets		646	407	-	-	-	-	-	-	-
Computer Equipment		349	1 749	208	-	-	-	1 100	-	-
Furniture and Office Equipment		234	604	118	-	-	-	25	-	-
Machinery and Equipment		26	191	452	-	-	-	-	-	-
Transport Assets		-	-	27 822	-	-	-	-	-	-
Land		103 763	103 763	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		1 143 191	1 173 151	92 260	60 920	69 444	69 444	97 309	95 022	95 952
ASSET REGISTER SUMMARY - PPE (WDV)	5	916 577	904 452	941 484	1 121 240	1 132 129	1 132 129	1 214 121	1 261 788	1 315 939
<i>Roads Infrastructure Storm water Infrastructure Electrical Infrastructure</i>		144 426	139 321	131 888	206 856	209 559	209 559	225 368	229 746	236 311
<i>Water Supply Infrastructure</i>		53 830	51 525	48 670	-	-	-	-	-	-
<i>Sanitation Infrastructure Solid Waste Infrastructure Rail Infrastructure Coastal Infrastructure</i>		37 487	40 381	47 858	201 566	201 566	201 566	203 971	201 380	198 788
<i>Information and Communication Infrastructure</i>		119 544	120 675	142 663	208 787	206 924	206 924	262 067	258 637	297 115
Infrastructure		460 319	461 407	495 968	634 791	645 920	645 920	725 976	776 253	829 875
Community Assets		59 179	55 526	34 067	202 041	201 801	201 801	199 593	202 976	209 499
Heritage Assets		539	539	539	539	539	539	1 078	1 078	1 078
Investment properties		284 836	279 139	279 139	287 684	287 684	287 684	289 184	289 184	289 184
Other Assets		24 370	22 965	22 965	(1 215)	(1 215)	(1 215)	(263)	(1 587)	(2 911)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		2 178	1 860	1 722	823	823	823	989	50	(889)
Computer Equipment		565	456	177	(2 728)	(2 728)	(2 728)	(1 737)	(4 711)	(7 684)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Furniture and Office Equipment		1 652	1 265	620	(452)	(452)	(452)	(445)	(938)	(1 431)
Machinery and Equipment		704	532	638	(243)	(243)	(243)	(252)	(517)	(781)
Transport Assets		3 326	1 852	26 738	-	-	-	-	-	-
Land		78 909	78 910	78 910	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	916 577	904 452	941 484	1 121 240	1 132 129	1 132 129	1 214 121	1 261 788	1 315 939
EXPENDITURE OTHER ITEMS		46 324	39 965	55 074	56 844	45 583	45 583	44 334	46 564	46 607
Depreciation	7	29 951	30 432	37 699	32 000	30 000	30 000	31 200	32 698	32 698
Repairs and Maintenance by Asset Class	3	16 373	9 532	17 375	24 844	15 583	15 583	13 134	13 866	13 909
<i>Roads Infrastructure</i>		220	413	212	2 800	2 279	2 279	1 550	1 677	1 677
<i>Storm water Infrastructure</i>		3 590	1 009	994	1 500	1 000	1 000	450	472	472
<i>Electrical Infrastructure</i>		5 487	3 169	12 075	11 150	5 250	5 250	3 525	3 694	3 694
<i>Water Supply Infrastructure</i>		820	392	2 812	4 400	3 550	3 550	2 700	2 830	2 830
<i>Sanitation Infrastructure</i>		2 899	2 754	37	2 500	2 150	2 150	1 370	1 436	1 436
<i>Solid Waste Infrastructure</i>		-	175	-	-	-	-	-	-	-
<i>Pail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		41	111	20	100	60	60	100	105	105
<i>Information and Communication Infrastructure</i>		26	-	22	100	50	50	50	52	52
Infrastructure		13 082	8 023	16 171	22 550	14 339	14 339	9 745	10 265	10 265
Community Facilities		1 230	1 316	837	200	326	326	150	210	210
Sport and Recreation Facilities		1 604	174	356	1 940	604	604	2 100	2 201	2 201
Community Assets		2 834	1 490	1 193	2 140	930	930	2 250	2 410	2 410
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		457	19	11	30	110	110	114	119	125
Machinery and Equipment		-	-	-	124	204	204	325	340	345
Transport Assets		-	-	-	-	-	-	700	731	764
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		46 324	39 965	55 074	56 844	45 583	45 583	44 334	46 564	46 607
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		2.3%	2.9%	32.7%	30.2%	40.0%	40.0%	59.7%	62.2%	2.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		88.2%	112.9%	80.1%	57.6%	92.7%	92.7%	186.1%	180.6%	6.1%
<i>R&M as a % of PPE</i>		2.2%	1.2%	2.1%	3.0%	1.8%	15.8%	1.4%	1.4%	1.3%
<i>Renewal and upgrading and R&M as a % of PPE</i>		5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	6.0%	6.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets, procuring new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The table shows that all the capital allocations are for new assets.
3. 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 10% of PPE or 8% of the total value of PPE.
4. As noted in the previous reporting financial year, the Council has noted with concern the current level of allocation for renewal of assets and maintenance. For this reason, the Technical Services Department has developed an Assets Renewal Strategy and a repairs and maintenance plan that will inform all future allocation decisions on repairs and maintenance.

Table 25 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		14 073	14 073	14 073	14 073	14 073	14 073	14 073	14 073	14 073
Piped water inside yard (but not in dwelling)		855	855	855	855	855	855	855	855	855
Using public tap (at least min.service level)	2	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		14 928	14 928	14 928	14 928	14 928	14 928	14 928	14 928	14 928
Flush toilet (with septic tank)		875	875	875	875	875	875	875	875	875
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		987	987	987	987	987	987	987	987	987
Other toilet provisions (> min.service level)		1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274
<i>Minimum Service Level and Above sub-total</i>		18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064
Energy:										
Electricity (at least min.service level)		577	577	577	577	577	577	577	577	577
Electricity - prepaid (min.service level)		14 556	14 766	14 766	15 126	15 126	15 126	15 426	15 845	15 845
<i>Minimum Service Level and Above sub-total</i>		15 133	15 343	15 343	15 703	15 703	15 703	16 003	16 422	16 422
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	15 133	15 343	15 343	15 703	15 703	15 703	16 003	16 422	16 422
Refuse:										
Removed at least once a week		9 501	9 501	9 189	9 294	9 294	9 294	11 310	11 460	11 710
<i>Minimum Service Level and Above sub-total</i>		9 501	9 501	9 189	9 294	9 294	9 294	11 310	11 460	11 710
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	9 501	9 501	9 189	9 294	9 294	9 294	11 310	11 460	11 710
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	(7 040)	(7 040)	(7 040)	(7 744)	(8 116)	(8 473)
Sanitation (free sanitation service to indigent households)		-	-	-	(11 918)	(11 918)	(11 918)	(13 766)	(14 427)	(15 061)
Electricity/other energy (50kwh per indigent household per month)		-	-	-	(7 351)	(7 351)	(7 351)	(8 000)	(8 384)	(8 753)
Refuse (removed once a week for indigent households)		-	-	-	(5 020)	(5 020)	(5 020)	(5 271)	(5 524)	(5 767)
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	(31 330)	(31 330)	(31 330)	(34 781)	(36 450)	(38 054)
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	-	-	-	-	-	-	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

2.1.1 Overview of the annual IDP/ budget process

In terms of the MFMA (Act no 56 of 2003), 16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This Medium-Term Revenue and Expenditure Framework (MTREF) Report for the 2022/2023 to 2024/2025 financial years deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposals to ensure that Bela-Bela Local Municipality renders services to its local community in a sustainable manner.

The MTREF Report starts with a discussion of the legislative requirements to which the Municipality must adhere to, the MFMA budget circulars with directives issued by National Treasury, the budget related policies of Council and budget assumptions for next three financial years based on these documents and assumed economic trends. A high-level summary of the operating and capital budget followed with appropriate recommendations. Supporting information in the form of appendices, annexures and tables will form part of this report.

Circular 99 as issued by National Treasury highlighted one key area which require serious consideration by all Municipality which relate to institutional challenges and mismanagement that result in service delivery failures, bad debt accumulation, limited cash flows and consequent non-payment of creditors. Furthermore, circular 115 has outlined key issues especially pertaining to the current economic status of the country.

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

2.1.2. Budget Process Overview

The preparation of a reviewed IDP/ Budget is based on a Process Plan, which Bela-Bela Local Municipality adopted in terms of the MFMA. The Plan establishes a firm foundation for the alignment of the IDP and budget preparation processes. This plan included the following: -

- i. a programme specifying the time frames for the different planning steps;
- ii. appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP finalizing process;
- iii. an indication of the organisational arrangements for the IDP process;
- iv. binding plans and planning requirements, i.e. policy and legislation;

The objectives of the Process Plan are as follows:

- i. to guide decision making in respect of service delivery and public sector investment;
- ii. to inform budgets and Service delivery programs of various government departments and service agencies; and
- iii. to coordinate the activities of various service delivery agencies within Bela-Bela Local Municipality.

There were no deviations from the key dates set out on circular 86.

2.2. IDP and Service Delivery and Budget Implementation Plan

Municipality IDP for 2022/2023 is on its first-year term since the council was did not reverse the existing IDP. The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- i. Registration of community needs;
- ii. Compilation of departmental business plans including key performance indicators and targets;
- iii. Financial planning and budgeting process;
- iv. Public participation process;
- v. Revision of the IDP, and
- vi. The review of the performance management and monitoring processes.

The new IDP has been considered for deliberation with all other stakeholders, such as community, provincial treasury and national treasury.

With the compilation of the 2022/2023 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2022/2023 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.2.1. Service Level Standards

MFMA circular No. 72 indicated that all municipalities must formulate service level standards which must form part of each tabled MTREF budget documentation. The services level standard will be able to monitor the level in which service delivery is achieved by each department.

Service level standard details the expectation which each department need to achieve in order to successfully attain service delivery to the community.

Bela-Bela Local Municipal will continue to implement service level standard in the 2022/2023 budget year. Below table summarise only key services delivery standard (For a full services delivery standard can be provided on a separate document)

Table 26: Service level standards

Standard	Key Service level
Solid Waste Removal	Street Cleaning Frequency in CBD (Once a week)
	How soon are public areas cleaned after events (24hours)
	Clearing of illegal dumping (24hours)
Water Service	Water Quality rating (Blue Drop 71%)
	Is free water available to all? (All/only to the indigent consumers)
	Frequency of meter reading? (Once per month,)
Electricity Service	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)
	How long does it take to replace faulty meters? (seven days)
	How effective is the action plan in curbing line losses? (Good/Bad)
Sewerage Service	How long does it take to restore sewerage breakages on average
	Severe overflow? (hours)
	Sewer blocked pipes: Large pipes? (Hours)
	Sewer blocked pipes: Small pipes? (Hours)
	Spillage clean-up? (hours)
Road Infrastructure Services	Replacement of manhole covers? (Hours)
	Time taken to repair a single pothole on a major road? (Hours)
Property valuations	How long does it take on average from completion to the first account being issued? (one month/three months or longer)
Financial Management	Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease)
	How long does it take to finalise a tender after closing date (5 working days)
Administration	Reaction time on enquiries and requests?
	Time to respond to a verbal customer enquiry or request? (immediately / one working days)
	Time to respond to a written customer enquiry or request? (7 working days)
	Time to resolve a customer enquiry or request? (2 working days)
Community safety and licensing services	What percentage of calls are not answered? (5%)
	How long does it take to register a vehicle? (minutes)
Economic development	How many economic development projects does the municipality drive?
Other Service delivery and communication	Does the municipality have training or information sessions to inform the community? (Yes)

2.3 Community Consultation

The draft 2022/2023 MTREF as tabled before Council on 30 March 2022 for community consultation was placed on the municipality's website and made available to all the relevant stakeholders. The President of the country placed the country under level 1 lockdown due to COVID-19 pandemic which discourages grouping of more than 250 people at same venue.

2.4 Overview of alignment of annual budget with IDP

Below table provide overview alignment of the 2022/2023 budget to IDP.

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlate with National Development Plan as well as National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent manner to improve the quality of life for all the people living in that area. Applied to the Bela-Bela Local municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- i. Green Paper on National Strategic Planning of 2009;
- ii. Government Programme of Action;
- iii. Development Facilitation Act of 1995;
- iv. Provincial Growth and Development Strategy (PGDS);
- v. National and Provincial spatial development perspectives;

- vi. Relevant sector plans such as transportation, legislation and policy;
- vii. National Key Performance Indicators (NKPIs);
- viii. Accelerated and Shared Growth Initiative (ASGISA);
- ix. National 2014 Vision;
- x. National Spatial Development Perspective (NSDP) and
- xi. The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the final IDP's five strategic objectives for the 2022/2023 MTREF and further planning refinements that have directly inform this plan.

Table 27: IDP Strategic Objectives

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
PREPARATION PHASE				
Table in Council a budget and IDP time schedule of key deadlines (Every year – at least 10 months before the start of the budget year)	OFFICE OF THE MM/BTO			• 31 July 2021
• District IDP Managers Forum (Activity alignment – coordinated by WDM – IDP Head)	OFFICE OF THE MM			• August 2021
• IDP/PMS/Budget Process workshop for new ward committees	• OFFICE OF THE MM /BTO			• September 2021
• Submission of the time schedule to the Provincial Treasury, National Treasury and Coghsta	• OFFICE OF THE MM /BTO			• August 2021
• Place public notice on the IDP/Budget time schedule approval	• OFFICE OF THE MM /BTO			• August 2021
1st IDP Review/Budget Steering Committee Meeting	OFFICE OF THE MM			12 August 2021
• 1st IDP Review/Budget/LED Representative Forum	OFFICE OF THE MM			• 13 August 2021
ANALYSIS, STRATEGY AND PROJECT PHASE				
Identification of Gaps, Stakeholder Registration, and Information Gathering	OFFICE OF THE MM			• 27 September 2021
• Review status of Capital Projects on Capital wish list + current 3 year MTREF	• BTO			• September 2021
Managers for respective departments receive wish list of previous project requests for ward committees/ward councilors to review	BTO			• September 2021

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
<ul style="list-style-type: none"> Distribute Capital Projects template to all managers to complete for existing projects on the two outer years, prioritise outer year (2017/21 and new projects in exceptional circumstances) 	BTO			<ul style="list-style-type: none"> September 2021
Provincial Development Planning Forum	<ul style="list-style-type: none"> Local/Provincial alignment – Quarter 2 Provincial engagement – OFFICE OF THE MM 			<ul style="list-style-type: none"> 13 December 2021
<ul style="list-style-type: none"> Ward committees meet to review current needs 	<ul style="list-style-type: none"> OFFICE OF THE MM 			<ul style="list-style-type: none"> September 2021
Managers for the respective departments submit ward request based on review of current needs identification	<ul style="list-style-type: none"> Managers 			<ul style="list-style-type: none"> October 2021
<ul style="list-style-type: none"> 2nd IDP Review/Budget Steering Committee Meeting 	<ul style="list-style-type: none"> OFFICE OF THE MM 			<ul style="list-style-type: none"> 25 October 2021
<ul style="list-style-type: none"> 2nd IDP Review/Budget/LED Representative Forum 	<ul style="list-style-type: none"> OFFICE OF THE MM 			<ul style="list-style-type: none"> 26 October 2021
<ul style="list-style-type: none"> Managers submit completed capital projects template on the 2018/2020 MTREF Capital Budget 	<ul style="list-style-type: none"> Managers 			<ul style="list-style-type: none"> October 2021
<ul style="list-style-type: none"> Budget Steering Committee Meeting – direction on proposed tariff increases & increases in revenue, expenditure and capital 	<ul style="list-style-type: none"> BTO 			<ul style="list-style-type: none"> October 2021
<ul style="list-style-type: none"> Managers to review existing 3 year MTREF capital project and submit completed Capital project templates with priorities to BTO 	<ul style="list-style-type: none"> Managers 			<ul style="list-style-type: none"> October 2021
<ul style="list-style-type: none"> BTO sends Tariff lists to managers for review 	BTO			<ul style="list-style-type: none"> October 2021
<ul style="list-style-type: none"> Top management meeting to discuss budget proposals and budget affordability 	<ul style="list-style-type: none"> OFFICE OF THE MM BTO 			<ul style="list-style-type: none"> November 2021
<ul style="list-style-type: none"> Based on the Budget Steering Committee meeting directive, ward committees meet to priorities their ward requests 	<ul style="list-style-type: none"> OFFICE OF THE MM /BTO 			<ul style="list-style-type: none"> November 2021

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
Mayoral Roadshow	<ul style="list-style-type: none"> OFFICE OF THE MM /BTO 			<ul style="list-style-type: none"> November 2021
<ul style="list-style-type: none"> Managers of respective departments to submit prioritised ward requests to the BTO 	<ul style="list-style-type: none"> Managers 			<ul style="list-style-type: none"> November 2021
INTEGRATION PHASE				
<ul style="list-style-type: none"> Budget Steering Committee Meeting – To discuss & review capital budget request (Round 1) 	<ul style="list-style-type: none"> BTO 			<ul style="list-style-type: none"> November 2021
<ul style="list-style-type: none"> Managers to submit proposed tariffs to BTO 	<ul style="list-style-type: none"> Managers 			<ul style="list-style-type: none"> November 2021
<ul style="list-style-type: none"> BTO/PED distributes prioritized ward requests to managers for ward committee’s final verification 	<ul style="list-style-type: none"> BTO 			<ul style="list-style-type: none"> November 2021
Workshop on tariffs and tariff related policies	BTO			<ul style="list-style-type: none"> November 2021
<ul style="list-style-type: none"> Budget Office sends summarized capital budget requests to managers for review 	BTO			<ul style="list-style-type: none"> November 2021
Ward Committees/Councillors meet for final confirmation of their ward request	OFFICE OF THE MM /BTO			<ul style="list-style-type: none"> December 2021
Budget Steering Committee Meeting - Mid Year Review and Performance Assessment (2017/18 Budget): Capex including Draft 2018 – 2021 Capital budget request (Round 2)	<ul style="list-style-type: none"> OFFICE OF THE MM /BTO 			<ul style="list-style-type: none"> January 2022
<ul style="list-style-type: none"> Managers to review 2018/2019 – 2020/2021 Opex requests from managers on the new budget programme 	Managers			<ul style="list-style-type: none"> January 2022
Managers to submit new post request to HR	Managers			<ul style="list-style-type: none"> January 2022
<ul style="list-style-type: none"> Managers to submit 2018/19 – 2020/2021 Opex requests to BTO 	Managers			<ul style="list-style-type: none"> January 2022
<ul style="list-style-type: none"> BTO to submit draft tariff list and proposed revenue 	<ul style="list-style-type: none"> BTO 			<ul style="list-style-type: none"> January 2022

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
• District IDP Managers Forum (Activity alignment – coordinated by WDM – IDP Head)	• PED			• January 2022
• Budget Office to distribute Opex performance including Draft 2018 – 2019 Opex	• BTO			• January 2022
• Provincial Development Planning Forum	• Local/Provincial alignment – Quarter 3 Provincial engagement – PED			• TBC by Office of the Premier
• Budget Steering Committee Meeting – Mid Year Review and Performance Assessment (2017/18 Budget): Opex performance including Draft 2018/2019 Opex	• OFFICE OF THE MM /BTO			• January 2022
• BTO distributes all Mid-Year Review (Capex & Opex) changes & Draft Capex & Opex budget request to managers	• BTO			• January 2022
• Compilation of Mid-Year Review Report (2017 – 18)	• OFFICE OF THE MM /BTO			• January 2022
• Submit Mid-Year Review Report to the Mayor	• OFFICE OF THE MM /BTO			• January 2022
• Table Mid-Year Review Report & Draft Annual Report in Council	• OFFICE OF THE MM /BTO			• 31 st January 2022
• Budget Steering Committee Meeting – Final discussion on Tariffs & Final Adjustment Budget Review (2017/2018 Budget)	• OFFICE OF THE MM /BTO			• February 2022
• BTO distributes all operational budget request to managers for final verification	• OFFICE OF THE MM /BTO			• February 2022
• BTO determines final revenue projections & tariffs and Review of Budget related policies	• OFFICE OF THE MM /BTO			• February 2022

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
• Strategic Planning Session – for discussion on preliminary budget proposals and IDP review focus areas for 2019/20	• OFFICE OF THE MM /BTO			23 rd – 25 th February 2022
• Compile Adjustment Budget (2018/2019): NT Reports and circulars	• OFFICE OF THE MM /BTO			February 2022
• Budget Steering Committee Meeting – to discuss & review Opex, Capex, new posts, revenue projections & filling of vacancies for determination of salary contingency	• BTO/TM/TG&BT Sub-committee •			February 2022
• Provincial Development Planning Forum •	• Local/Provincial alignment – Quarter 4 • Provincial engagement – PED			February 2022
• Start with the compilation of Draft SDBIP (2019/20)	• OFFICE OF THE MM /BTO			February 2022
• Final Review of 2019/20 Adjustment Budget documents	• BTO			February 2022
• Managers return final operational and capital budget including the statistical information with final sign off to verify information submitted	• Managers •			February 2022
• BTO to finalise Draft tariffs & revenue projections	• BTO			February 2022
• Managers to submit final policies to CFO	• Managers			February 2022
• Submit Electricity Tariffs to NERSA	• BTO •			February 2022
• Managers to submit Activity/Business Plans for Grants to BTO	• Managers •			• March 2022

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
• Finalise the draft IDP Review/Budget 2019/20	• OFFICE OF THE MM /BTO			• March 2022
• BTO does final review of Draft Budget Report & Schedules	• BTO			• March 2022
• BTO distributes Draft Budget Report	• BTO			• March 2022
•	•			
3rd IDP Review/Budget Steering Committee Meeting	OFFICE OF THE MM			March 2022
• 3rd IDP Review/Budget/LED Representative Forum	OFFICE OF THE MM			March 2022
BTO March 2020	• OFFICE OF THE MM /BTO			• 31 st March 2022
• Draft IDP/Budget tabled in Council	• OFFICE OF THE MM /BTO			• 31 st March 2022
• 2016/17 Oversight Report tabled at Council by MPAC	• OFFICE OF THE MM /BTO			• 31 st March 2022
• Advertise Draft IDP & Budget for public comments	• OFFICE OF THE MM /BTO			April 2021
CONSULTATION & APPROVAL PHASE				
Mayoral Road-shows	• Mayor			• 3 rd April 2022 – 30 th April 2022
• Electronic Draft IDP/Budget files submitted to PT, Coghsta and NT after Council meeting	• OFFICE OF THE MM /BTO			• April 2022
• Submission of Annual Draft Budget and IDP for representation to PT, Coghtsa and NT	• OFFICE OF THE MM /BTO			• April 2022
• Managers to submit Demand Management Plans to SCM	• Managers			• April 2022

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
<ul style="list-style-type: none"> Provincial Budget Assessment 	<ul style="list-style-type: none"> PT/Municipal Delegation 			<ul style="list-style-type: none"> TBC by the PT
<ul style="list-style-type: none"> Summarise all community feedback and distribute to the relevant stakeholders for consideration to be included in the Final Budget report 	OFFICE OF THE MM /BTO			<ul style="list-style-type: none"> May 2022
<ul style="list-style-type: none"> 4th IDP Review/Budget Steering Committee Meeting 	OFFICE OF THE MM			<ul style="list-style-type: none"> May 2022
<ul style="list-style-type: none"> 4th IDP Review/Budget/LED Representative Forum 	OFFICE OF THE MM			<ul style="list-style-type: none"> May 2022
<ul style="list-style-type: none"> Budget Steering Committee Meeting – consideration of Budget Comments (Review Budget comments to make decision on comments) 	<ul style="list-style-type: none"> BTO/TM/TG&BT Sub-committee 			<ul style="list-style-type: none"> May 2022
<ul style="list-style-type: none"> BTO compile final Budget Report and Schedules 	<ul style="list-style-type: none"> BTO 			<ul style="list-style-type: none"> May 2022
<ul style="list-style-type: none"> Approval of IDP/Budget/PMS Framework by Council 	<ul style="list-style-type: none"> OFFICE OF THE MM /BTO 			<ul style="list-style-type: none"> May 2022
IMPLEMENTATION PHASE				
Place Final IDP Review/Budget documents on the website	OFFICE OF THE MM /BTO			June 2022
Advertise Final IDP Review/Budget and Tariffs in the media	OFFICE OF THE MM /BTO			June 2022
Submission of Final Budget and IDP to NT, PT and Coghsa	OFFICE OF THE MM /BTO			June 2022
Municipal Manager submits SDBIP to Mayor	OFFICE OF THE MM			June 2022
Publish a summary of Budget	BTO			June 2022
Approval of SDBIP by the Mayor	Mayor			June 2022
Finalise and approval of the performance agreements of the S54A and S56 appointees	OFFICE OF THE MM /BTO /Mayor			July 2022

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close-off 2020/21	2021/22 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
REPORTING AND REVIEW				
Monthly Budget statement to Municipal Manager and Mayor	BTO		Monthly	Monthly
Quarterly Reporting by Mayor to Council	Mayor		October 2021, January 2022, April 2022, July 20212	October 2021, January 2022, April 2022, July 2022
Table adjustments Budget	BTO		February 2022	February 2022
Finalise Roll Over Projects	BTO		31 st July 2022	31st July 2022
Table Adjustments Budget for approval of Roll over projects	BTO		March 2022	
Table in Council Draft unaudited Annual Performance Report/AFS	OFFICE OF THE MM		August 2022	August 2022
Submission of the AFS to AG	BTO		30 th August 2022	30th August 2022
Submit Draft audited Annual Report to Council	OFFICE OF THE MM		25 Januar 2023	25 January 2023
Submit Adjustment Budget, if necessary	OFFICE OF THE MM		30th March 2022	30th March 2022
Final Annual Report Comments and Approval	OFFICE OF THE MM		February 2023 to March 2023	February 2023 to March 2023

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

2.5 Free Basic Services: basic social services package for households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Indigent households receive free basic water of 6kl and 50 kwh of electricity per month. For the 2022/2023 financial year 5,000 registered indigents have been provided for in the budget. The figure was depicted based on baseline of actually registered indigent 4930 during 2022/2023 financial period. The threshold for qualification as an indigent is the pension of two people in a household, i.e. R3, 960 per month. Indigent households must approach the municipality and provide the required documentation.

2.6 Providing clean water and managing waste water

Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and Magalies Water is the water services provider.

Approximately 50% of the Municipality's bulk water needs are provided by Magalies Water in the form of purified water. The remaining 50% is generated from the Municipality's own water sources, such as boreholes and the dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and wastewater treatment works that meet certain criteria of excellence.

Bela-Bela Local Municipality has in past achieved an acceptable score of 71.07% during Blue Drop Certification Programme for its only Water Treatment Plant in the 2013/14 financial year. Municipality is currently under review to assess the level of its Blue Drop.

The following is briefly the main challenges facing the Municipality as indicated as route course on the blue drop outcome:

- i. Shortage of skilled personnel makes proper operations and maintenance difficult;
and
- ii. Aging infrastructure.

2.7 Measurable performance objectives and indicators

The table below shows the key measurable financial indicators of the Bela-Bela Local Municipality. With time permitting and availability of information, these indicators will be benchmarked against the indicators of other municipalities of similar type, size and functions.

Table 28 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.0%	2.3%	1.1%	2.8%	1.5%	1.5%	0.2%	2.1%	2.0%	2.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.8%	3.4%	1.6%	3.4%	1.9%	1.9%	0.2%	2.6%	2.4%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.3	0.4	0.4	1.8	1.7	(2.0)	0.8	1.8	2.3	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.3	0.4	0.4	1.8	1.7	(2.0)	0.8	1.8	2.3	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.0	0.4	0.2	(0.2)	0.2	0.3	0.5	0.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	0.0%	27.0%	65.0%	88.6%	88.6%	88.6%	86.5%	88.8%	98.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			27.0%	65.0%	88.6%	88.6%	88.6%	86.5%	88.8%	98.4%	98.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.0%	26.3%	23.8%	44.2%	44.6%	44.6%	47.2%	44.0%	48.3%	54.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		-147.2%	2898.6%	53.2%	260.6%	461.9%	-461.9%	85.2%	306.1%	181.2%	105.9%
Other Indicators											
	Total Volume Losses (kW)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)	-	-	-	-	-	-	-	-	-	-
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.3%	39.9%	36.4%	32.7%	32.7%	32.7%	31.8%	32.9%	30.8%	30.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.4%	41.8%	38.2%	34.3%	34.3%	34.3%	34.4%	34.4%	32.3%	31.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.7%	2.5%	4.2%	5.1%	3.2%	3.2%	2.6%	2.6%	2.5%	2.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.7%	10.7%	10.2%	9.2%	7.6%	7.6%	0.2%	8.1%	7.7%	7.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1 774.9	-	238.7	320.9	320.9	320.9	142.2	191.4	206.5	215.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	19.7%	39.5%	38.1%	63.1%	63.7%	63.7%	72.3%	64.6%	77.7%	88.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(3.9)	0.2	8.9	1.6	0.9	0.9	7.0	1.4	2.2	3.6

2.8 Overview of budget related policies

In Table 29 below, the relevant budget related policies are set out.

Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
1	Credit Control and Debt Collection Policy	May 2021	In use	With effect from 01/07/2022
2	Property Rates Policy	May 2021	In use	With effect from 01/07/2022
3	Assets Management Policy	May 2021	In use	With effect from 01/07/2022
4	Indigent Policy	May 2021	In use	With effect from 01/07/2022
5	Borrowing framework policy	May 2021	In use	With effect from 01/07/2022
6	Budget Implementation and Monitoring Policy	May 2021	In use	With effect from 01/07/2022
7	Cash Management and Investment Policy	May 2021	In use	With effect from 01/07/2022
8	Funding Reserves Policy	May 2021	In use	With effect from 01/07/2022
9	Prioritisation Model for Capital Assets Investment	May 2021	In use	With effect from 01/07/2022
10	Policy on Infrastructure Investment and Capital Projects	May 2021	In use	With effect from 01/07/2022
11	Policy on Long Term Financial Planning policy	May 2021	In use	With effect from 01/07/2022
12	Policy on Provision for doubtful debts and writing off of irrecoverable debts	May 2021	In use	With effect from 01/07/2022
13	Principles and Policy on Tariffs	May 2021	In use	With effect from 01/07/2022
14	Petty Cash Policy	May 2021	In use	With effect from 01/07/2022
15	Supply Chain Management Policy	May 2021	In use	With effect from 01/07/2022

16	Expenditure Management Policy	May 2021	In use	With effect from 01/07/2022

Amendments

Indigent policy:

Reviewed to align it to current circumstance of the indigent such as qualifying criteria.

Tariff Policy:

There are no major changes in the tariff policy other than the annual increment as recommended by National Treasury, NERSA and Magalies Water.

2.9 Overview of budget assumptions

Table below provide the budget assumptions issues which depict the next two years assumed percentage increases.

Council's wage bill, bulk purchases and capital charges constitutes majority on our operating budget expenditure. Council have very little control over them since the cost of living salary increases are determined at a higher authority (Bargaining Council level); bulk electricity purchases by NERSA; bulk water purchase by Magalies; and, interest on loans to be set by borrowing authorities (Financial Institutions).

The cost of living and notch increases on the wage bill amounted to an average of 4%.

The MFMA Budget Circular 115, dated March 2021, advises of the following CPI increases:

Table 30: CPI Inflation

Fiscal year	2022/23	2023/22
CPI Inflation	4.8%	4.4%

This means that any increases above the 4.8% (inflation target) should be motivated in the budget, considering cost reflective tariffs, affordability and indigents.

The estimated operating revenue stream increases are projected to fund the operating budget expenditure. It must be emphasised that to balance the operating budget, senior management had to cut material amount worth of operating expenditure requests that exceeded the affordable and sustainable revenue streams.

The revenue streams increases/decreases for 2022/2023 compared to adjusted budget are as follows:

Table 31: 2022/2023 revenue increases vs 2022/2023 adjusted budget

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Revenue By Source											
Property rates	2	68 761	74 792	79 461	92 979	92 979	92 979	74 137	113 620	119 073	124 313
Service charges - electricity revenue	2	109 446	115 233	114 709	164 229	164 229	164 229	112 520	154 398	151 329	157 987
Service charges - water revenue	2	27 255	31 806	35 636	43 783	43 783	43 783	34 488	43 824	45 927	47 948
Service charges - sanitation revenue	2	15 479	17 855	19 439	29 179	29 179	29 179	17 294	21 024	22 033	23 002
Service charges - refuse revenue	2	7 596	8 585	9 207	8 746	8 746	8 746	8 227	9 958	10 436	10 895
Rental of facilities and equipment		1 376	1 412	1 366	1 588	1 588	1 588	1 470	1 666	1 746	1 822
Interest earned - external investments		1 764	1 719	95	1 247	1 177	1 177	80	1 911	2 003	2 091
Interest earned - outstanding debtors		11 024	11 528	12 963	14 265	14 335	14 335	13 197	14 775	56 017	58 481
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6 224	6 671	16 067	8 520	8 520	8 520	1 029	8 861	9 286	9 694
Licences and permits		1 241	1 415	0	5 800	1 800	1 800	2 821	4 737	4 964	5 183
Agency services		2 497	3 490	4 593	-	4 000	4 000	3 819	4 567	4 786	4 996
Transfers and subsidies		85 053	94 046	119 288	108 804	108 964	108 964	108 039	122 518	131 450	142 874
Other revenue	2	7 909	6 369	4 107	7 370	7 370	7 370	2 716	3 992	4 183	4 367
Gains		2 820	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		348 445	374 922	416 931	486 510	486 670	486 670	379 838	505 848	563 233	593 655

Council is sensitive to the affordability and sustainability of the tariffs to be imposed. We carefully monitor the payment and collection rates. Through the financial support and incentives envisaged through our new budget related policies developed we are hopeful that the payment rate will increase to over 85% over the next 12 months.

2.9.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2022/2023 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Bela-Bela's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee and Councillor related costs comprise 36% of total operating expenditure in the 2021/2022 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.9.2. Employee cost

Table 32 below depicts the break-down of employee related costs.

Table 32 MBRR Table SA22 - Summary of Employees and Councillors remuneration

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		-	2 180	201	-	4 049	4 049	4 211	4 413	4 413
Pension and UIF Contributions		923	501	658	656	656	656	682	715	715
Medical Aid Contributions		116	343	427	693	741	741	770	807	807
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		773	755	751	755	755	755	785	823	823
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		5 552	3 292	5 472	5 634	1 537	1 537	1 598	1 675	1 675
Sub Total - Councillors		7 364	7 072	7 509	7 737	7 737	7 737	8 047	8 433	8 433
% increase	4		(4.0%)	6.2%	3.0%	0.0%	-	4.0%	4.8%	-
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 918	1 339	1 019	3 649	3 649	3 649	4 083	3 945	3 945
Pension and UIF Contributions		498	411	314	730	730	730	530	710	710
Medical Aid Contributions		285	108	104	79	79	79	144	151	151
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		563	131	-	30	30	30	-	-	-
Motor Vehicle Allowance	3	1 307	457	256	1 628	1 628	1 628	1 182	1 602	1 602
Cellphone Allowance	3	166	146	117	222	222	222	222	233	233
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	0	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	163	-	-
Long service awards		41	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 779	2 591	1 809	6 338	6 338	6 338	6 324	6 641	6 641
% increase	4		(55.2%)	(30.2%)	250.3%	-	-	(0.2%)	5.0%	(0.0%)
Other Municipal Staff										
Basic Salaries and Wages		70 639	78 521	80 675	107 432	88 808	88 808	89 992	103 538	108 112
Pension and UIF Contributions		14 177	15 570	16 292	18 298	19 251	19 251	16 032	16 245	16 355
Medical Aid Contributions		6 210	6 961	6 742	8 003	7 258	7 258	22 324	20 454	20 610
Overtime		259	264	280	900	9 849	9 849	7 334	3 466	3 484
Performance Bonus		5 739	6 126	6 069	8 567	7 999	7 999	6 623	6 683	6 729
Motor Vehicle Allowance	3	6 102	9 026	10 116	7 342	8 451	8 451	8 536	9 786	9 827
Cellphone Allowance	3	822	1 913	1 549	1 184	1 782	1 782	1 293	1 538	1 548
Housing Allowances	3	336	376	401	583	973	973	385	454	456
Other benefits and allowances	3	12 528	14 127	13 845	565	5 315	5 315	2 301	840	853
Payments in lieu of leave		2 286	4 262	5 634	-	2 786	2 786	3 203	3 368	3 436
Long service awards		1 293	3 065	122	-	394	394	529	510	518
Post-retirement benefit obligations	6	(6 657)	6 781	8 413	-	8	8	1 300	-	-
Sub Total - Other Municipal Staff		113 735	146 993	150 138	152 874	152 874	152 874	159 851	166 883	171 928
% increase	4		29.2%	2.1%	1.8%	(0.0%)	-	4.6%	4.4%	3.0%
Total Parent Municipality		126 878	156 656	159 456	166 949	166 949	166 949	174 221	181 957	187 001
			23.5%	1.8%	4.7%	(0.0%)	-	4.4%	4.4%	2.8%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									

Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		126 878	156 656	159 456	166 949	166 949	166 949	174 221	181 957	187 001
% increase	4		23.5%	1.8%	4.7%	(0.0%)	-	4.4%	4.4%	2.8%
TOTAL MANAGERS AND STAFF	5.7	119 514	149 584	151 948	159 212	159 212	159 212	166 174	173 524	178 568

Total salary cost for all municipality employees excluding councillor is budgeted at R166 million from R159 million of the 2021/2022 adjusted budget. Council salaries for 2022/2023 budget year were reviewed against adjusted budget to align the budget to be reasonable.

Section 17(3)(k) of the MFMA determines that as part of the budget resolutions the proposed cost to the municipality for the budget year of the salary, allowances and benefits of each political office bearer, Municipal Manager, Chief Financial Officer and senior manager reporting to the Municipal Manager must be disclosed.

									-
									-
									-
Total for municipal entities	8,10	-	-	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	19	8 364 495	2 126 083	3 879 754	-			14 370 332

2.9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality did not budget to raise any long-term loans due to the squeezed cash position and low payment levels.

2.9.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (80%) of annual billings. Cash flow is assumed to be 85% of billings excluding collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.9.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.9.6 Impact of national, provincial, and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities, as articulated by the President of the country in his State of the Nation Address (SoNA) early this year, form the basis of all integration initiatives:

- a. Creating jobs;
- b. Enhancing education and skill development;

- c. Improving Health services;
- d. Rural development and agriculture; and
- e. Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. However, it is also important to take cognisance of the fact that some of these priorities are not directly linked to the powers and functions assigned to the municipality. Nevertheless, efforts will be made to contribute to these priorities.

2.9.7. Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- i. What are the predicted cash and investments that are available at the end of the budget year?
- ii. How are those funds used?
- iii. What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (application > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(98 805)	5 029	285 599	53 657	29 520	29 520	155 313	45 553	76 947	131 608
Other current investments > 90 days		111 892	5 173	(273 083)	0	70	70	(108 197)	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		13 087	10 202	12 517	53 657	29 590	29 590	47 115	45 553	76 947	131 608
Application of cash and investments											
Unspent conditional transfers		11 290	21 847	18 366	-	-	-	32 189	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	142 464	104 083	84 151	(42 955)	(48 088)	(320 770)	(29 841)	(52 510)	(94 337)	(139 478)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		153 753	125 930	102 516	(42 955)	(48 088)	(320 770)	2 348	(52 510)	(94 337)	(139 478)
Surplus (shortfall)		(140 667)	(115 728)	(90 000)	96 612	77 678	350 360	44 767	98 063	171 284	271 087

The following breakdown of the application of this funding:

- a. Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is, obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year, unless the funds are committed to identifiable programmes and/ or projects;
- b. Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites. The municipality has indicated its intention to build up cash-backed reserve in terms of its reserve policy; and
- c. It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.9.8 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR Table SA10 – Funding compliance measurement

Description	MFMA section	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(98 805)	5 029	285 599	53 657	29 520	29 520	154 846	45 553	76 947	131 608
Cash + investments at the yr end less applications - R'000	18(1)b	2	(140 667)	(115 728)	(90 000)	103 462	84 528	357 210	51 412	104 313	177 534	277 337
Cash year end/monthly employee/supplier payments	18(1)b	3	(3.9)	0.2	8.9	1.6	0.9	0.9	6.2	1.4	2.2	3.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	67 094	34 922	43 231	88 360	80 297	80 297	99 579	112 792	143 622	170 496
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	2.6%	(1.9%)	25.1%	(6.0%)	(6.0%)	(32.5%)	(4.8%)	(4.3%)	(1.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	6.5%	42.2%	68.4%	85.0%	85.0%	85.0%	91.3%	86.3%	85.9%	85.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	16.1%	11.5%	25.9%	3.5%	3.0%	3.0%	0.0%	3.0%	3.1%	3.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	76.8%	100.0%	100.0%	100.0%	125.5%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr/(decr)	18(1)a	11	N.A.	118.2%	0.4%	117.0%	0.9%	0.0%	(17.4%)	2.5%	22.4%	19.3%
Long term receivables % change - incr/(decr)	18(1)a	12	N.A.	(37.9%)	(35.5%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.2%	1.2%	2.1%	3.0%	1.8%	15.8%	1.5%	1.4%	1.4%	1.3%
Asset renewal % of capital budget	20(1)(vi)	14	2.3%	3.1%	17.9%	11.9%	13.0%	13.0%	0.0%	0.0%	0.0%	0.0%

Cash/cash equivalent position

The municipality's forecast position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year.

Cash plus investment less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is on Table 33 above. The reconciliation is intended to be relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA

compliance. For 2022/2023 financial year the municipality has not budgeted for any borrowing to finance capital expenditure.

Transfers/grants revenue as a percentage of Government transfers/grants Available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted to spend for all transfers within the financial year.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a deficit trend in line with the municipality's policy of settling debtor's accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The municipality has budgeted to spend 3% of the operating budget on repairs and maintenance for the 2022/2023 financial year.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

In summary, the funding compliance measurement above shows that serious attempts were made to make the budget funded. This is in line with the recommendations made by the National and Provincial Treasuries.

2.9.9. Allocations and grant made by the municipality

The municipality has not budgeted to make any allocations or grants to individuals or external parties.

2.11 Expenditure on allocation and grant programme

The table below shows the projected expenditure against the grants receipts.

Table 36 MBRR Table A5 – Expenditure on transfer and grant programmes

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		104 138	105 399	27 020	-	-	-	10	-	-	-
Vote 2 - Corporate Services		880	1 316	138	-	-	-	-	1 125	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		26 405	35 985	20 903	3 759	3 056	3 056	2 510	14 354	10 457	7 939
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1 011 788	1 030 452	44 199	57 161	66 388	66 388	33 454	81 829	84 565	88 014
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Total Capital Expenditure - Vote		1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Capital Expenditure - Functional											
Governance and administration		105 018	106 715	27 159	-	-	-	10	1 125	-	-
Executive and council Finance and administration Internal audit		105 018	106 715	27 159	-	-	-	10	1 125	-	-
Community and public safety		-	-	7 025	2 396	2 156	2 156	1 875	-	4 800	7 939
Community and social services Sport and recreation		-	-	7 025	2 396	2 156	2 156	1 875	-	4 800	7 939
Public safety Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development Road transport Environmental protection		415 816	415 677	9 964	22 075	22 778	22 778	12 094	13 319	19 815	22 002
Trading services Energy sources Water management		415 816	415 677	9 964	22 075	22 778	22 778	12 094	13 319	19 815	22 002
Waste water management Waste management		622 357	650 759	48 113	36 449	44 510	44 510	21 996	82 864	70 407	66 012
Other		121 388	126 818	11 599	3 000	3 000	3 000	1 516	6 500	9 000	9 104
		284 506	289 994	28 062	10 991	9 226	9 226	5 903	23 786	-	41 908
		190 058	197 962	(5 426)	21 095	31 384	31 384	13 942	38 224	55 750	15 000
		26 405	35 985	13 878	1 363	900	900	635	14 354	5 657	-
		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 143 191	1 173 151	92 260	60 920	69 444	69 444	35 974	97 309	95 022	95 952
Funded by:											
National Government Provincial Government District Municipality		1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Transfers and subsidies - capital (monetary allocations) National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-
Borrowing	4	1 038 034	1 051 179	51 086	60 920	69 444	69 444	35 965	90 684	93 522	95 952
Internally generated funds	6	-	-	-	-	-	-	-	-	-	-
		-	-	4 151	0	0	0	10	6 625	1 500	-
Total Capital Funding	7	1 038 034	1 051 179	55 238	60 920	69 444	69 444	35 974	97 309	95 022	95 952

2.12 Annual budget and SDBIP – Internal departments

The municipality provides major infrastructure projects internally, though some technical work is contracted to professional service providers such as designs. The key service delivery departments are Technical Services and Social and Community Services. The Planning and IDP Department also does some work related to job creation and Local Economic Development, including Town Planning and establishment.

Each of the above departments is headed by a Senior Manager directly accountable to the Municipal Manager. Majority of the capital budget is allocated to Technical Services followed by Social and Community Services department.

The Senior Managers submit their departmental Service Delivery and Budget Implementation Plans to the Municipal Manager and then compiles the municipal SDBIP which is submitted to the Mayor and tabled with the budget. These SDBIP form the basis of performance agreements.

2.13 Contracts having future budgetary implications

The municipality does not have expenditure contracts that go beyond the three years except revenue contract.

2.14 Monthly target for revenue, expenditure and cash flow

The following tables depict the monthly target for revenue, expenditure and cash flow.

Table 37 MBRR Table SA25 – Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source																
Property rates		9 468	9 468	9 468	9 468	9 468	9 468	9 468	9 468	9 468	9 468	9 468	9 468	113 620	119 073	124 313
Service charges - electricity revenue		13 033	13 033	13 033	13 033	13 033	13 033	13 033	13 033	13 033	13 033	12 033	12 033	154 398	151 329	157 987
Service charges - water revenue		3 652	3 652	3 652	3 652	3 652	3 652	3 652	3 652	3 652	3 652	3 652	3 652	43 824	45 927	47 948
Service charges - sanitation revenue		1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	21 024	22 033	23 002
Service charges - refuse revenue		830	830	830	830	830	830	830	830	830	830	830	830	9 958	10 436	10 895
Rental of facilities and equipment		139	139	139	139	139	139	139	139	139	139	139	139	1 666	1 746	1 822
Interest earned - external investments		159	159	159	159	159	159	159	159	159	159	159	159	1 911	2 003	2 091
Interest earned - outstanding debtors		1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	1 231	14 775	56 017	58 481
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Fines, penalties and forfeits	738	738	738	738	738	738	738	738	738	738	738	738	8 861	9 286	9 694
Licences and permits	395	395	395	395	395	395	395	395	395	395	395	395	4 737	4 964	5 183
Agency services	381	381	381	381	381	381	381	381	381	381	381	381	4 567	4 786	4 996
Transfers and subsidies	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	122 518	131 450	142 874
Other revenue	333	333	333	333	333	333	333	333	333	333	333	333	3 992	4 183	4 367
Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)	42 321	42 321	42 321	42 321	42 321	42 321	42 321	42 321	42 321	42 321	41 321	41 321	505 848	563 233	593 655
Expenditure By Type															
Employee related costs	13 848	13 848	13 848	13 848	13 848	13 848	13 848	13 848	13 848	13 848	13 848	13 848	166 174	173 524	178 568
Remuneration of councillors	671	671	671	671	671	671	671	671	671	671	671	671	8 047	8 433	8 433
Debt impairment	867	867	867	867	867	867	867	867	867	867	867	867	10 400	10 899	10 899
Depreciation & asset impairment	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	31 200	32 698	32 698
Finance charges	833	833	833	833	833	833	833	833	833	833	833	833	10 000	10 480	10 480
Bulk purchases - electricity	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	127 000	138 336	138 336
Inventory consumed	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	39 769	47 257	47 326
Contracted services	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	47 510	49 307	50 158
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	43 640	42 199	42 513
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	40 312	40 312	40 312	40 312	40 312	40 312	40 312	40 312	40 312	40 312	40 312	40 312	483 739	513 132	519 411
Surplus/(Deficit)	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	1 009	1 009	22 108	50 101	74 244
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	90 683	93 522	96 252
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9 566	9 566	9 566	9 566	9 566	9 566	9 566	9 566	9 566	9 566	8 566	8 566	112 792	143 622	170 496
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	9 566	9 566	9 566	9 566	9 566	9 566	9 566	9 566	9 566	8 566	8 566	112 792	143 622	170 496

Table 38 MBRR Table SA30 – Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand															
Cash Receipts By Source															
Property rates	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	102 518	141 892	148 135
Service charges - electricity revenue	11 276	11 276	11 276	11 276	11 276	11 276	11 276	11 276	11 276	11 276	10 276	10 276	133 312	129 231	134 917
Service charges - water revenue	3 301	3 301	3 301	3 301	3 301	3 301	3 301	3 301	3 301	3 301	3 301	3 301	39 610	41 511	43 338
Service charges - sanitation revenue	1 641	1 641	1 641	1 641	1 641	1 641	1 641	1 641	1 641	1 641	1 641	1 641	19 696	20 641	21 549
Service charges - refuse revenue	779	779	779	779	779	779	779	779	779	779	779	779	9 346	9 794	10 225
Rental of facilities and equipment	118	118	118	118	118	118	118	118	118	118	118	118	1 416	1 484	1 549
Interest earned - external investments	159	159	159	159	159	159	159	159	159	159	159	159	1 911	2 003	2 091
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	738	738	738	738	738	738	738	738	738	738	738	738	8 861	9 286	9 694
Licences and permits	775	775	775	775	775	775	775	775	775	775	775	775	9 304	9 750	10 179
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	10 210	122 518	131 450	142 874
Other revenue	428	428	428	428	428	428	428	428	428	428	428	428	5 141	5 387	5 624
Cash Receipts by Source	37 969	37 969	37 969	37 969	37 969	37 969	37 969	37 969	37 969	37 969	36 969	36 969	453 631	502 429	530 176
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	7 557	90 683	93 522	96 252
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	44 526	44 526	544 314	595 951	626 428

Cash Payments by Type	14 518	14 518	14 518	14 518	14 518	14 518	14 518	14 518	14 518	14 518	14 518	14 518	174 221	181 957	187 001
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of councillors	833	833	833	833	833	833	833	833	833	833	833	833	10 000	10 480	10 480
Finance charges	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	10 583	127 000	138 336	138 336
Bulk purchases - electricity	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	3 314	39 769	47 257	47 326
Acquisitions - water & other inventory															
Contracted services	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	3 959	47 510	49 307	50 158
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	43 640	42 199	42 513
Cash Payments by Type	36 845	36 845	36 845	36 845	36 845	36 845	36 845	36 845	36 845	36 845	36 845	36 845	442 139	469 535	475 814
Other Cash Flows/Payments by Type															
Capital assets	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	97 309	95 022	95 952
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	44 954	44 954	44 954	44 954	44 954	44 954	44 954	44 954	44 954	44 954	44 954	44 954	539 448	564 557	571 766
NET INCREASE/(DECREASE) IN CASH HELD	572	572	572	572	572	572	572	572	572	572	(428)	(428)	4 866	31 394	54 662
Cash/cash equivalents at the month/year begin:	40 686	41 258	41 831	42 403	42 975	43 547	44 119	44 692	45 264	45 836	46 408	45 980	40 686	20 230	5/28 19 904
Cash/cash equivalents at the month/year end:	41 258	41 831	42 403	42 975	43 547	44 119	44 692	45 264	45 836	46 408	45 980	45 553	45 553	76 947	131 608

2.15 Legislation compliance status

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

a. In-year reporting

Reporting to National Treasury in electronic format was fully complied with monthly. Section 71 reporting to the Mayor (within 10 working days) has progressively improved. However, changes in the new financial system are expected to improve the quality of the reports.

b. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has hired 5 local graduates in the internship program during October 2022.

c. Budget and Treasury Office

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

d. Audit Committee

New Audit Committee has been appointed with effect from 1 May 2022.

e. Service Delivery and Implementation Plan

The detail SDBIP document is at a final stage and will be finalised after approval of the 2022/2023 MTREF directly aligned and informed by the 2022/2023 MTREF.

f. Annual Report

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

g. MFMA Training

The relevant managers are attending the MFMA accredited training.

h. Policies

The following policies have been reviewed in the light of this new budget;

- Credit control and debt collection;
- Rates;
- Indigent;
- Irrecoverable debt; and
- Tariffs.

2.16 Quality certification

I, JB Selapjane, in my capacity as accounting officer of the municipality, hereby certify that:

- i. This budget complies with the legislative framework;
- ii. The budget, once approved by Council, will be taken through the required consultation processes to obtain the stakeholders' inputs;
- iii. The relevant budget return forms have been submitted to the local government database.

Print Name

Jamela Berina Selapjane

Municipal manager of

Bela-bela Local Municipality

(Name and demarcation code of municipality)

Signature

[Handwritten Signature]

Date

10/06/2022

Annexure 1: Budget tables

Annexure 2: Tariff book

Annexure 3: Amended budget related policies and By-Laws

Annexure 4: Organizational Structure

Annexure 5: Service standards

Annexure 6: Strategic Risk Register